

**REPORT  
ON THE  
RATE SETTING AUDIT**

**BIXBY KNOLL PLACE II  
GARDENA, CALIFORNIA  
NATIONAL PROVIDER IDENTIFIER: 1942464623**

**FISCAL PERIOD ENDED  
DECEMBER 31, 2011**

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

**Section Chief: Maria Delgado  
Audit Supervisor: Cyrus Lam  
Auditor: Diem Mi Ly**



TOBY DOUGLAS  
DIRECTOR

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



EDMUND G. BROWN JR.  
GOVERNOR

May 22, 2013

Smyrna Dojcinovic, Administrator  
Bixby Knoll Place II  
1135 West 161<sup>st</sup> Street  
Gardena, CA 90247

PROVIDER: BIXBY KNOLL PLACE II  
NATIONAL PROVIDER IDENTIFIER (NPI): 1942464623  
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	\$	395,980	\$ 180.81
Net Audit Adjustment		(37,834)	(17.27)
Audited Cost/Cost Per Day	\$	<u>358,146</u>	\$ <u>163.54</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—Gardena at (310) 516-4757.

**Original Signed By:**

Maria Delgado, Chief  
Audits Section—Gardena  
Financial Audits Branch

Certified

Smyrna Dojcinovic  
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cc: Jake Sheikh, Bookkeeper  
Bixby Knoll Place II  
13778 Hawthorne Boulevard  
Hawthorne, CA 90250

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

**Provider:**  
BIXBY KNOLL PLACE II

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

**Provider NPI:**  
1942464623

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

	<b>AS REPORTED</b>	<b>AS AUDITED</b>
1. Medi-Cal Client Days (Adj )	2,190	2,190
2. Medi-Cal Managed Care Days (Adj )		0
3. Other Client Days (Adj )		0
4. Total Client Days	<u>2,190</u>	<u>2,190</u>
5. Total Client Care Expenses (From Sch. 2)	\$ <u>395,980</u>	\$ <u>358,146</u>
6. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>180.81</u>	\$ <u>163.54</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:  
BIXBY KNOLL PLACE II

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

Provider NPI:  
1942464623

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
050	Leases and Rentals		11,940		11,940
055	Real Property Taxes				0
060	Personal Property Taxes				0
065	Mortgage Interest				0
070	Property Insurance				0
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 11,940	\$ 0	\$ 11,940
	<b>Basic Facility Cost - General Home Expenses</b>				
080	Home Operations and Maintenance		\$ 2,154	\$	\$ 2,154
085	Utilities		3,744		3,744
090	Client Transportation (excluding Adult Day Services)	2	986	(245)	741
095	Dietary		11,575		11,575
100	Personal Care and Laundry	6	1,495	(1,495)	0
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 19,954	\$ (1,740)	\$ 18,214
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 31,894	\$ (1,740)	\$ 30,154
	<b>EXPENSES: DIRECT CARE STAFF COSTS</b>				
115	QMRP Salaries		\$ 13,850	\$	\$ 13,850
120	QMRP Fringe Benefits				0
125	Lead Salaries	5	16,450	5,201	21,651
130	Lead Fringe Benefits				0
135	Aides Salaries	1,7	138,799	(37,460)	101,339
140	Aides Fringe Benefits	1,7	20,444	(14,091)	6,353
145	Other Salaries	8	74,381	(5,699)	68,682
150	Other Fringe Benefits				0
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 263,924	\$ (52,049)	\$ 211,875

## SUMMARY OF AUDITED FACILITY EXPENSES

Provider:  
BIXBY KNOLL PLACE II

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

Provider NPI:  
1942464623

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		\$ 800	\$	\$ 800
165	Speech Pathology Consultant				0
170	Physical Therapy Consultant		2,586		2,586
175	Occupational Therapy Consultant		578		578
180	Pharmacist Consultant		780		780
185	Nurse Consultant	3	12,800	(1,800)	11,000
190	Psychologist Consultant				0
195	Physician Consultant				0
200	Recreational Consultant		2,090		2,090
205	Social Service Consultant				0
210	Other Consultant				0
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 19,634	\$ (1,800)	\$ 17,834
	<b>EXPENSES: ADMINISTRATIVE COSTS</b>				
220	Administrative Salaries **		\$ 41,000	\$	\$ 41,000
225	Administrative Fringe Benefits	9	0	5,536	5,536
226	Quality Assurance Fees (excluding Adult Day Services)		19,650		19,650
230	Other General and Administrative*** (Excluding Adult Day Services)	1,4,9	19,878	12,219	32,097
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 80,528	\$ 17,755	\$ 98,283
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 395,980	\$ (37,834)	\$ 358,146
	<b>NON-CLIENT CARE EXPENSES</b>		(To Sch. 1)		(To Sch. 1)
240	Non-Program Services		\$	\$	\$ 0
241	Adult Day Services and Related Transportation		72,013		72,013
245	TOTAL FACILITY EXPENSES (Lines 110, 155, 215, 235, 240 and 241)		\$ 467,993	\$ (37,834)	\$ 430,159

\*\* List only direct administrative salaries incurred at the facility level

\*\*\* List allocated administrative costs on Line 230

Provider Name							Fiscal Period	Provider NPI		Adjustments
BIXBY KNOLL PLACE II							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1942464623		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				
<b><u>RECLASSIFICATION OF REPORTED COSTS</u></b>										
1	4.1	135	4	2	135	3	Aides Salaries	\$138,799	(\$16,380)	\$122,419 *
	4.1	140	4	2	140	3	Aides Fringe Benefits	20,444	(2,572)	17,872 *
	4.1	230	4	2	230	3	Other General and Administrative	19,878	18,952	38,830 *
							To reclassify operating officer's compensation 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 2302.6			

\*Balance carried forward from prior/to subsequent adjustment

Provider Name							Fiscal Period	Provider NPI		Adjustments
BIXBY KNOLL PLACE II							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1942464623		9
Adj. No.	Report References			Audit Report			Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted
	DHS 3076 Page or Exhibit	Line	Col.	Sch.	Line	Col.				
<b>ADJUSTMENTS TO REPORTED COSTS</b>										
2	4	90	4	2	90	3	Client Transportatior To adjust client transportation expenses to agree with the cancelled checks. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	\$986	(\$245)	\$741
3	4.1	185	4	2	185	3	Nurse Consultant To adjust nurse consultant expenses to agree with the billing statements 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	\$12,800	(\$1,800)	\$11,000
4	4.1	230	4	2	230	3	Other General and Administrative To adjust other general and administrative expenses to agree with the invoices and cancelled checks 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	* \$38,830	(\$10,513)	\$28,317 *
5	4.1	125	4	2	125	3	Lead Salaries To adjust lead salaries expenses to agree with the provider payroll report 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	\$16,450	\$5,201	\$21,651
6	4	100	4	2	100	3	Personal Care and Laundry To eliminate personal care and laundry expense due to insufficient documentation 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	\$1,495	(\$1,495)	\$0

\*Balance carried forward from prior/to subsequent adjustment

Provider Name							Fiscal Period		Provider NPI		Adjustments
BIXBY KNOLL PLACE II							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011		1942464623		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					
<b>ADJUSTMENTS TO REPORTED COSTS</b>											
7	4.1	135	4	2	135	3	Aides Salaries	*	\$122,419	(\$21,080)	\$101,339
	4.1	140	4	2	140	3	Aides Benefits	*	17,872	(11,519)	6,353
							To adjust Aides salaries and benefits expenses to agree with the provider's payroll reports and time sheets. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304				
8	4.1	145	4	2	145	3	Other Salaries		\$74,381	(\$5,699)	\$68,682
							To adjust other salaries expenses to agree with the provider's payroll reports and time sheets. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304				
9	4.1	225	4	2	225	3	Administrative Fringe Benefits		\$0	\$5,536	\$5,536
	4.1	230	4	2	230	3	Other General and Administration	*	28,317	3,780	32,097
							To adjust reported home office costs to agree with the Loop Care, INC. Home Office Cost Report for fiscal period ended December 31, 2011. 42 CFR 413.17 and 413.24 CMS Pub. 15-1, Sections 2150.2 and 2304				

\*Balance carried forward from prior/to subsequent adjustments