

**REPORT  
ON THE  
RATE SETTING AUDIT**

**BETHESDA LUTHERAN COMMUNITIES – LAS BOLSAS  
LAGUNA HILLS, CALIFORNIA  
PROVIDER NUMBER: LTC60493F  
NPI NUMBER: 1417010604**

**FISCAL PERIOD ENDED  
AUGUST 31, 2011**

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

**Section Chief: Michael Harrold  
Audit Supervisor: Kathy Atkins  
Auditor: Susan Calvino**



TOBY DOUGLAS  
DIRECTOR

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



EDMUND G. BROWN JR.  
GOVERNOR

June 26, 2013

Jack Tobias, CFO  
Bethesda Lutheran Communities  
600 Hoffmann Drive  
Watertown, WI 53094

BETHESDA LUTHERAN HOMES – LAS BOLSAS  
NATIONAL PROVIDER IDENTIFIER (NPI) 1417010604  
FISCAL PERIOD ENDED AUGUST 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, 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	\$	314,492	\$ 143.60
Net Audit Adjustment		<u>129,332</u>	<u>59.06</u>
Audited Cost/Cost Per Day	\$	<u>443,824</u>	\$ <u>202.66</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 Medi-Cal Benefits, Waiver Analysis and Rates Division.

Jack Tobias  
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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—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:**  
BETHESDA LUTHERAN COMMUNITIES - LAS BOLSAS

**Fiscal Period:**  
SEPTEMBER 1, 2010 THROUGH AUGUST 31, 2011

**Provider NPI:**  
1417010604

**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 14)	2,190	0
2. Medi-Cal Managed Care Days (Adj 14)	0	1,825
3. Other Client Days (Adj 14)	0	365
4. Total Client Days	<u>2,190</u>	<u>2,190</u>
5. Total Client Care Expenses (From Sch. 2)	\$ <u>314,493</u>	\$ <u>443,824</u>
6. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>143.60</u>	\$ <u>202.66</u>

**SHARE OF COST**

1. Share of Cost Audit Adjustment (Adj )	\$ <u>          </u>	\$ <u>          0</u>
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**OVERPAYMENTS**

1. Duplicate Payments (Adj )	\$ <u>          </u>	\$ <u>          0</u>
2. Credit Balances (Adj )	\$ <u>          </u>	\$ <u>          0</u>
3. Total Overpayments	\$ <u>          0</u>	\$ <u>          0</u>

## SUMMARY OF AUDITED FACILITY EXPENSES

Provider:  
BETHESDA LUTHERAN COMMUNITIES - LAS BOLSAS

Fiscal Period:  
SEPTEMBER 1, 2010 THROUGH AUGUST 31, 2011

Provider NPI:  
1417010604

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	1	\$ 0	\$ 23,280	\$ 23,280
050	Leases and Rentals		0		0
055	Real Property Taxes	1	0	8	8
060	Personal Property Taxes		0		0
065	Mortgage Interest		0		0
070	Property Insurance	1	0	2,448	2,448
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 0	\$ 25,736	\$ 25,736
	<b>Basic Facility Cost - General Home Expenses</b>				
080	Home Operations and Maintenance	1, 2	\$ 0	\$ 5,710	\$ 5,710
085	Utilities	1, 13	0	11,256	11,256
090	Client Transportation (excluding Adult Day Services)	1, 3	0	10,945	10,945
095	Dietary	1	0	12,064	12,064
100	Personal Care and Laundry	1, 4	0	3,165	3,165
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 0	\$ 43,140	\$ 43,140
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 0	\$ 68,876	\$ 68,876
	<b>EXPENSES: DIRECT CARE STAFF COSTS</b>				
115	QMRP Salaries	11	\$ 14,994	\$ (633)	\$ 14,361
120	QMRP Fringe Benefits	12	5,115	(1,096)	4,019
125	Lead Salaries	11	13,187	21,113	34,300
130	Lead Fringe Benefits	12	4,498	5,099	9,597
135	Aides Salaries	11	137,099	22,613	159,712
140	Aides Fringe Benefits	12	46,765	(2,080)	44,685
145	Other Salaries	11	13,057	(4,838)	8,219
150	Other Fringe Benefits	12	4,454	(2,154)	2,300
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 239,169	\$ 38,024	\$ 277,193

## SUMMARY OF AUDITED FACILITY EXPENSES

Provider:  
BETHESDA LUTHERAN COMMUNITIES - LAS BOLSAS

Fiscal Period:  
SEPTEMBER 1, 2010 THROUGH AUGUST 31, 2011

Provider NPI:  
1417010604

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	\$ 0	\$ 1,128	\$ 1,128
165	Speech Pathology Consultant	1	0	1,175	1,175
170	Physical Therapy Consultant	1, 10	0	200	200
175	Occupational Therapy Consultant	1	0	900	900
180	Pharmacist Consultant	1	0	440	440
185	Nurse Consultant		0		0
190	Psychologist Consultant	1, 5	0	0	0
195	Physician Consultant		0		0
200	Recreational Consultant	1, 6	0	420	420
205	Social Service Consultant		0		0
210	Other Consultant		0		0
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 0	\$ 4,263	\$ 4,263
	<b>EXPENSES: ADMINISTRATIVE COSTS</b>				
220	Administrative Salaries **		\$ 0		\$ 0
225	Administrative Fringe Benefits		0		0
226	Quality Assurance Fees (excluding Adult Day Services)	1	0	11,072	11,072
230	Other General and Administrative*** (Excluding Adult Day Services)	1, 7-9	75,324	7,096	82,420
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 75,324	\$ 18,168	\$ 93,492
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 314,493	\$ 129,331	\$ 443,824
	<b>NON-CLIENT CARE EXPENSES</b>		(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)		\$ 314,493	\$ 129,331	\$ 443,824

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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		
BETHESDA LUTHERAN COMMUNITIES - LAS BOLSAS							SEPTEMBER 1, 2010 THROUGH AUGUST 31, 2011	1417010604	14		
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>											
1	4	045	4	2	045	3	Depreciation and Amortization	\$0	\$23,280	\$23,280	
	4	055	4	2	055	3	Real Property Tax:	0	8	8	
	4	070	4	2	070	3	Property Insurance	0	2,448	2,448	
	4	080	4	2	080	3	Home Operations and Maintenance	0	7,983	7,983 *	
	4	085	4	2	085	3	Utilities	0	11,543	11,543 *	
	4	090	4	2	090	3	Client Transportation	0	12,015	12,015 *	
	4	095	4	2	095	3	Dietary	0	12,064	12,064	
	4	100	4	2	100	3	Personal Care and Laundry	0	4,108	4,108 *	
	4.1	160	4	2	160	3	Dietician Consultant	0	1,128	1,128	
	4.1	165	4	2	165	3	Speech Pathology Consultant	0	1,175	1,175	
	4.1	170	4	2	170	3	Physical Therapy Consultant	0	300	300 *	
	4.1	175	4	2	175	3	Occupational Therapy Consultant	0	900	900	
	4.1	180	4	2	180	3	Pharmacist Consultant	0	440	440	
	4.1	190	4	2	190	3	Psychologist Consultant	0	358	358 *	
	4.1	200	4	2	200	3	Recreational Consultant	0	640	640 *	
	4.1	226	4	2	226	3	Quality Assurance Fees	0	11,072	11,072	
	4.1	230	4	2	230	3	Other General and Administrative	75,324	13,581	88,905 *	
							To reconcile the reported expenses to the general ledger. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304				
2	4	080	4	2	080	3	Home Operations and Maintenance	*	\$7,983	(\$2,273)	\$5,710
							To eliminate home operations and maintenance expense due to lack of documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304				
3	4	090	4	2	090	3	Client Transportation	*	\$12,015	(\$1,070)	\$10,945
							To eliminate client transportation expense due to lack of documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304				

Provider Name							Fiscal Period	Provider NPI		Adjustments	
BETHESDA LUTHERAN COMMUNITIES - LAS BOLSAS							SEPTEMBER 1, 2010 THROUGH AUGUST 31, 2011	1417010604		14	
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					
<b><u>ADJUSTMENTS TO REPORTED COSTS</u></b>											
4	4	100	4	2	100	3	Personal Care and Laundry To eliminate personal care and laundry expense due to lack of documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	*	\$4,108	(\$943)	\$3,165
5	4.1	190	4	2	190	3	Psychologist Consultant To eliminate psychologist consultant expense not included in the rate. CCR, Title 22, Section 51510.2(b)(2)	*	\$358	(\$358)	\$0
6	4.1	200	4	2	200	3	Recreational Consultant To eliminate recreational consultant expense due to lack of documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	*	\$640	(\$220)	\$420
	4.1	230	4	2	230	3	Other General and Administrative	*	\$88,905		
7							To adjust home office costs to agree with the filed Bethesda Lutheran Communities Home Office Cost Report for fiscal period ended August 31, 2011. 42 CFR 413.17 and 413.24 CMS Pub. 15-1, Sections 2150.2 and 2304			(\$4,267)	
8							To eliminate nonallowable bank overdraft fees and mileage expense not related to patient care 42 CFR 413.9(c)(3) CMS Pub. 15-1, Sections 2102.3 and 2105.10			(2,078)	
9							To eliminate other general and administrative expense due to lack of documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304			(140) (\$6,485)	\$82,420

\*Balance carried forward from prior/to subsequent adjustments

Provider Name				Fiscal Period				Provider NPI		Adjustments
BETHESDA LUTHERAN COMMUNITIES - LAS BOLSAS				SEPTEMBER 1, 2010 THROUGH AUGUST 31, 2011				1417010604		14
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				
<b><u>ADJUSTMENTS TO REPORTED COSTS</u></b>										
10	4.1	170	4	2	170	3	Physical Therapy Consultant To eliminate prior period physical therapy expense to agree with expense applicable to the audit period. 42 CFR 413.5 and 413.24 CMS Pub. 15-1, Sections 2300, 2302.1, 2304 and 2306	\$300	(\$100)	\$200
11	4.1	115	4	2	115	3	QMRP Salaries	\$14,994	(\$633)	\$14,361
	4.1	125	4	2	125	3	Lead Salaries	13,187	21,113	34,300
	4.1	135	4	2	135	3	Aides Salaries	137,099	22,613	159,712
	4.1	145	4	2	145	3	Other Salaries To adjust reported salaries to agree with the provider's records. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	13,057	(4,838)	8,219
12	4.1	120	4	2	120	3	QMRP Fringe Benefits	\$5,115	(\$1,096)	\$4,019
	4.1	130	4	2	130	3	Lead Fringe Benefits	4,498	5,099	9,597
	4.1	140	4	2	140	3	Aides Fringe Benefits	46,765	(2,080)	44,685
	4.1	150	4	2	150	3	Other Fringe Benefits To adjust reported fringe benefits to agree with the provider's records. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	4,454	(2,154)	2,300
13	4	085	4	2	085	3	Utilities To eliminate client television costs. 42 CFR 413.9(c)(3), 413.24, and 413.50 CMS Pub. 15-1, Sections 2106.1 and 2304	\$11,543	(\$287)	\$11,256

\*Balance carried forward from prior/to subsequent adjustments

Provider Name							Fiscal Period		Provider NPI		Adjustments
BETHESDA LUTHERAN COMMUNITIES - LAS BOLSAS							SEPTEMBER 1, 2010 THROUGH AUGUST 31, 2011		1417010604		14
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>											
14	2	3	1	1	1	2	Total Client Days - Medi-Cal	2,190	(2,190)	0	
	2	3	2	1	2	2	Total Client Days - Medi-Cal Managed Care	0	1,825	1,825	
	2	3	3	1	3	2	Total Client Days - Other	0	365	365	
							To eliminate reported Medi-Cal days and include Medi-Cal managed care and Other Client days to agree with the provider's census records. 42 CFR 413.20 and 413.50 CMS Pub. 15-1, Sections 2205 and 2304				