

**REPORT  
ON THE  
RATE SETTING AUDIT**

**REDWOOD HOUSE  
SANTA ROSA, CALIFORNIA  
PROVIDER NUMBER: LTC80175F AND  
NPI NUMBER: 1902839962**

**FISCAL PERIOD ENDED  
JULY 31, 2008**

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

**Section Chief: Louise Wong  
Audit Supervisor: Jesse Duran  
Auditor: Maria Bernardez**



DAVID MAXWELL-JOLLY  
Director

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



ARNOLD SCHWARZENEGGER  
Governor

January 25, 2010

Denise Keeley  
President/CEO  
DuMolin Service Corporation  
1455 N. Dutton Avenue, Suite B  
Santa Rosa, CA 95401

PROVIDER: REDWOOD HOUSE  
PROVIDER NO. LTC80175F AND NPI NO. 1902839962  
FISCAL PERIOD ENDED JULY 31, 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	\$	509,576	\$ 256.58
Net Audit Adjustment		<u>(2,310)</u>	<u>(1.16)</u>
Audited Cost/Cost Per Day	\$	<u>507,266</u>	\$ <u>255.42</u>

This audit report includes the:

1. Audit Report Schedules 1 through 2
2. Audit Adjustments that include a summary of the total due the State in the amount of \$3,065 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:

John Melton, 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  
P.O. 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.

Denise Keeley  
Page 3

If you have questions regarding this report, you may call the Audits Section—Richmond at (510) 620-3100.

Original Signed by

Louise Wong, Chief  
Audits Section—Richmond  
Financial Audits Branch

Certified

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

**Provider:**  
REDWOOD HOUSE

**Fiscal Period:**  
AUGUST 1, 2007 THROUGH JULY 31, 2008

**Provider Number:**  
LTC80175F

**Provider NPI:**  
1902839962

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

AS REPORTED	AS AUDITED
----------------	---------------

1. Medi-Cal Client Days (Adj )	1,986	1,986
2. Other Client Days (Adj )		0
3. Total Client Days	<u>1,986</u>	<u>1,986</u>
4. Total Client Care Expenses (From Sch. 2)	\$ <u>509,576</u>	\$ <u>507,266</u>
5. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>256.58</u>	\$ <u>255.42</u>

**SHARE OF COST**

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

**OVERPAYMENTS**

1. Medi-Cal Overpayments (Adj 6)	\$ <u>0</u>	\$ <u>3,065</u>
2. Credit Balances (Adj )	\$ <u>0</u>	\$ <u>0</u>
3. Total Overpayments	\$ <u>0</u>	\$ <u>3,065</u>

## SUMMARY OF AUDITED FACILITY EXPENSES

Provider:  
REDWOOD HOUSE

Fiscal Period:  
AUGUST 1, 2007 THROUGH JULY 31, 2008

Provider Number:  
LTC80175F

Provider NPI:  
1902839962

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	4	\$ 1,837	\$ 4,942	\$ 6,779
050	Leases and Rentals	2	18,705	(18,705)	0
055	Real Property Taxes		3,227	0	3,227
060	Personal Property Taxes		0		0
065	Mortgage Interest	3	0	10,315	10,315
070	Property Insurance		6,459	0	6,459
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 30,228	\$ (3,448)	\$ 26,780
	<b>Basic Facility Cost - General Home Expenses</b>				
080	Home Operations and Maintenance		\$ 15,464	\$ 0	\$ 15,464
085	Utilities		13,587	0	13,587
090	Client Transportation		8,558	0	8,558
095	Dietary		15,076	0	15,076
100	Personal Care and Laundry		6,281	0	6,281
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 58,966	\$ 0	\$ 58,966
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 89,194	\$ (3,448)	\$ 85,746
	<b>EXPENSES: DIRECT CARE STAFF COSTS</b>				
115	QMRP Salaries		\$ 10,718	\$ 0	\$ 10,718
120	QMRP Fringe Benefits		5,192	0	5,192
125	Lead Salaries		30,551	0	30,551
130	Lead Fringe Benefits		13,156	0	13,156
135	Aides Salaries		209,339	0	209,339
140	Aides Fringe Benefits		51,707	0	51,707
145	Other Salaries	1	9,182	(648)	8,534
150	Other Fringe Benefits	1	1,813	648	2,461
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 331,658	\$ 0	\$ 331,658

## SUMMARY OF AUDITED FACILITY EXPENSES

Provider:  
REDWOOD HOUSE

Fiscal Period:  
AUGUST 1, 2007 THROUGH JULY 31, 2008

Provider Number:  
LTC80175F

Provider NPI:  
1902839962

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED	AUDIT ADJUSTMENT	AS AUDITED
	<b>EXPENSES: CONSULTANT COSTS</b>				
160	Dietician Consultant		\$ 1,500	\$ 0	\$ 1,500
165	Speech Pathology Consultant		0		0
170	Physical Therapy Consultant		0		0
175	Occupational Therapy Consultant		4,721	0	4,721
180	Pharmacist Consultant		132	0	132
185	Nurse Consultant		2,641	0	2,641
190	Psychologist Consultant		0		0
195	Physician Consultant		900	0	900
200	Recreational Consultant		2,016	0	2,016
205	Social Service Consultant		0		0
210	Other Consultant		0		0
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 11,910	\$ 0	\$ 11,910
	<b>EXPENSES: ADMINISTRATIVE COSTS</b>				
220	Administrative Salaries		\$ 3,366	\$ 0	\$ 3,366
225	Administrative Fringe Benefits		0		0
226	Quality Assurance Fees		19,888	0	19,888
230	Other Administrative and General	5	53,560	1,138	54,698
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 76,814	\$ 1,138	\$ 77,952
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 509,576	\$ (2,310)	\$ 507,266
	<b>NON-CLIENT CARE EXPENSES</b>		(To Sch. 1)		(To Sch. 1)
240	Non-Program Services		\$ 0	\$	\$ 0
245	TOTAL FACILITY EXPENSES (Lines 110, 155, 215, 235 and 240)		\$ 509,576	\$ (2,310)	\$ 507,266



Provider Name		Fiscal Period		Provider Number		Adjustments			
REDWOOD HOUSE		AUGUST 1, 2007 THROUGH JULY 31, 2008		LTC80175F		6			
Adj. No.	Report References		Line	Col.	Sch	Line	Audit Report		
	Cost Report	Audit Report							
DHS 3076 Page or Exhibit	Line	Col.	Line	Sch	Line	As Reported	Increase (Decrease)	As Adjusted	
2	4 of 6	050	4	2	50	Leases and Rentals To eliminate related party lease expense and allow the cost of ownership, done in conjunction with adjustments 3 and 4. CMS Pub. 15-1, Sections 1000 and 1011.5	\$18,705	(\$18,705)	\$0
3	4 of 6	065	4	2	65	Mortgage Interest To include the mortgage interest expense in lieu of related party lease expense. CMS Pub. 15-1, Sections 202, 204, 1000, 2300, and 2304	\$0	\$10,315	\$10,315
4	4 of 6	045	4	2	45	Depreciation and Amortization To include the building depreciation in lieu of related party lease expense. CMS Pub. 15-1, Sections 100, 104, 1000, 1005, 1011.5, and 2304	\$1,837	\$4,942	\$6,779
5	4.1 of 6	230	4	2	230	Other General and Administrative To adjust reported Other General and Administrative costs to agree with the DuMolain Service Corporation Home Office Audit for Fiscal Period Ended July 31, 2008. CMS Pub. 15-1, Sections 2150.2 and 2304	\$53,560	\$1,138	\$54,698

Provider Name		Fiscal Period		Provider Number		Adjustments			
REDWOOD HOUSE		AUGUST 1, 2007 THROUGH JULY 31, 2008		LTC80175F		6			
Adj. No.	Report References			Line	Sch	Col.	Line		
	Cost Report	Audit Report							
DHS 3076 Page or Exhibit									
							As Reported		
							Increase (Decrease)		
							As Adjusted		
6	Not Reported	1	1	1			\$0	\$3,065	\$3,065
<p>Medi-Cal Overpayments                      To recover Medi-Cal overpayments due to incorrect billings.                      CMS Pub. 15-1, Sections 2304 and 2409                      CCR, Title 22, Section 51458.1</p> <p><b><u>ADJUSTMENT TO OTHER MATTERS</u></b></p>									