

**REPORT  
ON THE  
RATE SETTING AUDIT**

**LANCASTER HOUSE  
REDLANDS, CALIFORNIA  
PROVIDER NUMBER: LTC60505F  
NPI: 1679614218**

**FISCAL PERIOD ENDED  
DECEMBER 31, 2009**

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

**Section Chief: Julio M. Cueto  
Audit Supervisor: Virat Shah  
Auditor: Mary Anne Ruiz**



DAVID MAXWELL-JOLLY  
Director

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



ARNOLD SCHWARZENEGGER  
Governor

December 21, 2010

Jonathan Joseph  
Chief Executive Officer  
JonBec Care, Inc.  
1711 Plum Lane, Suite A  
Redlands, CA 92374

PROVIDER: LANCASTER HOUSE  
PROVIDER NO. LTC60505F  
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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 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	\$	309,266	\$ 149.91
Net Audit Adjustment		<u>15,142</u>	<u>7.34</u>
Audited Cost/Cost Per Day	\$	<u>324,408</u>	\$ <u>157.25</u>

This audit report includes the:

1. Audit Report Schedules 1 through 2
2. Audit Adjustments

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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  
Office of Administrative Appeals and Hearings  
1029 J Street, Suite 200  
Sacramento, CA 95814-2825  
(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 95899-7413

**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 95814-5005  
(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.

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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  
JonBec Care, Inc.  
22421 Barton Road, #173  
Grand Terrace, CA 92313

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

**Provider:**  
LANCASTER HOUSE

**Fiscal Period:**  
JANUARY 1, 2009 THROUGH DECEMBER 31, 2009

**Provider Number:**  
LTC60505F

**Provider NPI:**  
1679614218

**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 )	2,063	2,063
2. Other Client Days (Adj )		0
3. Total Client Days	<u>2,063</u>	<u>2,063</u>
4. Total Client Care Expenses (From Sch. 2)	\$ <u>309,266</u>	\$ <u>324,408</u>
5. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>149.91</u>	\$ <u>157.25</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:  
LANCASTER HOUSE

Fiscal Period:  
JANUARY 1, 2009 THROUGH DECEMBER 31, 2009

Provider Number:  
LTC60505F

NPI:  
1679614218

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	2	\$ 1,183	\$ (1,000)	\$ 183
050	Leases and Rentals	3		26,200	26,200
055	Real Property Taxes		2,517		2,517
060	Personal Property Taxes				0
065	Mortgage Interest	2	8,023	(8,023)	0
070	Property Insurance		1,208		1,208
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 12,931	\$ 17,177	\$ 30,108
	<b>Basic Facility Cost - General Home Expenses</b>				
080	Home Operations and Maintenance	1	\$ 2,973	\$ 798	\$ 3,771
085	Utilities		6,378		6,378
090	Client Transportation				0
095	Dietary		11,455		11,455
100	Personal Care and Laundry	1	3,451	(798)	2,653
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 24,257	\$ 0	\$ 24,257
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 37,188	\$ 17,177	\$ 54,365
	<b>EXPENSES: DIRECT CARE STAFF COSTS</b>				
115	QMRP Salaries		\$ 15,176	\$	\$ 15,176
120	QMRP Fringe Benefits		3,519		3,519
125	Lead Salaries		23,426		23,426
130	Lead Fringe Benefits		5,433		5,433
135	Aides Salaries		99,337		99,337
140	Aides Fringe Benefits		23,037		23,037
145	Other Salaries		7,628		7,628
150	Other Fringe Benefits		1,769		1,769
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 179,325	\$ 0	\$ 179,325

## SUMMARY OF AUDITED FACILITY EXPENSES

Provider:  
LANCASTER HOUSE

Fiscal Period:  
JANUARY 1, 2009 THROUGH DECEMBER 31, 2009

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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		\$ 1,104	\$	\$ 1,104
165	Speech Pathology Consultant		900		900
170	Physical Therapy Consultant		1,800		1,800
175	Occupational Therapy Consultant		833		833
180	Pharmacist Consultant		720		720
185	Nurse Consultant				0
190	Psychologist Consultant		1,230		1,230
195	Physician Consultant		3,000		3,000
200	Recreational Consultant		960		960
205	Social Service Consultant				0
210	Other Consultant				0
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 10,547	\$ 0	\$ 10,547
	<b>EXPENSES: ADMINISTRATIVE COSTS</b>				
220	Administrative Salaries		\$	\$	\$ 0
225	Administrative Fringe Benefits				0
226	Quality Assurance Fees	4	15,409	(2,035)	13,374
230	Other Administrative and General		66,797		66,797
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 82,206	\$ (2,035)	\$ 80,171
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 309,266	\$ 15,142	\$ 324,408
	<b>NON-CLIENT CARE EXPENSES</b>		(To Sch. 1)		(To Sch. 1)
240	Non-Program Services		\$	\$	\$ 0
245	TOTAL FACILITY EXPENSES (Lines 110, 155, 215, 235 and 240)		\$ 309,266	\$ 15,142	\$ 324,408

Provider Name		Fiscal Period		Provider Number		Adjustments						
LANCASTER HOUSE		JANUARY 1, 2009 THROUGH DECEMBER 31, 2009		LTC60505F		4						
Adj. No.	DHS 3076 Page or Exhibit	Report References		Line	Col.	Sch.	Line	Col.	As Reported	Increase (Decrease)	As Adjusted	
		Cost Report	Audit Report									
1	4	80	4	2	80	3	Home Operations and Maintenance		\$2,973	\$798	\$3,771	
	4	100	4	2	100	3	Personal Care and Laundry		3,451	(798)	2,653	
<p>To reclassify housekeeping expenses to the appropriate cost centre                      42 CFR 413.20 and 413.24                      CMS Pub. 15-1, Sections 2300, 2302.4, 2302.8, and 2304</p>												
<p><b>RECLASSIFICATION OF REPORTED COSTS</b></p>												

Provider Name		Fiscal Period		Provider Number		Adjustments				
LANCASTER HOUSE		JANUARY 1, 2009 THROUGH DECEMBER 31, 2009		LTC60505F		4				
Adj. No.	DHS 3076 Page or Exhibit	Report References			Line	Col	Sch.	AS Reported	Increase (Decrease)	AS Adjusted
		Cost Report	Audit Report							
<b>ADJUSTMENTS TO REPORTED COSTS</b>										
2	4	45	4	2	45	3	2	\$1,183	(\$1,000)	\$183
	4	65	4	2	65	3	2	8,023	(8,023)	0
Depreciation and Amortization Mortgage Interest To reverse the provider's adjustment to include ownership costs in lieu of related party expenses. 42 CFR 413.17, 413.20, and 413.24 CMS Pub. 15-1, Sections 1011.5, 2300, and 2304										
3	4	50	4	2	50	3	2	\$0	\$26,200	\$26,200
Leases and Rentals To include rental costs at fair market value in lieu of ownership costs. 42 CFR 413.17, 413.20, and 413.24 CMS Pub. 15-1, Sections 1011.5, 2300, and 2304										
4	4.1	226	4	2	226	3	2	\$15,409	(\$2,035)	\$13,374
Quality Assurance Fees To adjust quality assurance fees to agree with the provider's invoices. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304										