

**REPORT  
ON THE  
RATE SETTING AUDIT**

**SAN MIGUEL HOME  
BAKERSFIELD, CALIFORNIA  
NATIONAL PROVIDER IDENTIFIER: 1215118484**

**FISCAL PERIOD ENDED  
DECEMBER 31, 2011**

**Audits Section—Fresno  
Financial Audits Branch  
Audits and Investigations  
Department of Health Care Services**

**Section Chief: Michael Harrold  
Audit Supervisor: Linda King  
Auditor: Christiana Aleru**



TOBY DOUGLAS  
DIRECTOR

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



EDMUND G. BROWN JR.  
GOVERNOR

July 05, 2013

Antoinette Mitchell  
Executive Director  
JMAR HOMES INC.  
5604 Nicholas Street  
Bakersfield, CA 93304

SAN MIGUEL HOME  
NATIONAL PROVIDER IDENTIFIER (NPI) 1215118484  
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	\$	292,570	\$ 160.31
Net Audit Adjustment		<u>(24,483)</u>	<u>(11.87)</u>
Audited Cost/Cost Per Day	\$	<u>268,087</u>	\$ <u>148.44</u>

This audit report includes the:

1. Audit Report Schedules 1 and 2
2. Audit Adjustments that include a summary of the total due the State in the amount of \$3,042, which resulted from Medi-Cal overpayments
3. Audited Allocation of Home Office Cost

The audit settlement will be incorporated into a Statement of Account Status, which may reflect tentative retroactive adjustment determinations, payments from the provider, and other financial transactions initiated by the Department. The Statement of Account Status will be forwarded to the provider by the State's fiscal intermediary. Instructions regarding payment will be included with the Statement of Account Status.

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 Medi-Cal Benefits, Waiver Analysis and Rates 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.

Antoinette Mitchell  
Page 3

If you have questions regarding this report, you may call the Audits Section—Fresno at (559) 446-2458.

Original Signed By

Michael A. Harrold, Chief  
Audits Section—Fresno  
Financial Audits Branch

Certified

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

**Provider:**  
SAN MIGUEL HOME

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

**Provider NPI:**  
1215118484

<b>SUMMARY OF AUDITED FACILITY CENSUS AND AUDITED CLIENT COST PER DAY</b>	<b>AS REPORTED</b>	<b>AS AUDITED</b>
1. Medi-Cal Client Days (Adj 25)	0	1,673
2. Medi-Cal Managed Care Days (Adj )	0	0
3. Other Client Days (Adj 25)	0	133
4. Total Client Days (Adj 25)	<u>1,825</u>	<u>1,806</u>
5. Total Client Care Expenses (From Sch. 2)	\$ <u>292,570</u>	\$ <u>268,087</u>
6. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>160.31</u>	\$ <u>148.44</u>
<b>SHARE OF COST</b>		
1. Share of Cost Audit Adjustment (Adj 26)	\$ <u>0</u>	\$ <u>(1,970)</u>
<b>OVERPAYMENTS</b>		
1. Duplicate Payments (Adj 27)	\$ <u>0</u>	\$ <u>(1,072)</u>
2. Credit Balances (Adj )	\$ <u>0</u>	\$ <u>0</u>
3. Total Overpayments	\$ <u>0</u>	\$ <u>(1,072)</u>

## SUMMARY OF AUDITED FACILITY EXPENSES

Provider:  
SAN MIGUEL HOME

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

Provider NPI:  
1215118484

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED Col. 1	AUDIT ADJUSTMENT Col. 2	AS AUDITED Col. 3
	<b>EXPENSES: CLIENT SERVICES</b>				
	<b>Basic Facility Cost - Property Expenses</b>				
045	Depreciation and Amortization		\$ 0	\$	\$ 0
050	Leases and Rentals	2	8,000	(8,000)	0
055	Real Property Taxes		0		0
060	Personal Property Taxes		0		0
065	Mortgage Interest		0		0
070	Property Insurance	3	3,354	(2,760)	594
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 11,354	\$ (10,760)	\$ 594
	<b>Basic Facility Cost - General Home Expenses</b>				
080	Home Operations and Maintenance	4,5	\$ 8,492	\$ (1,213)	\$ 7,279
085	Utilities	6	8,284	(270)	8,014
090	Client Transportation (excluding Adult Day Services)	7,8	7,031	(4,671)	2,360
095	Dietary		9,855		9,855
100	Personal Care and Laundry	9-12	4,384	(1,289)	3,095
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 38,046	\$ (7,443)	\$ 30,603
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 49,400	\$ (18,203)	\$ 31,197
	<b>EXPENSES: DIRECT CARE STAFF COSTS</b>				
115	QMRP Salaries		\$ 13,200	\$	\$ 13,200
120	QMRP Fringe Benefits	16, 17	2,761	(1,631)	1,130
125	Lead Salaries		34,266		34,266
130	Lead Fringe Benefits	17	5,299	672	5,971
135	Aides Salaries		95,217		95,217
140	Aides Fringe Benefits	1,17	13,474	232	13,706
145	Other Salaries		13,332		13,332
150	Other Fringe Benefits	17	2,776	336	3,112
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 180,325	\$ (391)	\$ 179,934

## SUMMARY OF AUDITED FACILITY EXPENSES

Provider:  
SAN MIGUEL HOME

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

Provider NPI:  
1215118484

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED Col. 1	AUDIT ADJUSTMENT Col. 2	AS AUDITED Col. 3
	<b>EXPENSES: CONSULTANT COSTS</b>				
160	Dietician Consultant	13	\$ 750	\$ (200)	\$ 550
165	Speech Pathology Consultant		650		650
170	Physical Therapy Consultant		0		0
175	Occupational Therapy Consultant		0		0
180	Pharmacist Consultant		520		520
185	Nurse Consultant	17	9,741	336	10,077
190	Psychologist Consultant	14	330	(330)	0
195	Physician Consultant	15	300	(300)	0
200	Recreational Consultant		1,870		1,870
205	Social Service Consultant		0		0
210	Other Consultant		0		0
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 14,161	\$ (494)	\$ 13,667
	<b>EXPENSES: ADMINISTRATIVE COSTS</b>				
220	Administrative Salaries **	18	\$ 13,230	\$ (13,230)	\$ 0
225	Administrative Fringe Benefits	19	500	(500)	0
226	Quality Assurance Fees (excluding Adult Day Services)		23,010		23,010
230	Other General and Administrative*** Adult Day Services) (Excluding	1, 20-24	11,944	8,335	20,279
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 48,684	\$ (5,395)	\$ 43,289
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 292,570	\$ (24,483)	\$ 268,087
	<b>NON-CLIENT CARE EXPENSES</b>		(To Sch. 1)		(To Sch. 1)
240	Non-Program Services		\$ 0	\$	\$ 0
241	Adult Day Services and Related Transportation		152,628		152,628
245	TOTAL FACILITY EXPENSES (Lines 110, 155, 215, 235, 240 and 241)		\$ 445,198	\$ (24,483)	\$ 420,715

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
SAN MIGUEL HOME							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011			1215118484		27
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						
<b><u>RECLASSIFICATIONS OF REPORTED COSTS</u></b>												
1	4.1	140	4	2	140	3	Aides Fringe Benefits	\$13,474	(\$104)	\$13,370 *		
	4.1	230	4	2	230	3	Other General and Administrative	11,944	104	12,048 *		
							To reclassify employees' meal 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					

\*Balance carried forward from prior/to subsequent adjustments

Provider Name				Fiscal Period			Provider NPI		Adjustments	
SAN MIGUEL HOME				JANUARY 1, 2011 THROUGH DECEMBER 31, 2011			1215118484		27	
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				
<b><u>ADJUSTMENTS TO REPORTED COSTS</u></b>										
2	4	50	4	2	50	3	Leases and Rentals To eliminate leases and rentals expense due to insufficient documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	\$8,000	(\$8,000)	\$0
3	4	70	4	2	70	3	Property Insurance To adjust property insurance expenses to agree with the provider's insurance policies. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	\$3,354	(\$2,760)	\$594
	4	80	4	2	80	3	Home Operations and Maintenance	\$8,492		
4							To adjust supplies expense to agree with the provider's records. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304		(\$552)	
5							To adjust repair expense to agree with the provider's records. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 104.8, 108.1, 2300 and 2304		(661) (\$1,213)	\$7,279
6	4	85	4	2	85	3	Utilities To adjust utility expenses to agree with the provider's records. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	\$8,284	(\$270)	\$8,014

Provider Name							Fiscal Period	Provider NPI		Adjustments
SAN MIGUEL HOME							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1215118484		27
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				
<b><u>ADJUSTMENTS TO REPORTED COSTS</u></b>										
	4	90	4	2	90	3	Client Transportation	\$7,031		
7							To eliminate gasoline allowance expenses due to insufficient documentation and duplicate reported expense. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304		(\$2,700)	
8							To eliminate gasoline expenses due to insufficient documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304		(1,971) (\$4,671)	\$2,360
	4	100	4	2	100	3	Personal Care and Laundry	\$4,384		
9							To eliminate physician fees not included in the rate. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304 CCR, Title 22, Section 51510.2		(\$495)	
10							To adjust reported expenses to the provider's records. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300, 2302.1 and 2304		(106)	
11							To eliminate residents personal items that are not included in the rate. 42 CFR 413.9(c)(3) CMS Pub. 15-1, Sections 2102.3 and 2105 CCR, Title 22, Section 51510.2		(417)	
12							To adjust reported expenses to agree with the provider's records. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304		(271) (\$1,289)	\$3,095

Provider Name							Fiscal Period	Provider NPI	Adjustments	
SAN MIGUEL HOME							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1215118484	27	
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				
<b>ADJUSTMENTS TO REPORTED COSTS</b>										
13	4.1	160	4	2	160	3	Dietitian Consultant To eliminate travel expense that is not allowable and due to insufficient documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	\$750	(\$200)	\$550
14	4.1	190	4	2	190	3	Psychologist Consultant To eliminate psychologist fees not included in the rate and should be billed separately. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304 CCR, Title 22, Section 51510.2	\$330	(\$330)	\$0
15	4.1	195	4	2	195	3	Physician Consultant To eliminate physician fees that should be billed separately and due to insufficient documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304 CCR, Title 22, Section 51510.2	\$300	(\$300)	\$0
16	4.1	120	4	2	120	3	QMRP Fringe Benefits To adjust gas allowance paid to employees' to agree with the provider's records and due to insufficient documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	\$2,761	(\$1,967)	\$794 *

\*Balance carried forward from prior/to subsequent adjustments

Provider Name							Fiscal Period	Provider NPI		Adjustments		
SAN MIGUEL HOME							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1215118484		27		
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						
<b>ADJUSTMENTS TO REPORTED COSTS</b>												
17	4.1	120	4	2	120	3	QMRP Fringe Benefits	*	\$794	\$336	\$1,130	
	4.1	130	4	2	130	3	Lead Fringe Benefits		5,299	672	5,971	
	4.1	140	4	2	140	3	Aides Fringe Benefits	*	13,370	336	13,706	
	4.1	150	4	2	150	3	Other Fringe Benefits		2,776	336	3,112	
	4.1	185	4	2	185	3	Nurse Consultant		9,741	336	10,077	
							To adjust workers' compensation expense to agree with the provider's records. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304					
18	4.1	220	4	2	220	3	Administrative Salaries		\$13,230	(\$13,230)	\$0	
							To eliminate administrative salaries due to lack of documentation and for reasonableness. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2102.1, 2300, 2304 and 2304.1					
19	4.1	225	4	2	225	3	Administrative Fringe Benefits		\$500	(\$500)	\$0	
							To eliminate administrative fringe benefits due to lack of documentation and for reasonableness. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2102.1, 2300, 2304 and 2304.1					
20	4.1	230	4	2	230	3	Other General and Administrative	*	\$12,048	(\$249)	\$11,799 *	
							To adjust licensing fees to agree with the provider's records. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2150.2 and 2304					

\*Balance carried forward from prior/to subsequent adjustments

Provider Name							Fiscal Period	Provider NPI		Adjustments
SAN MIGUEL HOME							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1215118484		27
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				
<b><u>ADJUSTMENTS TO REPORTED COSTS</u></b>										
	4.1	230	4	2	230	3	Other General and Administrative	*	\$11,799	
21							To eliminate accounting expenses paid to related party and due to insufficient documentation. 42 CFR 413.17, 413.134(h), 413.20 and 413.24 CMS Pub. 15-1, Sections 1000, 2300 and 2304		(\$4,200)	
22							To eliminate accounting and cost report preparer expenses due to lack of documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304		(1,000)	
23							To include home office costs to agree with the JMAR HOMES INC., Home Office Audit Report for fiscal period ended December 31, 2011. 42 CFR 413.17, 413.20 and 413.24 CMS Pub. 15-1, Sections 2150.2, 2300 and 2304		16,710	
24							To adjust payroll service expenses due to insufficient documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2150.2 and 2304		<u>(3,030)</u> \$8,480	\$20,279

\*Balance carried forward from prior/to subsequent adjustments

Provider Name			Fiscal Period				Provider NPI		Adjustments	
SAN MIGUEL HOME			JANUARY 1, 2011 THROUGH DECEMBER 31, 2011				1215118484		27	
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				
<b><u>ADJUSTMENT TO REPORTED CLIENT DAYS</u></b>										
25	2	3	1	1	1	2	Medi-Cal Client Days	0	1,673	1,673
	2	3	3	1	3	2	Other Client Days	0	133	133
	2	3	4	1	4	2	Total Client Days	1,825	(19)	1,806
							To adjust reported client days to agree with the provider's census records.			
							42 CFR 413.20 and 413.24			
							CMS Pub. 15-1, Sections 2300 and 2304			

Provider Name				Fiscal Period				Provider NPI		Adjustments
SAN MIGUEL HOME				JANUARY 1, 2011 THROUGH DECEMBER 31, 2011				1215118484		27
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				
<b><u>ADJUSTMENTS TO OTHER MATTERS</u></b>										
26	N/A			1	1	2	Share of Cost To recover Medi-Cal overpayments because the SOC was not properly deducted from amount billed and due to lack of documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300, 2304 and 2409 CCR, Title 22, Sections 50786 and 51458.1	\$0	\$1,970	\$1,970
27	N/A			1	1	2	Overpayment To recover Medi-Cal overbillings due to the provider's discriminatory billing practice. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300, 2304 and 2409 CCR, Title 22, Sections 51480(a) and 51501	\$0	\$1,072	\$1,072