

**REPORT
ON THE
RATE SETTING AUDIT**

**TERRACE VIEW HOUSE
YUCAIPA, CALIFORNIA
NATIONAL PROVIDER IDENTIFIER: 1942341524**

**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

June 17, 2013

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

TERRACE VIEW HOUSE
NATIONAL PROVIDER IDENTIFIER (NPI) 1942341524
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	\$	426,535	\$ 221.46
Net Audit Adjustment		<u>(4,849)</u>	<u>(2.52)</u>
Audited Cost/Cost Per Day	\$	<u>421,686</u>	\$ <u>218.94</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.

Jonathan Joseph
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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:
TERRACE VIEW HOUSE

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

Provider NPI:
1942341524

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

	AS REPORTED	AS AUDITED
1. Medi-Cal Client Days (Adj)	1,926	1,926
2. Medi-Cal Managed Care Days (Adj)	0	0
3. Other Client Days (Adj)	0	0
4. Total Client Days	<u>1,926</u>	<u>1,926</u>
5. Total Client Care Expenses (From Sch. 2)	\$ <u>426,535</u>	\$ <u>421,686</u>
6. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>221.46</u>	\$ <u>218.94</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:
TERRACE VIEW HOUSE

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

Provider NPI:
1942341524

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	3	\$ 8,264	\$ (2,641)	\$ 5,623
050	Leases and Rentals		0		0
055	Real Property Taxes	1	2,040	(108)	1,932
060	Personal Property Taxes	1	0	108	108
065	Mortgage Interest	4	10,931	(2,182)	8,749
070	Property Insurance		942		942
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 22,177	\$ (4,823)	\$ 17,354
	Basic Facility Cost - General Home Expenses				
080	Home Operations and Maintenance	5	\$ 2,363	\$ (38)	\$ 2,325
085	Utilities	6	8,204	(78)	8,126
090	Client Transportation (excluding Adult Day Services)		0		0
095	Dietary		14,579		14,579
100	Personal Care and Laundry		10,433		10,433
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 35,579	\$ (116)	\$ 35,463
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 57,756	\$ (4,939)	\$ 52,817
	EXPENSES: DIRECT CARE STAFF COSTS				
115	QMRP Salaries		\$ 14,105	\$	\$ 14,105
120	QMRP Fringe Benefits		3,759	600	4,359
125	Lead Salaries	2	22,792		22,792
130	Lead Fringe Benefits		6,074		6,074
135	Aides Salaries		113,562		113,562
140	Aides Fringe Benefits	2	30,266	1,941	32,207
145	Other Salaries		61,456		61,456
150	Other Fringe Benefits	2	16,379	225	16,604
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 268,393	\$ 2,766	\$ 271,159

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
TERRACE VIEW HOUSE

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

Provider NPI:
1942341524

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED Col. 1	AUDIT ADJUSTMENT Col. 2	AS AUDITED Col. 3
	EXPENSES: CONSULTANT COSTS				
160	Dietician Consultant		\$ 1,225	\$	\$ 1,225
165	Speech Pathology Consultant		900		900
170	Physical Therapy Consultant		1,800		1,800
175	Occupational Therapy Consultant		1,874		1,874
180	Pharmacist Consultant		720		720
185	Nurse Consultant		0		0
190	Psychologist Consultant		2,150		2,150
195	Physician Consultant	7	3,000	90	3,090
200	Recreational Consultant		1,920		1,920
205	Social Service Consultant		0		0
210	Other Consultant		0		0
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 13,589	\$ 90	\$ 13,679
	EXPENSES: ADMINISTRATIVE COSTS				
220	Administrative Salaries **		\$ 0	\$	\$ 0
225	Administrative Fringe Benefits		0		0
226	Quality Assurance Fees (excluding Adult Day Services)		19,121		19,121
230	Other General and Administrative*** (excluding Adult Day Services)	2	67,676	(2,766)	64,910
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 86,797	\$ (2,766)	\$ 84,031
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 426,535	\$ (4,849)	\$ 421,686
	NON-CLIENT CARE EXPENSES		(To Sch. 1)		(To Sch. 1)
240	Non-Program Services		\$ 0	\$	\$ 0
241	Adult Day Services and Related Transportation		254,004		254,004
245	TOTAL FACILITY EXPENSES (Lines 110, 155, 215, 235, 240 and 241)		\$ 680,539	\$ (4,849)	\$ 675,690

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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	
TERRACE VIEW HOUSE							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1942341524	7	
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>RECLASSIFICATIONS OF REPORTED COSTS</u>										
1	4	055	4	2	055	3	Real Property Taxes	\$2,040	(\$108)	\$1,932
	4	060	4	2	060	3	Personal Property Taxes	0	108	108
							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	120	4	2	120	3	QMRP Fringe Benefits	\$3,759	\$600	\$4,359
	4.1	140	4	2	140	3	Aides Fringe Benefits	30,266	1,941	32,207
	4.1	150	4	2	150	3	Other Fringe Benefits	16,379	225	16,604
	4.1	230	4	2	230	3	Other General and Administrative	67,676	(2,766)	64,910
							To reclassify direct care staff benefits 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
TERRACE VIEW HOUSE							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1942341524		7
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>										
3	4	045	4	2	045	3	Depreciation and Amortization To adjust reported depreciation to agree with the provider's documentation and for a change in useful life to agree with the American Hospital Association Guidelines. 42 CFR 413.20, 413.134(b)(7), and 413.24 CMS Pub. 15-1, Sections 102, 104.17, 104.18, 122, 2300, and 2304	\$8,264	(\$2,641)	\$5,623
4	4	065	4	2	065	3	Mortgage Interest To eliminate interest expense applicable to excess borrowing not related to patient care. 42 CFR 413.9(c)(3) and 413.153 CMS Pub. 15-1, Sections 202.2 and 2102.3	\$10,931	(\$2,182)	\$8,749
5	4	080	4	2	080	3	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	\$2,363	(\$38)	\$2,325
6	4	085	4	2	085	3	Utilities To eliminate prior year trash expenses. 42 CFR 413.5, 413.20, 413.24, and 460.204 CMS Pub. 15-1, Sections 2300, 2302.1, and 2304	\$8,204	(\$78)	\$8,126
7	4.1	195	4	2	195	3	Physician Consultant To adjust physician consultant's expenses to agree with the provider's invoices. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	\$3,000	\$90	\$3,090