

**REPORT
ON THE
RATE SETTING AUDIT**

**POSITIVE LIFESTYLES #2
DELANO, CALIFORNIA
PROVIDER NUMBER: LTC80114G
NPI NUMBER: 1891841607**

**FISCAL PERIOD ENDED
JUNE 30, 2008**

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

**Section Chief: Michael Harrold
Audit Supervisor: Kathy Atkins
Auditor: Craig Brandon**



DAVID MAXWELL-JOLLY
Director

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



ARNOLD SCHWARZENEGGER
Governor

August 31, 2009

David A. Wheelock, Owner
Positive Lifestyles, LLC
P. O. Box 849
Delano, CA 93216

PROVIDER: POSITIVE LIFESTLYES #2
PROVIDER NO. LTC80114G
NPI NO. 1891841607
FISCAL PERIOD ENDED JUNE 30, 2008

We have examined the facility's financial records/Medi-Cal Cost Report for the above-referenced fiscal period. 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 and patient days 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	\$	459,230		\$ 216.11
Net Audit Adjustment		<u>(46,360)</u>		<u>(21.73)</u>
Audited Cost/Cost Per Day	\$	<u>412,870</u>		\$ <u>194.38</u>

This audit report includes the:

1. Audit Report Schedules 1 through 3
2. Audit Adjustments Schedule
3. Audited Allocation of Home Office Cost

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
Office of Administrative Appeals and Hearings
1029 J Street, Suite 200
Sacramento, CA 95814-2825
(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 95899-7413

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 95814-5005
(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.

David A. Wheelock
Page 3

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:
POSITIVE LIFESTYLES #2

Fiscal Period:
JULY 1, 2007 THROUGH JUNE 30, 2008

Provider Number:
LTC80114G

Provider NPI:
1891841607

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

	AS REPORTED	AS AUDITED
1. Medi-Cal Client Days (Adj 7)	2,125	2,124
2. Other Client Days (Adj)		0
3. Total Client Days	<u>2,125</u>	<u>2,124</u>
4. Total Client Care Expenses (From Sch. 2)	\$ <u>459,230</u>	\$ <u>412,870</u>
5. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>216.11</u>	\$ <u>194.38</u>

SHARE OF COST

1. Share of Cost Audit Adjustment (Adj)	\$ <u>NA</u>	\$ <u>0</u>
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OVERPAYMENTS

1. Duplicate Payments (Adj)	\$ _____	\$ _____
2. Credit Balances (Adj)	\$ _____	\$ _____
3. Total Overpayments	\$ <u>0</u>	\$ <u>0</u>

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
POSITIVE LIFESTYLES #2

Fiscal Period:
JULY 1, 2007 THROUGH JUNE 30, 2008

Provider Number:
LTC80114G

Provider NPI:
1891841607

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED	AUDIT ADJUSTMENT	AS AUDITED
	EXPENSES: CLIENT SERVICES				
	Basic Facility Cost - Property Expenses				
045	Depreciation and Amortization	5	\$ 10,050	\$ (6,770)	\$ 3,280
050	Leases and Rentals				0
055	Real Property Taxes		3,203		3,203
060	Personal Property Taxes				0
065	Mortgage Interest		3,819		3,819
070	Property Insurance		7,391		7,391
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 24,463	\$ (6,770)	\$ 17,693
	Basic Facility Cost - General Home Expenses				
080	Home Operations and Maintenance	6	\$ 29,937	\$ (760)	\$ 29,177
085	Utilities		11,011		11,011
090	Client Transportation		4,461		4,461
095	Dietary		14,028		14,028
100	Personal Care and Laundry		280		280
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 59,717	\$ (760)	\$ 58,957
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 84,180	\$ (7,530)	\$ 76,650
	EXPENSES: DIRECT CARE STAFF COSTS				
115	QMRP Salaries		\$ 34,780	\$	\$ 34,780
120	QMRP Fringe Benefits				0
125	Lead Salaries		27,393		27,393
130	Lead Fringe Benefits		8,547		8,547
135	Aides Salaries	4	160,687	(9,658)	151,029
140	Aides Fringe Benefits	4	42,074	(2,528)	39,546
145	Other Salaries				0
150	Other Fringe Benefits				0
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 273,481	\$ (12,186)	\$ 261,295

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
POSITIVE LIFESTYLES #2

Fiscal Period:
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Line No.	DESCRIPTION	ADJ NO.	AS REPORTED	AUDIT ADJUSTMENT	AS AUDITED
	EXPENSES: CONSULTANT COSTS				
160	Dietician Consultant		\$ 1,332	\$	\$ 1,332
165	Speech Pathology Consultant				0
170	Physical Therapy Consultant		1,765		1,765
175	Occupational Therapy Consultant				0
180	Pharmacist Consultant				0
185	Nurse Consultant		12,252		12,252
190	Psychologist Consultant				0
195	Physician Consultant				0
200	Recreational Consultant		1,800		1,800
205	Social Service Consultant				0
210	Other Consultant		1,440		1,440
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 18,589	\$ 0	\$ 18,589
	EXPENSES: ADMINISTRATIVE COSTS				
220	Administrative Salaries		\$ 6,000	\$	\$ 6,000
225	Administrative Fringe Benefits				0
226	Quality Assurance Fees		24,458		24,458
230	Other Administrative and General	1-3	52,522	(26,644)	25,878
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 82,980	\$ (26,644)	\$ 56,336
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 459,230	\$ (46,360)	\$ 412,870
	NON-CLIENT CARE EXPENSES		(To Sch. 1)		(To Sch. 1)
240	Non-Program Services		\$	\$	\$ 0
245	TOTAL FACILITY EXPENSES (Lines 110, 155, 215, 235 and 240)		\$ 459,230	\$ (46,360)	\$ 412,870

SUMMARY OF AUDITED LABOR REPORT

Provider:
POSITIVE LIFESTYLES #2

Fiscal Period:
JULY 1, 2007 THROUGH JUNE 30, 2008

Provider Number:
LTC80114G

Provider NPI:
1891841607

Line No.	Description	AS AUDITED			
		(1) Benefits (Adj 8)	(2) Salaries (Adj 8)	(3) Total Hours (Adj)	Average Hourly Wage (Col 2 / Col 3)
	DIRECT CARE STAFF				
		(From Sch. 2)	(From Sch. 2)		
1	QMRP	\$ 0	\$ 34,780	1,040	\$ 33.44
2	Lead	8,547	27,393	2,080	13.17
3	Aides	39,546	151,029	17,076	8.84
4	Other	0	0		0.00
5	TOTAL DIRECT CARE (Lines1 through 4)	\$ 48,093	\$ 213,202	20,196	
	CONSULTANT STAFF				
6	Dietician	\$	\$ 1,332	22	\$ 60.55
7	Speech Pathology				0.00
8	Physical Therapy		1,765	52	33.94
9	Occupational Therapy				0.00
10	Pharmacist				0.00
11	Nurse		12,252	468	26.18
12	Psychologist				0.00
13	Physician				0.00
14	Recreational		1,800	60	30.00
15	Social Service				0.00
16	Other		1,440	48	30.00
17	TOTAL CONSULTANT (Lines 6 through 16)	\$ 0	\$ 18,589	650	
	ADMINISTRATIVE STAFF				
18	Administrative Staff	\$	\$ 6,000	728	\$ 8.24
19	TOTAL STAFF (Lines 5, 17, 18)	\$ 48,093	\$ 237,791	21,574	

Provider Name		Fiscal Period		Provider Number		Adjustments		
POSITIVE LIFESTYLES #2		JULY 1, 2007 THROUGH JUNE 30, 2008		LTC80114G		8		
Adj. No.	DHS 3076 Page or Exhibit	Report References		Line	Sch	As Reported	Increase (Decrease)	As Adjusted
		Cost Report	Audit Report					
Explanation of Audit Adjustments								
<u>ADJUSTMENTS TO REPORTED COSTS</u>								
1	4.1	230	4	2	230.00	\$52,522		
								(\$900)
Other General and Administrative								
To eliminate items not included in the rate. CCR, Title 22, Sections 51510.3 and 59998								
2								(2,178)
To eliminate HDP accounting expense due to insufficient documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304								
3								(23,566)
To adjust reported home office costs to agree with the Positive Lifestyles, LLC Home Office Audit Report for fiscal period ended June 30, 2008. 42 CFR 413.17 and 413.24 CMS Pub. 15-1, Sections 2150.2 and 2304								
4	4.1	135	4	2	135.00	\$160,687		\$151,029
	4.1	140	4	2	140.00	42,074		39,546
Aides Salaries Aides Benefits To abate Kern Regional Center revenues against the related costs. 42 CFR 413.9(c)(3) CMS Pub. 15-1, Section 2328 CCR, Title 22, Section 51510.3								
5	4	45	4	2	45.00	\$10,050		\$3,280
Depreciation and Amortization To adjust depreciation expense to agree with the provider's records. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304								
6	4	80	4	2	80.00	\$29,937		\$29,177
Home Operations and Maintenance To eliminate veterinary and fish tank service expenses not related to patient care. 42 CFR 413.9(c)(3) CMS Pub. 15-1, Section 2102.3 CCR, Title 22, Section 51510.3								

Provider Name		Fiscal Period		Provider Number		Adjustments				
POSITIVE LIFESTYLES #2		JULY 1, 2007 THROUGH JUNE 30, 2008		LTC80114G		8				
Adj. No.	DHS 3076 Page or Exhibit	Report References		Line	Sch	Col.	Line			
		Cost Report	Audit Report					As Reported	Increase (Decrease)	As Adjusted
7	2	3	1	1	1	1.00	Medi-Cal Client Days	2,125	(1)	2,124
Explanation of Audit Adjustments <u>ADJUSTMENT TO REPORTED CLIENT DAYS</u> To adjust total client days to agree with the provider's patient census reports. 42 CFR 413.20 and 413.50 CMS Pub. 15-1, Sections 2205 and 2304										

Provider Name		Fiscal Period		Provider Number		Adjustments		
POSITIVE LIFESTYLES #2		JULY 1, 2007 THROUGH JUNE 30, 2008		LTC80114G		8		
Adj. No.	Report References			Line	Sch	Col.	Line	
	Cost Report	Audit Report						
DHS 3076 Page or Exhibit	Line	Col.	Sch	Line	As Reported	Increase (Decrease)	As Adjusted	
8	6	3	1	3	3.00	Aides (Benefits)	\$42,074	\$39,546
	6	3	2	3	3.00	Aides (Salaries)	160,687	151,029
<p>To abate Kern Regional Center revenues against the related costs. 42 CFR 413.9(c)(3) CMS Pub. 15-1, Section 2328 CCR, Title 22, Section 51510.3</p>								
<p>ADJUSTMENT TO THE LABOR REPORT</p>								