

**REPORT
ON THE
RATE SETTING AUDIT**

**GAITHER'S FAMILY HOME #2 - MCCOMB
PORTERVILLE, CALIFORNIA
PROVIDER NUMBER: LTC80151F
NPI NUMBER: 1508981812**

**FISCAL PERIOD ENDED
DECEMBER 31, 2010**

**Audits Section - Fresno
Financial Audits Branch
Audits and Investigations
Department of Health Care Services**

**Section Chief: Michael Harrold
Audit Supervisor: Kathy Atkins
Auditor: Barbara Still**



State of California—Health and Human Services Agency
Department of Health Care Services



EDMUND G. BROWN JR.
GOVERNOR

December 12, 2012

Henrietta Gaither, Owner/President
Gaither's Family Home #2
1408 South Newcomb
Porterville, CA 93257

GAITHER'S FAMILY HOME #2 - MCCOMB
PROVIDER NUMBER LTC80151F
NATIONAL PROVIDER IDENTIFIER (NPI) 1508981812
FISCAL PERIOD ENDED DECEMBER 31, 2010

We have examined the facility's financial records/Medi-Cal Cost Report for the above-referenced fiscal period. We also examined the facility's use of and Records of Noncovered Services deducted from Share of Cost. Our examination was made under the authority of Section 14170 of the Welfare and Institutions Code and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the data presented in the accompanying audit report schedules represent a proper determination of the allowable costs, patient days, and use of share of cost for the above fiscal period in accordance with Medi-Cal reimbursement principles. The results of our examination are as follows:

<u>COST AND COST PER DAY</u>		<u>COST</u>	<u>COST PER DAY</u>
Reported Cost/Cost Per Day	\$	295,867	\$ 149.50
Net Audit Adjustment		(14,837)	(12.21)
Audited Cost/Cost Per Day	\$	<u>281,030</u>	\$ <u>137.29</u>

This audit report includes the:

1. Audit Report Schedules 1 and 2
2. Audit Adjustments that include a summary of the total due the State in the amount of \$2,754, which resulted from Medi-Cal overpayments

The audit settlement will be incorporated into a Statement of Account Status, which may reflect tentative retroactive adjustment determinations, payments from the provider, and

other financial transactions initiated by the Department. The Statement of Account Status will be forwarded to the provider by the State's fiscal intermediary. Instructions regarding payment will be included with the Statement of Account Status.

Future Medi-Cal long-term care prospective rates may be affected by this examination. The extent to which the rates change will be determined by the Department's Rate Development Branch.

Notwithstanding this audit report, overpayments to the provider are subject to recovery pursuant to Section 51458.1, Article 6 of Division 3, Title 22, California Code of Regulations.

If you disagree with the decision of the Department, you may appeal by writing to:

Chief
Department of Health Care Services
Office of Administrative Hearings and Appeals
1029 J Street, Suite 200
Sacramento, CA 95814
(916) 322-5603

The written notice of disagreement must be received by the Department within 60 calendar days from the day you receive this letter. A copy of this notice should be sent to:

United States Postal Service (USPS)

Assistant Chief Counsel
Department of Health Care Services
Office of Legal Services
MS 0010
PO Box 997413
Sacramento, CA 95899

Courier (UPS, FedEx, etc.)

Assistant Chief Counsel
Department of Health Care Services
Office of Legal Services
MS 0010
1501 Capitol Avenue, Suite 71.5001
Sacramento, CA 95814
(916) 440-7700

The procedures that govern an appeal are contained in Welfare and Institutions Code, Section 14171, and California Code of Regulations, Title 22, Section 51016, et seq.

Henrietta Gaither
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If you have questions regarding this report, you may call the Audits Section—Fresno at (559) 446-2458.

Original Signed by

Michael A. Harrold, Chief
Audits Section—Fresno
Financial Audits Branch

Certified

**SUMMARY OF AUDITED FACILITY CENSUS
AND AUDITED CLIENT COST PER DAY**

Provider:
GAITHER'S FAMILY HOME #2 - MCCOMB

Fiscal Period:
JANUARY 1, 2010 THROUGH DECEMBER 31, 2010

Provider NPI:
1508981812

SUMMARY OF AUDITED FACILITY CENSUS AND AUDITED CLIENT COST PER DAY	AS REPORTED	AS AUDITED
1. Medi-Cal Client Days (Adj 7,8)	1,979	2,047
2. Medi-Cal Managed Care Days (Adj)	0	0
3. Other Client Days (Adj)	0	0
4. Total Client Days	<u>1,979</u>	<u>2,047</u>
5. Total Client Care Expenses (From Sch. 2)	\$ <u>295,867</u>	\$ <u>281,030</u>
6. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>149.50</u>	\$ <u>137.29</u>
SHARE OF COST		
1. Share of Cost Audit Adjustment (Adj 9)	\$ <u>NA</u>	\$ <u>(12,710)</u>
OVERPAYMENTS		
1. Overstated Medi-Cal Client Days (Adj 10)	\$ <u>0</u>	\$ <u>(2,754)</u>
2. Credit Balances (Adj)	\$ <u>0</u>	\$ <u>0</u>
3. Total Overpayments	\$ <u>0</u>	\$ <u>(2,754)</u>

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
GAITHER'S FAMILY HOME #2 - MCCOMB

Fiscal Period:
JANUARY 1, 2010 THROUGH DECEMBER 31, 2010

Provider NPI:
1508981812

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED Col. 1	AUDIT ADJUSTMENT Col. 2	AS AUDITED Col. 3
	EXPENSES: CLIENT SERVICES				
	Basic Facility Cost - Property Expenses				
045	Depreciation and Amortization	2	\$ 6,839	\$ (1,084)	\$ 5,755
050	Leases and Rentals	3	10,805	(10,805)	0
055	Real Property Taxes	4	1,715	(933)	782
060	Personal Property Taxes		0		0
065	Mortgage Interest	5	0	3,683	3,683
070	Property Insurance		0		0
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 19,359	\$ (9,139)	\$ 10,220
	Basic Facility Cost - General Home Expenses				
080	Home Operations and Maintenance		\$ 9,129	\$	\$ 9,129
085	Utilities		10,975		10,975
090	Client Transportation (excluding Adult Day Services)		0		0
095	Dietary	1	0	800	800
100	Personal Care and Laundry		2,792		2,792
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 22,896	\$ 800	\$ 23,696
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 42,255	\$ (8,339)	\$ 33,916
	EXPENSES: DIRECT CARE STAFF COSTS				
115	QMRP Salaries		\$ 16,675	\$	\$ 16,675
120	QMRP Fringe Benefits		0		0
125	Lead Salaries		32,126		32,126
130	Lead Fringe Benefits		924		924
135	Aides Salaries	1	150,707	(6,023)	144,684
140	Aides Fringe Benefits		17,553		17,553
145	Other Salaries		0		0
150	Other Fringe Benefits		0		0
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 217,985	\$ (6,023)	\$ 211,962

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
GAITHER'S FAMILY HOME #2 - MCCOMB

Fiscal Period:
JANUARY 1, 2010 THROUGH DECEMBER 31, 2010

Provider NPI:
1508981812

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED Col. 1	AUDIT ADJUSTMENT Col. 2	AS AUDITED Col. 3
	EXPENSES: CONSULTANT COSTS				
160	Dietician Consultant		\$ 1,541	\$	\$ 1,541
165	Speech Pathology Consultant		0		0
170	Physical Therapy Consultant		358		358
175	Occupational Therapy Consultant		0		0
180	Pharmacist Consultant		3,000		3,000
185	Nurse Consultant		15,400		15,400
190	Psychologist Consultant	6	525	(525)	0
195	Physician Consultant		0		0
200	Recreational Consultant		1,500		1,500
205	Social Service Consultant		0		0
210	Other Consultant		611		611
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 22,935	\$ (525)	\$ 22,410
	EXPENSES: ADMINISTRATIVE COSTS				
220	Administrative Salaries **		\$ 5,850	\$	\$ 5,850
225	Administrative Fringe Benefits		0		0
226	Quality Assurance Fees (excluding Adult Day Services)		6,192		6,192
230	Other General and Administrative*** (Excluding Adult Day Services)	1	650	50	700
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 12,692	\$ 50	\$ 12,742
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 295,867	\$ (14,837)	\$ 281,030
	NON-CLIENT CARE EXPENSES		(To Sch. 1)		(To Sch. 1)
240	Non-Program Services		\$	\$	\$ 0
241	Adult Day Services and Related Transportation				0
245	TOTAL FACILITY EXPENSES (Lines 110, 155, 215, 235, 240 and 241)		\$ 295,867	\$ (14,837)	\$ 281,030

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** List only direct administrative salaries incurred at the facility level

*** List allocated administrative costs on Line 230

Provider Name		Fiscal Period				Provider NPI		Adjustments	
GAITHER'S FAMILY HOME #2 - MCCOMB		JANUARY 1, 2010 THROUGH DECEMBER 31, 2010				1508981812		10	
Adj. No.	Report References		Audit Report		Line	Sch	As Reported	Increase (Decrease)	As Adjusted
	Cost Report	Line	Col.	Line					
1	4	95	4	2	95.00	2	\$0	\$800	\$800
	4.1	135	4	2	135.00	2	150,707	(6,023)	144,684
	4.1	230	4	2	230.00	2	650	50	700
<p style="text-align: center;">Explanation of Audit Adjustments ADJUSTMENTS TO REPORTED COSTS</p>									
2	4	45	4	2	45.00	2	\$6,839	(\$1,084)	\$5,755
<p>Dietary</p> <p>Aides Salaries</p> <p>Other Administrative and General</p> <p>To reconcile the reported expenses to agree with the provider's general ledger and payroll records.</p> <p>42 CFR 413.20 and 413.24</p> <p>CMS Pub. 15-1, Sections 2300 and 2304</p>									
3	4	50	4	2	50.00	2	\$10,805	(\$10,805)	\$0
<p>Leases and Rentals</p> <p>To eliminate rental expenses from a related party.</p> <p>42 CFR 413.20 and 413.24</p> <p>CMS Pub. 15-1, Sections 2300 and 2304</p>									
4	4	55	4	2	55.00	2	\$1,715	(\$933)	\$782
<p>Real Property Taxes</p> <p>To eliminate property taxes due to insufficient documentation.</p> <p>42 CFR 413.20 and 413.24</p> <p>CMS Pub. 15-1, Sections 2300 and 2304</p>									
5	4	65	4	2	65.00	2	\$0	\$3,683	\$3,683
<p>Mortgage Interest</p> <p>To include cost of ownership in lieu of related party lease expenses.</p> <p>42 CFR 413.17, 413.20 and 413.24</p> <p>CMS Pub. 15-1, Section 1011.5</p>									
6	4.1	190	4	2	190.00	2	\$525	(\$525)	\$0
<p>Psychologist Consultant</p> <p>To eliminate consultant expense due to insufficient documentation.</p> <p>42 CFR 413.20 and 413.24</p> <p>CMS Pub. 15-1, Sections 2300 and 2304</p>									

Provider Name		Fiscal Period		Provider NPI		Adjustments	
GAITHER'S FAMILY HOME #2 - MCCOMB		JANUARY 1, 2010 THROUGH DECEMBER 31, 2010		1508981812		10	
Adj. No.	Report References		Audit Report		As Reported	Increase (Decrease)	As Adjusted
	Cost Report	Line	Col.	Sch			
7	2	3	1	1	1,979	46	2,025 *
<p>ADJUSTMENTS TO REPORTED CLIENT DAYS</p> <p>1.00 Medi-Cal Client Days To adjust Medi-Cal client days to include bed hold and leave days. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2205.4 and 2304 CCR, Title 22, Sections 51535(a) and 51535(b)</p>							
8	2	3	1	1	2,025	22	2,047
<p>1.00 Medi-Cal Client Days To include patient days omitted on the census report. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304</p>							

*Balance carried forward from prior/to subsequent adjustments

Provider Name		Fiscal Period		Provider NPI		Adjustments		
GAITHER'S FAMILY HOME #2 - MCCOMB		JANUARY 1, 2010 THROUGH DECEMBER 31, 2010		1508981812		10		
Adj. No.	Report References		Sch	Col.	Line	As Reported	Increase (Decrease)	As Adjusted
	Cost Report	Audit Report						
9	N/A		1		1.00	\$0	\$12,710	\$12,710
		Share of Cost To adjust Share of Cost that was not properly deducted from the amount billed and due to insufficient documentation. 42 CFR 413.5, 413.20 and 413.24 CMS Pub. 15-1, Sections 2300, 2304 and 2409 CCR, Title 22, Sections 50786 and 51458.1						
10	N/A		1		1.00	\$0	\$2,754	\$2,754
		Overpayments - Amount Due to State To recover overpayments for overstated Medi-Cal client days. 42 CFR 413.20, 413.24 and 433.139(b)(3) CMS Pub. 15-1, Sections 2300, 2304 and 2409 CCR, Title 22, Sections 51458.1, 51476, 51535(a) and 51535.1(b)						

ADJUSTMENTS TO OTHER MATTERS

Provider Name		Fiscal Period		Provider NPI		Adjustments					
GAITHER'S FAMILY HOME #2 - MCCOMB		JANUARY 1, 2010 THROUGH DECEMBER 31, 2010		1508981812		10					
Adj. No.	Report References			Line	Sch	Col.	Line	Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted
	Cost Report	Audit Report									
	DHS 3076 Page or Exhibit										