

**REPORT
ON THE
RATE SETTING AUDIT**

**BETHESDA LUTHERAN COMMUNITIES – REGINA
MISSION VIEJO, CALIFORNIA
PROVIDER NUMBER: LTC60787F
NPI NUMBER: 1417010604**

**FISCAL PERIOD ENDED
AUGUST 31, 2011**

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

**Section Chief: Michael Harrold
Audit Supervisor: Kathy Atkins
Auditor: Susan Calvino**



TOBY DOUGLAS
DIRECTOR

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



EDMUND G. BROWN JR.
GOVERNOR

January 29, 2013

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

BETHESDA LUTHERAN HOMES – REGINA
NATIONAL PROVIDER IDENTIFIER (NPI) 1417010604
FISCAL PERIOD ENDED AUGUST 31, 2011

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	\$	446,055	\$ 203.68
Net Audit Adjustment		<u>(2,369)</u>	<u>(1.08)</u>
Audited Cost/Cost Per Day	\$	<u>443,686</u>	\$ <u>202.60</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.

Jack Tobias
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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:

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 - REGINA

Fiscal Period:
SEPTEMBER 1, 2010 THROUGH AUGUST 31, 2011

Provider NPI:
1417010604

SUMMARY OF AUDITED FACILITY CENSUS AND AUDITED CLIENT COST PER DAY	AS REPORTED	AS AUDITED
1. Medi-Cal Client Days (Adj)	_____	_____ 0
2. Medi-Cal Managed Care Days (Adj)	_____ 2,190	_____ 2,190
3. Other Client Days (Adj)	_____	_____ 0
4. Total Client Days	<u>_____ 2,190</u>	<u>_____ 2,190</u>
5. Total Client Care Expenses (From Sch. 2)	\$ _____ 446,055	\$ _____ 443,686
6. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ _____ 203.68	\$ _____ 202.60
 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 - REGINA

Fiscal Period:
SEPTEMBER 1, 2010 THROUGH AUGUST 31, 2011

Provider NPI:
1417010604

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		\$ 13,603	\$	\$ 13,603
050	Leases and Rentals		0		0
055	Real Property Taxes		78		78
060	Personal Property Taxes		0		0
065	Mortgage Interest		0		0
070	Property Insurance		2,496		2,496
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 16,177	\$ 0	\$ 16,177
	Basic Facility Cost - General Home Expenses				
080	Home Operations and Maintenance	2	\$ 6,018	\$ (688)	\$ 5,330
085	Utilities		13,541		13,541
090	Client Transportation (excluding Adult Day Services)	3	6,236	(63)	6,173
095	Dietary		11,197		11,197
100	Personal Care and Laundry	4-5	6,032	(495)	5,537
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 43,024	\$ (1,246)	\$ 41,778
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 59,201	\$ (1,246)	\$ 57,955
	EXPENSES: DIRECT CARE STAFF COSTS				
115	QMRP Salaries		\$ 27,448	\$	\$ 27,448
120	QMRP Fringe Benefits		10,976		10,976
125	Lead Salaries		19,403		19,403
130	Lead Fringe Benefits		7,759		7,759
135	Aides Salaries		143,630		143,630
140	Aides Fringe Benefits		57,434		57,434
145	Other Salaries		13,456		13,456
150	Other Fringe Benefits		5,381		5,381
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 285,487	\$ 0	\$ 285,487

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
BETHESDA LUTHERAN COMMUNITIES - REGINA

Fiscal Period:
SEPTEMBER 1, 2010 THROUGH AUGUST 31, 2011

Provider NPI:
1417010604

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED Col. 1	AUDIT ADJUSTMENT Col. 2	AS AUDITED Col. 3
	EXPENSES: CONSULTANT COSTS				
160	Dietician Consultant	1	\$ 1,038	\$ 90	\$ 1,128
165	Speech Pathology Consultant	6	575	(150)	425
170	Physical Therapy Consultant	7	700	(200)	500
175	Occupational Therapy Consultant	8	765	(270)	495
180	Pharmacist Consultant	1	530	(90)	440
185	Nurse Consultant		0		0
190	Psychologist Consultant	9	193	(193)	0
195	Physician Consultant		0		0
200	Recreational Consultant	10	580	(260)	320
205	Social Service Consultant		0		0
210	Other Consultant		0		0
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 4,381	\$ (1,073)	\$ 3,308
	EXPENSES: ADMINISTRATIVE COSTS				
220	Administrative Salaries **		\$ 0	\$	\$ 0
225	Administrative Fringe Benefits		0		0
226	Quality Assurance Fees (excluding Adult Day Services)		13,862		13,862
230	Other General and Administrative*** (Excluding Adult Day Services)	11	83,124	(50)	83,074
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 96,986	\$ (50)	\$ 96,936
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 446,055	\$ (2,369)	\$ 443,686
	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)		\$ 446,055	\$ (2,369)	\$ 443,686

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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	
BETHESDA LUTHERAN COMMUNITIES - REGINA		SEPTEMBER 1, 2010 THROUGH AUGUST 31, 2011				1417010604		11	
Adj. No.	Report References		Audit Report		Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted	
	Cost Report	Line	Col.	Sch.					Line
1	DHS 3076								
	Page or Exhibit								
4.1	180	4	2	180	3	\$530	(\$90)	\$440	
4.1	160	4	2	160	3	1,038	90	1,128	
<p>RECLASSIFICATION OF REPORTED COSTS</p> <p>Pharmacist Consultant Dietician Consultant To reclassify dietician consultant expense for proper cost reporting. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300, 2302.4 and 2302.8</p>									

Provider Name		Fiscal Period				Provider NPI		Adjustments		
BETHESDA LUTHERAN COMMUNITIES - REGINA		SEPTEMBER 1, 2010 THROUGH AUGUST 31, 2011				1417010604		11		
Adj. No.	Report References		Line	Col.	Sch.	Line	Col.	As Reported	Increase (Decrease)	As Adjusted
	Cost Report	Audit Report								
2	4	080	4	2	080	3		\$6,018	(\$688)	\$5,330
Home Operations and Maintenance To eliminate home operations and maintenance expense due to la of documentation 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304 W&I Code 14124.2(b)										
3	4	090	4	2	090	3		\$6,236	(\$63)	\$6,173
Client Transportation To eliminate client transportation expense due to insufficient documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304										
4	4	100	4	2	100	3		\$6,032		
Personal Care and Laundry To eliminate items not included in the routine rate. CCR, Title 22, 51510.2										
5	4.1	165	4	2	165	3			(45) (\$495)	\$5,537
To eliminate personal care and laundry expense due to insufficient documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304										
6	4.1	165	4	2	165	3		\$575	(\$150)	\$425
Speech Pathology Consultant To eliminate speech therapy expense due to lack of documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304 W&I Code 14124.2(b)										

Provider Name		Fiscal Period					Provider NPI		Adjustments			
BETHESDA LUTHERAN COMMUNITIES - REGINA		SEPTEMBER 1, 2010 THROUGH AUGUST 31, 2011					1417010604		11			
Adj. No.	DHS 3076 Page or Exhibit	Report References			Line	Col	Sch.	Line	Col	AS Reported	Increase (Decrease)	AS Adjusted
		Cost Report	Audit Report									
ADJUSTMENTS TO REPORTED COSTS												
7	4.1	170	4	2	170	3	3	Physical Therapy Consultant To eliminate duplicate physical therapy expense. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	\$700	(\$200)	\$500	
8	4.1	175	4	2	175	3	3	Occupational Therapy Consultant To eliminate occupational therapy expense due to lack of documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304 W&I Code 14124.2(b)	\$765	(\$270)	\$495	
9	4.1	190	4	2	190	3	3	Psychologist Consultant To reclassify consultant fees not included in the rate and billable separately. 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2304 CCR, Title 22, Section 51511(c)	\$193	(\$193)	\$0	
10	4.1	200	4	2	200	3	3	Recreational Consultant To adjust recreational consultant expense to agree with the provider's records. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	\$580	(\$260)	\$320	
11	4.1	230	4	2	230	3	3	Other General and Administrative To eliminate nonallowable bank overdraft fees. 42 CFR 413.9(c)(3) CMS Pub. 15-1, Sections 2102.3 and 2105.10	\$83,124	(\$50)	\$83,074	