

**REPORT
ON THE
RATE SETTING AUDIT**

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

**FISCAL PERIOD ENDED
JUNE 30, 2009**

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

**Section Chief: Michael Harrold
Audit Supervisor: Kathy Atkins
Auditor: Tigran Gambaryan**



DAVID MAXWELL-JOLLY
Director

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



ARNOLD SCHWARZENEGGER
Governor

December 22, 2010

Trisha A. LaGue, CEO
Positive Directions, Inc.
P.O. Box 98
Delano, CA 93216

PROVIDER: POSITIVE DIRECTIONS # 8
PROVIDER NO. LTC80172G
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FISCAL PERIOD ENDED JUNE 30, 2009

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	\$	412,528	\$ 189.49
Net Audit Adjustment		(6,104)	(2.80)
Audited Cost/Cost Per Day	\$	<u>406,424</u>	\$ <u>186.69</u>

This audit report includes the:

1. Audit Report Schedules 1 and 2
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 A. 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, 2008 THROUGH JUNE 30, 2009

Provider Number:
LTC80172G

Provider NPI:
1467675017

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

	AS REPORTED	AS AUDITED
1. Medi-Cal Client Days (Adj)	2,177	2,177
2. Other Client Days (Adj)	0	0
3. Total Client Days	<u>2,177</u>	<u>2,177</u>
4. Total Client Care Expenses (From Sch. 2)	\$ <u>412,528</u>	\$ <u>406,424</u>
5. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>189.49</u>	\$ <u>186.69</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)	\$ <u>0</u>	\$ <u>0</u>
2. Credit Balances (Adj)	\$ <u>0</u>	\$ <u>0</u>
3. Total Overpayments	\$ <u>0</u>	\$ <u>0</u>

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
POSITIVE DIRECTIONS #8

Fiscal Period:
JULY 1, 2008 THROUGH JUNE 30, 2009

Provider Number:
LTC80172G

Provider NPI:
1467675017

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED	AUDIT ADJUSTMENT	AS AUDITED
	EXPENSES: CLIENT SERVICES				
	Basic Facility Cost - Property Expenses				
045	Depreciation and Amortization	1	\$ 5,620	\$ (396)	\$ 5,224
050	Leases and Rentals				0
055	Real Property Taxes		2,161		2,161
060	Personal Property Taxes				0
065	Mortgage Interest	2	3,173	(81)	3,092
070	Property Insurance		1,942		1,942
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 12,896	\$ (477)	\$ 12,419
	Basic Facility Cost - General Home Expenses				
080	Home Operations and Maintenance	3	\$ 19,682	\$ (545)	\$ 19,137
085	Utilities		6,921		6,921
090	Client Transportation		2,824		2,824
095	Dietary		20,752		20,752
100	Personal Care and Laundry		10		10
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 50,189	\$ (545)	\$ 49,644
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 63,085	\$ (1,022)	\$ 62,063
	EXPENSES: DIRECT CARE STAFF COSTS				
115	QMRP Salaries		\$ 12,979	\$	\$ 12,979
120	QMRP Fringe Benefits		5,132		5,132
125	Lead Salaries		41,806		41,806
130	Lead Fringe Benefits		19,135		19,135
135	Aides Salaries	5	122,748	(3,709)	119,039
140	Aides Fringe Benefits	5	27,810	(840)	26,970
145	Other Salaries		2,254		2,254
150	Other Fringe Benefits		475		475
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 232,339	\$ (4,549)	\$ 227,790

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
POSITIVE DIRECTIONS #8

Fiscal Period:
JULY 1, 2008 THROUGH JUNE 30, 2009

Provider Number:
LTC80172G

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Line No.	DESCRIPTION	ADJ NO.	AS REPORTED	AUDIT ADJUSTMENT	AS AUDITED
	EXPENSES: CONSULTANT COSTS				
160	Dietician Consultant		\$ 1,019	\$	\$ 1,019
165	Speech Pathology Consultant				0
170	Physical Therapy Consultant		1,352		1,352
175	Occupational Therapy Consultant				0
180	Pharmacist Consultant		1,954		1,954
185	Nurse Consultant		13,743		13,743
190	Psychologist Consultant				0
195	Physician Consultant				0
200	Recreational Consultant		581		581
205	Social Service Consultant				0
210	Other Consultant		110		110
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 18,759	\$ 0	\$ 18,759
	EXPENSES: ADMINISTRATIVE COSTS				
220	Administrative Salaries		\$	\$	\$ 0
225	Administrative Fringe Benefits				0
226	Quality Assurance Fees		17,943		17,943
230	Other Administrative and General	4	80,402	(533)	79,869
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 98,345	\$ (533)	\$ 97,812
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 412,528	\$ (6,104)	\$ 406,424
	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)		\$ 412,528	\$ (6,104)	\$ 406,424

Provider Name		Fiscal Period		Provider Number		Adjustments			
POSITIVE DIRECTIONS #8		JULY 1, 2008 THROUGH JUNE 30, 2009		LTC80172G		5			
Adj. No.	Report References		Line	Sch	Col.	Line	As Reported	Increase (Decrease)	As Adjusted
	Cost Report	Audit Report							
1	4	45	4	2	45.00	45.00	\$5,620	(\$396)	\$5,224
2	4	65	4	2	65.00	65.00	\$3,173	(\$81)	\$3,092
3	4	80	4	2	80.00	80.00	\$19,682	(\$545)	\$19,137
4	4.1	230	4	2	230.00	230.00	\$80,402	(\$533)	\$79,869
5	4.1	135	4	2	135.00	135.00	\$122,748	(\$3,709)	\$119,039
	4.1	140	4	2	135.00	135.00	27,810	(840)	26,970

ADJUSTMENTS TO REPORTED COSTS

45.00 Depreciation and Amortization
 To adjust depreciation expense based on provider's records and insufficient documentation.
 42 CFR 413.17, 413.20, and 413.24
 CMS Pub 15-1, Sections 2300 and 2304

65.00 Mortgage Interest
 To adjust mortgage interest expense based on provider's records and insufficient documentation.
 42 CFR 413.17, 413.20, and 413.24
 CMS Pub 15-1, Sections 2300 and 2304

80.00 Home Operations and Maintenance
 To eliminate home operation expenses not included in the rate, and due to insufficient documentation.
 42 CFR 413.9(c)(3)
 CMS Pub. 15-1, Section 2102.3
 CCR, Title 22, Section 51510.3

230.00 Other General and Administrative
 To eliminate items not included in the rate.
 42 CFR 413.9(c)(3)
 CMS Pub. 15-1, Section 2102.3
 CCR, Title 22, Section 51510.3

135.00 Aides Salaries
 135.00 Aides Benefits
 To abate Kern Regional Center revenues against the related costs.
 42 CFR 413.9(c)(3)
 CMS Pub. 15-1, Sections 2328
 CCR, Title 22, Section 51510.3