

**REPORT
ON THE
RATE SETTING AUDIT**

**BEST CARE HOME II
LONG BEACH, CALIFORNIA
NATIONAL PROVIDER IDENTIFIER: 1417132317**

**FISCAL PERIOD ENDED
DECEMBER 31, 2011**

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

**Section Chief: Maria Delgado
Audit Supervisor: Cyrus Lam
Auditor: Parith Rox Uch**



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



EDMUND G. BROWN JR.
GOVERNOR

June 28, 2013

Rolando Mercado, Administrator
Best Care Home II
6467 California Ave
Long Beach, CA 90805

BEST CARE HOME II
NATIONAL PROVIDER IDENTIFIER (NPI): 1417132317
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	\$	289,970	\$ 132.41
Net Audit Adjustment		(54,564)	(24.92)
Audited Cost/Cost Per Day	\$	<u>235,406</u>	\$ <u>107.49</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.

Rolando Mercado
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If you have questions regarding this report, you may call the Audits Section—Gardena at (310) 516-4757.

Original Signed By:

Maria Delgado, Chief
Audits Section—Gardena
Financial Audits Branch

Certified

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

Provider:
Best Care Home II

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

Provider NPI:
1417132317

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

	AS REPORTED	AS AUDITED
1. Medi-Cal Client Days (Adj. 11)	2,190	1,950
2. Medi-Cal Managed Care Days (Adj)	0	0
3. Other Client Days (Adj. 12)	0	240
4. Total Client Days	<u>2,190</u>	<u>2,190</u>
5. Total Client Care Expenses (From Sch. 2)	\$ <u>289,970</u>	\$ <u>235,406</u>
6. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>132.41</u>	\$ <u>107.49</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>
2. Credit Balances (Adj)	\$ _____	\$ <u>0</u>
3. Total Overpayments	\$ <u>0</u>	\$ <u>0</u>

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
Best Care Home II

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

Provider NPI:
1417132317

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		\$ 0	\$	\$ 0
050	Leases and Rentals	3	36,000	(36,000)	0
055	Real Property Taxes	4	0	3,963	3,963
060	Personal Property Taxes				0
065	Mortgage Interest				0
070	Property Insurance	1,5	3,424	(2,769)	655
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 39,424	\$ (34,806)	\$ 4,618
	Basic Facility Cost - General Home Expenses				
080	Home Operations and Maintenance	2,6	\$ 24,974	\$ (3,719)	\$ 21,255
085	Utilities	7	6,849	(351)	6,498
090	Client Transportation (excluding Adult Day Services)	8	23,246	(6,276)	16,970
095	Dietary	2	0	705	705
100	Personal Care and Laundry		0		0
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 55,069	\$ (9,641)	\$ 45,428
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 94,493	\$ (44,447)	\$ 50,046
	EXPENSES: DIRECT CARE STAFF COSTS				
115	QMRP Salaries		\$	\$	\$ 0
120	QMRP Fringe Benefits				0
125	Lead Salaries				0
130	Lead Fringe Benefits				0
135	Aides Salaries		67,749		67,749
140	Aides Fringe Benefits		26,827		26,827
145	Other Salaries				0
150	Other Fringe Benefits				0
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 94,576	\$ 0	\$ 94,576

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
Best Care Home II

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

Provider NPI:
1417132317

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED Col. 1	AUDIT ADJUSTMENT Col. 2	AS AUDITED Col. 3
	EXPENSES: CONSULTANT COSTS				
160	Dietician Consultant \$		\$	\$	0
165	Speech Pathology Consultant		2,397		2,397
170	Physical Therapy Consultant		510		510
175	Occupational Therapy Consultant		525		525
180	Pharmacist Consultant		180		180
185	Nurse Consultant		8,610		8,610
190	Psychologist Consultant		910		910
195	Physician Consultant		180		180
200	Recreational Consultant		1,238		1,238
205	Social Service Consultant		0		0
210	Other Consultant	9	17,990	(5,000)	12,990
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 32,540	\$ (5,000)	\$ 27,540
	EXPENSES: ADMINISTRATIVE COSTS				
220	Administrative Salaries **		\$ 51,800	\$	\$ 51,800
225	Administrative Fringe Benefits		2,435		2,435
226	Quality Assurance Fees (excluding Adult Day Services)				0
230	Other General and Administrative*** (Excluding Adult Day Services)	1,10	14,126	(5,117)	9,009
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 68,361	\$ (5,117)	\$ 63,244
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 289,970	\$ (54,564)	\$ 235,406
	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)		\$ 289,970	\$ (54,564)	\$ 235,406

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

*** List allocated administrative costs on Line 230

Provider Name				Fiscal Period				Provider NPI		Adjustments
BEST CARE HOME II				JANUARY 1, 2011 THROUGH DECEMBER 31, 2011				1417132317		12
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.				
RECLASSIFICATIONS OF REPORTED COSTS										
1	4	070	4	2	070	3	Property Insurance	\$3,424	(\$1,758)	\$1,666 *
	4.1	230	4	2	230	3	Other General and Administrative To reclassify liability insurance expense 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 2302.4	14,126	1,758	15,884 *
2	4	080	4	2	080	3	Home Operations and Maintenance	\$24,974	(\$705)	\$24,269 *
	4	095	4	2	095	3	Dietary To reclassify dietary expense 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 2302.4	0	705	705

*Balance carried forward from prior/to subsequent adjustment

Provider Name							Fiscal Period	Provider NPI		Adjustments
BEST CARE HOME II							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1417132317		12
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										
3	4	050	4	2	050	3	Leases and Rentals To eliminate rental/lease expenses paid to a related part 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	\$36,000	(\$36,000)	\$0
4	4	055	4	2	055	3	Real Property Taxes To include property tax expense to agree with the provider's invoice 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	\$0	\$3,963	\$3,963
5	4	070	4	2	070	3	Property Insurance * To eliminate property insurance expense due to insufficient documentation 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	\$1,666	(\$1,011)	\$655
6	4	080	4	2	080	3	Home Operations and Maintenance * To adjust the reported expenses to agree with the invoices 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	\$24,269	(\$3,014)	\$21,255
7	4	085	4	2	085	3	Utilities To adjust utilities expenses to agree with provider's records 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2304	\$6,849	(\$351)	\$6,498
8	4	090	4	2	090	3	Client Transportation To adjust client transportation expenses to agree with provider's records 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2304	\$23,246	(\$6,276)	\$16,970
9	4.1	210	4	2	210	3	Other Consultant To adjust QMRP expense due to insufficient documentation 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	\$17,990	(\$5,000)	\$12,990

*Balance carried forward from prior/to subsequent adjustment

Provider Name							Fiscal Period	Provider NPI		Adjustments	
BEST CARE HOME II							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1417132317		12	
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											
10	4.1	230	4	2	230	3	Other General and Administrative To adjust general administration expenses to agree with the provider's records. 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2304	*	\$15,884	(\$6,875)	\$9,009

*Balance carried forward from prior/to subsequent adjustments

Provider Name							Fiscal Period	Provider NPI		Adjustments
BEST CARE HOME II							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1417132317		12
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 OTHER MATTERS										
11	2	3	1	1	1	Medi-Cal Client Days To adjust reported Medi-Cal Nursing Facility days based on the following Fiscal Intermediary Payment Data: Service Period: January 1, 2011 through December 31, 2011 Payment Period: January 1, 2011 through May 31, 2013 Report Date: June 13, 2013 42 CFR 413.20, 413.24, 413.50, 413.53, 413.60, 413.64, and 433.139 CMS Pub. 15-1, Sections 2300, 2304, 2404, and 2408 CCR, Title 22, Section 51541	2,190	(240)	1,950	
12	2	3	2	1	3	Other Client Days To adjust Other Client Days to agree with the provider's patient census report. 42 CFR 413.20 and 413.50 CMS Pub. 15-1, Sections 2205 and 2304	0	240	240	