

**REPORT
ON THE
RATE SETTING AUDIT**

**BERKSHIRE MANOR, INC.
SAN BRUNO, CALIFORNIA
NATIONAL PROVIDER IDENTIFIER: 1073663274**

**FISCAL PERIOD ENDED
DECEMBER 31, 2011**

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

**Section Chief: Louise Wong
Audit Supervisor: David Mui
Auditor: Philip Chang**



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



EDMUND G. BROWN JR.
GOVERNOR

January 28, 2013

Jose Albero, President
Berkshire Manor, Inc.
2040 Seacliff Way
San Bruno, CA 94066-1043

BERKSHIRE MANOR, INC.
NATIONAL PROVIDER IDENTIFIER (NPI) 1073663274
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	\$	412,739	\$ 188.47
Net Audit Adjustment		<u>(38,893)</u>	<u>(17.76)</u>
Audited Cost/Cost Per Day	\$	<u>373,846</u>	\$ <u>170.71</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.

Jose Albero
Page 2

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:

John Melton, 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 - Richmond at (510) 620-3100.

Original Signed by

Louise Wong, Chief
Audits Section - Richmond
Financial Audits Branch

Certified

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

Provider:
BERKSHIRE MANOR, INC.

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

Provider NPI:
1073663274

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	<u>2,190</u>	<u>2,190</u>
5. Total Client Care Expenses (From Sch. 2)	\$ <u>412,739</u>	\$ <u>373,846</u>
6. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>188.47</u>	\$ <u>170.71</u>
SHARE OF COST		
1. Share of Cost Audit Adjustment (Adj)	\$ <u>NA</u>	\$ <u>0</u>
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:
BERKSHIRE MANOR, INC.

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

Provider NPI:
1073663274

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	1,7	\$ 12,599	\$ 12,641	\$ 25,240
050	Leases and Rentals	6	84,000	(84,000)	0
055	Real Property Taxes	7	0	6,674	6,674
060	Personal Property Taxes				0
065	Mortgage Interest	7	0	35,480	35,480
070	Property Insurance	5	5,180	(1,334)	3,846
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 101,779	\$ (30,539)	\$ 71,240
	Basic Facility Cost - General Home Expenses				
080	Home Operations and Maintenance	5	\$ 7,160	\$ 105	\$ 7,265
085	Utilities	5	7,581	(30)	7,551
090	Client Transportation (excluding Adult Day Services)	2	6,262	(557)	5,705
095	Dietary		14,055	0	14,055
100	Personal Care and Laundry	5	3,208	(105)	3,103
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 38,266	\$ (587)	\$ 37,679
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 140,045	\$ (31,126)	\$ 108,919
	EXPENSES: DIRECT CARE STAFF COSTS				
115	QMRP Salaries		\$ 20,400	\$ 0	\$ 20,400
120	QMRP Fringe Benefits		2,405	0	2,405
125	Lead Salaries				0
130	Lead Fringe Benefits				0
135	Aides Salaries		61,476	0	61,476
140	Aides Fringe Benefits		7,249	0	7,249
145	Other Salaries				0
150	Other Fringe Benefits				0
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 91,530	\$ 0	\$ 91,530

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
BERKSHIRE MANOR, INC.

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

Provider NPI:
1073663274

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED Col. 1	AUDIT ADJUSTMENT Col. 2	AS AUDITED Col. 3
	EXPENSES: CONSULTANT COSTS				
160	Dietician Consultant		\$ 964	\$ 0	\$ 964
165	Speech Pathology Consultant				0
170	Physical Therapy Consultant				0
175	Occupational Therapy Consultant				0
180	Pharmacist Consultant				0
185	Nurse Consultant		9,600	0	9,600
190	Psychologist Consultant		950	0	950
195	Physician Consultant		100	0	100
200	Recreational Consultant		1,350	0	1,350
205	Social Service Consultant				0
210	Other Consultant		30	0	30
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 12,994	\$ 0	\$ 12,994
	EXPENSES: ADMINISTRATIVE COSTS				
220	Administrative Salaries **		\$ 103,752	\$ 0	\$ 103,752
225	Administrative Fringe Benefits		13,113	0	13,113
226	Quality Assurance Fees (excluding Adult Day Services)		22,365	0	22,365
230	Other General and Administrative*** (excluding Adult Day Services)	1,3,4,5	28,940	(7,767)	21,173
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 168,170	\$ (7,767)	\$ 160,403
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 412,739	\$ (38,893)	\$ 373,846
	NON-CLIENT CARE EXPENSES		(To Sch. 1)		(To Sch. 1)
240	Non-Program Services		\$	\$	\$ 0
241	Adult Day Services and Related Transportation		150,423	0	150,423
245	TOTAL FACILITY EXPENSES (Lines 110, 155, 215, 235, 240 and 241)		\$ 563,162	\$ (38,893)	\$ 524,269

Page 2 of 2

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

*** List allocated administrative costs on Line 230

Provider Name							Fiscal Period	Provider NPI	Adjustments	
BERKSHIRE MANOR, INC.							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1073663274	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.				
ADJUSTMENTS TO REPORTED COSTS										
1	4.1	230	4	2	230	3	Other General and Administrative	\$28,940	(\$976)	\$27,964 *
	4	045	4	2	045	3	Depreciation and Amortization To eliminate expense for laptop that should have been capitalized and to include capitalized laptop expense 42 CFR 413.20 and 413.134 CMS Pub. 15-1, Sections 104.8, 108.1, 108.2, and 2300	12,599	16	12,615 *
2	4	090	4	2	090	3	Client Transportation To eliminate auto expenses due to insufficient documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	\$6,262	(\$557)	\$5,705
3	4.1	230	4	2	230	3	Other General and Administrative To eliminate late finance charges not related to patient care. 42 CFR 413.9(c)(3) CMS Pub. 15-1, Sections 2102.3 and 2105	* \$27,964	(\$508)	\$27,456 *
4	4.1	230	4	2	230	3	Other General and Administrative To eliminate entertainment and meal expenses not related to patient care. 42 CFR 413.9(c)(3) CMS Pub. 15-1, Sections 2102.3 and 2105	* \$27,456	(\$410)	\$27,046 *
5	4	070	4	2	070	3	Property Insurance	\$5,180	(\$1,334)	\$3,846
	4	080	4	2	080	3	Home Operations and Maintenance	7,160	105	7,265
	4	085	4	2	085	3	Utilities	7,581	(30)	7,551
	4	100	4	2	100	3	Personal Care and Laundry	3,208	(105)	3,103
	4.1	230	4	2	230	3	Other General and Administrative To reconcile the reported expenses to agree with the provider's general ledger. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	* 27,046	(5,873)	21,173

*Balance carried forward from prior/to subsequent adjustments

Provider Name				Fiscal Period				Provider NPI		Adjustments
BERKSHIRE MANOR, INC.				JANUARY 1, 2011 THROUGH DECEMBER 31, 2011				1073663274		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>ADJUSTMENTS TO REPORTED COSTS</u>										
6	4	050	4	2	050	3	Leases and Rentals To eliminate lease expenses paid to a related party. 42 CFR 413.17, 413.134(h), 413.20, and 413.24 CMS Pub. 15-1, Sections 1005, 1011.4, 1011.5, 2300, and 2304	\$84,000	(\$84,000)	\$0
7	4	045	4	2	045	3	Depreciation and Amortization	*	\$12,615	\$12,625
	4	055	4	2	055	3	Real Property Taxes		0	6,674
	4	065	4	2	065	3	Mortgage Interest To include cost of ownership in lieu of related party lease expenses. 42 CFR 413.17, 413.134(h), 413.20, and 413.24 CMS Pub. 15-1, Sections 1005, 1011.4, 1011.5, 2300, and 2304		0	35,480

*Balance carried forward from prior/to subsequent adjustments