REPORT
ON THE
RATE SETTING AUDIT

JONES DIVISION
RIVERSIDE, CALIFORNIA
PROVIDER NUMBER: LTC60636F
NATIONAL PROVIDER IDENTIFIER: 1760600969

FISCAL PERIOD ENDED
DECEMBER 31, 2010

Audits Section – Santa Ana
Financial Audits Branch
Audits and Investigations
Department of Health Care Services

Section Chief: Margaret A. Varho
Audit Supervisor: Stan Van Arsdale
Auditor: Mineo Gonzalez

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

TOBY DOUGLAS
DIRECTOR

EDMUND G. BROWN JR.
GOVERNOR

Date: December 21, 2011

Henry C. Cox ,III
President
Bright Expectations Inc.
8175 Limonite Ave, Suite C
Riverside, CA 92509

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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, 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:

COST AND COST PER DAY		COST		COST PER DAY
Reported Cost/Cost Per Day	$	407,654	$	186.14
Net Audit Adjustment		(20,017)		(9.14)
Audited Cost/Cost Per Day	$	387,637	$	177.00

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 Rate

Development Branch.

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—Santa Ana at (714) 558-4434.

(***Original signed by Margaret Varho***)

Margaret A. Varho, Chief
Audits Section—Santa Ana
Financial Audits Branch

Certified

SUMMARY OF AUDITED FACILITY CENSUS AND AUDITED CLIENT COST PER DAY

Provider:
JONES DIVISION

Fiscal Period:
JANUARY 1, 2010 THROUGH DECEMBER 31, 2010

Provider NPI:
1760600969

SUMMARY OF AUDITED FACILITY CENSUS AND AUDITED CLIENT COST PER DAY	AS REPORTED	AS AUDITED
1. Medi-Cal Client Days (Adj)	2,190	2,190
2. Medi-Cal Managed Care Days (Adj)	0	0
3. Other Client Days (Adj)	0	0
4. Total Client Days	2,190	2,190
5. Total Client Care Expenses (From Sch. 2)	$ 407,654	$ 387,637
6. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	$ 186.14	$ 177.00
SHARE OF COST		
1. Share of Cost Audit Adjustment (Adj)	$ NA	$ 0
OVERPAYMENTS		
1. Duplicate Payments (Adj)	$ 0	$ 0
2. Credit Balances (Adj)	$ 0	$ 0
3. Total Overpayments	$ 0	$ 0

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
JONES DIVISION

Fiscal Period:
JANUARY 1, 2010 THROUGH DECEMBER 31, 2010

Provider NPI:
1760600969

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		$ 2,192	$	$ 2,192
050	Leases and Rentals				0
055	Real Property Taxes		2,227		2,227
060	Personal Property Taxes				0
065	Mortgage Interest	4		2,905	2,905
070	Property Insurance		1,377		1,377
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		$ 5,796	$ 2,905	$ 8,701
	Basic Facility Cost - General Home Expenses				
080	Home Operations and Maintenance	1	$ 20,391	$ (127)	$ 20,264
085	Utilities		6,763		6,763
090	Client Transportation (excluding Adult Day Services)				0
095	Dietary	2	13,263	(312)	12,951
100	Personal Care and Laundry		255		255
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		$ 40,672	$ (439)	$ 40,233
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		$ 46,468	$ 2,466	$ 48,934
	EXPENSES: DIRECT CARE STAFF COSTS				
115	QMRP Salaries		$ 20,101	$	$ 20,101
120	QMRP Fringe Benefits		2,093		2,093
125	Lead Salaries		39,007		39,007
130	Lead Fringe Benefits		3,776		3,776
135	Aides Salaries		98,181		98,181
140	Aides Fringe Benefits		12,090		12,090
145	Other Salaries		22,170		22,170
150	Other Fringe Benefits		1,962		1,962
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		$ 199,381	$ (1)	$ 199,380

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
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JANUARY 1, 2010 THROUGH DECEMBER 31, 2010

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Line No.	DESCRIPTION	ADJ NO.	AS REPORTED Col. 1	AUDIT ADJUSTMENT Col. 2	AS AUDITED Col. 3
	EXPENSES: CONSULTANT COSTS				
160	Dietician Consultant		$ 883	$	$ 883
165	Speech Pathology Consultant		990		990
170	Physical Therapy Consultant		1,530		1,530
175	Occupational Therapy Consultant		754		754
180	Pharmacist Consultant		540		540
185	Nurse Consultant				0
190	Psychologist Consultant		3,060		3,060
195	Physician Consultant		1,964		1,964
200	Recreational Consultant		1,031		1,031
205	Social Service Consultant				0
210	Other Consultant				0
215	TOTAL CONSULTANT COST (Lines 160 through 210)		$ 10,752	$ 0	$ 10,752
	EXPENSES: ADMINISTRATIVE COSTS				
220	Administrative Salaries **		$	$	$ 0
225	Administrative Fringe Benefits				0
226	Quality Assurance Fees (excluding Adult Day Services)		19,421		19,421
230	Other General and Administrative*** (Excluding Adult Day Services)	3,5	131,632	(22,482)	109,150
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		$ 151,053	$ (22,482)	$ 128,571
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		$ 407,654	$ (20,017)	$ 387,637
	NON-CLIENT CARE EXPENSES		(To Sch. 1)		(To Sch. 1)
240	Non-Program Services		$	$	$ 0
241	Adult Day Services and Related Transportation				0
245	TOTAL FACILITY EXPENSES (Lines 110, 155, 215, 235, 240 and 241)		$ 407,654	$ (20,017)	$ 387,637

** List only direct administrative salaries incurred at the facility level
*** List allocated administrative costs on Line 230

Provider Name	Fiscal Period	Provider NPI	Adjustments
JONES DIVISION	JANUARY 1, 2010 THROUGH DECEMBER 31, 2010	1760600969	5

Report References										
	Cost Report			Audit Report						
Adj. No.	DHS 3076 Page or Exhibit	Line	Col.	Sch.	Line	Col	Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted
							ADJUSTMENTS TO REPORTED COSTS			
1	4	80	4	2	80	3	Home Operation To reconcile the reported home operations and maintenance expense agree with the provider's general ledge 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 230	$20,391	($127)	$20,264
2	4	95	4	2	95	3	Dietary To reconcile the reported dietary expense to agree with the provider's general ledger. 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2304	$13,263	($312)	$12,951
3	4.1	230	4	2	230	3	Other General and Administrative To eliminate bad debt expense that is not recognized under the Medi-Cal program. 42 CFR 413.80 and 413.178 / CMS Pub. 15-1, Section 300	$131,632	($21,939)	$109,693 *
4	4	65	4	2	65	3	Mortgage Interest To include mortgage interest expense in lieu of a related party lease. 42 CFR 413.17, 413.20 and 413.24 CMS Pub. 15-1, Sections 2300, 2304 and 1011.5	$0	$2,905	$2,905
5	4.1	230	4	2	230	3	Other General and Administrative * To reconcile the reported workers compensation expense to agree with the provider's insurance premium and payroll reports. 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2304	$109,693	($543)	$109,150

*Balance carried forward from prior/to subsequent adjustments