REPORT ON THE
RATE SETTING AUDIT

BETHESDA LUTHERAN COMMUNITIES –
SAN LUCIA
PORTERVILLE, CALIFORNIA
PROVIDER NUMBER: LTC60151F
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

TOBY DOUGLAS
DIRECTOR

EDMUND G. BROWN JR.
GOVERNOR

January 13, 2012

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

BETHESDA LUTHERAN COMMUNITIES – SAN LUCIA
PROVIDER NUMBER LTC60151F
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:

COST AND COST PER DAY		COST		COST PER DAY
Reported Cost/Cost Per Day	$	415,651	$	193.06
Net Audit Adjustment		(5,636)		(2.71)
Audited Cost/Cost Per Day	$	410,015	$	190.35

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.

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 - SAN LUCIA

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 11)	2,153	2,154
2. Medi-Cal Managed Care Days (Adj)	0	0
3. Other Client Days (Adj)	0	0
4. Total Client Days	2,153	2,154
5. Total Client Care Expenses (From Sch. 2)	$ 415,651	$ 410,015
6. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	$ 193.06	$ 190.35
SHARE OF COST		
1. Share of Cost Audit Adjustment (Adj)	$ NA	$ 0
OVERPAYMENTS		
1. Duplicate Payments (Adj)	$ 0	$ 0
2. Credit Balances (Adj)	$ 0	$ 0
3. Total Overpayments	$ 0	$ 0

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
BETHESDA LUTHERAN COMMUNITIES - SAN LUCIA

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 - 3	$ 17,779	$ (6,551)	$ 11,228
050	Leases and Rentals		0		0
055	Real Property Taxes		11		11
060	Personal Property Taxes		0		0
065	Mortgage Interest		0		0
070	Property Insurance		2,260		2,260
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		$ 20,050	$ (6,551)	$ 13,499
	Basic Facility Cost - General Home Expenses				
080	Home Operations and Maintenance	4	$ 6,774	$ (93)	$ 6,681
085	Utilities	5	10,572	(602)	9,970
090	Client Transportation (excluding Adult Day Services)	7 - 8	10,464	(1,957)	8,507
095	Dietary		14,218		14,218
100	Personal Care and Laundry	6	4,680	(70)	4,610
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		$ 46,708	$ (2,722)	$ 43,986
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		$ 66,759	$ (9,273)	$ 57,485
	EXPENSES: DIRECT CARE STAFF COSTS				
115	QMRP Salaries		$ 3,768	$	$ 3,768
120	QMRP Fringe Benefits		1,494		1,494
125	Lead Salaries		16,205		16,205
130	Lead Fringe Benefits		6,423		6,423
135	Aides Salaries		140,532		140,532
140	Aides Fringe Benefits		55,704		55,704
145	Other Salaries		0		0
150	Other Fringe Benefits		0		0
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		$ 224,126	$ 0	$ 224,126

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
BETHESDA LUTHERAN COMMUNITIES - SAN LUCIA

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		$ 1,666	$	$ 1,666
165	Speech Pathology Consultant		0		0
170	Physical Therapy Consultant		0		0
175	Occupational Therapy Consultant		0		0
180	Pharmacist Consultant		377		377
185	Nurse Consultant		18,996		18,996
190	Psychologist Consultant	9	4,590	(3,647)	943
195	Physician Consultant		0		0
200	Recreational Consultant		1,600		1,600
205	Social Service Consultant		0		0
210	Other Consultant		0		0
215	TOTAL CONSULTANT COST (Lines 160 through 210)		$ 27,229	$ (3,647)	$ 23,582
	EXPENSES: ADMINISTRATIVE COSTS				
220	Administrative Salaries **		$ 0	$	$ 0
225	Administrative Fringe Benefits		0		0
226	Quality Assurance Fees (excluding Adult Day Services)		23,135		23,135
230	Other General and Administrative*** (Excluding Adult Day Services)	10	74,402	7,285	81,687
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		$ 97,537	$ 7,285	$ 104,822
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		$ 415,651	$ (5,635)	$ 410,015
	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)		$ 415,651	$ (5,635)	$ 410,015

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

*** List allocated administrative costs on Line 230

Provider Name	Fiscal Period	Provider NPI	Adjustme
BETHESDA LUTHERAN COMMUNITIES - SAN LUCIA	SEPTEMBER 1, 2009 THROUGH AUGUST 31, 2010	1194876359	11

Report References										
	Cost Report			Audit Report						
Adj. No.	DHS 3076 Page or Exhibit	Line	Col.	Sch.	Line	Col	Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjustec
							ADJUSTMENTS TO REPORTED COSTS			
	4	45	4	2	45	1	Depreciation and Amortization	$17,779		
1							To adjust depreciation expense to agree with the provider's detaile depreciation schedules. 42 CFR 413.20, 413.24 and 413.134 CMS Pub. 15-I, Sections 102, 2300 and 2304		($2,340)	
2							To adjust for a change in useful life to agree with the American Hospital Association Guidelines and to adjust acquisition costs to agree with the provider's records and due to insufficient documentation. 42CFR 413.20, 413.24 and 413.134(b)(7) CMS Pub. 15-I, Sections 104.17, 104.18, 122, 2300 and 2304		(3,822)	
3							To adjust for a change in the useful life to agree with the American Hospital Association Guidelines and to adjust expense for an asset acquired during the first half of the fiscal year. 42 CFR 413.20, 413.24 and 413.134(b)(7) CMS Pub. 15-I, Sections 104.17, 104.18, 118, 2300 and 2304		(389) ($6,551)	$11,228
4	4	80	4	2	80	1	Home Operations and Maintenance To eliminate travel claim expense due to insufficient documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-I, Sections 2300 and 2304	$6,774	($93)	$6,681
5	4	85	4	2	85	1	Utilities To eliminate employee cell phone stipends due to insufficient documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-I, Sections 2300 and 2304	$10,572	($602)	$9,970
6	4	100	4	2	100	1	Personal Care and Laundry To eliminate Target gift card expense not included in the rate. 42 CFR 413.20 and 413.24 CMS Pub. 15-I, Sections 2300 and 2304 CCR, Title 22, Section 51510.2(b)(4)	$4,680	($70)	$4,610

Provider Name	Fiscal Period	Provider NPI	Adjustme
BETHESDA LUTHERAN COMMUNITIES - SAN LUCIA	SEPTEMBER 1, 2009 THROUGH AUGUST 31, 2010	1194876359	11

Report References										
	Cost Report			Audit Report						
Adj. No.	DHS 3076 Page or Exhibit	Line	Col.	Sch.	Line	Col	Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjustec
							ADJUSTMENTS TO REPORTED COSTS			
	4	90	4	2	90	1	Client Transportation	$10,464		
7							To eliminate GE Fleet services expense due to lack of documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-I, Sections 2300 and 2304		($1,906)	
8							To eliminate petty cash expense due to insufficient documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-I, Sections 2300 and 2304		(51) ($1,957)	$8,507
9	4.1	190	4	2	190	1	Psychologist Consultant To eliminate psychologist consultant expense not included in the rate and due to insufficient documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-I, Sections 2300 and 2304 CCR, Title 22, Section 51510.2(b)(2)	$4,590	($3,647)	$943
10	4.1	230	4	2	230	1	Other General and Administrative To adjust home office costs to agree with the filed corporate and regional home office cost reports. 42 CFR 413.17, 413.20 and 413.24 CMS Pub. 15-I, Sections 2150.2, 2300 and 2304	$74,402	$7,285	$81,687

Provider Name	Fiscal Period	Provider NPI	Adjustme
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Report References										
	Cost Report			Audit Report						
Adj. No.	DHS 3076 Page or Exhibit	Line	Col.	Sch.	Line	Col	Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjustec
							ADJUSTMENT TO REPORTED CLIENT DAYS			
11	2	3	1	1	1	1	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-I, Sections 2205, 2300 and 2304	2,153	1	2,154