

**REPORT  
ON THE  
RATE SETTING AUDIT**

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

**FISCAL PERIOD ENDED  
JULY 31, 2009**

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

**Section Chief: Louise Wong  
Audit Supervisor: Marisa Ho  
Auditor: Philip Wah**



DAVID MAXWELL-JOLLY  
Director

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



EDMUND G. BROWN JR.  
Governor

January 7, 2011

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

PROVIDER: REDWOOD HOUSE  
PROVIDER NUMBER: LTC80175F  
NPI NUMBER: 1902839962  
FISCAL PERIOD ENDED JULY 31, 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	\$	497,639	\$ 237.20
Net Audit Adjustment		<u>(16,040)</u>	<u>(7.65)</u>
Audited Cost/Cost Per Day	\$	<u>481,599</u>	\$ <u>229.55</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 \$11,540 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  
Department of Health Care Services  
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  
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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, 2008 THROUGH JULY 31, 2009

**Provider Number:**  
LTC80175F

**Provider NPI:**  
1902839962

**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 )	2,098	2,098
2. Other Client Days (Adj )		0
3. Total Client Days	<u>2,098</u>	<u>2,098</u>
4. Total Client Care Expenses (From Sch. 2)	\$ <u>497,639</u>	\$ <u>481,599</u>
5. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>237.20</u>	\$ <u>229.55</u>

**SHARE OF COST**

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

1. Medi-Cal Overpayments (Adj 7)	\$ <u>0</u>	\$ <u>11,540</u>
2. Credit Balances (Adj )	\$ <u>0</u>	\$ <u>0</u>
3. Total Overpayments	\$ <u>0</u>	\$ <u>11,540</u>

## SUMMARY OF AUDITED FACILITY EXPENSES

Provider:  
REDWOOD HOUSE

Fiscal Period:  
AUGUST 1, 2008 THROUGH JULY 31, 2009

Provider Number:  
LTC80175F

NPI:  
1902839962

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED Col. 1	AUDIT ADJUSTMENT Col. 2	AS AUDITED Col. 3
	<b>EXPENSES: CLIENT SERVICES</b>				
	<b>Basic Facility Cost - Property Expenses</b>				
045	Depreciation and Amortization	3	\$ 1,606	\$ 4,942	\$ 6,548
050	Leases and Rentals	1	17,719	(17,719)	0
055	Real Property Taxes		5,351	0	5,351
060	Personal Property Taxes				0
065	Mortgage Interest	2	0	10,309	10,309
070	Property Insurance		2,027	0	2,027
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 26,703	\$ (2,468)	\$ 24,235
	<b>Basic Facility Cost - General Home Expenses</b>				
080	Home Operations and Maintenance	4	\$ 20,501	\$ (5,173)	\$ 15,328
085	Utilities		14,059	0	14,059
090	Client Transportation		7,205	0	7,205
095	Dietary		15,789	0	15,789
100	Personal Care and Laundry	6	6,315	(2,221)	4,094
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 63,869	\$ (7,394)	\$ 56,475
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 90,572	\$ (9,862)	\$ 80,710
	<b>EXPENSES: DIRECT CARE STAFF COSTS</b>				
115	QMRP Salaries		\$ 12,541	\$ 0	\$ 12,541
120	QMRP Fringe Benefits	5	5,503	(443)	5,060
125	Lead Salaries		33,097	0	33,097
130	Lead Fringe Benefits	5	12,971	(966)	12,005
135	Aides Salaries		189,794	0	189,794
140	Aides Fringe Benefits	5	49,689	(4,320)	45,369
145	Other Salaries		9,257	0	9,257
150	Other Fringe Benefits	5	1,990	(246)	1,744
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 314,842	\$ (5,975)	\$ 308,867

## SUMMARY OF AUDITED FACILITY EXPENSES

Provider:  
REDWOOD HOUSE

Fiscal Period:  
AUGUST 1, 2008 THROUGH JULY 31, 2009

Provider Number:  
LTC80175F

NPI:  
1902839962

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED Col. 1	AUDIT ADJUSTMENT Col. 2	AS AUDITED Col. 3
	<b>EXPENSES: CONSULTANT COSTS</b>				
160	Dietician Consultant		\$ 1,453	\$ 0	\$ 1,453
165	Speech Pathology Consultant				0
170	Physical Therapy Consultant				0
175	Occupational Therapy Consultant		3,394	0	3,394
180	Pharmacist Consultant		334	0	334
185	Nurse Consultant	5	12,961	(182)	12,779
190	Psychologist Consultant				0
195	Physician Consultant		900	0	900
200	Recreational Consultant		504	0	504
205	Social Service Consultant				0
210	Other Consultant				0
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 19,546	\$ (182)	\$ 19,364
	<b>EXPENSES: ADMINISTRATIVE COSTS</b>				
220	Administrative Salaries		\$ 3,364	\$ 0	\$ 3,364
225	Administrative Fringe Benefits	5	92	(21)	71
226	Quality Assurance Fees		24,421	0	24,421
230	Other Administrative and General		44,802	0	44,802
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 72,679	\$ (21)	\$ 72,658
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 497,639	\$ (16,040)	\$ 481,599
	<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)		\$ 497,639	\$ (16,040)	\$ 481,599

Provider Name		Fiscal Period		Provider Number		Adjustments				
REDWOOD HOUSE		AUGUST 1, 2008 THROUGH JULY 31, 2009		LTC80175F		7				
Adj. No.	DHS 3076 Page or Exhibit	Report References		Line	Sch.	Line	Col.			
		Cost Report	Audit Report							
Explanation of Audit Adjustments										
ADJUSTMENTS TO REPORTED COSTS										
1	4 of 6	035	4	2	35	3	Leases and Rentals To eliminate related party expenses and allow the cost of ownership, done in conjunction with adjustment numbers 2 and 4. CMS Pub. 15-1, Sections 1000 and 1011.5	\$17,719	(\$17,719)	\$0
2	4 of 6	065	4	2	65	3	Mortgage Interest To include the mortgage interest expenses in lieu of related party lease expense. CMS Pub. 15-1, Sections 104.10, 202, 204, 1000, 1011.5, 2300, and 2304	\$0	\$10,309	\$10,309
3	4 of 6	045	4	2	45	3	Depreciation and Amortization To include the building depreciation expenses in lieu of related party lease expense. CMS Pub. 15-1, Sections 100,104.10, 202.1, 1000, 1011.5, 2300, and 2304	\$1,606	\$4,942	\$6,548
4	4 of 6	080	4	2	80	3	Home Operations and Maintenance To adjust reported depreciation expense to agree with the provider's supporting documents and to reflect proper accruals. CMS Pub. 15-1, Sections 2300 and 2304	\$20,501	(\$5,173)	\$15,328
5	4.1 of 6	120	4	2	120	3	QMRP Fringe Benefits	\$5,503	(\$443)	\$5,060
	4.1 of 6	130	4	2	130	3	Lead Benefits	12,971	(966)	12,005
	4.1 of 6	140	4	2	140	3	Aides Benefits	49,689	(4,320)	45,369
	4.1 of 6	150	4	2	150	3	Other Benefits	1,990	(246)	1,744
	4.1 of 6	185	4	2	185	3	Nurse Consultant	12,961	(182)	12,779
	4.1 of 6	225	4	2	225	3	Administrative Fringe Benefits To adjust reported worker's compensation to agree with the provider's supporting documents and to reflect proper accruals. CMS Pub. 15-1, Sections 2300 and 2304	92	(21)	71
6	4 of 6	100	4	2	100	3	Personal Care and Laundry To eliminate expense not related to patient care and due to the lack of proper documentation. CMS Pub. 15-1, Sections 2102.3, 2300, and 2304	\$6,315	(\$2,221)	\$4,094

