

**REPORT  
ON THE  
RATE SETTING AUDIT**

**POSITIVE DIRECTIONS #8  
DELANO, CALIFORNIA  
PROVIDER NUMBER: LTC80172G  
NPI NUMBER: 1467675017**

**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 20, 2009

Trisha Lague, CO-CEO  
Positive Directions, Inc.  
P. O. Box 98  
Delano, CA 93216

PROVIDER: POSITIVE DIRECTIONS #8  
PROVIDER NO. LTC80172G  
NPI NO. 1467675017  
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	\$	414,512		\$ 195.43
Net Audit Adjustment		<u>(6,156)</u>		<u>(2.90)</u>
Audited Cost/Cost Per Day	\$	<u>408,356</u>		\$ <u>192.53</u>

This audit report includes the:

1. Audit Report Schedules 1 through 3
2. Audit Adjustments Schedule

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.

Trisha Lague  
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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.

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 DIRECTIONS #8

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

**Provider Number:**  
LTC80172G

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

	<b>AS REPORTED</b>	<b>AS AUDITED</b>
1. Medi-Cal Client Days (Adj)	2,121	2,121
2. Other Client Days (Adj )		0
3. Total Client Days	<u>2,121</u>	<u>2,121</u>
4. Total Client Care Expenses (From Sch. 2)	\$ <u>414,512</u>	\$ <u>408,356</u>
5. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>195.43</u>	\$ <u>192.53</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 DIRECTIONS #8

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

Provider Number:  
LTC80172G

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED	AUDIT ADJUSTMENT	AS AUDITED
	<b>EXPENSES: CLIENT SERVICES</b>				
	<b>Basic Facility Cost - Property Expenses</b>				
045	Depreciation and Amortization	5	\$ 6,243	\$ (3,618)	\$ 2,625
050	Leases and Rentals				0
055	Real Property Taxes		2,202		2,202
060	Personal Property Taxes				0
065	Mortgage Interest		3,302		3,302
070	Property Insurance		2,096		2,096
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 13,843	\$ (3,618)	\$ 10,225
	<b>Basic Facility Cost - General Home Expenses</b>				
080	Home Operations and Maintenance	6	\$ 20,557	\$ (20)	\$ 20,537
085	Utilities		7,543		7,543
090	Client Transportation		2,985		2,985
095	Dietary		21,368		21,368
100	Personal Care and Laundry		40		40
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 52,493	\$ (20)	\$ 52,473
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 66,336	\$ (3,638)	\$ 62,698
	<b>EXPENSES: DIRECT CARE STAFF COSTS</b>				
115	QMRP Salaries		\$ 13,647	\$	\$ 13,647
120	QMRP Fringe Benefits		4,921		4,921
125	Lead Salaries		37,901		37,901
130	Lead Fringe Benefits		23,193		23,193
135	Aides Salaries	4	118,699	(741)	117,958
140	Aides Fringe Benefits	4	25,897	(162)	25,735
145	Other Salaries		1,789		1,789
150	Other Fringe Benefits		465		465
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 226,512	\$ (903)	\$ 225,609

## SUMMARY OF AUDITED FACILITY EXPENSES

Provider:  
POSITIVE DIRECTIONS #8

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

Provider Number:  
LTC80172G

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED	AUDIT ADJUSTMENT	AS AUDITED
	<b>EXPENSES: CONSULTANT COSTS</b>				
160	Dietician Consultant		\$ 1,029	\$	\$ 1,029
165	Speech Pathology Consultant				0
170	Physical Therapy Consultant	1	1,159	(106)	1,053
175	Occupational Therapy Consultant				0
180	Pharmacist Consultant		1,954		1,954
185	Nurse Consultant		17,961		17,961
190	Psychologist Consultant				0
195	Physician Consultant				0
200	Recreational Consultant		581		581
205	Social Service Consultant				0
210	Other Consultant		216		216
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 22,900	\$ (106)	\$ 22,794
	<b>EXPENSES: ADMINISTRATIVE COSTS</b>				
220	Administrative Salaries		\$	\$	\$ 0
225	Administrative Fringe Benefits				0
226	Quality Assurance Fees		23,681		23,681
230	Other Administrative and General	2-3	75,083	(1,509)	73,574
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 98,764	\$ (1,509)	\$ 97,255
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 414,512	\$ (6,156)	\$ 408,356
	<b>NON-CLIENT CARE EXPENSES</b>		(To Sch. 1)		(To Sch. 1)
240	Non-Program Services		\$	\$	\$ 0
245	TOTAL FACILITY EXPENSES (Lines 110, 155, 215, 235 and 240)		\$ 414,512	\$ (6,156)	\$ 408,356

## SUMMARY OF AUDITED LABOR REPORT

**Provider:**  
POSITIVE DIRECTIONS #8

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

**Provider Number:**  
LTC80172G

Line No.	Description	AS AUDITED			
		(1) Benefits (Adj 7)	(2) Salaries (Adj 7)	(3) Total Hours (Adj )	Average Hourly Wage (Col 2 / Col 3)
	<b>DIRECT CARE STAFF</b>				
		(From Sch. 2)	(From Sch. 2)		
1	QMRP	\$ 4,921	\$ 13,647	520	\$ 26.24
2	Lead	23,193	37,901	2,080	18.22
3	Aides	25,735	117,958	13,619	8.66
4	Other	465	1,789	201	8.90
5	TOTAL DIRECT CARE (Lines 1 through 4)	\$ 54,314	\$ 171,295	16,420	
	<b>CONSULTANT STAFF</b>		(Adj 8)		
6	Dietician	\$	\$ 1,029	17	\$ 60.53
7	Speech Pathology				0.00
8	Physical Therapy		1,053	33	31.91
9	Occupational Therapy				0.00
10	Pharmacist		1,954	48	40.71
11	Nurse		17,961	643	27.93
12	Psychologist				0.00
13	Physician				0.00
14	Recreational		581	24	24.21
15	Social Service				0.00
16	Other		216	8	27.00
17	TOTAL CONSULTANT (Lines 6 through 16)	\$ 0	\$ 22,794	773	
	<b>ADMINISTRATIVE STAFF</b>				
18	Administrative Staff	\$	\$		\$ 0.00
19	TOTAL STAFF (Lines 5, 17, 18)	\$ 54,314	\$ 194,089	17,193	

Provider Name		Fiscal Period				Provider Number		Adjustments				
POSITIVE DIRECTIONS #8		JULY 1, 2007 THROUGH JUNE 30, 2008				LTC80172G		8				
Adj. No.	DHS 3076 Page or Exhibit	Report References		Audit Report		Line	Sch	Col.	Line	As Reported	Increase (Decrease)	As Adjusted
		Cost Report	Line	Col.	Sch							
1	4.1	170	4	2	170.00	Physical Therapy Consultant To eliminate physical therapy consultant expenses to agree with the provider's job ledger report. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304				\$1,159	(\$106)	\$1,053
2	4.1	230	4	2	230.00	Other General and Administrative  To eliminate items not included in the rate. CCR, Title 22, Sections 51510.3 and 59998				\$75,083	(\$594)	
3	4.1					To eliminate HDP accounting expense due to insufficient documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304					(\$15)	\$73,574
4	4.1	135	4	2	135.00	Aides Salaries				\$118,699	(\$741)	\$117,958
	4.1	140	4	2	140.00	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				25,897	(162)	25,735
5	4	45	4	2	45.00	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				\$6,243	(\$3,618)	\$2,625
6	4	80	4	2	80.00	Home Operations and Maintenance To eliminate items not included in the rate. 42 CFR 413.9(c)(3) CMS Pub. 15-1, Section 2102.3 CCR, Title 22, Sections 51510.3 and 59998				\$20,557	(\$20)	\$20,537

Provider Name		Fiscal Period		Provider Number		Adjustments				
POSITIVE DIRECTIONS #8		JULY 1, 2007 THROUGH JUNE 30, 2008		LTC80172G		8				
Adj. No.	DHS 3076 Page or Exhibit	Report References		Line	Sch	Col.	Line	As Reported	Increase (Decrease)	As Adjusted
		Cost Report	Audit Report							
7	6	3	1	3	3	3.00	Aides (Benefits)	\$25,897	(\$162)	\$25,735
	6	3	2	3	3	3.00	Aides (Salaries)	118,699	(741)	117,958
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										
8	6	3	2	2	2	8.00	Physical Therapy Consultant (Salaries)	\$1,159	(\$106)	\$1,053
To eliminate physical therapy consultant expenses to agree with the provider's job ledger report. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304										