REPORT
ON THE
RATE SETTING AUDIT

GOOD SHEPHERD LUTHERAN HOME - BELLEVIEW
PORTERVILLE, CALIFORNIA
PROVIDER NUMBER: LTC60666F
NPI NUMBER: 1194876359

FISCAL PERIOD ENDED
AUGUST 31, 2008

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

Section Chief: Michael Harrold
Audit Supervisor: Linda King
Auditor: Dianna Morgan

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

DAVID MAXWELL-JOLLY
Director

ARNOLD SCHWARZENEGGER
Governor

January 13, 2010

Jack Tobias, CFO
Good Shepherd Lutheran Homes of the West
600 Hoffmann Drive
Watertown, WI 53094

PROVIDER: GOOD SHEPHERD LUTHERAN HOME – BELLEVIEW
PROVIDER NO. LTC60666F
NPI NO. 1194876359
FISCAL PERIOD ENDED AUGUST 31, 2008

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:

COST AND COST PER DAY		COST		COST PER DAY
Reported Cost/Cost Per Day	$	458,789	$	208.92
Net Audit Adjustment		(30,716)		(13.99)
Audited Cost/Cost Per Day	$	428,073	$	194.93

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.

Financial Audits Branch / Audits Section – Fresno
1782 East Bullard Avenue, Suite 101, Fresno, CA 93710-5856
Telephone : (559) 446-2458 / Fax : (559) 446-2477
Internet Address: www.dhcs.ca.gov

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
PO 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—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: GOOD SHEPHERD LUTHERAN HOME - BELLEVIEW

Fiscal Period: SEPTEMBER 1, 2007 THROUGH AUGUST 31, 2008

Provider Number: LTC60666F

Provider NPI: 1194876359

SUMMARY OF AUDITED FACILITY CENSUS AND AUDITED CLIENT COST PER DAY	AS REPORTED	AS AUDITED
1. Medi-Cal Client Days (Adj)	2,196	2,196
2. Other Client Days (Adj)		0
3. Total Client Days	2,196	2,196
4. Total Client Care Expenses (From Sch. 2)	$ 458,789	$ 428,073
5. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	$ 208.92	$ 194.93
SHARE OF COST		
1. Share of Cost Audit Adjustment (Adj)	$ NA	$ 0
OVERPAYMENTS		
1. Duplicate Payments (Adj)	$	$ 0
2. Credit Balances (Adj)	$	$ 0
3. Total Overpayments	$ 0	$ 0

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
GOOD SHEPHERD LUTHERAN HOME - BELLEVIEW

Fiscal Period:
SEPTEMBER 1, 2007 THROUGH AUGUST 31, 2008

Provider Number:
LTC60666F

Provider NPI:
1194876359

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED	AUDIT ADJUSTMENT	AS AUDITED
	EXPENSES: CLIENT SERVICES				
	Basic Facility Cost - Property Expenses				
045	Depreciation and Amortization	1 - 2	$ 28,803	$ (3,490)	$ 25,313
050	Leases and Rentals				0
055	Real Property Taxes				0
060	Personal Property Taxes				0
065	Mortgage Interest				0
070	Property Insurance	13	6,575	(1,690)	4,885
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		$ 35,378	$ (5,180)	$ 30,198
	Basic Facility Cost - General Home Expenses				
080	Home Operations and Maintenance		$ 5,460	$	$ 5,460
085	Utilities		14,437		14,437
090	Client Transportation		5,959		5,959
095	Dietary		16,463		16,463
100	Personal Care and Laundry	11 - 12	6,738	(1,318)	5,420
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		$ 49,057	$ (1,318)	$ 47,739
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		$ 84,435	$ (6,498)	$ 77,937
	EXPENSES: DIRECT CARE STAFF COSTS				
115	QMRP Salaries		$ 1,737	$	$ 1,737
120	QMRP Fringe Benefits	4	632	(77)	555
125	Lead Salaries		16,551		16,551
130	Lead Fringe Benefits	4	6,021	(737)	5,284
135	Aides Salaries		154,192		154,192
140	Aides Fringe Benefits	4	56,093	(6,869)	49,224
145	Other Salaries				0
150	Other Fringe Benefits				0
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		$ 235,226	$ (7,683)	$ 227,543

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
GOOD SHEPHERD LUTHERAN HOME - BELLEVIEW

Fiscal Period:
SEPTEMBER 1, 2007 THROUGH AUGUST 31, 2008

Provider Number:
LTC60666F

Provider NPI:
1194876359

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED	AUDIT ADJUSTMENT	AS AUDITED
	EXPENSES: CONSULTANT COSTS				
160	Dietician Consultant		$ 1,388	$	$ 1,388
165	Speech Pathology Consultant				0
170	Physical Therapy Consultant				0
175	Occupational Therapy Consultant		660		660
180	Pharmacist Consultant		503		503
185	Nurse Consultant		17,574		17,574
190	Psychologist Consultant	3	4,151	(4,151)	0
195	Physician Consultant				0
200	Recreational Consultant		660		660
205	Social Service Consultant				0
210	Other Consultant				0
215	TOTAL CONSULTANT COST (Lines 160 through 210)		$ 24,936	$ (4,151)	$ 20,785
	EXPENSES: ADMINISTRATIVE COSTS				
220	Administrative Salaries		$	$	$ 0
225	Administrative Fringe Benefits				0
226	Quality Assurance Fees		19,677		19,677
230	Other Administrative and General	5 - 10, 14	94,515	(12,384)	82,131
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		$ 114,192	$ (12,384)	$ 101,808
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		$ 458,789	$ (30,716)	$ 428,073
	NON-CLIENT CARE EXPENSES		(To Sch. 1)		(To Sch. 1)
240	Non-Program Services		$	$	$ 0
245	TOTAL FACILITY EXPENSES * (Lines 110, 155, 215, 235 and 240)		$ 458,789	$ (30,716)	$ 428,073

* Variance due to rounding

Provider Name	Fiscal Period	Provider Number	Adjustments
GOOD SHEPHERD LUTHERAN HOME - BELLEVIEW	SEPTEMBER 1, 2007 THROUGH AUGUST 31, 2008	LTC60666F	14

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	45	4	2	45.00	Depreciation and Amortization	$28,803		
1						To adjust reported depreciation to agree with the AHA guidelines and to agree with the provider's records. 42 CFR 413.134, 413.20 and 413.24 CMS Pub. 15-1, Sections 102, 2300 and 2304		($3,280)	
2						To reconcile the reported expenses to agree with the provider's records. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304		(210) ($3,490)	$25,313
3	4.1	190	4	2	190.00	Psychologist Consultant	$4,151	($4,151)	$0
						To eliminate psychologist consultant expenses not included in the daily rate. 42 CFR 413.5, 413.20, 413.24 and 460.204 CMS Pub. 15-1, Sections 2300, 2302.1 and 2304 CCR, Title 22, Section 51510.2			
4	4.1	120	4	2	120.00	QMRP Fringe Benefits	$632	($77)	$555
	4.1	130	4	2	130.00	Lead Benefits	6,021	(737)	5,284
	4.1	140	4	2	140.00	Aides Benefits	56,093	(6,869)	49,224
						To adjust benefits expense to agree with the provider's payroll records. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2144, 2300 and 2304			

Provider Name	Fiscal Period	Provider Number	Adjustments
GOOD SHEPHERD LUTHERAN HOME - BELLEVIEW	SEPTEMBER 1, 2007 THROUGH AUGUST 31, 2008	LTC60666F	14

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	230	4	2	230.00	Other General and Administrative	$94,515		
5						To eliminate clothing expense not included in the daily rate. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304 CCR, Title 22, Section 51510.2		($108)	
6						To eliminate travel expenses not included in the daily rate. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304 CCR, Title 22, Section 51510.2		(267)	
7						To eliminate cheer fund expenses due to lack of documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304		(124)	
8						To eliminate outside service expenses due to lack of and insufficient documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304		(965)	
9						To adjust reported home office costs to agree with the Good Shepherd Lutheran Home of the West Home Office Audit Report for fiscal period ended 08/31/08. 42 CFR 413.17 and 413.24 CMS Pub. 15-1, Sections 2150.2 and 2304		(8,680)	
10						To adjust reported license fees to agree with provider invoices. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304		(940) ($11,084)	$83,431 *

*Balance carried forward from prior/to subsequent adjustments

Provider Name	Fiscal Period	Provider Number	Adjustments
GOOD SHEPHERD LUTHERAN HOME - BELLEVIEW	SEPTEMBER 1, 2007 THROUGH AUGUST 31, 2008	LTC60666F	14

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	100	4	2	100.00	Personal Care and Laundry		$6,738		
11						To eliminate clothing and shoes expense for personal items not included in the daily rate. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304 CCR, Title 22, Section 51510.2			($371)	
12						To eliminate client activities and entertainment expenses for personal items not included in the daily rate and due to lack of documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2102.2, 2102.3, 2103, 2300 and 2304 CCR, Title 22, Sections 51510.2 and 59998(7)			(947) ($1,318)	$5,420
13	4	70	4	2	70.00	Property Insurance To reconcile property insurance expense to agree with the provider's records, and for expense not included in the rate. 42 CFR 413.9(c)(3), 413.20 and 413.24 CMS Pub. 15-1, Sections 2102.3, 2104.3, 2300 and 2304 CCR, Title 22, Section 51510.2(c)		$6,575	($1,690)	$4,885
14	4.1	230	4	2	230.00	Other General and Administrative To eliminate fines and penalties expenses not related to patient care. 42 CFR 413.9(c)(3) CMS Pub. 15-1, Sections 2102.3 and 2122.1	*	$83,431	($1,300)	$82,131

*Balance carried forward from prior/to subsequent adjustments