

**REPORT
ON THE
RATE SETTING AUDIT**

**NOVA DEVELOPMENTAL
CENTERS - TOM POLK HOUSE
CHICO, CALIFORNIA
PROVIDER NUMBER: LTC60788F**

**FISCAL PERIOD ENDED
DECEMBER 31, 2009**

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

**Section Chief: Steven Gary
Audit Supervisor: Kelly Ostrom
Auditor: Kristin Bone**



DAVID MAXWELL-JOLLY
Director

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



ARNOLD SCHWARZENEGGER
Governor

October 12, 2010

Gary Green, Administrator
PO Box 492478
Redding, CA 96049

PROVIDER: NOVA DEVELOPMENTAL CENTERS – TOM POLK HOUSE
PROVIDER NO. LTC60788F
FISCAL PERIOD ENDED DECEMBER 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, patient days and use of share of cost 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	\$	324,263	\$ 155.08
Net Audit Adjustment		<u>(21,987)</u>	<u>(10.31)</u>
Audited Cost/Cost Per Day	\$	<u>302,276</u>	\$ <u>144.77</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.

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

Gary Green
Page 2

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 - Sacramento at (916) 650-6994.

Original Signed By:

Steven Gary, Chief
Audits Section - Sacramento
Financial Audits Branch

Certified

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

Provider:
NOVA DEVELOPMENTAL CENTERS - TOM POLK HOUSE

Fiscal Period:
JANUARY 1, 2009 THROUGH DECEMBER 31, 2009

Provider Number:
LTC60788F

Provider NPI:
1316911886

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

AS REPORTED	AS AUDITED
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1. Medi-Cal Client Days (Adj 4)	2,091	2,088
2. Other Client Days (Adj)		0
3. Total Client Days	<u>2,091</u>	<u>2,088</u>
4. Total Client Care Expenses (From Sch. 2)	\$ <u>324,263</u>	\$ <u>302,276</u>
5. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>155.08</u>	\$ <u>144.77</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:
NOVA DEVELOPMENTAL CENTERS - TOM POLK HOUSE

Fiscal Period:
JANUARY 1, 2009 THROUGH DECEMBER 31, 2009

Provider Number:
LTC60788F

NPI:
1316911886

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED	AUDIT ADJUSTMENT	AS AUDITED
	EXPENSES: CLIENT SERVICES				
	Basic Facility Cost - Property Expenses				
045	Depreciation and Amortization	1	\$ 60	\$ 4,278	\$ 4,338
050	Leases and Rentals	1	36,000	(36,000)	0
055	Real Property Taxes	1		2,737	2,737
060	Personal Property Taxes				0
065	Mortgage Interest	1		9,092	9,092
070	Property Insurance	1		2,615	2,615
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 36,060	\$ (17,278)	\$ 18,782
	Basic Facility Cost - General Home Expenses				
080	Home Operations and Maintenance		\$ 20,948		\$ 20,948
085	Utilities	2	8,186	(305)	7,881
090	Client Transportation				0
095	Dietary		11,991		11,991
100	Personal Care and Laundry		(382)		(382)
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 40,743	\$ (305)	\$ 40,438
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 76,803	\$ (17,583)	\$ 59,220
	EXPENSES: DIRECT CARE STAFF COSTS				
115	QMRP Salaries		\$ 14,602		\$ 14,602
120	QMRP Fringe Benefits		2,683		2,683
125	Lead Salaries		28,349		28,349
130	Lead Fringe Benefits		5,209		5,209
135	Aides Salaries		92,703		92,703
140	Aides Fringe Benefits		17,033		17,033
145	Other Salaries		2,594		2,594
150	Other Fringe Benefits		475		475
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 163,648	\$ 0	\$ 163,648

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
NOVA DEVELOPMENTAL CENTERS - TOM POLK HOUSE

Fiscal Period:
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Line No.	DESCRIPTION	ADJ NO.	AS REPORTED	AUDIT ADJUSTMENT	AS AUDITED
	EXPENSES: CONSULTANT COSTS				
160	Dietician Consultant		\$ 1,007	\$	\$ 1,007
165	Speech Pathology Consultant		318		318
170	Physical Therapy Consultant		2,989		2,989
175	Occupational Therapy Consultant				0
180	Pharmacist Consultant		488		488
185	Nurse Consultant				0
190	Psychologist Consultant				0
195	Physician Consultant		2,167		2,167
200	Recreational Consultant		449		449
205	Social Service Consultant				0
210	Other Consultant		550		550
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 7,968	\$ 0	\$ 7,968
	EXPENSES: ADMINISTRATIVE COSTS				
220	Administrative Salaries		\$	\$	\$ 0
225	Administrative Fringe Benefits				0
226	Quality Assurance Fees		21,333		21,333
230	Other Administrative and General	3	54,511	(4,404)	50,107
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 75,844	\$ (4,404)	\$ 71,440
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 324,263	\$ (21,987)	\$ 302,276
	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)		\$ 324,263	\$ (21,987)	\$ 302,276

Provider Name		Fiscal Period		Provider Number		Adjustments		
NOVA DEVELOPMENTAL CENTERS - TOM POLK HOUSE		JANUARY 1, 2009 THROUGH DECEMBER 31, 2009		LTC60788F		4		
Adj. No.	DHS 3076 Page or Exhibit	Report References		Sch	Line	As Reported	Increase (Decrease)	As Adjusted
		Cost Report	Audit Report					
ADJUSTMENTS TO REPORTED COSTS								
1	4	50	4	2	50.00	\$36,000	(\$36,000)	\$0
	4	45	4	2	45.00	60	4,278	4,338
	4	55	4	2	55.00	0	2,737	2,737
	4	65	4	2	65.00	0	9,092	9,092
	4	70	4	2	70.00	0	2,615	2,615
Leases and Rentals Depreciation and Amortization Real Property Taxes Mortgage Interest Property Insurance To adjust reported related party lease expense and depreciation expense to actual cost of ownership. 42 CFR 413.17 / CMS Pub. 15-1, Sections 104.1, 1000, 1002.1 and 1005								
2	4	85	4	2	85.00	\$8,186	(\$305)	\$7,881
Utilities To eliminate utilities expense incurred at another location and not related to patient care. 42 CFR 413.9(c)(3) / CMS Pub. 15-1, Section 2102.3								
3	4.1	230	4	2	230.00	\$54,511	(\$4,404)	\$50,107
Other General and Administrative To adjust reported home office costs to agree with Nova Development Center Home Office Audit Report for fiscal period ended December 31, 2009. 42 CFR 413.17 and 413.24 CMS Pub. 15-1, Sections 2150.2 and 2304								

Provider Name		Fiscal Period		Provider Number		Adjustments	
NOVA DEVELOPMENTAL CENTERS - TOM POLK HOUSE		JANUARY 1, 2009 THROUGH DECEMBER 31, 2009		LTC60788F		4	
Report References		Audit Report					
Cost Report							
Adj. No.	DHS 3076 Page or Exhibit	Line	Col.	Sch	Line	As Reported	Increase (Decrease) As Adjusted
4	2	1	1.00	1	1.00	2,091	(3) 2,088
<p>ADJUSTMENT TO REPORTED PATIENT DAYS</p> <p>Total Patient Days To adjust patient days to reconcile with providers census reports. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304</p>							