REPORT
ON THE
RATE SETTING AUDIT

BECKER HOME INC.
MILPITAS, CALIFORNIA
PROVIDER NUMBER: LTC60978F
NPI NUMBER: 1053527937

FISCAL PERIOD ENDED
DECEMBER 31, 2007

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

Section Chief: Louise Wong
Audit Supervisor: David Mui
Auditor: Ryan Lam

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

DAVID MAXWELL-JOLLY
Director

ARNOLD SCHWARZENEGGER
Governor

January 21, 2009

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

PROVIDER: BECKER HOME INC.
PROVIDER NO. LTC60978F AND NPI NO. 1053527937
FISCAL PERIOD ENDED DECEMBER 31, 2007

We have examined the facility's Integrated Disclosure and 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 Summary of Audited Facility Cost per Patient Day represents a proper determination of the allowable costs and patient days for the above fiscal period in accordance with Medi-Cal reimbursement principles.

This audit report includes the:

1. Summary of Audited Facility Cost per Patient Day and supporting schedules

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
Office of Administrative Appeals and Hearings
1029 J Street, Suite 200
Sacramento, CA 95814-2825
(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
P.O. Box 997413
Sacramento, CA 95899-7413

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 95814-5005
(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

cc: Rebecca Quedado
Becker Home, Inc.
1935 Big Bend Drive
Milpitas, CA 95035

SUMMARY OF AUDITED FACILITY CENSUS AND AUDITED CLIENT COST PER DAY

Provider:
BECKER HOME INC.

Fiscal Period:
JANUARY 1, 2007 THROUGH DECEMBER 31, 2007

Provider Number:
LTC60978F

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. Other Client Days (Adj)		0
3. Total Client Days	2,190	2,190
4. Total Client Care Expenses (From Sch. 2)	$ 253,198	$ 233,857
5. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	$ 115.62	$ 106.78
SHARE OF COST		
1. Share of Cost Audit Adjustment (Adj)	$ NA	$ 0
OVERPAYMENTS		
1. Medi-Cal Overpayments (Adj)	$	$ 0
2. Credit Balances (Adj)	$	$ 0
3. Total Overpayments	$ 0	$ 0

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
BECKER HOME INC.

Fiscal Period:
JANUARY 1, 2007 THROUGH DECEMBER 31, 2007

Provider Number:
LTC60978F

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED	AUDIT ADJUSTMENT	AS AUDITED
	EXPENSES: CLIENT SERVICES				
	Basic Facility Cost - Property Expenses				
045	Depreciation and Amortization	1	$ 6,729	$ 8,060	$ 14,789
050	Leases and Rentals	2	2,923	(2,923)	0
055	Real Property Taxes		3,264	0	3,264
060	Personal Property Taxes				0
065	Mortgage Interest		9,014	0	9,014
070	Property Insurance		727	0	727
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		$ 22,657	$ 5,137	$ 27,794
	Basic Facility Cost - General Home Expenses				
080	Home Operations and Maintenance	3	$ 6,563	$ (774)	$ 5,789
085	Utilities	4	9,043	(4,619)	4,424
090	Client Transportation	5	6,808	(1,349)	5,459
095	Dietary	6	11,634	(2,684)	8,950
100	Personal Care and Laundry	7	1,582	(555)	1,027
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		$ 35,630	$ (9,981)	$ 25,649
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		$ 58,287	$ (4,844)	$ 53,443
	EXPENSES: DIRECT CARE STAFF COSTS				
115	QMRP Salaries		$ 20,200	$ 0	$ 20,200
120	QMRP Fringe Benefits		1,669	0	1,669
125	Lead Salaries		32,726	0	32,726
130	Lead Fringe Benefits		5,187	0	5,187
135	Aides Salaries		59,266	0	59,266
140	Aides Fringe Benefits		12,240	0	12,240
145	Other Salaries		7,500	0	7,500
150	Other Fringe Benefits		652	0	652
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		$ 139,440	$ 0	$ 139,440

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
BECKER HOME INC.

Fiscal Period:
JANUARY 1, 2007 THROUGH DECEMBER 31, 2007

Provider Number:
LTC60978F

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED	AUDIT ADJUSTMENT	AS AUDITED
	EXPENSES: CONSULTANT COSTS				
160	Dietician Consultant		$	$	$ 0
165	Speech Pathology Consultant				0
170	Physical Therapy Consultant				0
175	Occupational Therapy Consultant				0
180	Pharmacist Consultant				0
185	Nurse Consultant		5,595	0	5,595
190	Psychologist Consultant				0
195	Physician Consultant	8	1,740	(1,740)	0
200	Recreational Consultant	9	1,000	(1,000)	0
205	Social Service Consultant				0
210	Other Consultant	10	1,714	(1,194)	520
215	TOTAL CONSULTANT COST (Lines 160 through 210)		$ 10,049	$ (3,934)	$ 6,115
	EXPENSES: ADMINISTRATIVE COSTS				
220	Administrative Salaries		$ 21,000	$ 0	$ 21,000
225	Administrative Fringe Benefits		1,674	0	1,674
226	Quality Assurance Fees	11, 12	3,819	(3,819)	0
230	Other Administrative and General	12 to 21	18,929	(6,744)	12,185
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		$ 45,422	$ (10,563)	$ 34,859
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		$ 253,198	$ (19,341)	$ 233,857
			(To Sch. 1)		(To Sch. 1)
	NON-CLIENT CARE EXPENSES				
240	Non-Program Services		$	$	$ 0
245	TOTAL FACILITY EXPENSES (Lines 110, 155, 215, 235 and 240)		$ 253,198	$ (19,341)	$ 233,857

SUMMARY OF AUDITED LABOR REPORT

Provider:
BECKER HOME INC.

Fiscal Period:
JANUARY 1, 2007 THROUGH DECEMBER 31, 2007

Provider Number:
LTC60978F

Line No.	Description	AS AUDITED (1) Benefits	(2) Salaries (Adj 23)	(3) Total Hours (Adj 22)	Average Hourly Wage (Col 2 / Col 3)
	DIRECT CARE STAFF	(From Sch. 2)	(From Sch. 2)		
1	QMRP	$ 1,669	$ 20,200	808	$ 25.00
2	Lead	5,187	32,726	2,975	11.00
3	Aides	12,240	59,266	6,972	8.50
4	Other	652	7,500	300	25.00
5	TOTAL DIRECT CARE (Lines1 through 4)	$ 19,748	$ 119,692	11,055	
	CONSULTANT STAFF				
6	Dietician	$	$		$ 0.00
7	Speech Pathology				0.00
8	Physical Therapy				0.00
9	Occupational Therapy				0.00
10	Pharmacist				0.00
11	Nurse		5,595	224	24.98
12	Psychologist				0.00
13	Physician		0	0	0.00
14	Recreational		0	0	0.00
15	Social Service				0.00
16	Other		520	61	8.52
17	TOTAL CONSULTANT (Lines 6 through 16)	$ 0	$ 6,115	285	
	ADMINISTRATIVE STAFF				
18	Administrative Staff	$ 1,674	$ 21,000	840	$ 25.00
19	TOTAL STAFF (Lines 5, 17, 18)	$ 21,422	$ 146,807	12,180	

Provider Name	Fiscal Period	Provider Number	Adjustments
BECKER HOME INC.	JANUARY 1, 2007 THROUGH DECEMBER 31, 2007	LTC60978F	23

Report References									
	COST REPORT			AUDIT REPORT					
Adj. No.	DHS 3076 Page or Exhibit	Line	Col.	Sch	Line	Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted
						ADJUSTMENTS TO REPORTED COSTS			
1	4 of 6	045	4	2	045	Depreciation and Amortization To include building depreciation expense not reported by the provider as part of the ownership cost. CMS Pub. 15-1, Sections 1011.5 and 2304	$6,729	$8,060	$14,789
2	4 of 6	050	4	2	050	Leases and Rentals To eliminate luxury automobile lease expense not related to patient care. CMS Pub. 15-1, Sections 2102.3 and 2104.3	$2,923	($2,923)	$0
3	4 of 6	080	4	2	080	Home Operations and Maintenance To eliminate home operation and maintenances expense due to lack of sufficient documentation. CMS Pub. 15-1, Sections 2300 and 2304	$6,563	($774)	$5,789
4	4 of 6	085	4	2	085	Utilities To eliminate utilities expense not related to the provider and lack of sufficient documentation. CMS Pub. 15-1, Sections 2300 and 2304	$9,043	($4,619)	$4,424
5	4 of 6	090	4	2	090	Client Transportation To adjust client transportation expense due to lack of sufficient documentation and expenses not related to patient care. CMS Pub. 15-1, Sections 2102.3, 2104.3, 2304, and 2304.1	$6,808	($1,349)	$5,459
6	4 of 6	095	4	2	095	Dietary To adjust dietary expense due to lack of sufficient documentation. CMS Pub. 15-1, Sections 2300 and 2304	$11,634	($2,684)	$8,950
7	4 of 6	100	4	2	100	Personal Care and Laundry To adjust personal care and laundry expense due to lack of sufficient documentation. CMS Pub. 15-1, Sections 2102.3, 2300, and 2304	$1,582	($555)	$1,027

Provider Name	Fiscal Period	Provider Number	Adjustments
BECKER HOME INC.	JANUARY 1, 2007 THROUGH DECEMBER 31, 2007	LTC60978F	23

Report References									
	COST REPORT			AUDIT REPORT					
Adj. No.	DHS 3076 Page or Exhibit	Line	Col.	Sch	Line	Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted
						ADJUSTMENTS TO REPORTED COSTS			
8	4.1 of 6	195	4	2	195	Physician Consultant To adjust physician consultant expense due to lack of sufficient documentation. CMS Pub. 15-1, Sections 2300 and 2304	$1,740	($1,740)	$0
9	4.1 of 6	200	4	2	200	Recreational Consultant To adjust recreational consultant expense due to lack of sufficient documentation. CMS Pub. 15-1, Sections 2300 and 2304	$1,000	($1,000)	$0
10	4.1 of 6	210	4	2	210	Other Consultant To adjust other consultant expense due to lack of sufficient documentation. CMS Pub. 15-1, Sections 2102.2, 2304, and 2304.1	$1,714	($1,194)	$520
11	4.1 of 6	226	4	2	226	Quality Assurance Fees To adjust license fees not related to the provider. CMS Pub. 15-1, Sections 2300 and 2304	$3,819	($2,819)	$1,000 *
12	4.1 of 6	226	4	2	226	Quality Assurance Fees *	$1,000	($1,000)	$0
		230	4	2	230	Other General and Administrative To reclassify license renewal fee to other general and administrative cost center for proper cost determination. CMS Pub. 15-1, Sections 2300 and 2304	18,929	1,000	19,929 *

*Balance carried forward from prior/to subsequent adjustments

Provider Name	Fiscal Period	Provider Number	Adjustments
BECKER HOME INC.	JANUARY 1, 2007 THROUGH DECEMBER 31, 2007	LTC60978F	23

Report References									
	COST REPORT			AUDIT REPORT					
Adj. No.	DHS 3076 Page or Exhibit	Line	Col.	Sch	Line	Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted
						ADJUSTMENTS TO REPORTED COSTS			
	4.1 of 6	230	4	2	230	Other General and Administrative *	$19,929		
13						To adjust bank service charge expense due to lack of sufficient documentation. CMS Pub. 15-1, Sections 2300 and 2304		($1,122)	
14						To eliminate contribution expense not related to patient care. CMS Pub. 15-1, Sections 2102.3 and 2304		(292)	
15						To eliminate gift expense not related to patient care. CMS Pub. 15-1, Sections 2102.3 and 2304		(825)	
16						To adjust liability insurance due to lack of sufficient documentation. CMS Pub. 15-1, Sections 2300 and 2304		(979)	
17						To adjust license permit expenses due to lack of sufficient documentation. CMS Pub. 15-1, Sections 2300 and 2304		(1,148)	
18						To adjust office expense due to lack of sufficient documentation. CMS Pub. 15-1, Sections 2300 and 2304		(300)	
19						To eliminate travel and entertainment expenses not related to patient care. CMS Pub. 15-1, Sections 2102.3 and 2304		(354)	
20						To adjust legal fee expense due to lack of sufficient documentation. CMS Pub. 15-1, Sections 2183, 2300, and 2304		(1,224)	
21						To adjust legal fee expense due to lack of sufficient documentation. CMS Pub. 15-1, Sections 2183, 2300, and 2304		(1,500) ($7,744)	$12,185

Provider Name	Fiscal Period	Provider Number	Adjustments
BECKER HOME INC.	JANUARY 1, 2007 THROUGH DECEMBER 31, 2007	LTC60978F	23

Report References									
	COST REPORT			AUDIT REPORT					
Adj. No.	DHS 3076 Page or Exhibit	Line	Col.	Sch	Line	Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted
						ADJUSTMENTS TO THE LABOR REPORT			
22	6 of 6	13	3	3	13	Physician Consultant (Total Hours)	35	(35)	0
	6 of 6	14	3	3	14	Recreational Consultant	20	(20)	0
	6 of 6	16	3	3	16	Other Consultant	202	(141)	61
	6 of 6	17	3	3	17	Total Consultant	481	(196)	285
	6 of 6	19	3	3	19	Total Staff	12,376	(196)	12,180
						To adjust consultant total hours in conjunction with audit adjustment numbers 8, 9, and 10. CMS Pub. 15-1, Sections 2300 and 2304			
23	6 of 6	13	2	3	13	Physician Consultant (Salaries)	$1,740	($1,740)	$0
	6 of 6	14	2	3	14	Recreational Consultant	1,000	(1,000)	0
	6 of 6	16	2	3	16	Other Consultant	1,714	(1,194)	520
	6 of 6	17	2	3	17	Total Consultant	10,049	(3,934)	6,115
	6 of 6	19	2	3	19	Total Staff	150,741	(3,934)	146,807
						To adjust consultant total costs in conjunction with audit adjustment numbers 8, 9, and 10. CMS Pub. 15-1, Sections 2300 and 2304			