

**REPORT
ON THE
RATE SETTING AUDIT**

**BECKER HOME II
SAN JOSE, CALIFORNIA
NATIONAL PROVIDER IDENTIFIER: 1437369808**

**FISCAL PERIOD ENDED
DECEMBER 31, 2010**

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

**Section Chief: Louise Wong
Audit Supervisor: Diana Dong
Auditor: Maricel Joson**



TOBY DOUGLAS
DIRECTOR

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



EDMUND G. BROWN JR.
GOVERNOR

December 29, 2011

Amado B. De Guzman
Certified Public Accountant
De Guzman and Associates
16 Corning Avenue, Suite 262
Milpitas, CA 95035

BECKER HOME II
NATIONAL PROVIDER IDENTIFIER (NPI) 1437369808
FISCAL PERIOD ENDED DECEMBER 31, 2010

We have examined the facility's 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 cost 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	\$	302,006	\$ 202.55
Net Audit Adjustment		<u>3,240</u>	<u>2.18</u>
Audited Cost/Cost Per Day	\$	<u>305,246</u>	\$ <u>204.73</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.

Amado B. De Guzman
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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:

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:
BECKER HOME II

Fiscal Period:
JANUARY 1, 2010 THROUGH DECEMBER 31, 2010

Provider NPI:
1437369808

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

	AS REPORTED	AS AUDITED
1. Medi-Cal Client Days (Adj)	1,460	1,460
2. Medi-Cal Managed Care Days (Adj)	0	0
3. Other Client Days (Adj)	31	31
4. Total Client Days	<u>1,491</u>	<u>1,491</u>
5. Total Client Care Expenses (From Sch. 2)	\$ <u>302,006</u>	\$ <u>305,246</u>
6. AVERAGE CLIENT COST PER DAY (Line 5 / Line 4)	\$ <u>202.55</u>	\$ <u>204.73</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>	\$ <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:
BECKER HOME II

Fiscal Period:
JANUARY 1, 2010 THROUGH DECEMBER 31, 2010

Provider NPI:
1437369808

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	2	\$ 1,515	\$ 5,843	\$ 7,358
050	Leases and Rentals				
055	Real Property Taxes		4,914	0	4,914
060	Personal Property Taxes				
065	Mortgage Interest		12,724	0	12,724
070	Property Insurance		1,162	0	1,162
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 20,315	\$ 5,843	\$ 26,158
	Basic Facility Cost - General Home Expenses				
080	Home Operations and Maintenance	3	\$ 1,896	\$ (305)	\$ 1,591
085	Utilities	4	4,330	(138)	4,192
090	Client Transportation (excluding Adult Day Services)		4,249	0	4,249
095	Dietary	1	7,935	275	8,210
100	Personal Care and Laundry	5	604	(50)	554
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 19,014	\$ (218)	\$ 18,796
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 39,329	\$ 5,625	\$ 44,954
	EXPENSES: DIRECT CARE STAFF COSTS				
115	QMRP Salaries		\$ 29,250	\$ 0	\$ 29,250
120	QMRP Fringe Benefits		5,745	0	5,745
125	Lead Salaries		32,400	0	32,400
130	Lead Fringe Benefits		4,782	0	4,782
135	Aides Salaries		70,774	0	70,774
140	Aides Fringe Benefits	6	18,460	(1,065)	17,395
145	Other Salaries				
150	Other Fringe Benefits				
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 161,411	\$ (1,065)	\$ 160,346

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
BECKER HOME II

Fiscal Period:
JANUARY 1, 2010 THROUGH DECEMBER 31, 2010

Provider NPI:
1437369808

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED Col. 1	AUDIT ADJUSTMENT Col. 2	AS AUDITED Col. 3
EXPENSES: CONSULTANT COSTS					
160	Dietician Consultant		\$ 772	\$ 0	\$ 772
165	Speech Pathology Consultant				
170	Physical Therapy Consultant				
175	Occupational Therapy Consultant		312	0	312
180	Pharmacist Consultant				
185	Nurse Consultant		3,159	0	3,159
190	Psychologist Consultant		1,343	0	1,343
195	Physician Consultant		1,634	0	1,634
200	Recreational Consultant				
205	Social Service Consultant				
210	Other Consultant		612	0	612
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 7,832	\$ 0	\$ 7,832
EXPENSES: ADMINISTRATIVE COSTS					
220	Administrative Salaries **		\$ 51,850	\$ 0	\$ 51,850
225	Administrative Fringe Benefits		7,985	0	7,985
226	Quality Assurance Fees (excluding Adult Day Services)		17,574	0	17,574
230	Other General and Administrative*** (excluding Adult Day Services)	1, 7, 8	16,025	(1,320)	14,705
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 93,434	\$ (1,320)	\$ 92,114
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 302,006	\$ 3,240	\$ 305,246
			(To Sch. 1)		(To Sch. 1)
NON-CLIENT CARE EXPENSES					
240	Non-Program Services		\$	\$	\$
241	Adult Day Services and Related Transportation				
245	TOTAL FACILITY EXPENSES (Lines 110, 155, 215, 235, 240 and 241)		\$ 302,006	\$ 3,240	\$ 305,246

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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		
BECKER HOME II		JANUARY 1, 2010 THROUGH DECEMBER 31, 2010		1437369808		8		
Adj. No.	DHS 3076 Page or Exhibit	Report References		Audit Report		As Reported	Increase (Decrease)	As Adjusted
		Line	Col.	Sch.	Line			
1	4	095	4	2	095	3	\$7,935	\$8,210
	4.1	230	4	2	230	3	16,025	15,750 *
<p style="text-align: center;">RECLASSIFICATION OF REPORTED COSTS</p> <p>Other General and Administrative To reclassify dietary costs for proper cost determination. CMS Pub. 15-1, Sections 2300 and 2304</p>								

*Balance carried forward from prior/to subsequent adjustments

Provider Name		Fiscal Period				Provider NPI		Adjustments		
BECKER HOME II		JANUARY 1, 2010 THROUGH DECEMBER 31, 2010				1437369808		8		
Adj. No.	DHS 3076 Page or Exhibit	Report References				Line	Col.	Increase (Decrease)	As Reported	As Adjusted
		Cost Report	Audit Report							
		Line	Col.	Sch.	Line	Col.				
ADJUSTMENTS TO REPORTED COSTS										
2	4	045	4	2	045	3		\$1,515	\$5,843	\$7,358
Depreciation and Amortization To adjust depreciation expense to the straight line basis and to include cost of ownership in lieu of related party lease expenses. CMS Pub. 15-1, Sections 116, 120, and 1011.5										
3	4	080	4	2	080	3		\$1,896	(\$305)	\$1,591
Home Operations and Maintenance To eliminate home operations and maintenance expenses due to insufficient documentation. CMS Pub. 15-1, Sections 2300 and 2304										
4	4	085	4	2	085	3		\$4,330	(\$138)	\$4,192
Utilities To eliminate personal phone expense not related to patient care. CMS Pub. 15-1, Section 2102.3										
5	4	100	4	2	100	3		\$604	(\$50)	\$554
Personal Care and Laundry To eliminate patient clothes expense reimbursed by the patient's family. CMS Pub. 15-1, Sections 2300 and 2302.5										
6	4.1	140	4	2	140	3		\$18,460	(\$1,065)	\$17,395
Aides Fringe Benefits To adjust worker's compensation expense to agree with the provider's records. CMS Pub. 15-1, Sections 2300 and 2304										
7	4.1	230	4	2	230	3	*	\$15,750	(\$117)	\$15,633 *
Other General and Administrative To eliminate donation expenses not related to patient care. CMS Pub. 15-1, Sections 2102.3 and 2105										
8	4.1	230	4	2	230	3	*	\$15,633	(\$928)	\$14,705
Other General and Administrative To eliminate unemployment insurance expense already included in the total payroll taxes. CMS Pub. 15-1, Sections 2300 and 2304										

*Balance carried forward from prior/to subsequent adjustments