

**REPORT
ON THE
RATE SETTING AUDIT**

**LANFAIR HOUSE
REDLANDS, CALIFORNIA
NATIONAL PROVIDER IDENTIFIER: 1013058692**

**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

February 22, 2013

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

LANFAIR HOUSE
NATIONAL PROVIDER IDENTIFIER (NPI) 1013058692
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	\$	319,878	\$ 152.83
Net Audit Adjustment		<u>(296)</u>	<u>(0.14)</u>
Audited Cost/Cost Per Day	\$	<u>319,582</u>	\$ <u>152.69</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.

Jonathan Joseph
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.

Jonathan Joseph
Page 3

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:
LANFAIR HOUSE

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

Provider NPI:
1013058692

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

	AS REPORTED	AS AUDITED
1. Medi-Cal Client Days (Adj)	2,093	2,093
2. Medi-Cal Managed Care Days (Adj)	0	0
3. Other Client Days (Adj)	0	0
4. Total Client Days	<u>2,093</u>	<u>2,093</u>
5. Total Client Care Expenses (From Sch. 2)	\$ <u>319,878</u>	\$ <u>319,582</u>
6. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>152.83</u>	\$ <u>152.69</u>

SHARE OF COST

1. Share of Cost Audit Adjustment (Adj)	\$ <u>0</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:
LANFAIR HOUSE

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

Provider NPI:
1013058692

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		\$ 4,162	\$	\$ 4,162
050	Leases and Rentals		0		0
055	Real Property Taxes	1	2,525	(176)	2,349
060	Personal Property Taxes	1	0	176	176
065	Mortgage Interest		1,979		1,979
070	Property Insurance	3	1,041	(173)	868
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 9,707	\$ (173)	\$ 9,534
	Basic Facility Cost - General Home Expenses				
080	Home Operations and Maintenance	4	\$ 2,586	\$ (38)	\$ 2,548
085	Utilities	5	8,360	(71)	8,289
090	Client Transportation (excluding Adult Day Services)		0		0
095	Dietary		13,207		13,207
100	Personal Care and Laundry	6	5,179	(20)	5,159
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 29,332	\$ (129)	\$ 29,203
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 39,039	\$ (302)	\$ 38,737
	EXPENSES: DIRECT CARE STAFF COSTS				
115	QMRP Salaries		\$ 14,675	\$	\$ 14,675
120	QMRP Fringe Benefits		4,041		4,041
125	Lead Salaries		23,642		23,642
130	Lead Fringe Benefits		6,510		6,510
135	Aides Salaries		95,108		95,108
140	Aides Fringe Benefits	2	26,189	1,048	27,237
145	Other Salaries		8,054		8,054
150	Other Fringe Benefits		2,218		2,218
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 180,437	\$ 1,048	\$ 181,485

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
LANFAIR HOUSE

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

Provider NPI:
1013058692

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED Col. 1	AUDIT ADJUSTMENT Col. 2	AS AUDITED Col. 3
	EXPENSES: CONSULTANT COSTS				
160	Dietician Consultant	7	\$ 1,200	\$ (4)	\$ 1,196
165	Speech Pathology Consultant		900		900
170	Physical Therapy Consultant		1,200		1,200
175	Occupational Therapy Consultant		882		882
180	Pharmacist Consultant		720		720
185	Nurse Consultant		0		0
190	Psychologist Consultant		1,920		1,920
195	Physician Consultant	7	3,000	90	3,090
200	Recreational Consultant	7	1,920	(80)	1,840
205	Social Service Consultant		0		0
210	Other Consultant		0		0
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 11,742	\$ 6	\$ 11,748
	EXPENSES: ADMINISTRATIVE COSTS				
220	Administrative Salaries **		\$ 0		\$ 0
225	Administrative Fringe Benefits		0		0
226	Quality Assurance Fees (excluding Adult Day Services)		18,057		18,057
230	Other General and Administrative*** xcluding Adult Day Services)	2	70,603	(1,048)	69,555
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 88,660	\$ (1,048)	\$ 87,612
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 319,878	\$ (296)	\$ 319,582
	NON-CLIENT CARE EXPENSES		(To Sch. 1)		(To Sch. 1)
240	Non-Program Services		\$ 0		\$ 0
241	Adult Day Services and Related Transportation		117,003		117,003
245	TOTAL FACILITY EXPENSES (Lines 110, 155, 215, 235, 240 and 241)		\$ 436,881	\$ (296)	\$ 436,585

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			
LANFAIR HOUSE		JANUARY 1, 2011 THROUGH DECEMBER 31, 2011		1013058692		7			
Adj. No.	DHS 3076 Page or Exhibit	Report References			Line	Col	As Reported	Increase (Decrease)	As Adjusted
		Cost Report	Audit Report	Sch.					
RECLASSIFICATIONS OF REPORTED COSTS									
1	4	055	4	2	055	3	\$2,525	(\$176)	\$2,349
	4	060	4	2	060	3	0	176	176
Real Property Taxes Personal Property Taxes 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									
2	4.1	140	4	2	140	3	\$26,189	\$1,048	\$27,237
	4.1	230	4	2	230	3	70,603	(1,048)	69,555
Aides Fringe Benefits Other General and Administrative To reclassify direct care staff benefits 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									

Provider Name		Fiscal Period				Provider NPI		Adjustments	
LANFAIR HOUSE		JANUARY 1, 2011 THROUGH DECEMBER 31, 2011				1013058692		7	
Adj. No.	DHS 3076 Page or Exhibit	Report References			Audit Report	As Reported	Increase (Decrease)	As Adjusted	
		Line	Col.	Sch.					Line
ADJUSTMENTS TO REPORTED COSTS									
3	4	070	4	2	070	3	\$1,041	(\$173)	\$868
Property Insurance To adjust property insurance expense to agree with the provider's insurance premium. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304									
4	4	080	4	2	080	3	\$2,586	(\$38)	\$2,548
Home Operations and Maintenance To eliminate the TV purchase cost allocation pertaining to another facility and to agree with the provider's records. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304									
5	4	085	4	2	085	3	\$8,360	(\$71)	\$8,289
Utilities To adjust duplicate charges to January electricity bill to agree with the provider's invoices. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304									
6	4	100	4	2	100	3	\$5,179	(\$20)	\$5,159
Personal Care and Laundry To adjust wheelchair rental expense to agree with the actual amount paid. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304									
7	4.1	160	4	2	160	3	\$1,200	(\$4)	\$1,196
	4.1	195	4	2	195	3	3,000	90	3,090
	4.1	200	4	2	200	3	1,920	(80)	1,840
Recreational Consultant To adjust consultants' expenses to agree with the provider's invoices. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304									