

**REPORT
ON THE
HOME OFFICE AUDIT**

**JEAN MARTIN HOMES
SACRAMENTO, CALIFORNIA**

**FISCAL PERIOD ENDED
DECEMBER 31, 2011**

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

**Section Chief: Robert G. Kwick
Audit Supervisor: Delia Valencia
Auditor: Laura Langston**



TOBY DOUGLAS
DIRECTOR

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



EDMUND G. BROWN JR.
GOVERNOR

July 3, 2013

Vicki Brandt, CFO
Jean Martin Homes
4144 Stowe Way
Sacramento, CA 95864

JEAN MARTIN HOMES
FISCAL PERIOD ENDED DECEMBER 31, 2011

We have examined the Medi-Cal Home Office Cost Report for the fiscal period ended December 31, 2011. 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 Comparison of Reported and Audited Home Office Cost represents a proper determination of home office allowable costs for the above fiscal period in accordance with Medi-Cal reimbursement principles. The audited home office cost will be incorporated, by separate adjustment, into each applicable facility audit report.

This audit report includes the:

1. Comparison of Reported and Audited Home Office Cost and supporting schedules
2. Audit Adjustments Schedule

If you disagree with the decision of the Department, the results of the home office audit may only be appealed through each individual facility's audit report. Please refer to the appeal instructions in each facility's audit report.

Vicki Brandt
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If you have questions regarding this report, you may call the Audits Section—
Sacramento at (916) 650-6976.

Original Signed By

Robert G. Kvick, Chief
Audits Section—Sacramento
Financial Audits Branch

Certified

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**COMPARISON OF REPORTED AND AUDITED
HOME OFFICE COST**

HOME OFFICE:
JEAN MARTIN HOMES

FISCAL PERIOD ENDED:
DECEMBER 31, 2011

CHAIN COMPONENTS 1	NPI NUMBER 2	FISCAL YEAR END 3	REPORTED COST 4	AUDITED COST 5	VARIANCE 6
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(From Sch 2, Col 6) (Col 5 - Col 4)

1.	Jean Martin Home #1	1548308281	12/31/2011	\$89,068	\$44,795	(\$44,273)
2.	Jean Martin Home #2	1912047556	12/31/2011	89,068	44,795	(44,273)
3.	Jean Martin Home #3	1699815274	12/31/2011	89,068	44,795	(44,273)
4.	Alta's Place Inc.	1609910199	12/31/2011	0	25,038	25,038
5.					0	0
6.					0	0
7.					0	0
8.					0	0
9.					0	0
10.					0	0
11.					0	0
12.					0	0
13.					0	0
14.					0	0
15.					0	0
16.					0	0
17.					0	0
18.					0	0
19.					0	0
20.					0	0
21.					0	0
22.					0	0
23.					0	0
24.					0	0
25.					0	0

TOTALS

	\$267,204	\$159,423	(\$107,781)
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SUMMARY OF DIRECT AND ALLOCATED POOL COST

HOME OFFICE:
JEAN MARTIN HOMESFISCAL PERIOD ENDED:
DECEMBER 31, 2011

CHAIN COMPONENTS 1	NPI NUMBER 2	FISCAL YEAR END 3	DIRECT EXPENSES 4	POOLED EXPENSES 5	TOTAL DIRECT & POOLED FACILITY EXPENSE 6
			(From Sch 4)	(From Sch 3)	(Col 4 + Col 5)
1. Jean Martin Home #1	1548308281	12/31/2011	\$33,909	\$10,886	\$44,795
2. Jean Martin Home #2	1912047556	12/31/2011	33,909	10,886	44,795
3. Jean Martin Home #3	1699815274	12/31/2011	33,909	10,886	44,795
4. Alta's Place Inc.	1609910199	12/31/2011	0	25,038	25,038
5.			0	0	0
6.			0	0	0
7.			0	0	0
8.			0	0	0
9.			0	0	0
10.			0	0	0
11.			0	0	0
12.			0	0	0
13.			0	0	0
14.			0	0	0
15.			0	0	0
16.			0	0	0
17.			0	0	0
18.			0	0	0
19.			0	0	0
20.			0	0	0
21.			0	0	0
22.			0	0	0
23.			0	0	0
24.			0	0	0
25.			0	0	0
TOTALS			\$101,727	\$57,696	\$159,423

(To Sch 1)

ALLOCATION OF POOLED EXPENSES

HOME OFFICE:
JEAN MARTIN HOMES

FISCAL PERIOD ENDED:
DECEMBER 31, 2011

PART I - ALLOCATION BETWEEN PROVIDER AND NONPROVIDER COMPONENTS

FACILITY	Allocation Statistics Base: Accumulated Cost 1	Percent 2	Allocation Pool Expenses 3
Program Services (Adj)	\$267,203	100.0000%	\$57,696
Nonprogram Services (Adj)		0.0000%	0
TOTAL	\$267,203	100.0000%	\$57,696

(From Sch 5)

PART II - ALLOCATION TO INDIVIDUAL CHAIN COMPONENTS

CHAIN COMPONENTS	NPI NUMBER	Audit Adjustment	Allocation Statistic: Patient Days	Allocated Pool Expense (Col 2 X UCM)
1. Jean Martin Home #1	1548308281		2,190	\$10,886
2. Jean Martin Home #2	1912047556		2,190	10,886
3. Jean Martin Home #3	1699815274		2,190	10,886
4. Alta's Place Inc.	1609910199	24	5,037	25,038
5.				0
6.				0
7.				0
8.				0
9.				0
10.				0
11.				0
12.				0
13.				0
14.				0
15.				0
16.				0
17.				0
18.				0
19.				0
20.				0
21.				0
22.				0
23.				0
24.				0
25.				0

TOTALS

11,607 \$57,696

(To Sch 2)

UNIT COST MULTIPLIER (UCM) (Pooled Expenses/Patient Days)	4.970793
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DIRECT ALLOCATION OF EXPENSES TO CHAIN COMPONENTS

HOME OFFICE:
JEAN MARTIN HOMES

FISCAL PERIOD ENDED:
DECEMBER 31, 2011

CHAIN COMPONENTS 1	NPI NUMBER	REPORTED TOTAL (Col F) 2	Expense Directly Allocable to Chain Component				AUDITED TOTAL 7
			Jean Martin Facility Expenses 3	specify expense 4	specify expense 5	specify expense 6	
			(Adj 23) (Adj)	(Adj) (Adj)	(Adj) (Adj)	(Adj) (Adj)	
1. Jean Martin Home #1	1548308281	\$0	\$33,909	\$0	\$0	\$0	\$33,909
2. Jean Martin Home #2	1912047556	0	33,909	0	0	0	33,909
3. Jean Martin Home #3	1699815274	0	33,909	0	0	0	33,909
4. Alta's Place Inc.	1609910199	0	0	0	0	0	0
5.		0	0	0	0	0	0
6.		0	0	0	0	0	0
7.		0	0	0	0	0	0
8.		0	0	0	0	0	0
9.		0	0	0	0	0	0
10.		0	0	0	0	0	0
11.		0	0	0	0	0	0
12.		0	0	0	0	0	0
13.		0	0	0	0	0	0
14.		0	0	0	0	0	0
15.		0	0	0	0	0	0
16.		0	0	0	0	0	0
17.		0	0	0	0	0	0
18.		0	0	0	0	0	0
19.		0	0	0	0	0	0
20.		0	0	0	0	0	0
21.		0	0	0	0	0	0
22.		0	0	0	0	0	0
23.		0	0	0	0	0	0
24.		0	0	0	0	0	0
25.		0	0	0	0	0	0
TOTALS			\$0 \$101,727	\$0	\$0	\$0	\$101,727

(To Sch 2)

STATEMENT OF REIMBURSABLE COSTS

HOME OFFICE:
JEAN MARTIN HOMESFISCAL PERIOD ENDED:
DECEMBER 31, 2011

ACCOUNT DESCRIPTION 1	REPORTED COSTS 2	COST AUDIT ADJUSTMENTS 3	AUDITED COSTS 4	DIRECT COST 5	AUDITED POOLED COSTS 6
		(Adj 1-20)	(Col 2 + Col 3)	(Adj 21,22)	(Col 4 - Col 5)
1. Salaries-Officers			\$0		\$0
2. Salaries-Other	14,080	(14,080)	0		0
3. Payroll Taxes	58,113	(3,178)	54,935	54,935	0
4. Employee Benefits	121		121	121	0
5. Travel	2,223	(1,287)	936		936
6. Entertainment			0		0
7. Automobile			0		0
8. Depreciation-Building			0		0
9. Depreciation-Equipment	189		189		189
10. Other Depreciation and Amortization			0		0
11. Leases and Rentals			0		0
12. Interest-Mortgages	3,620		3,620		3,620
13. Interest-Other			0		0
14. Taxes and Licenses	67,616	(66,804)	812	812	0
15. Legal and Accounting	4,464	(526)	3,938	3,938	0
16. Insurance	206		206	206	0
17. Telephone	4,073	(675)	3,398		3,398
18. Utilities			0		0
19. Office Supplies	4,835	(173)	4,662	4,662	0
20. Nonprogram			0		0
21. Other-			0		0
22.			0		0
23. General Home Expense	2,090	(303)	1,787		1,787
24. Client Transportation	7,381	(426)	6,955	6,955	0
25.			0		0
26.			0		0
27. Other Consultant	3,025		3,025	3,025	0
28. Office/Administration Wage	72,978	(16,013)	56,965	9,199	47,766
29. Office/Administration Fringe Benefit	13,377	(3,823)	9,554	9,554	0
30. Misc. General Services	8,815	(495)	8,320	8,320	0
31.			0		0
32.			0		0
33.			0		0
34.			0		0
TOTAL EXPENSES	\$267,206	(\$107,783)	\$159,423	\$101,727	\$57,696
				(To Sch 4)	(To Sch 3)

Provider Name							Fiscal Period	Provider NPI		Adjustments	
JEAN MARTIN HOMES							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	N/A		24	
Report References							Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted	
Cost Report			Audit Report								
Adj. No.	DHS 3099 Page or Exhibit	Line	Col.	Sch.	Line	Col					
ADJUSTMENTS TO REPORTED COSTS											
1	2	2	6	5	2	3	Salaries - Other To adjust reported expenses to agree with the provider's records. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	\$14,080	(\$40)	\$14,040 *	
2	2	2	6	5	2	3	Salaries - Other	*	\$14,040	(\$14,040)	\$0
	2	3	6	5	3	3	Payroll Taxes		58,113	(4,385)	53,728 *
	2	28	6	5	28	3	Office/Administration Wage To adjust owner compensation based on full time equivalent due to lack of documentation of actual hours worked. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 904.2, 905.1, 2300, and 2304 W&I Code 14124.2(b)		72,978	(26,611)	46,367 *
3	2	3	6	5	3	3	Payroll Taxes	*	\$53,728	\$5,904	\$59,632 *
	2	28	6	5	28	3	Office/Administration Wage To include owner/administrator compensation from Alta's Place facility in Brandt Group Homes for proper cost allocation. 42 CFR 413.17 and 413.24 CMS Pub. 15-1, Sections 2150.2 and 2304	*	46,367	59,995	106,362 *
4	2	3	6	5	3	3	Payroll Taxes	*	\$59,632	(\$4,408)	\$55,224 *
	2	28	6	5	28	3	Office/Administration Wage To adjust owner compensation based on full time equivalent due to lack of documentation of actual hours worked. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 904.2, 905.1, 2300, and 2304 W&I Code 14124.2(b)	*	106,362	(46,354)	60,008 *

Provider Name							Fiscal Period	Provider NPI		Adjustments	
JEAN MARTIN HOMES							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	N/A		24	
Report References							Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted	
Cost Report			Audit Report								
Adj. No.	DHS 3099 Page or Exhibit	Line	Col.	Sch.	Line	Col					
<u>ADJUSTMENTS TO REPORTED COSTS</u>											
5	2	3	6	5	3	3	Payroll Taxes	*	\$55,224	(\$289)	\$54,935 *
	2	28	6	5	28	3	Office/Administration Wage	*	60,008	(3,043)	56,965 *
							To eliminate excess related party wage expense and associated tax expense to be consistent with the salary paid to a non related party. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 902.5, 904, and 2102.1				
	2	5	6	5	5	3	Travel		\$2,223		
6							To eliminate airfare expense for lack of documentation that expense is related to patient care. 42 CFR 413.9(c)(3), 413.20, and 413.24 CMS Pub. 15-1, Sections 2102.3, 2105, 2300, and 2304 W&I Code 14124.2(b)			(\$347)	
7							To eliminate airfare expense that is not a prudent or reasonable business expense and is not patient care related. 42 CFR 413.9(c)(3) CMS Pub. 15-1, Sections 2102.1, 2102.3, and 2105			(169)	
8							To eliminate dinner expense that is not a prudent or reasonable business expense and is not patient care related. 42 CFR 413.9(c)(3) CMS Pub. 15-1, Sections 2102.1, 2102.3, and 2105			(556)	
9							To eliminate ExecuCar expense that is not a prudent or reasonable business expense and is not patient care related. 42 CFR 413.9(c)(3) CMS Pub. 15-1, Sections 2102.1, 2102.3, and 2105			(215) (\$1,287)	\$936

*Balance carried forward from prior/to subsequent adjustments

Provider Name							Fiscal Period	Provider NPI		Adjustments
JEAN MARTIN HOMES							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	N/A		24
Report References							Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted
Adj. No.	Cost Report			Audit Report						
	DHS 3099 Page or Exhibit	Line	Col.	Sch.	Line	Col				
<u>ADJUSTMENTS TO REPORTED COSTS</u>										
10	2	14	6	5	14	3	Taxes and Licenses To eliminate state and federal income taxes. 42 CFR 413.9, 413.20 and 413.24 CMS Pub. 15-1, Sections 2122.2A, 2122.2B, 2300, and 2304	\$67,616	(\$66,804)	\$812 *
11	2	15	6	5	15	3	Legal and Accounting To eliminate legal expense not related to patient care. 42 CFR 413.9(c)(3) CMS Pub. 15-1, Sections 2102.3, 2105, 2134.1, and 2183	\$4,464	(\$526)	\$3,938 *
	2	17	6	5	17	3	Telephone	\$4,073		
12							To eliminate cellular phone expense that is not a reasonable or prudent business expense and not related to patient care. 42 CFR 413.9(c)(3) CMS Pub. 15-1, Sections 902.5, 904, 2102.1, 2102.3, and 2105		(\$495)	
13							To eliminate cellular phone expense not related to patient care. 42 CFR 413.9(c)(3) / CMS Pub. 15-1, Sections 2102.3 and 2105		(180) (\$675)	\$3,398
14	2	19	6	5	19	3	Office Supplies To eliminate office supplies not related to patient care. 42 CFR 413.9(c)(3) and 413.153 CMS Pub. 15-1, Sections 202.2 and 2102.3	\$4,835	(\$173)	\$4,662 *
15	2	23	6	5	23	3	General Home Exepnse To eliminate cable and internet expenses not related to patient care. 42 CFR 413.9(c)(3) / CMS Pub. 15-1, Sections 2102.3 and 2105	\$2,090	(\$303)	\$1,787

*Balance carried forward from prior/to subsequent adjustments

Provider Name							Fiscal Period	Provider NPI		Adjustments
JEAN MARTIN HOMES							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	N/A		24
Report References							Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted
Cost Report			Audit Report							
Adj. No.	DHS 3099 Page or Exhibit	Line	Col.	Sch.	Line	Col				
<u>ADJUSTMENTS TO REPORTED COSTS</u>										
	2	24	6	5	24	3	Client Transportation	\$7,381		
16							To adjust reported expense to agree with the provider's records. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304		(\$166)	
17							To eliminate vehicle expense not related to patient care. 42 CFR 413.9(c)(3) CMS Pub. 15-1, Sections 2102.3, 2105, 2105.1, and 2122.1		(260)	\$6,955 *
	2	29	6	5	29	3	Office/Administration Fringe Benefit	\$13,377		
18							To eliminate employee benefits that are only available to a selected group of employees. 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2102.1, 2102.2, 2102.3, 2103, 2105.8, and 2144.3		(\$3,053)	
19							To adjust fringe benefits to agree with expense applicable to the audit period. 42 CFR 413.5 and 413.24 CMS Pub. 15-1, Sections 2300, 2302.1, 2304, and 2306		(770)	\$9,554 *
20	2	30	6	5	30	3	Misc. General Services To eliminate credit card renewal fees not related to patient care. 42 CFR 413.9(c)(3) / CMS Pub. 15-1, Sections 2102.3 and 2105	\$8,815	(\$495)	\$8,320 *

*Balance carried forward from prior/to subsequent adjustments

Provider Name							Fiscal Period	Provider NPI		Adjustments	
JEAN MARTIN HOMES							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	N/A		24	
Report References							Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted	
Adj. No.	Cost Report			Audit Report							
	DHS 3099 Page or Exhibit	Line	Col.	Sch.	Line	Col					
ADJUSTMENTS TO REPORTED DIRECT COSTS											
21	2	3	6	5	3	6	Payroll Taxes	*	\$54,935	(\$54,935)	\$0
	2	4	6	5	4	6	Employee Benefits		121	(121)	0
	2	14	6	5	14	6	Taxes and Licenses	*	812	(812)	0
	2	15	6	5	15	6	Legal and Accounting	*	3,938	(3,938)	0
	2	16	6	5	16	6	Insurance		206	(206)	0
	2	19	6	5	19	6	Office Supplies	*	4,662	(4,662)	0
	2	24	6	5	24	6	Client Transportation	*	6,955	(6,955)	0
	2	27	6	5	27	6	Other Consultant		3,025	(3,025)	0
	2	29	6	5	29	6	Office/Admin Fringe Benefits	*	9,554	(9,554)	0
	2	30	6	5	30	6	Misc. General Services	*	8,320	(8,320)	0
	2	3	5	5	3	5	Payroll Taxes		0	54,935	54,935
	2	4	5	5	4	5	Employee Benefits		0	121	121
	2	14	5	5	14	5	Taxes and Licenses		0	812	812
	2	15	5	5	15	5	Legal and Accounting		0	3,938	3,938
	2	16	5	5	16	5	Insurance		0	206	206
	2	19	5	5	19	5	Office Supplies		0	4,662	4,662
	2	24	5	5	24	5	Client Transportation		0	6,955	6,955
	2	27	5	5	27	5	Other Consultant		0	3,025	3,025
	2	29	5	5	29	5	Office/Admin Fringe Benefits		0	9,554	9,554
	2	30	5	5	30	5	Misc. General Services		0	8,320	8,320
							To include expenses applicable to only Jean Martin facilities in direct costs for proper cost allocation in conjunction with adjustment 23. 42 CFR 413.24 / CMS Pub. 15-1, Sections 2102.1, 2150, 2150.3, 2302.4, and 2302.8				
22	2	28	6	5	28	6	Office/Administration Wage	*	\$56,965	(\$9,199)	\$47,766
	2	28	5	5	28	5	Office/Administration Wage		0	9,199	9,199
							To include office assistance costs applicable to Jean Martin facilities in direct costs for proper cost allocation in conjunction with adjustment 23. 42 CFR 413.24 / CMS Pub. 15-1, Sections 2102.1, 2150, 2150.3, 2302.4, and 2302.8				

Provider Name							Fiscal Period	Provider NPI		Adjustments
JEAN MARTIN HOMES							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	N/A		24
Report References							Explanation of Audit Adjustments			
Cost Report			Audit Report							
Adj. No.	DHS 3099 Page or Exhibit	Line	Col.	Sch.	Line	Col	As Reported	Increase (Decrease)	As Adjusted	
<u>ADJUSTMENTS TO REPORTED DIRECT COSTS</u>										
23	4	1	7	4	1	3	Jean Martin Home #1	\$0	\$33,909	\$33,909
	4	2	7	4	2	3	Jean Martin Home #2	0	33,909	33,909
	4	3	7	4	3	3	Jean Martin Home #3	0	33,909	33,909
							To include direct costs applicable to Jean Martin facilities for proper cost allocation in conjunction with adjustments 21 and 22. 42 CFR 413.24 / CMS Pub. 15-1, Sections 2102.1, 2150, 2150.3, 2302.4, and 2302.8			

Provider Name							Fiscal Period	Provider NPI		Adjustments
JEAN MARTIN HOMES							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	N/A		24
Report References							Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted
Cost Report			Audit Report							
Adj. No.	DHS 3099 Page or Exhibit	Line	Col.	Sch.	Line	Col				
<u>ADJUSTMENT TO REPORTED STATISTICS</u>										
24	Not Reported			3	4	2	Alta's Place (Client Days)	0	5,037	5,037
	5	11	2	3	11	N/A	Total Client Days	6,570	5,037	11,607
							To adjust allocation statistics in order to properly allocate indirect costs.			
							42 CFR 413.24 and 413.50			
							CMS Pub. 15-1, Sections 2304 and 2306			