

**REPORT
ON THE
RATE SETTING AUDIT
J-J QUALITY CARE HOME
LOS ANGELES, CALIFORNIA
NATIONAL PROVIDER IDENTIFIER: 1679788566
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: Robert Miles**



TOBY DOUGLAS
DIRECTOR

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 QUALITY CARE HOME
NATIONAL PROVIDER IDENTIFIER (NPI) 1679788566
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	\$	336,998	\$ 170.03
Net Audit Adjustment		<u>(4,179)</u>	<u>(2.11)</u>
Audited Cost/Cost Per Day	\$	<u>332,819</u>	\$ <u>167.92</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 QUALITY CARE HOME

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

Provider NPI:
1679788566

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

	AS REPORTED	AS AUDITED
1. Medi-Cal Client Days (Adj)	1,982	1,982
2. Medi-Cal Managed Care Days (Adj)	0	0
3. Other Client Days (Adj)	0	0
4. Total Client Days	<u>1,982</u>	<u>1,982</u>
5. Total Client Care Expenses (From Sch. 2)	\$ <u>336,998</u>	\$ <u>332,819</u>
6. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>170.03</u>	\$ <u>167.92</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 QUALITY CARE HOME

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

Provider NPI:
1679788566

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		3,527		3,527
060	Personal Property Taxes		0		0
065	Mortgage Interest		17,548		17,548
070	Property Insurance	1	1,443	(528)	915
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 22,518	\$ (528)	\$ 21,990
	Basic Facility Cost - General Home Expenses				
080	Home Operations and Maintenance	2, 4, 5	\$ 20,154	\$ 447	\$ 20,601
085	Utilities		5,086		5,086
090	Client Transportation (excluding Adult Day Services)	2	6,846	(900)	5,946
095	Dietary		11,097		11,097
100	Personal Care and Laundry		4,080		4,080
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 47,263	\$ (453)	\$ 46,810
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 69,781	\$ (981)	\$ 68,800
	EXPENSES: DIRECT CARE STAFF COSTS				
115	QMRP Salaries		\$ 18,000	\$	\$ 18,000
120	QMRP Fringe Benefits		0		0
125	Lead Salaries		27,924		27,924
130	Lead Fringe Benefits		4,597		4,597
135	Aides Salaries		57,698		57,698
140	Aides Fringe Benefits		11,722		11,722
145	Other Salaries		7,479		7,479
150	Other Fringe Benefits		6,920		6,920
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 134,340	\$ 0	\$ 134,340

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
J-J QUALITY CARE HOME

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

Provider NPI:
1679788566

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED Col. 1	AUDIT ADJUSTMENT Col. 2	AS AUDITED Col. 3
	EXPENSES: CONSULTANT COSTS				
160	Dietician Consultant		\$ 880	\$	\$ 880
165	Speech Pathology Consultant		1,882		1,882
170	Physical Therapy Consultant		1,100		1,100
175	Occupational Therapy Consultant		1,800		1,800
180	Pharmacist Consultant		0		0
185	Nurse Consultant	6	8,800	(1,000)	7,800
190	Psychologist Consultant		0		0
195	Physician Consultant		0		0
200	Recreational Consultant		715		715
205	Social Service Consultant		0		0
210	Other Consultant		0		0
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 15,177	\$ (1,000)	\$ 14,177
	EXPENSES: ADMINISTRATIVE COSTS				
220	Administrative Salaries **		\$ 64,388	\$	\$ 64,388
225	Administrative Fringe Benefits	3	17,260	(939)	16,321
226	Quality Assurance Fees (excluding Adult Day Services)		18,291		18,291
230	Other General and Administrative*** (Excluding Adult Day Services)	1, 7, 8, 9	17,761	(1,259)	16,502
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 117,700	\$ (2,198)	\$ 115,502
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 336,998	\$ (4,179)	\$ 332,819
	NON-CLIENT CARE EXPENSES		(To Sch. 1)		(To Sch. 1)
240	Non-Program Services		\$ 0	\$	\$ 0
241	Adult Day Services and Related Transportation		137,600		137,600
245	TOTAL FACILITY EXPENSES (Lines 110, 155, 215, 235, 240 and 241)		\$ 474,598	\$ (4,179)	\$ 470,419

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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 QUALITY CARE HOME							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1679788566	9	
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	070	4	2	070	3	Property Insurance	\$1,443	(\$528)	\$915
	4.1	230	4	2	230	3	Other General and Administrative To reclassify employment liability insurance expenses 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	17,761	528	18,289 *
2	4	090	4	2	090	3	Client Transportation	\$6,846	(\$900)	\$5,946
	4	080	4	2	080	3	Home Operations and Maintenance To reclassify maintenance expenses 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	20,154	900	21,054 *

*Balance carried forward from prior/to subsequent adjustments

Provider Name							Fiscal Period	Provider NPI		Adjustments
J-J QUALITY CARE HOME							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1679788566		9
Report References							Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted
Adj. No.	Cost Report			Audit Report						
	DHS 3076 Page or Exhibit	Line	Col.	Sch.	Line	Col				
<u>ADJUSTMENTS TO REPORTED COSTS</u>										
3	4.1	225	4	2	225	3	Administrative Fringe Benefits To adjust administrative fringe benefits expenses due to lack of documentation. 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2304 W&I Code, Section 14124.2(b)	\$17,260	(\$939)	\$16,321
	4	080	4	2	080	3	Home Operations and Maintenance	*	\$21,054	
4							To adjust maintenance expenses to agree with the service contract. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304		(\$367)	
5							To abate miscellaneous revenue against the related costs. 42 CFR 413.5 and 413.9 / CMS Pub. 15-1, Section 2328		<u>(86)</u> <u>(\$453)</u>	\$20,601
6	4.1	185	4	2	185	3	Nurse Consultant To adjust nurse consultant fees due to insufficient documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	\$8,800	(\$1,000)	\$7,800
	4.1	230	4	2	230	3	Other General and Administrative	*	\$18,289	
7							To abate miscellaneous revenue against the related costs. 42 CFR 413.5 and 413.9 / CMS Pub. 15-1, Section 2328		(\$1,104)	
8							To eliminate accounting fees due to lack of documentation. 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2304 W&I Code, Section 14124.2(b)		(350)	
9							To eliminate office expenses due to lack of documentation. 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2304 W&I Code, Section 14124.2(b)		<u>(333)</u> <u>(\$1,787)</u>	\$16,502

*Balance carried forward from prior/to subsequent adjustments