

**REPORT  
ON THE  
RATE SETTING AUDIT  
J-J CHILDREN'S HOME II  
WINNETKA, CALIFORNIA  
NATIONAL PROVIDER IDENTIFIER: 1114132008  
FISCAL PERIOD ENDED  
DECEMBER 31, 2011**

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

**Section Chief: Daniel J. Giardinelli  
Audit Supervisor: Debra K. Blake  
Auditor: Loan Vuong**



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



EDMUND G. BROWN JR.  
GOVERNOR

June 6, 2013

Jean M. Timbol, Administrator  
J-J Qual Zerv, Inc.  
2251 Hill Street  
Los Angeles, CA 90041

J-J CHILDREN'S HOME II  
NATIONAL PROVIDER IDENTIFIER (NPI) 1114132008  
FISCAL PERIOD ENDED DECEMBER 31, 2011

We have examined the facility's financial records/Medi-Cal Cost Report for the above-referenced fiscal period. We also examined the facility's use of and Records of Noncovered Services deducted from Share of Cost. 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	\$	374,721	\$ 171.11
Net Audit Adjustment		<u>(1,699)</u>	<u>(0.78)</u>
Audited Cost/Cost Per Day	\$	<u>373,022</u>	\$ <u>170.33</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.

If you have questions regarding this report, you may call the Audits Section—Burbank at (818) 295-2620.

**Original Signed By**

Daniel J. Giardinelli, Chief  
Audits Section—Burbank  
Financial Audits Branch

Certified

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

**Provider:**  
J-J CHILDREN'S HOME II

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

**Provider NPI:**  
1114132008

<b>SUMMARY OF AUDITED FACILITY CENSUS AND AUDITED CLIENT COST PER DAY</b>	<b>AS REPORTED</b>	<b>AS AUDITED</b>
1. Medi-Cal Client Days (Adj )	2,190	2,190
2. Medi-Cal Managed Care Days (Adj )	0	0
3. Other Client Days (Adj )	0	0
4. Total Client Days	<u>2,190</u>	<u>2,190</u>
5. Total Client Care Expenses (From Sch. 2)	\$ <u>374,721</u>	\$ <u>373,022</u>
6. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>171.11</u>	\$ <u>170.33</u>
<b>SHARE OF COST</b>		
1. Share of Cost Audit Adjustment (Adj )	\$ <u>NA</u>	\$ <u>0</u>
<b>OVERPAYMENTS</b>		
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:  
J-J CHILDREN'S HOME II

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

Provider NPI:  
1114132008

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		\$ 0	\$	\$ 0
050	Leases and Rentals		0		0
055	Real Property Taxes		6,195		6,195
060	Personal Property Taxes		0		0
065	Mortgage Interest		22,364		22,364
070	Property Insurance		1,595		1,595
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 30,154	\$ 0	\$ 30,154
	<b>Basic Facility Cost - General Home Expenses</b>				
080	Home Operations and Maintenance	1	\$ 31,175	\$ (500)	\$ 30,675
085	Utilities		6,898		6,898
090	Client Transportation (excluding Adult Day Services)		5,962		5,962
095	Dietary	4	16,428	(978)	15,450
100	Personal Care and Laundry		4,669		4,669
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 65,132	\$ (1,478)	\$ 63,654
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 95,286	\$ (1,478)	\$ 93,808
	<b>EXPENSES: DIRECT CARE STAFF COSTS</b>				
115	QMRP Salaries		\$ 18,000	\$	\$ 18,000
120	QMRP Fringe Benefits		0		0
125	Lead Salaries	3	26,930	(28)	26,902
130	Lead Fringe Benefits		4,434		4,434
135	Aides Salaries		82,242		82,242
140	Aides Fringe Benefits		13,540		13,540
145	Other Salaries		8,665		8,665
150	Other Fringe Benefits		7,646		7,646
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 161,457	\$ (28)	\$ 161,429

## SUMMARY OF AUDITED FACILITY EXPENSES

Provider:  
J-J CHILDREN'S HOME II

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

Provider NPI:  
1114132008

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	2	\$ 605	\$ (193)	\$ 412
165	Speech Pathology Consultant		1,715		1,715
170	Physical Therapy Consultant		850		850
175	Occupational Therapy Consultant		1,980		1,980
180	Pharmacist Consultant		0		0
185	Nurse Consultant		8,800		8,800
190	Psychologist Consultant		0		0
195	Physician Consultant		0		0
200	Recreational Consultant		577		577
205	Social Service Consultant		0		0
210	Other Consultant		0		0
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 14,527	\$ (193)	\$ 14,334
	<b>EXPENSES: ADMINISTRATIVE COSTS</b>				
220	Administrative Salaries **		\$ 52,658		\$ 52,658
225	Administrative Fringe Benefits		12,367		12,367
226	Quality Assurance Fees (excluding Adult Day Services)		20,400		20,400
230	Other General and Administrative*** (Excluding Adult Day Services)		18,026		18,026
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 103,451	\$ 0	\$ 103,451
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 374,721	\$ (1,699)	\$ 373,022
	<b>NON-CLIENT CARE EXPENSES</b>		(To Sch. 1)		(To Sch. 1)
240	Non-Program Services		\$ 0		\$ 0
241	Adult Day Services and Related Transportation		25,299		25,299
245	TOTAL FACILITY EXPENSES (Lines 110, 155, 215, 235, 240 and 241)		\$ 400,020	\$ (1,699)	\$ 398,321

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	
J-J CHILDREN'S HOME II							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1114132008	4	
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				
<b>ADJUSTMENTS TO REPORTED COSTS</b>										
1	4	080	4	2	080	3	Home Operations and Maintenance To eliminate prior year home operations and maintenance expenses not applicable to the audit period 42 CFR 413.5 and 413.24 CMS Pub. 15-1, Sections 2300, 2302.1, 2304 and 2306	\$31,175	(\$500)	\$30,675
2	4.1	160	4	2	160	3	Dietician Consultant To eliminate prior year dietitian consultant expenses not applicable to the audit period. 42 CFR 413.5 and 413.24 CMS Pub. 15-1, Sections 2300, 2302.1, 2304 and 2306	\$605	(\$193)	\$412
3	4.1	125	4	2	125	3	Lead Salaries To adjust lead salaries expense to agree with the payroll register report. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	\$26,930	(\$28)	\$26,902
4	4	095	4	2	095	3	Dietary To eliminate dietary expenses due to lack of documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304 W&I Code 14124.2(b)	\$16,428	(\$978)	\$15,450