

**REPORT
ON THE
RATE SETTING AUDIT**

**JEAN MARTIN HOME #3
SACRAMENTO, CALIFORNIA
NATIONAL PROVIDER IDENTIFIER: 1699815274**

**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: Dat Trinh**



TOBY DOUGLAS
DIRECTOR

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



EDMUND G. BROWN JR.
GOVERNOR

July 15, 2013

Vicki Brandt, CFO
Brandt Group Homes
4144 Stowe Way
Sacramento, CA 95864

JEAN MARTIN HOME #3
NATIONAL PROVIDER IDENTIFIER (NPI) 1699815274
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	\$	364,050	\$ 166.23
Net Audit Adjustment		<u>(55,576)</u>	<u>(25.37)</u>
Audited Cost/Cost Per Day	\$	<u>308,474</u>	\$ <u>140.86</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.

Vicki Brandt, CFO
Page 2

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—Sacramento at (916) 650-6994.

Original Signed By

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

Certified

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

Provider:
JEAN MARTIN HOME #3

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

Provider NPI:
1699815274

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

	AS REPORTED	AS AUDITED
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>364,050</u>	\$ <u>308,474</u>
6. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>166.23</u>	\$ <u>140.86</u>

SHARE OF COST

1. Share of Cost Audit Adjustment (Adj)	\$ <u>NA</u>	\$ <u>0</u>
--	--------------	-------------

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:
JEAN MARTIN HOME #3

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

Provider NPI:
1699815274

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	1	\$ 2,404	\$ (63)	\$ 2,341
050	Leases and Rentals				0
055	Real Property Taxes	1, 2	1,941	(464)	1,477
060	Personal Property Taxes				0
065	Mortgage Interest	1, 3	6,120	(6,120)	0
070	Property Insurance	1, 4	3,087	(189)	2,898
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 13,552	\$ (6,836)	\$ 6,716
	Basic Facility Cost - General Home Expenses				
080	Home Operations and Maintenance	1, 5	\$ 6,801	\$ (1,136)	\$ 5,665
085	Utilities	1	9,685	(1,358)	8,327
090	Client Transportation (excluding Adult Day Services)	1	7,312	(2,460)	4,852
095	Dietary	6	16,652	(80)	16,572
100	Personal Care and Laundry		3,400		3,400
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 43,850	\$ (5,034)	\$ 38,816
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 57,402	\$ (11,870)	\$ 45,532
	EXPENSES: DIRECT CARE STAFF COSTS				
115	QMRP Salaries	7	\$ 25,480	\$ (5,460)	\$ 20,020
120	QMRP Fringe Benefits				0
125	Lead Salaries				0
130	Lead Fringe Benefits				0
135	Aides Salaries		140,605		140,605
140	Aides Fringe Benefits	1	18,568	(40)	18,528
145	Other Salaries	1	4,693	(4,693)	0
150	Other Fringe Benefits				0
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 189,346	\$ (10,193)	\$ 179,153

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
JEAN MARTIN HOME #3

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

Provider NPI:
1699815274

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				0
170	Physical Therapy Consultant				0
175	Occupational Therapy Consultant		211		211
180	Pharmacist Consultant				0
185	Nurse Consultant	8	17,367	(100)	17,267
190	Psychologist Consultant				0
195	Physician Consultant				0
200	Recreational Consultant		600		600
205	Social Service Consultant				0
210	Other Consultant	1	1,008	(1,008)	0
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 20,386	\$ (1,108)	\$ 19,278
	EXPENSES: ADMINISTRATIVE COSTS				
220	Administrative Salaries **	1	\$ 24,326	\$ (24,326)	\$ 0
225	Administrative Fringe Benefits	1	4,459	(4,459)	0
226	Quality Assurance Fees (excluding Adult Day Services)		16,883		16,883
230	Other General and Administrative*** (Excluding Adult Day Services)	1, 9, 10	51,248	(3,620)	47,628
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 96,916	\$ (32,405)	\$ 64,511
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 364,050	\$ (55,576)	\$ 308,474
	NON-CLIENT CARE EXPENSES		(To Sch. 1)		(To Sch. 1)
240	Non-Program Services		\$ 15,805	\$	\$ 15,805
241	Adult Day Services and Related Transportation		278,664		278,664
245	TOTAL FACILITY EXPENSES (Lines 110, 155, 215, 235, 240 and 241)		\$ 658,519	\$ (55,576)	\$ 602,943

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	
JEAN MARTIN HOME #3							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1699815274	10	
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				
ADJUSTMENTS TO REPORTED COSTS										
1	4	045	4	2	045	3	Depreciation and Amortization	\$2,404	(\$63)	\$2,341
	4	055	4	2	055	3	Real Property Taxes:	1,941	(262)	1,679 *
	4	065	4	2	065	3	Mortgage Interest	6,120	(1,207)	4,913 *
	4	070	4	2	070	3	Property Insurance	3,087	(69)	3,018 *
	4	080	4	2	080	3	Home Operations and Maintenance	6,801	(976)	5,825 *
	4	085	4	2	085	3	Utilities	9,685	(1,358)	8,327
	4	090	4	2	090	3	Client Transportation	7,312	(2,460)	4,852
	4.1	140	4	2	140	3	Aides Fringe Benefits	18,568	(40)	18,528
	4.1	145	4	2	145	3	Other Salaries	4,693	(4,693)	0
	4.1	210	4	2	210	3	Other Consultant	1,008	(1,008)	0
	4.1	220	4	2	220	3	Administrative Salaries	24,326	(24,326)	0
	4.1	225	4	2	225	3	Administrative Fringe Benefits	4,459	(4,459)	0
	4.1	230	4	2	230	3	Other General and Administrative	51,248	(48,146)	3,102 *
							To eliminate home office expenses in conjunction with adjustment 10. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300, 2302.4, and 2302.8			
2	4	055	4	2	055	3	Real Property Taxes	* \$1,679	(\$202)	\$1,477
							To eliminate penalties and convenience fee not related to patient care. CMS Pub. 15-1, Section 2102.3 and 2122.1			
3	4	065	4	2	065	3	Mortgage Interest	* \$4,913	(\$4,913)	\$0
							To eliminate interest due to insufficient documentation that the borrowing was necessary, proper, reasonable, related to patient care and allowable under DEFRA limitation. 42 CFR 413.20, 413.24, 413.134(b)(3)(G), and 413.153 CMS Pub. 15-1, Sections 104.10, 202.1, 202.2, 2300, and 2304			

*Balance carried forward from prior/to subsequent adjustments

Provider Name							Fiscal Period	Provider NPI		Adjustments	
JEAN MARTIN HOME #3							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1699815274		10	
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>											
4	4	070	4	2	070	3	Property Insurance To adjust bond insurance expense to agree with the provider's records. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	*	\$3,018	(\$120)	\$2,898
5	4	080	4	2	080	3	Home Operations and Maintenance To eliminate petty cash funding expense for proper cost finding. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	*	\$5,825	(\$160)	\$5,665
6	4	095	4	2	095	3	Dietary To eliminate Chinos expense due to insufficient documentation demonstrating the relationship to patient care. 42 CFR 413.20, 413.24 and 42 CFR 413.9(c)(3) CMS Pub. 15-1, Sections 2300, 2304, 2102.3, and 2105		\$16,652	(\$80)	\$16,572
7	4.1	115	4	2	115	3	QMRP Salaries 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)		\$25,480	(\$5,460)	\$20,020
8	4.1	185	4	2	185	3	Nurse Consultant To eliminate employee benefits that are only available to a selected group of employees and due to insufficient documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2102.1, 2102.2, 2102.3, 2103, 2105.8, 2144.3, 2300, and 2304		\$17,367	(\$100)	\$17,267

*Balance carried forward from prior/to subsequent adjustments

Provider Name							Fiscal Period		Provider NPI		Adjustments
JEAN MARTIN HOME #3							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011		1699815274		10
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>											
	4.1	230	4	2	230	3	Other General and Administrative	*	\$3,102		
9							To adjust the reported expenses to agree with the provider's records. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304			(\$269)	
10							To include reported home office costs to agree with the Jean Martin Homes Home Office Audit Report for fiscal period ended December 31, 2011 in conjunction with adjustment 1. 42 CFR 413.17 and 413.24 CMS Pub. 15-1, Sections 2150.2 and 2304			44,795 <u>\$44,526</u>	\$47,628

*Balance carried forward from prior/to subsequent adjustments