

**REPORT ON THE
RATE SETTING AUDIT**

**BETHESDA LUTHERAN COMMUNITIES –
PERRIS WAY
BAKERSFIELD, CALIFORNIA
PROVIDER NUMBER: LTC60233F
NPI NUMBER: 1194876359**

**FISCAL PERIOD ENDED
AUGUST 31, 2010**

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

**Section Chief: Michael Harrold
Audit Supervisor: Kathy Atkins
Auditor: Brian Emo**



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



EDMUND G. BROWN JR.
GOVERNOR

January 13, 2012

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

BETHESDA LUTHERAN COMMUNITIES – PERRIS WAY
PROVIDER NUMBER LTC60233F
NATIONAL PROVIDER IDENTIFIER (NPI) 1194876359
FISCAL PERIOD ENDED AUGUST 31, 2010

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	\$	435,668	\$ 242.58
Net Audit Adjustment		(12,638)	(7.17)
Audited Cost/Cost Per Day	\$	<u>423,030</u>	\$ <u>235.41</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 Rate Development Branch.

Jack Tobias
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:

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 - PERRIS WAY

Fiscal Period:
SEPTEMBER 1, 2009 THROUGH AUGUST 31, 2010

Provider NPI:
1194876359

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

	AS REPORTED	AS AUDITED
1. Medi-Cal Client Days (Adj 8)	1,796	1,797
2. Medi-Cal Managed Care Days (Adj)	0	0
3. Other Client Days (Adj)	0	0
4. Total Client Days	<u>1,796</u>	<u>1,797</u>
5. Total Client Care Expenses (From Sch. 2)	\$ <u>435,668</u>	\$ <u>423,030</u>
6. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>242.58</u>	\$ <u>235.41</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:
BETHESDA LUTHERAN COMMUNITIES - PERRIS WAY

Fiscal Period:
SEPTEMBER 1, 2009 THROUGH AUGUST 31, 2010

Provider NPI:
1194876359

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	\$ 20,771	\$ (5,168)	\$ 15,603
050	Leases and Rentals		0		0
055	Real Property Taxes		528		528
060	Personal Property Taxes		0		0
065	Mortgage Interest		0		0
070	Property Insurance		2,354		2,354
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 23,653	\$ (5,168)	\$ 18,485
	Basic Facility Cost - General Home Expenses				
080	Home Operations and Maintenance		\$ 6,038	\$	\$ 6,038
085	Utilities	2	10,989	(595)	10,394
090	Client Transportation (excluding Adult Day Services)	3 - 4	8,878	(4,795)	4,083
095	Dietary		17,461		17,461
100	Personal Care and Laundry		6,700		6,700
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 50,066	\$ (5,390)	\$ 44,676
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 73,719	\$ (10,558)	\$ 63,161
	EXPENSES: DIRECT CARE STAFF COSTS				
115	QMRP Salaries		\$ 15,068	\$	\$ 15,068
120	QMRP Fringe Benefits		4,899		4,899
125	Lead Salaries		17,537		17,537
130	Lead Fringe Benefits		5,701		5,701
135	Aides Salaries		150,839		150,839
140	Aides Fringe Benefits		49,036		49,036
145	Other Salaries		0		0
150	Other Fringe Benefits		0		0
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 243,080	\$ 0	\$ 243,080

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
BETHESDA LUTHERAN COMMUNITIES - PERRIS WAY

Fiscal Period:
SEPTEMBER 1, 2009 THROUGH AUGUST 31, 2010

Provider NPI:
1194876359

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED Col. 1	AUDIT ADJUSTMENT Col. 2	AS AUDITED Col. 3
	EXPENSES: CONSULTANT COSTS				
160	Dietician Consultant		\$ 1,190	\$	\$ 1,190
165	Speech Pathology Consultant		0		0
170	Physical Therapy Consultant		0		0
175	Occupational Therapy Consultant		150		150
180	Pharmacist Consultant	5	130	(130)	0
185	Nurse Consultant	6	18,450	(450)	18,000
190	Psychologist Consultant		1,800		1,800
195	Physician Consultant	7	1,500	(1,500)	0
200	Recreational Consultant		1,560		1,560
205	Social Service Consultant		0		0
210	Other Consultant		0		0
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 24,780	\$ (2,080)	\$ 22,700
	EXPENSES: ADMINISTRATIVE COSTS				
220	Administrative Salaries **		\$ 0	\$	\$ 0
225	Administrative Fringe Benefits		0		0
226	Quality Assurance Fees (excluding Adult Day Services)		21,160		21,160
230	Other General and Administrative*** (Excluding Adult Day Services)		72,929		72,929
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 94,089	\$ 0	\$ 94,089
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 435,668	\$ (12,638)	\$ 423,030
	NON-CLIENT CARE EXPENSES		(To Sch. 1)		(To Sch. 1)
240	Non-Program Services		\$ 0	\$	\$ 0
241	Adult Day Services and Related Transportation		0		0
245	TOTAL FACILITY EXPENSES (Lines 110, 155, 215, 235, 240 and 241)		\$ 435,668	\$ (12,638)	\$ 423,030

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		Adjustment		
BETHESDA LUTHERAN COMMUNITIES - PERRIS WAY		SEPTEMBER 1, 2009 THROUGH AUGUST 31, 2010				1194876359				
		Report References								
		Cost Report		Audit Report						
Adj. No.	DHS 3076 Page or Exhibit	Line	Col.	Sch.	Line	Col	As Reported	Increase (Decrease)	As Adjusted	
1	4	45	4	2	45	1	\$20,771	(\$5,168)	\$15,603	
<p>Explanation of Audit Adjustments</p> <p>ADJUSTMENTS TO REPORTED COSTS</p> <p>1 Depreciation and Amortization To adjust for change in useful life to agree with the American Hospital Association Guidelines, to adjust expense for an asset acquired during the fiscal year and adjust acquisition cost due to insufficient documentation 42 CFR 413.20, 413.24 and 413.134(b)(7) CMS Pub. 15-1, Sections 104.17, 104.18, 122, 2300 and 2304</p>										
2	4	85	4	2	85	1	\$10,989	(\$595)	\$10,394	
<p>2 Utilities To eliminate employee cell phone stipend due to insufficient documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304</p>										
3	4	90	4	2	90	1	\$8,878			
<p>3 Client Transportation To eliminate gas, oil and vehicle repair expense due to insufficient documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304</p>										
4								(1,815)	\$4,083	
<p>4 To eliminate vehicle depreciation expense due to lack of documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304</p>										
5	4.1	180	4	2	180	1	\$130	(\$130)	\$0	
<p>5 Pharmacist Consultant To eliminate pharmacist consultant expense due to insufficient documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304</p>										

Provider Name		Fiscal Period		Provider NPI		Adjustment	
BETHESDA LUTHERAN COMMUNITIES - PERRIS WAY		SEPTEMBER 1, 2009 THROUGH AUGUST 31, 2010		1194876359		8	
Report References							
Cost Report				Audit Report			
DHS 3076							
Page or Exhibit	Line	Col.	Sch.	Line	Col.	Increase (Decrease)	As Adjusted
8	2	3	1	1	1	1,796	1,797
<p style="text-align: center;">ADJUSTMENT TO REPORTED CLIENT DAYS</p> <p>Total Client Days To adjust total client days to agree with the provider's census records. 42 CFR 413.20, 413.24 and 413.50 CMS Pub. 15-1, Sections 2205, 2300 and 2304</p>							