

**REPORT
ON THE
RATE SETTING AUDIT**

**AARON HOUSE
REDLANDS, CALIFORNIA
NATIONAL PROVIDER IDENTIFIER: 1841330420**

**FISCAL PERIOD ENDED
DECEMBER 31, 2011**

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

**Section Chief: Julio M. Cueto
Audit Supervisor: Lucia Martinez
Auditor: Daniela Bitá Mocanu**



TOBY DOUGLAS
DIRECTOR

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



EDMUND G. BROWN JR.
GOVERNOR

June 17, 2013

Jonathan Joseph, President
JonBec Care, Inc.
1711 Plum Lane, Suite A
Redlands, CA 92374

AARON HOUSE
NATIONAL PROVIDER IDENTIFIER (NPI) 1841330420
FISCAL PERIOD ENDED DECEMBER 31, 2011

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	\$	339,410	\$ 168.78
Net Audit Adjustment		(3,899)	(1.94)
Audited Cost/Cost Per Day	\$	<u>335,511</u>	\$ <u>166.84</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 Fee-For-Service Rates Development Division.

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
Department of Health Care Services
Office of Administrative Hearings and Appeals
1029 J Street, Suite 200
Sacramento, CA 95814
(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

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
(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.

Jonathan Joseph
Page 3

If you have questions regarding this report, you may call the Audits Section—Rancho Cucamonga at (909) 481-3420.

Original Signed By

Julio M. Cueto, Chief
Audits Section—Rancho Cucamonga
Financial Audits Branch

Certified

cc: Cindy Collins, Treasurer
22421 Barton Road, #173
Grand Terrace, CA 92313

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

Provider:
AARON HOUSE

Fiscal Period:
JANUARY 1, 2011 THROUGH DECEMBER 31, 2011

Provider NPI:
1841330420

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

	AS REPORTED	AS AUDITED
1. Medi-Cal Client Days (Adj)	2,011	2,011
2. Medi-Cal Managed Care Days (Adj)	0	0
3. Other Client Days (Adj)	0	0
4. Total Client Days	<u>2,011</u>	<u>2,011</u>
5. Total Client Care Expenses (From Sch. 2)	\$ <u>339,410</u>	\$ <u>335,511</u>
6. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>168.78</u>	\$ <u>166.84</u>

SHARE OF COST

1. Share of Cost Audit Adjustment (Adj)	\$ <u>N/A</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:
AARON HOUSE

Fiscal Period:
JANUARY 1, 2011 THROUGH DECEMBER 31, 2011

Provider NPI:
1841330420

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED Col. 1	AUDIT ADJUSTMENT Col. 2	AS AUDITED Col. 3
	EXPENSES: CLIENT SERVICES				
	Basic Facility Cost - Property Expenses				
045	Depreciation and Amortization	3	\$ 6,740	\$ (1,075)	\$ 5,665
050	Leases and Rentals		0		0
055	Real Property Taxes	1	2,293	(192)	2,101
060	Personal Property Taxes	1	0	192	192
065	Mortgage Interest	4	13,286	(2,509)	10,777
070	Property Insurance		865		865
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 23,184	\$ (3,584)	\$ 19,600
	Basic Facility Cost - General Home Expenses				
080	Home Operations and Maintenance	5	\$ 5,662	\$ (38)	\$ 5,624
085	Utilities		7,450		7,450
090	Client Transportation (excluding Adult Day Services)		0		0
095	Dietary		12,444		12,444
100	Personal Care and Laundry		5,489		5,489
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 31,045	\$ (38)	\$ 31,007
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 54,229	\$ (3,622)	\$ 50,607
	EXPENSES: DIRECT CARE STAFF COSTS				
115	QMRP Salaries		\$ 15,020	\$	\$ 15,020
120	QMRP Fringe Benefits		5,048		5,048
125	Lead Salaries		19,571		19,571
130	Lead Fringe Benefits		6,578		6,578
135	Aides Salaries		97,569		97,569
140	Aides Fringe Benefits	2	32,794	1,787	34,581
145	Other Salaries		8,054		8,054
150	Other Fringe Benefits		2,707		2,707
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 187,341	\$ 1,787	\$ 189,128

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
AARON HOUSE

Fiscal Period:
JANUARY 1, 2011 THROUGH DECEMBER 31, 2011

Provider NPI:
1841330420

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED Col. 1	AUDIT ADJUSTMENT Col. 2	AS AUDITED Col. 3
	EXPENSES: CONSULTANT COSTS				
160	Dietician Consultant		\$ 1,200	\$	\$ 1,200
165	Speech Pathology Consultant		900		900
170	Physical Therapy Consultant		1,800		1,800
175	Occupational Therapy Consultant	6	1,421	(367)	1,054
180	Pharmacist Consultant		720		720
185	Nurse Consultant		0		0
190	Psychologist Consultant		1,360		1,360
195	Physician Consultant	6	3,000	90	3,090
200	Recreational Consultant		960		960
205	Social Service Consultant		0		0
210	Other Consultant		0		0
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 11,361	\$ (277)	\$ 11,084
	EXPENSES: ADMINISTRATIVE COSTS				
220	Administrative Salaries **		\$ 0	\$	\$ 0
225	Administrative Fringe Benefits		0		0
226	Quality Assurance Fees (excluding Adult Day Services)		17,221		17,221
230	Other General and Administrative*** (excluding Adult Day Services)	2	69,258	(1,787)	67,471
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 86,479	\$ (1,787)	\$ 84,692
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 339,410	\$ (3,899)	\$ 335,511
	NON-CLIENT CARE EXPENSES		(To Sch. 1)		(To Sch. 1)
240	Non-Program Services		\$ 0	\$	\$ 0
241	Adult Day Services and Related Transportation		198,151		198,151
245	TOTAL FACILITY EXPENSES (Lines 110, 155, 215, 235, 240 and 241)		\$ 537,561	\$ (3,899)	\$ 533,662

Page 2 of 2

** List only direct administrative salaries incurred at the facility level

*** List allocated administrative costs on Line 230

Provider Name							Fiscal Period	Provider NPI	Adjustments	
AARON HOUSE							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1841330420	6	
Report References							Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted
Cost Report			Audit Report							
Adj. No.	DHS 3076 Page or Exhibit	Line	Col.	Sch.	Line	Col				
<u>RECLASSIFICATIONS OF REPORTED COSTS</u>										
1	4	055	4	2	055	3	Real Property Taxes	\$2,293	(\$192)	\$2,101
	4	060	4	2	060	3	Personal Property Taxes	0	192	192
To reclassify personal property taxes to the appropriate cost center for proper cost determination. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300, 2302.4, and 2302.8										
2	4.1	140	4	2	140	3	Aides Fringe Benefits	\$32,794	\$1,787	\$34,581
	4.1	230	4	2	230	3	Other General and Administrative	69,258	(1,787)	67,471
To reclassify direct care staff benefits to the appropriate cost center for proper cost determination. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300, 2302.4, and 2302.8										

Provider Name							Fiscal Period	Provider NPI		Adjustments
AARON HOUSE							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1841330420		6
Report References							Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted
Cost Report			Audit Report							
Adj. No.	DHS 3076 Page or Exhibit	Line	Col.	Sch.	Line	Col				
<u>ADJUSTMENTS TO REPORTED COSTS</u>										
3	4	045	4	2	045	3	Depreciation and Amortization To adjust reported depreciation to agree with the provider's documentation and for a change in useful life to agree with the American Hospital Association Guidelines. 42 CFR 413.20, 413.134(b)(7), and 413.24 CMS Pub. 15-1, Sections 102, 104.17, 104.18, 122, 2300, and 2304	\$6,740	(\$1,075)	\$5,665
4	4	065	4	2	065	3	Mortgage Interest To eliminate interest expense applicable to excess borrowing not related to patient care. 42 CFR 413.9(c)(3) and 413.153 CMS Pub. 15-1, Sections 202.2 and 2102.3	\$13,286	(\$2,509)	\$10,777
5	4	080	4	2	080	3	Home Operations and Maintenance To eliminate the TV purchase cost allocation pertaining to another facility and to agree with the provider's records. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	\$5,662	(\$38)	\$5,624
6	4.1	175	4	2	175	3	Occupational Therapy Consultant	\$1,421	(\$367)	\$1,054
	4.1	195	4	2	195	3	Physician Consultant To adjust consultants' expenses to agree with the provider's invoices. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	3,000	90	3,090