

**REPORT
ON THE
RATE SETTING AUDIT**

**KENDALL HOUSE
REDLANDS, CALIFORNIA
NATIONAL PROVIDER IDENTIFIER: 1497895965**

**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

August 2, 2013

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

KENDALL HOUSE
NATIONAL PROVIDER IDENTIFIER (NPI) 1497895965
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 cost 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	\$	318,114	\$ 170.94
Net Audit Adjustment		<u>(12,315)</u>	<u>(6.62)</u>
Audited Cost/Cost Per Day	\$	<u>305,799</u>	\$ <u>164.32</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.

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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.

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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:
KENDALL HOUSE

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

Provider NPI:
1497895965

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

	AS REPORTED	AS AUDITED
1. Medi-Cal Client Days (Adj)	1,861	1,861
2. Medi-Cal Managed Care Days (Adj)		0
3. Other Client Days (Adj)		0
4. Total Client Days	<u>1,861</u>	<u>1,861</u>
5. Total Client Care Expenses (From Sch. 2)	\$ <u>318,114</u>	\$ <u>305,799</u>
6. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>170.94</u>	\$ <u>164.32</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> </u>	\$ <u>0</u>
2. Credit Balances (Adj)	\$ <u> </u>	\$ <u>0</u>
3. Total Overpayments	\$ <u>0</u>	\$ <u>0</u>

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
KENDALL HOUSE

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

Provider NPI:
1497895965

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	2	\$ 5,029	\$ (1,541)	\$ 3,488
050	Leases and Rentals				0
055	Real Property Taxes	1,3	3,030	(1,593)	1,437
060	Personal Property Taxes	1	0	96	96
065	Mortgage Interest	4	13,298	(9,318)	3,980
070	Property Insurance	5	868	41	909
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 22,225	\$ (12,315)	\$ 9,910
	Basic Facility Cost - General Home Expenses				
080	Home Operations and Maintenance		\$ 3,032	\$	\$ 3,032
085	Utilities		8,740		8,740
090	Client Transportation (excluding Adult Day Services)				0
095	Dietary		13,229		13,229
100	Personal Care and Laundry		6,670		6,670
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 31,671	\$ 0	\$ 31,671
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 53,896	\$ (12,315)	\$ 41,581
	EXPENSES: DIRECT CARE STAFF COSTS				
115	QMRP Salaries		\$ 14,676	\$	\$ 14,676
120	QMRP Fringe Benefits		3,556		3,556
125	Lead Salaries		22,531		22,531
130	Lead Fringe Benefits		5,459		5,459
135	Aides Salaries		94,948		94,948
140	Aides Fringe Benefits		23,003		23,003
145	Other Salaries		8,054		8,054
150	Other Fringe Benefits		1,951		1,951
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 174,178	\$ 0	\$ 174,178

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
KENDALL HOUSE

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

Provider NPI:
1497895965

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		1,500		1,500
175	Occupational Therapy Consultant		1,078		1,078
180	Pharmacist Consultant		720		720
185	Nurse Consultant				0
190	Psychologist Consultant		1,640		1,640
195	Physician Consultant		3,000		3,000
200	Recreational Consultant		960		960
205	Social Service Consultant				0
210	Other Consultant				0
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 10,998	\$ 0	\$ 10,998
	EXPENSES: ADMINISTRATIVE COSTS				
220	Administrative Salaries **		\$	\$	\$ 0
225	Administrative Fringe Benefits				0
226	Quality Assurance Fees (excluding Adult Day Services)		15,683		15,683
230	Other General and Administrative*** (excluding Adult Day Services)		63,359		63,359
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 79,042	\$ 0	\$ 79,042
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 318,114	\$ (12,315)	\$ 305,799
	NON-CLIENT CARE EXPENSES		(To Sch. 1)		(To Sch. 1)
240	Non-Program Services		\$	\$	\$ 0
241	Adult Day Services and Related Transportation		183,630		183,630
245	TOTAL FACILITY EXPENSES (Lines 110, 155, 215, 235, 240 and 241)		\$ 501,744	\$ (12,315)	\$ 489,429

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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	
KENDALL HOUSE							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011			1497895965		5	
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.							
RECLASSIFICATION OF REPORTED COSTS													
1	4	055	4	2	055	3	Real Property Taxes			\$3,030	(\$96)	\$2,934 *	
	4	060	4	2	060	3	Personal Property Taxes			0	96	96	
							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						

*Balance carried forward from prior/to subsequent adjustment

Provider Name							Fiscal Period	Provider NPI	Adjustments		
KENDALL HOUSE							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1497895965	5		
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											
2	4	045	4	2	045	3	Depreciation and Amortization To eliminate nonallowable depreciation expense for assets subject to BBA 42 CFR 413.134 / CMS Pub. 15-1, Section 104.10	\$5,029	(\$1,541)	\$3,488	
3	4	055	4	2	055	3	Real Property Taxes * To eliminate real property taxes for unimproved land not related to patient care. 42 CFR 413.9(c)(3) / CMS Pub. 15-1, Sections 2102.3, 2105, and 2122.2F	\$2,934	(\$1,497)	\$1,437	
4	4	065	4	2	065	3	Mortgage Interest To eliminate mortgage interest for assets subject to BBA. 42 CFR 413.134 and 413.153(b)(7) CMS Pub. 15-1, Sections 104.10 and 203	\$13,298	(\$9,318)	\$3,980	
5	4	070	4	2	070	3	Property Insurance To adjust reported property insurance expense to agree with the provider's insurance policy. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	\$868	\$41	\$909	

*Balance carried forward from prior/to subsequent adjustments