

**REPORT
ON THE
RATE SETTING AUDIT
J-J CHILDREN'S HOME I
WEST HILLS, CALIFORNIA
NATIONAL PROVIDER IDENTIFIER: 1376758250
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: Matthew Li**



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



EDMUND G. BROWN JR.
GOVERNOR

June 11, 2013

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

J-J CHILDREN'S HOME I
NATIONAL PROVIDER IDENTIFIER (NPI) 1376758250
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 patient 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	\$	376,686	\$ 172.16
Net Audit Adjustment		<u>(16,082)</u>	<u>(7.35)</u>
Audited Cost/Cost Per Day	\$	<u>360,604</u>	\$ <u>164.81</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 I

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

Provider NPI:
1376758250

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

	AS REPORTED	AS AUDITED
1. Medi-Cal Client Days (Adj)	2,188	2,188
2. Medi-Cal Managed Care Days (Adj)	0	0
3. Other Client Days (Adj)	0	0
4. Total Client Days	<u>2,188</u>	<u>2,188</u>
5. Total Client Care Expenses (From Sch. 2)	\$ <u>376,686</u>	\$ <u>360,604</u>
6. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>172.16</u>	\$ <u>164.81</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)	\$ <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 I

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

Provider NPI:
1376758250

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		\$ 0	\$	\$ 0
050	Leases and Rentals		0		0
055	Real Property Taxes		3,487		3,487
060	Personal Property Taxes		0		0
065	Mortgage Interest		14,387		14,387
070	Property Insurance		1,593		1,593
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 19,467	\$ 0	\$ 19,467
	Basic Facility Cost - General Home Expenses				
080	Home Operations and Maintenance	1	\$ 23,414	\$ (500)	\$ 22,914
085	Utilities		5,951		5,951
090	Client Transportation (excluding Adult Day Services)		7,124		7,124
095	Dietary		11,598		11,598
100	Personal Care and Laundry		5,072		5,072
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 53,159	\$ (500)	\$ 52,659
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 72,626	\$ (500)	\$ 72,126
	EXPENSES: DIRECT CARE STAFF COSTS				
115	QMRP Salaries		\$ 18,000	\$	\$ 18,000
120	QMRP Fringe Benefits		0		0
125	Lead Salaries		20,035		20,035
130	Lead Fringe Benefits		3,298		3,298
135	Aides Salaries		77,162		77,162
140	Aides Fringe Benefits		13,504		13,504
145	Other Salaries		18,779		18,779
150	Other Fringe Benefits		7,639		7,639
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 158,417	\$ 0	\$ 158,417

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
J-J CHILDREN'S HOME I

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

Provider NPI:
1376758250

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED Col. 1	AUDIT ADJUSTMENT Col. 2	AS AUDITED Col. 3
	EXPENSES: CONSULTANT COSTS				
160	Dietician Consultant		\$ 467	\$	\$ 467
165	Speech Pathology Consultant		1,737		1,737
170	Physical Therapy Consultant		475		475
175	Occupational Therapy Consultant		2,340		2,340
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		687		687
205	Social Service Consultant		0		0
210	Other Consultant		0		0
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 14,506	\$ 0	\$ 14,506
	EXPENSES: ADMINISTRATIVE COSTS				
220	Administrative Salaries **		\$ 52,627	\$	\$ 52,627
225	Administrative Fringe Benefits		12,359		12,359
226	Quality Assurance Fees (excluding Adult Day Services)	2	20,060	(582)	19,478
230	Other General and Administrative*** (Excluding Adult Day Services)	3	46,091	(15,000)	31,091
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 131,137	\$ (15,582)	\$ 115,555
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 376,686	\$ (16,082)	\$ 360,604
	NON-CLIENT CARE EXPENSES		(To Sch. 1)		(To Sch. 1)
240	Non-Program Services		\$ 0	\$	\$ 0
241	Adult Day Services and Related Transportation		49,014		49,014
245	TOTAL FACILITY EXPENSES (Lines 110, 155, 215, 235, 240 and 241)		\$ 425,700	\$ (16,082)	\$ 409,618

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** 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 I							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1376758250		3
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>										
1	4	080	4	2	080	3	Home Operations and Maintenance To eliminate prior year home repair and maintenance expense not applicable to the audit period. 42 CFR 413.5 and 413.24 CMS Pub. 15-1, Sections 2300 and 2302.1	\$23,414	(\$500)	\$22,914
2	4.1	226	4	2	226	3	Quality Assurance Fees To adjust the Quality Assurance Fees expense to agree with the provider's invoices 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	\$20,060	(\$582)	\$19,478
3	4.1	230	4	2	230	3	Other General and Administrative To eliminate legal services expense due to insufficient documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	\$46,091	(\$15,000)	\$31,091