

**STATE OF NEBRASKA**  
**ATTESTATION REVIEW**  
**OF**  
**LANCASTER MANOR**  
**JULY 1, 2007 THROUGH JUNE 30, 2009**

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**Issued on November 24, 2009**

LANCASTER MANOR  
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## **Executive Summary**

Lancaster Manor (Manor) is a 293-bed nursing home facility located in Lincoln, Nebraska. A county-owned and operated facility since its inception decades ago, the Manor remains under the direct control of the Lancaster County Board.

In recent years, the mix of clients served includes residents with a variety of payment sources, including Medicaid, Medicare, Veterans' Affairs, hospice, private pay, and insurance. Nearly 80% of its residents are on Medicaid – a percentage that is rather high relative to most, but not all, of the largest nursing home facilities in Nebraska.

Despite its heavy reliance on Medicaid reimbursements for the bulk of its revenue, the Manor has operated successfully and has met its financial obligations, as well as completely paid off over \$9 million in bonded indebtedness and related interest expenses.

Although financially stable in the past and currently debt free, significant deficiencies in the general management and financial administration of the Manor have resulted in unprecedented operating losses over the last two years. For the two-year period ended June 30, 2009, the Manor accumulated combined operating losses of just over \$2 million, with the majority of the loss (\$1.7 million) occurring in the most recent fiscal year.

We noted a significant accounting policy change instituted by Lancaster County during the most recent fiscal year. Under the new policy, some \$600,000 in annual administrative expenses incurred by the County on behalf of the Manor (legal, accounting, budgeting, etc.) were charged off as an expense on the Manor's books. Previously, these expenses were absorbed by Lancaster County and not charged to the Manor. The County did not charge any other agency an allocation of administrative cost with the exception of Corrections which was charged a partial allocation of its share of the costs.

We found the Manor's accounting practices and fiscal procedures to be inadequate to meet the needs of the facility. For example, accounting records at the Manor do not include documented support for over \$1.2 million in accounts receivables shown on financial statements, nor do the accounting practices provide such fundamental information as accurate monthly billings.

As a test of billing accuracy, we reconstructed billing data by meticulously reviewing the details in every resident's file for two months of the most recent fiscal year. We found \$284,000 in underbillings in those two months alone. Strong audit evidence suggests that other substantial underbillings would have been readily documented had we expanded our testing. For July 2007 through December 2007, the Manor records were not sufficient for testing.

We found a general lack of understanding by Manor staff as to how Medicaid reports were to be processed, reviewed, and handled to ensure the accuracy of the information contained therein.

We also noted nearly \$70,000 in overbillings by the Manor to Medicaid for residents whose services were actually being paid by Medicare. The Manor started providing Medicare services in August 2007; however, the Manor did not start billing for those services until July 2008, some 11 months later.

In another matter, we found \$102,000 in therapy services contracted and paid for by the Manor for the benefit of residents but never billed to the residents.

We discovered incorrect and excessive billings submitted by one of the Manor's therapy contractors and, because of our work, the Manor has now received a refund from the contractor in the amount of \$16,579.

We studied the fiscal procedures at the Manor associated with the accounting and safeguarding of monies owned by Manor residents and held in trust for the residents by the Manor. We noted a check in the amount of \$444,532 paid from the Manor's resident trust bank account to the Lancaster Manor Fund and shown as revenue. The check was sent as a determination was made that the Manor's residents trust bank balances were in excess of what the residents' trust records showed as being recorded. There was no documentation or detailed breakdown of what the payment consisted of, and no Manor or Lancaster County official could offer a reasonable explanation.

Our report documents the sharp increase in Manor staff hours, as well as a greater use of temporary services, particularly in the most recent year. Total Manor payroll expenses were essentially flat between 2007 and 2008 but increased by over \$576,000 in fiscal year 2009. The use of temporary services in 2007 and 2008 was inconsequential; however, in fiscal year 2009, the Manor spent over \$180,000 on temporary services, including some payments to vendors who submitted inflated invoices.

The number of staff hours in 2009 was nearly 24,000 hours higher than in the prior year, and these employee hours were supplemented with an additional 6,364 of temporary service hours during the year. All of this occurred at a time when the resident census had been somewhat unstable, experiencing a decline in the last six months of the fiscal year.

The expense associated with the excessive use of staff hours is compounded because the Manor's hourly wage scale is higher than those of some other facilities in the area – and it is further compounded because, as noted by our audit work, some Manor employees were over-paid due to errors in the calculation of overtime.

We familiarized ourselves with the relevant regulations of the Nebraska Department of Health and Human Services (DHHS) and conferred with DHHS officials to confirm our understanding of the regulations relating to the recapture of depreciation charges incurred by the Manor in the Medicaid rate-setting process. Those regulations will likely require Lancaster County to reimburse DHHS some \$5.6 million in the event the Manor is sold; assuming the value of the real estate transferred to the buyer is approximately \$8.6 million.

We conferred with representatives of Blue Cross Blue Shield Nebraska (BCBS), inquiring about the process for a nursing facility becoming a preferred provider. We were informed the process can be completed in about a month and that BCBS will accept paper or electronic bills and will even provide free software for the submission of claims. We fail to understand why the Manor has not taken the steps necessary to become a preferred provider.

We met with DHHS officials and reviewed data they provided to us on the number of substantiated incidents of health and service deficiencies investigated by the DHHS Licensing & Regulatory Affairs unit over the past five years at the Manor and at two other large nursing care providers in Nebraska – Tabitha Nursing Home in Lincoln and the Douglas County Health Center. Tabitha Nursing Home and the Douglas County Health Center had very few substantiated incidents over the five years of data we reviewed. While the Manor had only two incidents during the first three years of data, 16 incidents were substantiated during the two most recent years. Since the most recent inspection by DHHS in October 2009, the Manor has been placed on 90 day probation. During the probation, the Manor cannot bill for any new Medicare or Medicaid patients.

We studied the real estate appraisal report of the Manor conducted by a Lincoln-based appraisal company and noted that the report is now well over two years old and does not reflect a number of more recent Nebraska nursing home sales that were not available to the appraisers at the time of their analysis. One of those sales occurred in Lincoln and would likely be relevant in any effort to update the appraisal report, which we recommend should occur.

We studied the report issued earlier this year by the “Review Committee” assembled by Lancaster County to examine future options for the Manor. We observe that the report recommends a “structured sale” of the Manor, with stipulations to protect the long-term availability of Medicaid nursing home beds for the community. We note that the memorandum of understanding signed between Lancaster County and the potential buyer contains a general commitment to the continuance of serving Medicaid patients, but does not offer specifics on the number or percentage for availability of those beds, except to the current residents.

We conducted our work on this engagement as an attestation review in accordance with *Government Auditing Standards*. Our work was structured to examine and test the fiscal condition and financial-related issues associated with the Manor. We did not structure our work as a conventional financial statement audit with accompanying auditor’s opinion. In light of the many weaknesses in the Manor’s accounting practices and the inadequacies in its fiscal procedures, we do not know what type of an opinion we would have rendered on the Manor’s financial statements if we had been engaged to offer one.

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### Independent Accountant's Report

Citizens of the State of Nebraska:

We have reviewed the financial information of Lancaster Manor (Manor) for the period July 1, 2007, through June 30, 2009. The Manor's management is responsible for the financial information. We did not obtain a written assertion regarding such matters from management.

Our review was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on the financial information. Accordingly, we do not express such an opinion.

Based on our review, nothing came to our attention that caused us to believe that the financial information is not presented, in all material respects, in conformity with the criteria set forth in the Criteria section.

In accordance with *Government Auditing Standards*, we are required to report findings of deficiencies in internal control, violations of provisions of contracts or grant agreements, and abuse that are material to the Manor's financial information and any fraud and illegal acts that are more than inconsequential that come to our attention during our review. We are also required to obtain the views of management on those matters. We did not perform our review for the purpose of expressing an opinion on the internal control over the Manor's financial information or on compliance and other matters; accordingly, we express no such opinions.

Our review disclosed certain findings that are required to be reported under *Government Auditing Standards* and certain other matters. Those findings, along with the views of management and the identification of significant deficiencies and material weaknesses, are described below in the Summary of Results. A significant deficiency is a deficiency in internal control, or combination of deficiencies, that adversely affects the entity's ability to initiate,

authorize, record, process, or report data reliably in accordance with the applicable criteria or framework such that there is more than a remote likelihood that a misstatement of the subject matter that is more than inconsequential will not be prevented or detected. A material weakness is a significant deficiency or combination of significant deficiencies that result in more than a remote likelihood that a material misstatement of the subject matter will not be prevented or detected.

This report is intended solely for the information and use of the citizens of the State of Nebraska, management of the Manor, others within the Manor, and the appropriate Federal and regulatory agencies. Although it should not be used by anyone other than these specified parties, this report is a matter of public record and its distribution is not limited.

Signed Original on File

Mike Foley  
Auditor of Public Accounts

Deann Haeffner, CPA  
Assistant Deputy Auditor

Mary Avery  
Special Audit and  
Finance Manager

November 24, 2009

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**Background**

Lancaster Manor (Manor) is owned and operated by Lancaster County, Nebraska. The Lancaster County Board of Commissioners (Commissioners) serves as the Manor's governing body. The current Commissioners are:

Bernie Heier - Chairman  
Larry Hudkins

Deb Schorr

Ray Stevens - Vice Chairman  
Bob Workman

The Manor is a licensed nursing facility offering long-term or temporary care. As stated on their website at <http://www.lincoln.ne.gov/cnty/lmanor/mission.htm>, the mission of the Manor is “to provide a warm, homelike environment with personalized care and service. Our goals are specifically designed to enable each individual resident to live their life to the fullest.”

An Administrator, who reports to the Commissioners, exercises direct management of the facility. Various administrative duties of the Manor including some payroll functions, employee benefits, risk management, records management, budget and fiscal management, legal matters, and other general assistance are handled by other Lancaster County departments. The following is a list of the last three administrators for the Manor:

| <b>Administrator</b>  | <b>Dates of Employment</b> |
|-----------------------|----------------------------|
| Larry Van Hunnik      | 12/3/1990 - 5/3/2007       |
| Ron Fetters           | 5/1/2007 - 11/30/2008      |
| Gwen Thorpe (Interim) | 11/13/2008 - Current       |

The Administrator and Commissioners are assisted by a nine-member advisory committee appointed by the Commissioners. According to its bylaws, the “official purpose” of the Advisory Committee is “to act as the public advocate for and to” the administrator and the Commissioners “relating to the establishment and administration of” the Manor. The bylaws provide also that the Advisory Committee is to function in an advisory capacity only. Thus, any actions of the committee are referred to the Administrator and Commissioners only in the form of recommendations. The current committee members are:

Brenda Christie, RN – Lincoln-Lancaster County Health Department  
Rev. Jeffrey Bloom – Immanuel Lutheran Church  
Dave Lamb – Southeast Community College  
John McHenry – McHenry, Haszard, Hansen, Roth & Hupp, P.C., L.L.O.  
Karen Westover, RN, MSN – BryanLGH College of Health Sciences  
Bryan Block – Butherus, Maser & Love Funeral Home  
Iris Winkelhake – Southeast Community College  
Deb Schorr – Lancaster County Commissioner  
Becky Shedeed – Cornhusker Place, Inc.

In addition, the Manor has a Resident Council, composed of Manor residents, which assists in the planning and implementing of projects beneficial to the Manor and the community.



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Currently, the Manor is licensed and certified for 293 beds and accepts residents having many different payor sources including Medicaid, Medicare, Veterans' Affairs (VA), hospice, private pay, and insurance. The majority of the Manor's current residents are Medicaid eligible.

The Manor charges a daily per diem rate for care provided to each nursing home resident. This daily per diem is determined by the resident's level of care based on a physical assessment of the resident upon admittance, known as a Minimum Data Set Version 2.0 (MDS) assessment which is required by the U.S. Department of Health and Human Services Centers for Medicare and Medicaid Services (CMS). There are many rules and regulations related to billing for Medicaid, Medicare, VA, and all other residents. Even though they may not be specifically outlined below, all applicable rules and regulations were considered during our review process. **Exhibit A** is a glossary of terms and definitions used throughout the report.

MDI Achieve (MDI), a clinical care and accounts receivable software product, was implemented by the Manor in January 2008. This application has the ability to maintain individual resident clinical information, as well as bill the appropriate entity based on the resident's status and level of care. It also maintains the resident's admission and discharge information.

*Billing Procedures for the Various Resident Services Classifications:*

**Medicaid**

Medicaid is a jointly funded state and federal program that will pay most nursing home costs for people with limited income and assets. For fiscal year 2009, the Manor averaged 78% or 212 Medicaid residents. The highest number of Medicaid residents was in July 2008 at 223, with the lowest number in May 2009 at 203. See **Exhibit C**.

Nebraska state statutes address transfers, discharges, and retainage of Medicaid residents, as cited below:

- Neb. Rev. Stat. § 71-6022 (Reissue 2003) states:

“(1) A nursing home shall not transfer or discharge a resident except (a) upon his or her consent, (b) for medical reasons, (c) for the resident's safety or the safety of other residents or nursing home employees, (d) when rehabilitation is such that movement to a less restrictive setting is possible, or (e) for nonpayment for the resident's stay, except as prohibited by section 71-6023.01 or by Title XVIII or XIX of the Social Security Act as amended. (2) Involuntary transfer from a nursing home or discharge of a resident shall be preceded by a minimum written notice of thirty days, except when subdivision (d) of subsection (1) of this section applies, five days written notice shall be given to the resident or his or her representative and when subdivision (e) of subsection (1) of this section applies, a resident shall be given ten days' written notice if his or her charges are five days or more in arrears. This subsection shall not apply when (a) an emergency transfer or discharge is mandated by the resident's health care needs and is in accord with the written orders and medical justification of the attending physician or (b) the transfer is mandated by the physical safety of other residents or nursing home employees, as documented in the nursing home records.”

- Neb. Rev. Stat. § 71-6023 (Reissue 2003) states:

“(1) The notice required by subsection (2) of section 71-6022 shall contain: (a) The stated reason for the proposed transfer or discharge; (b) The effective date of the proposed transfer or discharge; and (c) In not less than twelve-point type, the text of section 71-445. (2) A copy of the notice required by subsection (2) of section 71-6022 shall be transmitted to the resident and the resident's representative, if a representative has been designated.”

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- Neb. Rev. Stat. § 71-6023.01 (Reissue 2003) states:

“A nursing home seeking or renewing a license shall be required to retain a resident whose economic status changes so that such resident receives medicaid or becomes eligible for medicaid if such resident has resided in the nursing home for a period of at least one year after July 17, 1986, unless ten percent of such nursing home's residents are receiving medicaid or are eligible for medicaid. Such requirement shall constitute a condition of licensure. The department shall notify the nursing home of such requirement ninety days prior to the renewal of a license or upon application for a license. For purposes of this section, nursing homes shall include long-term care hospitals, including long-term care units of a hospital. This section shall not apply to the Nebraska veterans homes established pursuant to Chapter 80, article 3.”

Daily care and therapy charges for Medicaid-eligible residents are billed to Medicaid on a monthly basis through procedures prescribed by the Nebraska Department of Health and Human Services (DHHS). DHHS provides the Manor with a monthly case mix report based on the MDS assessment submitted to CMS. The case mix report identifies each Medicaid-eligible resident and indicates the level of care for each. The Medicaid daily per diem rates for each level of care are determined annually by DHHS using cost reports submitted by the facility. The Nebraska Administrative Code, Title 471 - Nebraska Medical Assistance Program Services, Chapter 12 – Nursing Facility Services defines allowable and unallowable costs that nursing facilities may report as costs. Lancaster County contracts with Seim, Johnson, Sestak, and Quist, LLP to prepare the annual Medicare and Medicaid cost reports for the Manor, with the most current contract having been approved on June 2, 2009, for the fiscal year ended June 30, 2009. **Exhibit F** contains Medicaid rates effective for fiscal year 2009.

In addition to the case mix report, DHHS also provides the Manor with a monthly turnaround report. Reflecting those eligible clients with active prior authorization records, the report is used to bill Medicaid for resident care. It is the Manor's responsibility to review the report for accuracy and completeness. Such review includes ensuring the Manor is billing for the correct number of days, as well as comparing care levels listed on the turnaround report to those found in the case mix report. Any discrepancies or changes noted are supposed to be made directly on the turnaround report. If a resident is not listed on the turnaround report, the Manor must complete an add-on document, which is then attached to the end of the turnaround report. Upon completion of the Manor's review, the report is submitted to DHHS for payment.

DHHS determines whether a resident has an out-of-pocket a.k.a. “share of cost” (SOC) financial obligation for his or her care, based on the resident's income and resources; this information is contained on the turnaround report. If DHHS determines the resident has such a financial obligation, the Manor is responsible for collecting the amount due from the resident.

### **Medicare**

Under certain limited conditions, Medicare will pay some nursing home costs for Medicare beneficiaries who require skilled nursing or rehabilitation services. To be covered, a resident must receive the services from a Medicare certified skilled nursing facility after a qualifying hospital stay. Detailed information regarding rates and services is available on the CMS website at: <http://www.cms.hhs.gov/>.

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Federal law requires service providers participating in the Medicare program to submit information in order to be reimbursed for costs relating to health care services rendered to Medicare beneficiaries. 42 U.S.C. 1395g(a) provides: “The Secretary shall periodically determine the amount which should be paid under this part to each provider of services with respect to the services furnished by it, and the provider of services shall be paid, at such time or times as the Secretary believes appropriate (but not less often than monthly) and prior to audit or settlement by the Government Accountability Office, from the Federal Hospital Insurance Trust Fund, the amounts so determined, with necessary adjustments on account of previously made overpayments or underpayments; except that no such payments shall be made to any provider unless it has furnished such information as the Secretary may request in order to determine the amounts due such provider under this part for the period with respect to which the amounts are being paid or any prior period.”

Similarly, Federal regulations found at 42 C.F.R. § 413.20(b) provide, “Cost reports are required from providers on an annual basis with reporting periods based on the provider's accounting year.”

The amount of reimbursement depends upon whether beneficiary coverage falls under Medicare Part A or Medicare Part B. Medicare Part A typically pays for inpatient hospital care, including services received from critical access hospitals and skilled nursing facilities (not custodial or long-term care). Medicare Part B typically pays for physician services, outpatient hospital care, and physical and occupational therapy.

The Manor began admitting Medicare residents in August 2007. For fiscal year 2009, the Manor averaged 9.2% or 25 Medicare residents. The highest number of Medicare residents was in January 2009 at 32, with the lowest number in March 2009 at 18. See **Exhibit C**.

While starting Medicare services in August 2007, the Manor did not start processing Medicare billings until July 2008. To assist with billing for Medicare services, the Manor contracts with Medi-Bill Systems, a private Omaha, Nebraska company. The Manor tracks and submits the Medicare information to Medi-Bill Systems on a prescribed claim form.

For Medicare Part A residents’ daily care, the Manor shows a charge of \$400 per day on the claim form. This amount was determined by the previous administrator. The Manor also includes monthly charges for radiology, pharmaceuticals, and various medical supplies, as well as laboratory and therapy services. Despite billing for all of those items and services, the Manor will only receive reimbursement at the Medicare established level of care rate. A level of care resource classification known as Resource Utilization Groups (RUG) determines the daily payment rate. The RUG reflects a patient’s severity of illness and the kind of services required. It is based on the MDS assessment and is included on the claim form submitted to Medi-Bill Systems. See **Exhibit G** for Medicare RUG rates for October 1, 2007, through September 30, 2009.

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After the claims have been submitted, Medi-Bill Systems sends the Manor a report indicating all amounts billed, the amount covered or paid by Medicare, and any coinsurance or cross-over amounts. It is the Manor's responsibility to ensure payment is received from all applicable payment sources.

**Veterans' Affairs**

The Department of Veterans' Affairs (VA) covers veterans' nursing home services expenses. On June 26, 2001, the Commissioners approved a contract with the Department of Veterans Affairs – Nebraska Western Iowa Health Care System for the provision of long-term nursing home services for veterans at the Manor. On August 18, 2009, the Commissioners approved an addendum to extend the agreement through July 31, 2010.

For fiscal year 2009, the Manor averaged 4.1% or 11 VA residents. The highest number of VA residents was in November 2008 at 16, with the lowest number in May and June 2009 at 7 each month. See **Exhibit C**.

Billings for residents eligible for VA benefits are submitted monthly. The VA also covers some pharmaceutical costs, and the reimbursement requests for these costs are also submitted on a monthly basis. The Manor contracts with the VA to provide nursing home services pursuant to the current Medicaid Rate Schedule plus an added ten percent.

A billing statement is manually created by the Manor for each VA resident and then faxed to the Nebraska Department of Veterans' Affairs office in Lincoln by the 5<sup>th</sup> of each month. These billing statements indicate the level of care, the per diem rate, and the number of days billed for each resident. See **Exhibit F** for VA per diem rates effective for fiscal year 2009.

**Hospice**

Hospice is a program or facility that provides specialized care for people who are near the end of life. Lancaster County has the following current agreements for hospice care:

- ❖ Hospice Preferred Choice, Inc., d/b/a AseraCare Hospice 2 - approved by the Commissioners on February 24, 2009, and effective through December 1, 2009.
- ❖ Tabitha, Inc. - approved by the Commissioners on May 12, 2009, and effective through March 31, 2010.
- ❖ CHI Nebraska Health at Home, L.L.C. - approved by the Commissioners on October 6, 2009, for the assignment of duties of the hospice agreement with Saint Elizabeth Regional Medical Center, as approved on December 8, 1998.

Once a resident is under hospice care, a hospice contractor becomes the primary provider and reimburses the Manor for the daily care. The Manor is reimbursed at the appropriate Medicaid, VA, or private pay rate depending on the classification of the resident at the time hospice care commenced.

At the end of the month, the Manor receives a form from each hospice provider. The Manor completes the care level, rate, and amount due and sends the form back to the hospice contractor for reimbursement.

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For fiscal year 2009, the Manor averaged 2.6% or 7 Hospice residents. The highest number of Hospice residents was in March 2009 at 13, with the lowest number in August 2008 at 3. See **Exhibit C**.

**Private Pay and Insurance**

The Manor manually bills for private pay and insurance classified residents. The level of care is obtained from the MDS assessments in MDI. The level of care may change during the month, and the effective date of the change will dictate how many days are billed at each level of care. The Manor bills private pay/insurance rates at \$25 above the Medicaid rates. See **Exhibit F** for private pay/insurance rates. The Manor has never separately billed therapy costs to these residents.

For fiscal year 2009, the Manor averaged .4% or 1 insurance resident, with the highest number of insurance residents in December 2008 at 2, and no insurance residents in August, September, and October 2008. See **Exhibit C**.

Regarding private pay residents for fiscal year 2009, the Manor averaged 5.5% or 15 residents. The highest number of private pay residents was in July 2008, December 2008, and January 2009, at 17 each month, with the lowest number in September 2008, October 2008, April 2009, and May 2009 at 13 each month. See **Exhibit C**.

**Additional Information**

In September 2007, Lancaster County approved a contract with Encore Rehabilitation Services L.L.C. (Encore) to provide therapy services to Lancaster Manor residents. On October 27, 2009, the Commissioners approved an addendum to the Encore contract, extending the agreement through April 30, 2010. Encore tracked all resident therapy through the use of therapy logs, which were summarized monthly and broken down by payor source (Medicare Part A, Medicare Part B, Medicaid, insurance, and private pay). The billing process for each payor is as follows:

- Medicare Part A was billed by Encore to the Manor based on a daily per diem determined by the level of care. This per diem amount was agreed upon in a contract between Encore and the Manor. Encore billed the Manor for this amount, and the Manor received reimbursement for these services through the daily per diems received from Medicare, as noted above.
- Medicare Part B was billed by Encore to the Manor based on an agreed upon percentage of Medicare reimbursable costs established in the above-referenced contract. The Manor prepared the claim form based upon this information and submitted it to Medi-Bill Systems to perform the actual billing of Medicare Part B.
- Medicaid therapy was billed by Encore to the Manor based on an agreed upon percentage of Medicaid reimbursable costs established in the above-referenced contract. The Manor then submitted a claim to Medicaid for the therapy.
- Private Pay therapy was billed by Encore to the Manor based on the actual per minute cost established in the above-referenced contract. The Manor was then responsible for billing these costs to the applicable resident.

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Residents of the Manor may also receive various services from doctors and other professionals, such as podiatrists, dentists, etc. However, billing for those services is not the responsibility of the Manor. The providers are required to submit their own billing and process their own collections independent of the Manor.

The Manor contracts with vendors for temporary staffing for resident care. Following is the current contract information:

- Intelistaf Healthcare, Inc. d/b/a Medical Staffing Network, Inc, for health care staffing services at the Manor. The term of the current addendum began on January 20, 2009, and ends on January 19, 2010. This was an addendum to the original contract, which was approved by the Commissioners on September 25, 2001.
- Interim Healthcare of Lincoln, LLC, for health care staffing services at the Manor. This was a renewal of a previous contract. The terms of the agreement began on July 1, 2009, and ends on June 30, 2010. This was an addendum to the original contract, which was approved by the Commissioners on June 15, 1999.
- Maxim Healthcare Services, Inc. d/b/a Maxim Staffing Solutions, for health care staffing services at the Manor. This contract was approved on December 16, 2008, and was for the term of one year with automatic renewal, unless terminated at any time with a thirty days notice.

Lancaster County utilizes various applications of the enterprise software called JD Edwards to record and maintain accounting transactions. The Lancaster Manor Fund is processed and handled through this software. For the Lancaster County financial statements, the Lancaster Manor Fund is considered a major fund. Collections for services provided are deposited to that Fund, and operating expenses are paid out of it. The Manor also maintained a Renewal and Replacement Fund which was originally established to pay for capital improvements, bond principal and interest payments, and to cover operating cash flow shortfalls. This fund was closed in August 2008, and the balance was transferred to the Lancaster Manor Fund.

The Manor property was being leased to Lancaster County by the Lancaster County Leasing Corporation (Corporation) through July 2008. The Corporation is a tax-exempt, nonprofit corporation formed under the Nebraska Nonprofit Corporation Act - Neb. Rev. Stat. §§ 21-1901 to 21-19,177 (Reissue 2007). The purpose of the Corporation is to acquire property and lease property to Lancaster County and to devote any income to the purchase of additional property for lease to Lancaster County. Per the Lancaster County Leasing Corporation financial statement audit for the fiscal year ended June 30, 2008, it had “\$7,145,000 Lancaster County Leasing Corporation Tax Supported Lease-Rental refunding Bonds, Series 1998, issued October 30, 1998, payable in semiannual installments ranging from \$265,000 to \$335,000 at each January 15 and July 15, commencing July 15, 1999, with interest ranging from 4.0% to 4.5% through July 15, 2012.” The bond principal balance at June 30, 2008, was \$2,775,000. A resolution was passed on June 3, 2008, calling for the redemption of outstanding bonds related to the Manor. When these bonds were paid off in July 2008, the Manor became the property of Lancaster County.

Every year, Lancaster County has a Cost Allocation Plan (CAP) prepared by Maximus, Inc. A CAP distributes allowable costs of central service departments to other departments of Lancaster County. Central service departments are administrative units that provide services to other governmental

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departments, rather than directly to the general public. Examples include Lancaster County Clerk, County Administration, and Lancaster County Attorney for their services of legal assistance, payroll functions, accounting and budgeting, etc. One of the main reasons for preparing a CAP is to determine the full costs associated with departments providing services to the general public. The Manor has been included in the CAP for all years under review in this report; however, prior to fiscal year 2009, the costs had not been reflected in the Manor's financial records. Following is the summary of the CAP for fiscal year 2009; the County Board chose to only allocate the costs for the Manor and part of the costs for Corrections. All other costs were unallocated in FY 2009.

| Cost Allocation Plan Split | Amount       | Allocated by County Board for FY09 |
|----------------------------|--------------|------------------------------------|
| Corrections                | \$ 701,975   | \$ 325,846                         |
| County Board               | \$ 9,395     |                                    |
| Assessor                   | \$ 432,032   |                                    |
| Elections                  | \$ 98,951    |                                    |
| Geography Info System      | \$ 21,811    |                                    |
| County Court               | \$ 526,890   |                                    |
| Juvenile Court             | \$ 146,937   |                                    |
| Public Defender            | \$ 216,639   |                                    |
| Jury Commission            | \$ 9,621     |                                    |
| Justice Sys Misc.          | \$ 13,839    |                                    |
| Extension Agent            | \$ 48,743    |                                    |
| Adult Probation            | \$ 53,373    |                                    |
| Juvenile Probation         | \$ 65,702    |                                    |
| Community Corrections      | \$ 36,412    |                                    |
| Attention Center           | \$ 247,299   |                                    |
| Engineer                   | \$ 515,463   |                                    |
| Mental Health Board        | \$ 6,493     |                                    |
| Veterans Service           | \$ 34,990    |                                    |
| Human Services             | \$ 13,740    |                                    |
| Visitors Bureau            | \$ 3,532     |                                    |
| Road and Bridge            | \$ 108,359   |                                    |
| Highway Fund               | \$ 118,037   |                                    |
| Relief Fund                | \$ 51,601    |                                    |
| Veterans Aid               | \$ 784       |                                    |
| Grant Fund                 | \$ 24,296    |                                    |
| Building Fund              | \$ 20,215    |                                    |
| Families First             | \$ 4,786     |                                    |
| Lancaster Manor            | \$ 598,579   | \$ 600,000                         |
| CMHC                       | \$ 453,251   |                                    |
| Weed Control               | \$ 48,304    |                                    |
| Civil Defense              | \$ 88,689    |                                    |
| Health                     | \$ 21,069    |                                    |
| District Court             | \$ 555,432   |                                    |
| District Court Referee     | \$ 106,341   |                                    |
| IV-D Co Attorney           | \$ 318,239   |                                    |
| IV-D Clerk Dist Ct         | \$ 107,993   |                                    |
| All Others                 | \$ 102,054   |                                    |
| City of Lincoln            | \$ 1,651,156 |                                    |
| Total                      | \$ 7,583,022 | \$ 925,846                         |

Note 1

Note 1 - The county does not allocate the building use or equipment use charges to corrections, the remaining portion of the CAP is allocated.

Source: Maximus, Inc report.



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On June 12, 2007, the Commissioners received the appraisal report that had been requested from Great Plains Appraisal, Inc. On October 1, 2009, the Commissioners voted to ask Great Plains Appraisal, Inc. for a proposal to conduct a new appraisal of the Manor.

In March 2009, the Commissioners released a request for qualifications (RFQ) specification No. 09-075. Qualification responses for this RFQ were to be submitted by April 15, 2009. The RFQ invited experienced firms or individuals to submit their qualification and approach for the licensed administration, private management, lease, or purchase of the Manor. Responses to RFQ No. 09-075 were received from the following:

| <b>Name</b>  | <b>City</b> | <b>State</b> | <b>Response Submitted</b> |
|--|-------------|--------------|---------------------------|
| Marcus & Millichap Real Estate Investment Services | Chicago     | IL           | 4/15/2009 9:49:24 AM CST  |
| Rural Health Development, Inc.                     | Cambridge   | NE           | 4/15/2009 9:29:53 AM CST  |
| Hunter Management, LLC                             | Evanston    | IL           | 4/14/2009 1:07:24 PM CST  |
| Klaasmeyer & Associates, Inc.                      | Omaha       | NE           | 4/13/2009 6:40:54 PM CST  |

In addition to the above, one resume was also received from an individual requesting a personal interview for administration of the Manor. The responses to the RFQ included proposals for lease, management, and brokerage services, but only one proposal for purchase of the Manor.

The Lancaster County Commissioners established a Requests for Qualifications Review Committee to evaluate the received proposals for qualifications, as noted above. That committee consisted of:

- John McHenry (Chair) – shareholder in the law firm of McHenry, Haszard, Hansen, Roth & Hupp, P.C., L.L.O
- Christine Harris – Nebraska Humanities Council Board Member, University of Nebraska Foundation trustee
- Dan Marvin – Investment Adviser
- Bob Chitwood – Lancaster County Manor Foundation President
- June Pederson – Lincoln Area Agency on Aging Director
- Lloyd Hinkley – Licensed Real Estate Broker
- Frank Hilsabeck – Retired CEO of Alltel

On June 9, 2009, the Chair of the Lancaster Manor Requests for Qualifications Review Committee presented the Committee’s report to the Lancaster County Commissioners. A copy of this report can be found at: [http://www.lincoln.ne.gov/cnty/lmanor/rfq\\_rpt.pdf](http://www.lincoln.ne.gov/cnty/lmanor/rfq_rpt.pdf). The report recommended a “structured sale” of the Manor, which included a recommendation for application to the City of Lincoln (City) for Tax Increment Financing (TIF). This would allow for the purchaser to obtain additional funding for capital improvements with the possibility of Lancaster County working with the City to provide stipulations concerning the number of Medicaid beds to be included in the redevelopment agreement. The redevelopment agreement would be between the City and the purchaser and any benefits or stipulations outlined would be enforceable for the period of the TIF financing, which is a maximum of 15 years. The Manor property is located in an area that has previously been identified by the City as a TIF eligible redevelopment area. The TIF redevelopment agreement would be subject to the requirements as outlined by Neb. Rev. Stat. §§ 18-2101 through 18-2154 (Reissue 2007).



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On October 20, 2009, the Commissioners approved the draft memorandum of understanding, which outlines the potential sale of the Manor to Hunter Management. This document had not been signed or formally approved by Hunter Management. On October 27, 2009, Hunter Management signed and returned the memorandum of understanding with some minor changes. The Commissioners then approved and signed the amended memorandum of understanding. The memorandum indicated Hunter Management's interest in the acquisition of the Manor for a negotiated sum of not to exceed \$9,500,000. The purchaser indicated they are committed to serving current Medicaid patients; however, no commitment was made regarding whether the purchaser would maintain the current 78% level for Medicaid residents. Furthermore, they intend to maintain as many current employees as financially prudent and anticipate that all employees hired will be hired with his or her accrued vacation and sick leave balances in place while adjusting the purchase price to effectuate this transaction.

The current County personnel rules found at: <http://lincoln.ne.gov/city/person/county/index.htm> - last visited November 9, 2009, and the Agreement between Lancaster County and Local 2468 of the American Federation of State, County, and Municipal Employees, AFL-CIO (Labor Contract), indicate unused vacation leave accumulation shall be paid upon termination. At June 30, 2009, the Manor had 352 employees with accumulated vacation leave hours of 29,083, resulting in a total vacation payout liability of \$494,006.

The rules indicate sick leave payouts to employee's fall under three different scenarios: 1) Upon retirement or death the employee shall receive fifty-five percent of accumulated sick leave which will be distributed into the employee's Post Employment Health Plan (PEHP). Employees are eligible for retirement upon attaining age sixty; or upon attaining age fifty-five and completing ten years of service. 2) An employee who voluntarily separates, other than retirement, from employment with Lancaster County after fifteen consecutive years of service with Lancaster County shall be paid fifty percent of their accumulated sick leave balance in excess of one thousand hours. This payout shall be distributed as one-third cash and two-thirds distributed into their PEHP and the payment will be at the employee's current hourly rate of pay. 3) There is no payout of sick leave if either of the first two scenarios is not met. At June 30, 2009, the Manor had 352 employees with accumulated sick leave hours of 77,161, resulting in a potential maximum sick leave payout of \$1,347,976; however, we believe the actual payout would be substantially less based on the majority of employees not qualifying for any sick leave payout.

Upon selling the Manor, Lancaster County will likely have to repay DHHS for the recapture of depreciation. Because Lancaster County claimed depreciation on real estate in the Medicaid cost reports submitted to DHHS for calculating the Medicaid daily per diem rates, when or if Lancaster County sells the real estate, DHHS may recapture the depreciation amount. Lancaster County will need to value the real and personal property separately to determine the appropriate amount of depreciation that will be recaptured and paid back to DHHS. The calculation and recapture of depreciation is required by DHHS rules and regulations. Specifically, Title 471, Section 011.09E, of the Nebraska Administrative Code provides the requirements for calculation of the recapture of depreciation. DHHS has prepared an "Estimated Recaptured Depreciation" spreadsheet for the proposed sale of the Manor. As an example, DHHS has estimated \$5,667,325 of recaptured depreciation if the Manor's real estate sold for \$8,640,200. See **Exhibit J** for more details.

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**Criteria**

The criteria used in this attestation review included compliance with State statutes, Lancaster County and Manor internal policies and procedures, DHHS rules and regulations, Federal rules and regulations, good internal controls, and good business practices.

**Summary of Procedures**

Pursuant to Neb. Rev. Stat. § 84-304 (Reissue 2008), the Auditor of Public Accounts (APA) conducted an attestation review of the Manor's financial information for the period July 1, 2007, through June 30, 2009, in accordance with standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States. The APA's attestation review consisted of the following procedures:

- Prepared a schedule of revenues and expenditures, compiled from information obtained from the General Ledger detail of the JD Edwards system, and reconciled the schedule to audited financial statements and Lancaster County Treasurer balances. See **Exhibit B**.
- Documented Manor procedures for billing, receipting, claims, and payroll.
- Obtained resident census data by month for the period under review. See **Exhibit C**.
- APA calculated correct monthly report of care amounts provided to Manor residents. See **Exhibit C**.
- Selected two months of Manor billings. Recalculated and traced them to actual billings and receipts. See **Exhibit D** for July 2008 results and **Exhibit E** for April 2009 results.
- Recalculated the amounts overbilled by the Manor and paid by Medicaid for the period August 2007 through May 2008. See **Exhibit H** for results.
- For residents' therapy services:
  - ❖ Selected one month of therapy services to trace to treatment logs and fee schedules.
  - ❖ Calculated monthly therapy amounts, which should have been billed to Medicaid, Medicare, and private pay residents. These amounts are included on **Exhibit C**.
- Reviewed Lancaster County's CAP, fiscal year 2010 budget, contracts, expenditures, and Medicaid cost reports for reasonableness.
- Reconciled the Resident Trust Account records to the bank statements, performed a cash count, and tested receipts to verify they were deposited with the Lancaster County Treasurer.
- Reviewed pharmacy billing procedures and actual bills.

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- For Manor payroll records:
  - ❖ Obtained payroll records for entire period tested, including accounting records, time reports, personnel records, and policies.
  - ❖ Reviewed Labor Distribution Reports and identified a monthly breakdown of payroll by type for the period under review. See **Exhibit I** for the results.
  - ❖ Compiled previous five year payroll hours and earnings and temporary service hours and payments.
- Documented temporary service hours by month. Tested billing and payments. Traced amounts paid to service contracts. See **Exhibit I** for monthly totals.
- Obtained listing of workers' compensation claims filed and payments made regarding the Manor for the last five fiscal years.
- Reviewed supplies inventory processes. Obtained a copy of the most recent supplies inventory conducted at the Manor.
- Reviewed the number of nursing staff minutes worked per resident per day and resident capacity percentages, as reported on Medicaid.gov for the Manor and other area nursing facilities. Obtained rates paid to the Manor nursing employees as compared to other area nursing facilities.
- Obtained the number of complaints submitted to DHHS regarding the Manor as a nursing facility and service provider and compared it to the number of complaints submitted regarding similar nursing facilities in the area for calendar years 2004 through 2008.
- Reviewed the Great Plains Appraisal, Inc. appraisal report for the Manor, dated June 12, 2007.
- Reviewed procedures and requirements for becoming a preferred provider with Blue Cross Blue Shield (BCBS) insurance company.
- Obtained Medicaid Nursing Facility occupancy information for the top 20 largest Medicaid facilities from DHHS. See **Exhibit K**.
- An exit conference was held on November 13, 2009, to discuss the results of this attestation review. Those in attendance for Lancaster County Manor were:

|                                      |                              |
|--------------------------------------|------------------------------|
| Commissioner Deb Schorr              | Commissioner Ray Stevens     |
| Interim Administrator Gwen Thorpe    | Budget Director Dennis Meyer |
| Business Office Manager Kim Bashore. |                              |

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**Summary of Results**

The summary of our attestation review noted the following findings and recommendations:

**1. Schedule of Revenues and Expenditures**

We summarized by month a schedule of revenues and expenditures for the Manor for the 24 month period ended June 30, 2009. We used a two-year rather than one-year period of analysis to “smooth-out” large month-to-month variances in the receipt of revenue. **Exhibit B** shows the summary by fiscal year and combined.

For the combined two-year period we reviewed, the Manor suffered total operational losses of \$2,063,347. We determined the operational loss by using both Renewal and Replacement Cash Activity and the Manor Fund for fiscal year 2008, while only using the Manor Fund in fiscal year 2009; thus omitting activities related to the bond payoff.

We show both the Lancaster Manor Fund and the Lancaster Manor Renewal and Replacement cash activity. Transactions occurring between the Manor Fund and the Renewal and Replacement activity during the two years were shown as transfers. We started with the information from Lancaster County’s financial system; reconciled the balances to the Lancaster Manor audit reports, the Renewal and Replacement bank activity, and the Lancaster County Treasurer’s fiscal year end reports. The schedule shows a combined change in balances from \$6,539,146 on July 1, 2007, to \$1,654,750 on June 30, 2009, resulting in a decrease of fund balances of \$4,884,396 for the two-year period. This decrease included the bond payoff of \$2,835,191. If the bond had not been paid off, the Manor would have been responsible for payments of \$684,303 in fiscal year 2009. By paying the bond off early, the Manor became debt free. See **Exhibit B**.

Operational losses as reflected in the Manor Fund excess (deficiency) of revenues over expenditures on **Exhibit B** reflect the Manor showed an income for fiscal year 2008 while incurring a large loss in fiscal year 2009. The change in expenditures increased substantially, more than the revenues, see the following:

| <b>Lancaster Manor Fund</b>                          | <b>FY 2008 Total<br/>Both Manor Fund<br/>and Renewal &amp;<br/>Replacement Cash<br/>Activity</b> | <b>FY 2009<br/>Manor<br/>Fund</b> | <b>Total Both<br/>Years</b> |
|--|--|-----------------------------------|-----------------------------|
| Revenues   | \$18,668,996   | \$18,986,195                      | \$37,655,191                |
| Expenditures   | \$18,993,862   | \$20,724,676                      | \$39,718,538                |
| Excess (Deficiency) of Revenues<br>Over Expenditures | (\$324,866)  | (\$1,738,481)                     | (\$2,063,347)               |

The Manor’s portion of the cost allocation plan (CAP) expenditures had not been distributed for numerous years. For fiscal year 2008, the Lancaster County Commissioners chose not to charge the \$562,628 CAP portion to the Manor Fund. The CAP or indirect costs for fiscal year 2009 was

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discussed at the May 22, 2008, Lancaster County Board of Commissioners Departmental Budget Hearing. This was the same meeting that Mr. Ron Fetters, then Administrator of the Manor, asked the Commissioners to pay off the Lancaster County Manor Bond which would then allow extra funds to be available and he projected the Manor would be making a profit. The Lancaster County Budget Director responded and indicated Lancaster County should begin to charge the indirect costs/CAP to the Manor so the revenues would come back to Lancaster County General Fund. Both of these budget items were approved by Lancaster County Commissioners, and resulted in the Manor starting to pay \$50,000 per month for fiscal year 2009 for its portion of the CAP (\$598,579 for fiscal year 2009). Had the CAP amount been included in the prior years, the Manor's ending fund and cash balances would have been less than the current amount. See note on bottom of **Exhibit B**.

There was no supporting documentation available for accounts receivable booked at June 30, 2009. Total receivables booked by Lancaster County at year end were \$1,240,861. See **Exhibit B**. A portion of this amount was estimated; however, there was no documentation available for how these estimates were determined. Other portions of the amount were compiled by going through resident files to determine what had not yet been paid; however, there was no documentation maintained to support this procedure or amount. Sound accounting practice requires that receivables booked at year end be adequately documented. When receivable balances are not adequately supported, there is a risk that assets are not properly stated.

*Lancaster County's Response: Lancaster County agrees with the Schedule of Revenues and Expenditures on Exhibit B. The financial information is consistent with audit reports and the County's financial system. It was the financial situation which caused the County Board to look into Lancaster Manor in depth.*

**2. Calculated Correct Billable Amount**

In the following comment, the APA details problems with the Manor's billing processes for resident care. The APA calculated the correct amounts that should have been billed for care provided to Manor residents for fiscal year 2009. Only fiscal year 2009 is reflected as the Manor did not maintain adequate records to accumulate and calculate the billings for all of fiscal year 2008. The correct amounts that should have been billed for fiscal year 2009 resident care were calculated based on the actual residents' care levels, and number of days, all as recorded by the Manor. **Exhibits D and E** shows an example of the APA's calculation by resident; under the "APA Calculated To Be Billed" column. For fiscal year 2009, the Manor should have billed \$18,759,308. See Comment 3 regarding actual Manor billings.

The resident count numbers on **Exhibit C** represent only the total number of residents in the Manor each month. Whether there for only one day or the entire month, the resident was included in the count number, and therefore, this does not represent the resident count on any given day.

*Lancaster County's Response: Lancaster County is well aware of the billing issues and has been addressing them almost on a daily basis. The Manor updates at the weekly staff meetings have covered the billing issues. The Business Office has made huge strides in the billing process, in spite of employee turnover.*

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*The Manor has started utilizing MDI for billing purposes. A former administrator opted to bring MDI in to the Manor. Training was provided, however, some employees decided not to complete the training. It was another change for Lancaster Manor that we were not adequately prepared for and the Business Office Manager has had to learn the process as she goes along.*

*The APA Correct Billable Revenues on Exhibit C show a calculated amount of \$18,759,308 for fiscal year 2009 billable revenues. Lancaster County understands there are concerns on the expenditure side also, but this billable revenue number would not have adequately covered the fiscal year 2009 expenditures.*

APA Response: The APA could not accurately determine whether billable revenue would adequately cover expenditures based on the fact that expenditures would also need to be adjusted to account for vendor payment errors, staffing inefficiencies, payroll calculation errors, and salary differentials.

**3. Billings**

As noted above, we calculated the amounts the Manor would have received had all care been billed at the prescribed rates for July 2008 through June 2009. See **Exhibit C**. Following is a brief summary of procedures performed for this calculation:

- Imported the Manor census reports into an Excel spreadsheet for each month.
- Entered each level of care/RUG code for each resident and the payor source - Medicare, Medicaid, Private Pay, Insurance, VA, and Hospice.
- Multiplied the rate by the number of days listed on the census for each resident.

Detailed Testing

For July 2008 and April 2009, we compared the daily care amounts actually billed by the Manor for each resident listed on the census report to our calculated billable amounts noted above. The APA calculated billable amounts were traced to bills and subsequent receipts. The amount under/overbilled was determined from the difference between what was actually billed compared to the APA calculated billable amount. The testing results cannot be applied to any additional months due to the variation of each residents care during any particular month.

July 2008

The Manor underbilled for July 2008 resident care by \$216,151. The chart below details calculated amounts to be billed for each classification and the amounts under/overbilled based on the actual amounts billed by the Manor. See **Exhibit D**.

| Classification | APA Calculated Billable Amount | Actual Amount Billed | Over Billed Amount | Under Billed Amount | Net Over/ Under Billed |
|----------------|--------------------------------|----------------------|--------------------|---------------------|------------------------|
| Medicaid       | \$1,270,569                    | \$1,088,449          | \$1,250            | (\$183,370)         | (\$182,120)            |
| Medicare       | \$215,073                      | \$202,988            | \$3,133            | (\$15,218)          | (\$12,085)             |
| Private Pay    | \$96,260                       | \$83,247             | \$703              | (\$13,716)          | (\$13,013)             |
| Insurance      | \$12,783                       | \$0                  | \$0                | (\$12,783)          | (\$12,783)             |
| VA             | \$80,504                       | \$86,916             | \$6,677            | (\$265)             | \$6,412                |
| Hospice        | \$14,542                       | \$11,980             | \$0                | (\$2,562)           | (\$2,562)              |
| <b>Totals</b>  | <b>\$1,689,731</b>             | <b>\$1,473,580</b>   | <b>\$11,763</b>    | <b>(\$227,914)</b>  | <b>(\$216,151)</b>     |



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*Reasons for Underbillings:*

- 20 claims totaling \$88,259 were not billed or re-billed if they were denied.
- 32 claims were billed at the incorrect care level or number of days, resulting in overbillings of \$9,774 and underbillings of \$12,976.
- The share of cost was not billed or was billed incorrectly for 146 claims, resulting in overbillings of \$1,990 and underbillings of \$126,680. Until March 2009, the Manor's policy was not to send a bill for the share of cost for Medicaid residents. The Manor relied on the resident or resident's responsible party to pay the share of cost based on the Notice of Action received from DHHS. Despite not billing, the Manor did receive some share of cost payments.

*Other Issues Noted:*

- 49 instances where receipts were not written for share of cost payments.
- The daily care claims were not timely billed for 36 claims. We determined timely billings to be within 60 days after month's end. These 36 claims for July 2008 services were billed 183 to 328 days after month's end.
- The share of cost was not billed timely for 23 claims. These 23 claims for the July 2008 share of cost were billed 75 to 221 days after month's end.
- The Manor cannot bill Medicaid for July 2008 services that were not billed or for service claims that were denied or disallowed. DHHS must receive each turnaround report within 12 months after the last day of the month for which the turnaround report was generated, and the Manor had 90 days from the date of the Remittance Advice to request reconsideration or adjustment of a claim that was denied, reduced, not paid, or paid incorrectly.

April 2009

The Manor underbilled for April 2009 resident care by \$67,994. The chart below details calculated amounts to be billed for each classification and the amounts under/overbilled based on the actual amounts billed by the Manor. See **Exhibit E**.

| Classification | APA Calculated Billable Amount | Actual Amount Billed | Over Billed Amount | Under Billed Amount | Net Over/ Under Billed |
|----------------|--------------------------------|----------------------|--------------------|---------------------|------------------------|
| Medicaid       | \$1,110,411                    | \$1,053,389          | \$3,413            | (\$60,435)          | (\$57,022)             |
| Medicare       | \$170,648                      | \$169,778            | \$132              | (\$1,002)           | (\$870)                |
| Private Pay    | \$82,041                       | \$82,022             | \$0                | (\$19)              | (\$19)                 |
| Insurance      | \$6,631                        | \$6,631              | \$0                | \$0                 | \$0                    |
| VA             | \$50,325                       | \$50,422             | \$687              | (\$590)             | \$97                   |
| Hospice        | \$54,113                       | \$43,933             | \$0                | (\$10,180)          | (\$10,180)             |
| <b>Totals</b>  | <b>\$1,474,169</b>             | <b>\$1,406,175</b>   | <b>\$4,232</b>     | <b>(\$72,226)</b>   | <b>(\$67,994)</b>      |

*Reasons for Underbillings:*

- 18 claims totaling \$60,773 were not billed or re-billed if they were denied.
- 17 claims were billed at the incorrect care level rate or number of days, resulting in overbillings of \$3,950 and underbillings of \$4,518.
- The share of cost was billed incorrectly for 6 claims, resulting in overbillings of \$282 and underbillings of \$448.
- The share of cost was not billed for 8 claims totaling \$6,488.

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*Other Issues Noted:*

- The daily care claims were not billed timely for 5 claims. These 5 claims for April 2009 services were billed 85 to 117 days after month's end.
- The April 2009 share of cost was not timely billed for 3 claims. These 3 claims were billed 84 to 124 days after month's end.
- April 2009 bills were not included in 18 case files; however, those amounts were included on subsequent bills.
- 5 April 2009 claims were initially billed incorrectly, but were corrected on subsequent statements.
- For one resident, Medicaid denied an April payment because the payment effective date was not until May 2009 due to the Manor not timely filing required additional information with the State.
- In one instance, the Social Security direct deposit for the resident went to the previous nursing facility and had not been changed to the Manor. The resident moved to the Manor on February 27, 2009, and the deposit had not been changed as of August 2009, when we reviewed the resident's account.

Overall Billing Issues Noted

APA noted issues similar to those documented above during testing of the Manor's records for months other than identified above. We also identified several other general billing issues which caused resident accounts to not be billed or to be billed incorrectly. Additional issues noted:

- The Medicaid case mix report, listing the level of care, was not compared to the long-term care turnaround reports until May 2009. This caused care to be billed at incorrect levels.
- Medicaid add-on reports were not filled out and submitted until March 2009. Therefore, residents may not have been included correctly on the turnaround report and were not properly or timely billed.
- There was a lack of understanding by Manor staff on how the Medicaid reports were to be processed, reviewed, and handled to ensure they were correct.
- Due to failure to review the turnaround report, the Manor overbilled Medicaid for residents whose services were being paid by Medicare from August 2007 through May 2008. See Comment 4 for more details regarding these errors.
- The Manor did not review Medicare payments received to ensure all amounts billed were actually paid. This included ensuring cross-over and coinsurance billings were actually received.
- Claim sheets sent to Medi-Bill Systems identifying the level of care and the numbers of days to be billed were not on file for the period of August 2007 through June 2008.
- Medicare billings for the period of August 2007 through June 2008 were not submitted to Medi-Bill Systems until July 2008.
- No Lancaster County Board approval was on file for the \$400 Medicare daily rate billed by the Manor.
- There was no Lancaster County Board approval for rates charged for private pay daily care.



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- The Manor has not utilized MDI to bill for share of cost, private pay, insurance, Medicare, or Medicaid. This system is capable of performing all billings. However, the Manor manually bills for the share of cost, private pay, insurance, and Medicaid and it pays Medi-Bill Systems, a private company, to bill for their Medicare claims.

When resident billings are done manually and accounts receivable applications are not used, there is an increased risk of errors in billings and amounts received. When billings are not adequately reviewed or processed there is an increased risk the Manor is not collecting all revenue. In addition, there is an increased cost to the Manor for outsourcing its Medicare billings to a private vendor.

We believe this finding to be a material weakness related to the Manor.

We recommend the Manor implement procedures to:

- Ensure billings are proper, complete, and handled in a timely manner.
- Ensure staff members are educated to understand the various billing rates, including how and when they are to be used.
- Develop a review process to ensure the Manor is collecting all revenue due it and the revenue received is correct.
- Evaluate rates and obtain the Lancaster County Board's approval for rates.
- Establish correct balances in MDI, so the Manor can use that system for billing resident care.
- Maintain adequate documentation to support every billing being made for each resident, whether electronically or manually.

*Lancaster County's Response: Prior to our current interim administrator, the County Board was not made aware of all information and did not approve rates. The County Board has had more involvement and will continue to be involved to correct these issues.*

**4. Medicaid Overpayment and Amount of Refund to be Paid by the Manor**

Because of its failure to review the turnaround reports, the Manor overbilled Medicaid for residents whose services were being paid by Medicare from August 2007 through May 2008. We recalculated the amounts for the residents' services involved to determine how much money the Manor should pay back to Medicaid as a result of this overbilling. We determined the overbilled amount was \$68,978; the Manor subsequently returned, or had claims reduced, for \$62,562. However, \$8,343 was returned or reduced in error and \$14,759 was calculated as still needing to be paid back, resulting in the Manor continuing to owe Medicaid \$6,417, as of October 13, 2009. See **Exhibit H** for a detailed summary by resident.

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We recommend the Manor work with DHHS and resolve the specific residents' over/underpayments as identified on **Exhibit H**. This would result in the Manor reimbursing DHHS the net amount of \$6,417.

*Lancaster County's Response: Lancaster Manor has been working with DHHS over the last year to correct overpayments and refunds in regard to Medicaid. Lancaster Manor will continue to work with DHHS to resolve all over/underpayments.*

**5. Medicaid Level of Care Rates Compared**

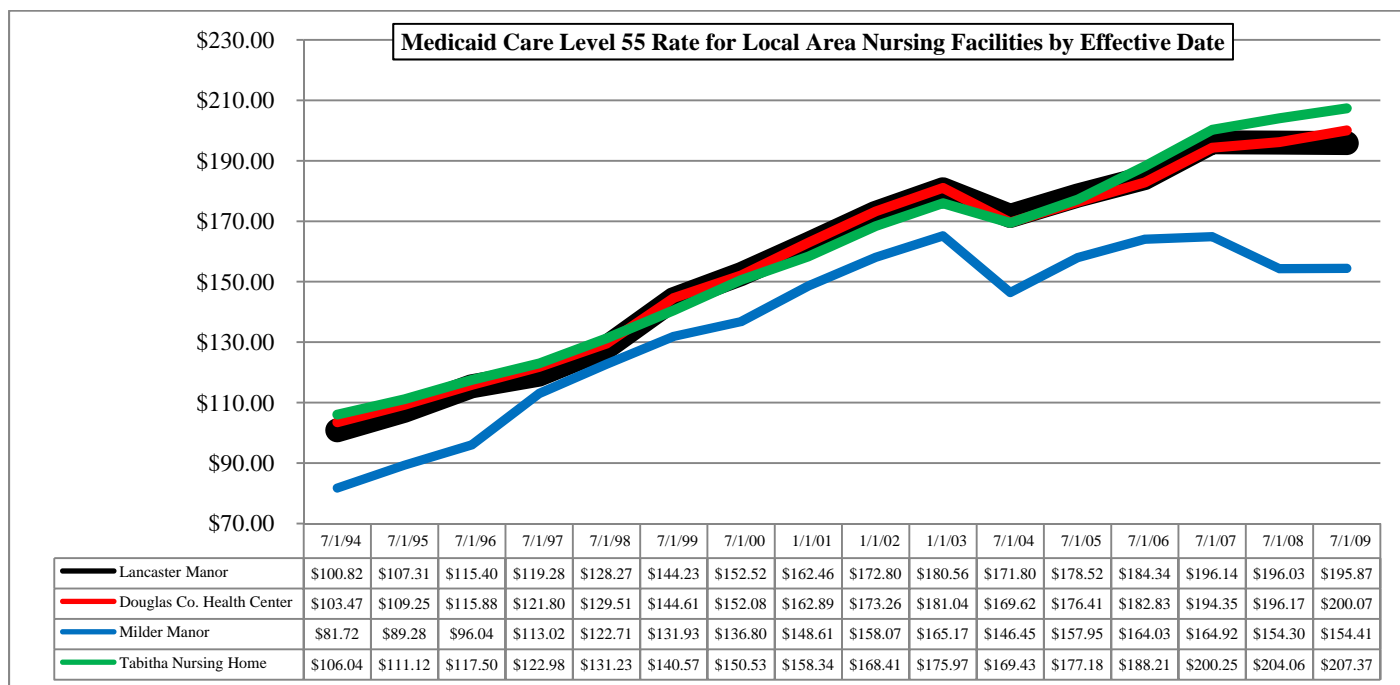
The following is a comparison of the Medicaid rates for the last five years, with Level of Care 55 having the most billings by the Manor during our July 2008 and April 2009 testing.

| Level of Care | FY 2006  | FY 2007  | FY 2008  | FY 2009  | FY 2010  |
|---------------|----------|----------|----------|----------|----------|
| 35 (A)        | \$72.26  | \$74.17  | \$75.95  | \$77.56  | \$79.96  |
| 36 (A)        | \$72.26  | \$74.17  | \$75.95  | \$77.56  | \$79.96  |
| 37            | \$152.18 | \$157.20 | \$167.74 | \$168.14 | \$168.23 |
| 38            | \$162.34 | \$167.67 | \$178.69 | \$178.90 | \$178.89 |
| 39            | \$174.38 | \$180.07 | \$191.68 | \$191.64 | \$191.53 |
| 44            | \$117.19 | \$121.14 | \$130.00 | \$131.09 | \$131.52 |
| 45            | \$155.94 | \$161.08 | \$171.79 | \$172.12 | \$172.18 |
| 48            | \$125.46 | \$129.67 | \$138.92 | \$139.85 | \$140.20 |
| 49            | \$159.33 | \$164.57 | \$175.45 | \$175.71 | \$175.73 |
| 50            | \$178.15 | \$182.01 | \$195.33 | \$192.84 | \$199.82 |
| 51            | \$109.66 | \$113.39 | \$121.88 | \$123.12 | \$123.62 |
| 52            | \$109.66 | \$113.39 | \$121.88 | \$123.12 | \$123.62 |
| 53            | \$135.62 | \$140.14 | \$149.88 | \$150.61 | \$150.86 |
| 54            | \$164.60 | \$169.99 | \$181.13 | \$181.29 | \$181.26 |
| 55            | \$178.52 | \$184.34 | \$196.14 | \$196.03 | \$195.87 |
| 56            | \$195.83 | \$202.17 | \$214.81 | \$214.35 | \$214.03 |
| 60            | \$195.08 | \$201.40 | \$214.00 | \$213.56 | \$213.24 |
| 61            | \$204.86 | \$211.48 | \$224.55 | \$223.92 | \$223.50 |
| 62            | \$221.04 | \$228.15 | \$242.00 | \$241.05 | \$240.48 |
| 68            | \$238.35 | \$245.98 | \$260.66 | \$259.37 | \$258.64 |
| 69            | \$303.08 | \$312.67 | \$330.46 | \$327.90 | \$326.55 |
| 70            | \$393.01 | \$405.33 | \$427.45 | \$423.12 | \$420.90 |

(A) These rates are effective January through December.

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The following chart reflects the Medicaid level of care 55 rates by effective dates, July 1, 1994, through July 1, 2009, for local area nursing facilities.



**6. Therapy Billings**

On August 25, 2009, the APA identified an error in the rates being charged by Encore, while reviewing the billing invoices. We contacted Encore representatives, who agreed that incorrect rates had been used to bill the Manor during the time period under review. Encore subsequently recalculated the billings using the correct rates. Additionally, Encore identified instances in which Medicare Part B residents had been incorrectly classified as Medicaid, resulting in a net refund being issued to the Manor by Encore in the amount of \$16,579.

Encore tracked all therapy provided to residents through the use of therapy logs, which were summarized monthly and separated by payor source. We reviewed monthly therapy billings for the period January 2008 through June 2009. Amounts charged for Medicare Part B and Medicaid were calculated based on published rates.

After Encore bills the Manor for the therapy services, the Manor should bill the appropriate payor source for the therapy provided. The Manor did not consistently bill for therapy services provided. See the following chart below for billable, billed, and unbilled amounts for therapy from January 2008 through June 2009. The total unbilled amount by the Manor was \$102,447.

The total billed amounts were obtained by reviewing monthly Medi-Bill Systems reports for Medicare Part B or DHHS’s Medicaid Management Information System (MMIS) for Medicaid to determine if amounts were billed and received.

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| <b>Payor Source</b> | <b>APA Calculated Billable</b> | <b>Total Billed by Manor</b> | <b>Unbilled</b>    |
|---------------------|--------------------------------|------------------------------|--------------------|
| Medicare Part B     | \$371,908                      | \$357,144                    | (\$14,764)         |
| Medicaid            | \$83,299                       | \$41,486                     | (\$41,813)         |
| Private Pay         | \$24,180                       | \$0                          | (\$24,180)         |
| Other               | \$21,690                       | \$0                          | (\$21,690)         |
| <b>Total</b>        | <b>\$501,077</b>               | <b>\$398,630</b>             | <b>(\$102,447)</b> |

See **Exhibit C** for the monthly calculated amount of therapy that should have been billed by the Manor between July 2008 and June 2009.

The following issues were noted while reviewing therapy billings:

- The Encore invoices were not reviewed by anyone at the Manor to ensure services were being billed at the proper rates.
  - As noted above, Encore billed incorrect rates for Medicaid services provided from January 2008 through January 2009. These incorrect rates caused the Manor to overpay \$18,664 for therapy services. We identified this error during our review of the billing invoices from Encore and contacted Encore on August 25, 2009. Encore acknowledged having used incorrect rates to bill during this time period and subsequently recalculated the billings using the correct rates. Encore also identified instances in which the Manor had identified Medicare Part B residents incorrectly as Medicaid, resulting in an underpayment of \$2,085. This resulted in Encore refunding \$16,579.
  - The APA noted that two Medicare Part B residents were billed by Encore at Medicaid rates. The Manor was under-charged a total of \$289 for these services.
  
- The Manor was charged for “Speech Screens/Assessments” which is a service that was not included in the contract between the Manor and Encore. As these amounts were not actually billed to the payor source by the Manor, the APA calculated the total billable amount included above as “Other” using the cost charged by Encore to the Manor.
  
- The Manor also was not billing private pay residents for therapy, even though Encore provided and charged for these services. Since the Manor had not established a rate for private pay therapy, the APA calculated billable amounts for private pay included above was the cost charged to the Manor by Encore.
  
- The Manor does not review Medi-Bill Systems reports or Medicaid remittances to determine if all therapy is properly billed and received.
  - We noted one resident whose co-insurance was billed and paid by Medicaid twice. Medicaid paid \$162 on May 18, 2009, and \$172 on May 4, 2009, for the same service. The correct amount that should have been paid was \$172. The Manor was overpaid \$162 by Medicaid.

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We believe this finding to be a significant deficiency relating to Manor operations. Without an adequate review of therapy billings, it is impossible to determine if all amounts paid are proper and in accordance with the service contract; thus, could result in possible overpayments. When services provided are not billed to responsible parties consistently, the Manor may be losing revenue.

We recommend the Manor implement adequate procedures to ensure all therapy bills are reviewed and amounts paid are in accordance with the approved contract. These procedures should include billing all therapy costs to the appropriate parties and reviewing all payments received to ensure accurate collection.

**7. Payroll**

The Manor had 353 active employees as of June 26, 2009, including both hourly and salaried individuals. A majority of employees at the Manor were paid hourly and were required to clock in and out each day by swiping a card into an electronic time clock system. The payroll clerk at the Manor ran a daily time summary report and manually entered the time worked, including any leave amounts, into the Lancaster County payroll system. Numerous manual adjustments were made between the time summary information and the information actually entered into the payroll system, including adjusting for lunch hours and when employees did not swipe their cards. The Lancaster County Clerk's office processed the Manor's payroll every two weeks from data the Manor had entered into the system. We examined the payroll records of the Manor from July 1, 2007, through June 30, 2009, and noted the following:

- There was an overall lack of segregation of duties involving the payroll functions at the Manor. One employee was in charge of printing time reports, entering time into the Lancaster County payroll system, comparing payroll reports, recording leave, making adjustments, and distributing the payroll warrants. A large biweekly payroll report was provided to the Manor for verification prior to payment; however, due to its size, it was not reviewed by the Administrator or Manor employees. There was no reconciliation performed between the hours from the electronic time system and Lancaster County's payroll system.
- The Manor incorrectly calculated overtime earned for the entire period tested, resulting in overpayments to its employees. Overtime pay was calculated based on time worked over eight hours per day or time worked over 40 hours per week; therefore, an employee could earn overtime for not working a 40 hour week. The Labor Contract specifically states overtime should be paid for work performed in excess of 40 hours per week. All paid leaves of absence, including vacations and holidays, are counted as hours worked in computing overtime, with the exception of sick leave.
- The Manor incorrectly paid employees for weekend differential overtime. The Labor Contract grants employees who work on Saturday and/or Sunday an additional seventy-five cents per hour. For purposes of computing overtime pay, an employee receives their current hourly rate in addition to the corresponding shift differential pay. The Labor Contract defines the work week to begin on Thursday and end the following Wednesday. The Manor

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paid overtime for weekends before the employee actually worked 40 hours in the work week based on their regular schedule and not by the actual work week. Therefore, employees who regularly worked Monday through Friday and picked up a Saturday shift received overtime credit for the Saturday shift, even though they had not yet worked 40 hours that work week. The weekend overtime calculation for these employees included the weekend differential amount. The Manor paid weekend differential overtime of \$4,842 in 2009 and \$8,115 in 2008. While some of this may have been appropriate, the majority of it would likely have not been allowed if overtime had been calculated in accordance with the Labor Contract.

- We recalculated the gross pay for 10 employees during one biweekly pay period based on the Labor Contract and Lancaster County and Manor policies. For 9 of 10 employees tested, the amount paid did not agree to the amount calculated, resulting in overpayments ranging from \$.09 to \$26 with total overpayments of \$88 for this one biweekly pay period. The overpayments resulted from errors, as described in the paragraphs above, in addition to sick leave being included as time worked in calculating overtime and night shift differential being incorrectly paid. It should be noted we only tested 10 employees over one biweekly period, and the Manor consistently employed over 300 employees during the review period.
- The electronic time clock system was not always being utilized by employees, resulting in the payroll clerk manually writing the time clocked in or out on the time reports. We tested 10 employees during a biweekly period and noted seven days where employees did not accurately clock in or out. One employee did not either clock in or out three times during the one biweekly period tested. We also noted one employee was underpaid half-an-hour because the time clock system automatically deducted a half hour for lunch. No adjustment was made on the time report, and the employee was paid for four hours even though they worked four and one-half hours.

We believe this finding to be a significant deficiency relating to Manor operations. When there is lack of oversight over certain payroll functions, there is an increased risk for inappropriate and unauthorized transactions to occur.

We recommend the Manor implement procedures to ensure no one individual is in a position to both perpetrate and conceal errors or irregularities. A separate documented review of the biweekly payroll should be performed at a minimum. The Manor should also review the timekeeping system to ensure it is appropriately recording all time including lunch hour time so that it does not have to be manually adjusted. We also recommend the Manor review all policies and procedures related to payroll to ensure payment to its employees are in compliance with approved Labor contracts.

*Lancaster County's response: Lancaster Manor will review payroll procedures established to ensure all payments are in compliance with approved labor contracts. We will also review the segregation of duties concern.*

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**8. Temporary Services**

The Manor contracted with four different vendors during the period tested to provide temporary services for nursing staff. We tested billings for two months and noted the amounts billed to the Manor did not agree to the contract on file for a total overpayment of \$1,758.

- For May 2009, there were 71 instances where the rate billed did not agree to the contractual rate, ranging from (\$4.50) to \$21.25 per hour variance, for a total of \$1,099.
- For October 2007, there were 37 instances where the rate billed did not agree to the contractual rate, ranging from \$1.25 to \$4.75 per hour variance, for a total of \$659.

The Manor did not have a process in place to review the rates charged for temporary services compared to the contracted rates. We also noted one temporary service worker's time slip showed she worked only eight hours; however, the Manor was billed and paid for eight and one-quarter hours.

When there is lack of oversight or review of vendor invoices, there is an increased risk for inappropriate, overcharged, and unauthorized transactions to occur.

We recommend the Manor implement procedures to ensure temporary services are properly billed and paid in accordance with current contracts. These procedures should include a review of the billings from the vendors to ensure the correct hours are being billed and paid.

*Lancaster County's response: Temporary Services have been a concern for Lancaster Manor and has been a topic of discussion at the weekly updates at the Lancaster County Board staff meetings. We have struggled with the fine line of using temporary services or utilizing overtime for staff. We will continue to review staffing issues to ensure quality care for the residents. There is no doubt that temporary services have increased while the resident count has decreased since the beginning of calendar year 2009 when the possibility of a sale was discussed. The Manor has not been following the AFSCME contract regarding mandatory overtime. This has been corrected. When the possibility of a sale of Lancaster Manor was mentioned, some Manor employees began using sick and vacation time which has caused most of the temporary services cost.*

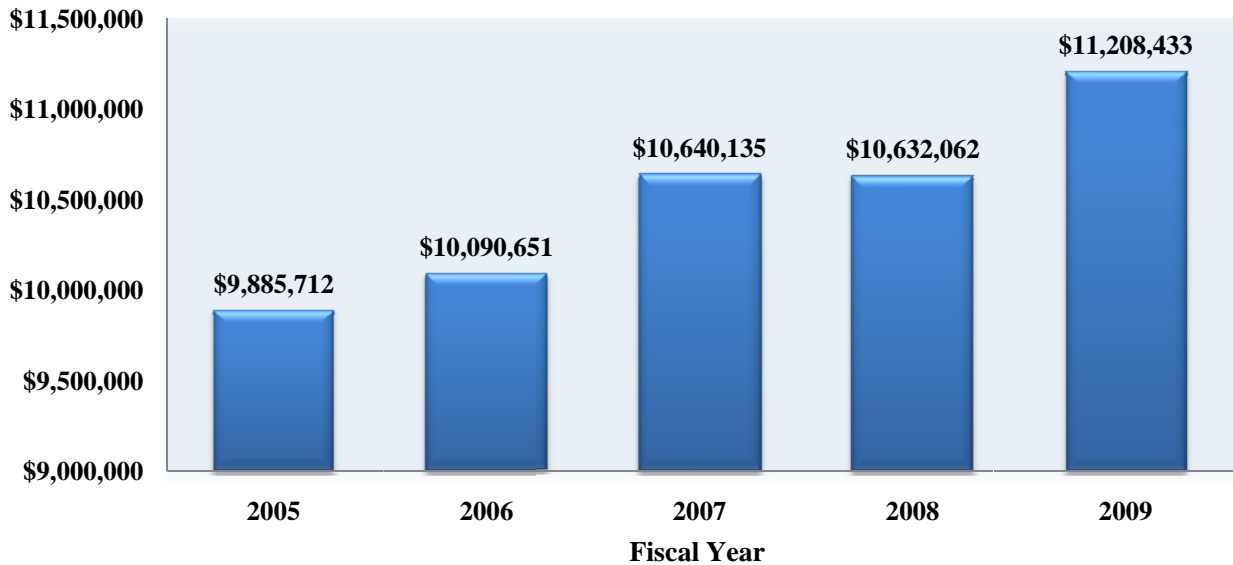
**9. Payroll Financial Information, Temporary Services, and Resident Census**

We accumulated the Manor's payroll hours and costs by month, temporary service hours and costs by month, and resident census by month. Summary of the information is found on **Exhibit I**.

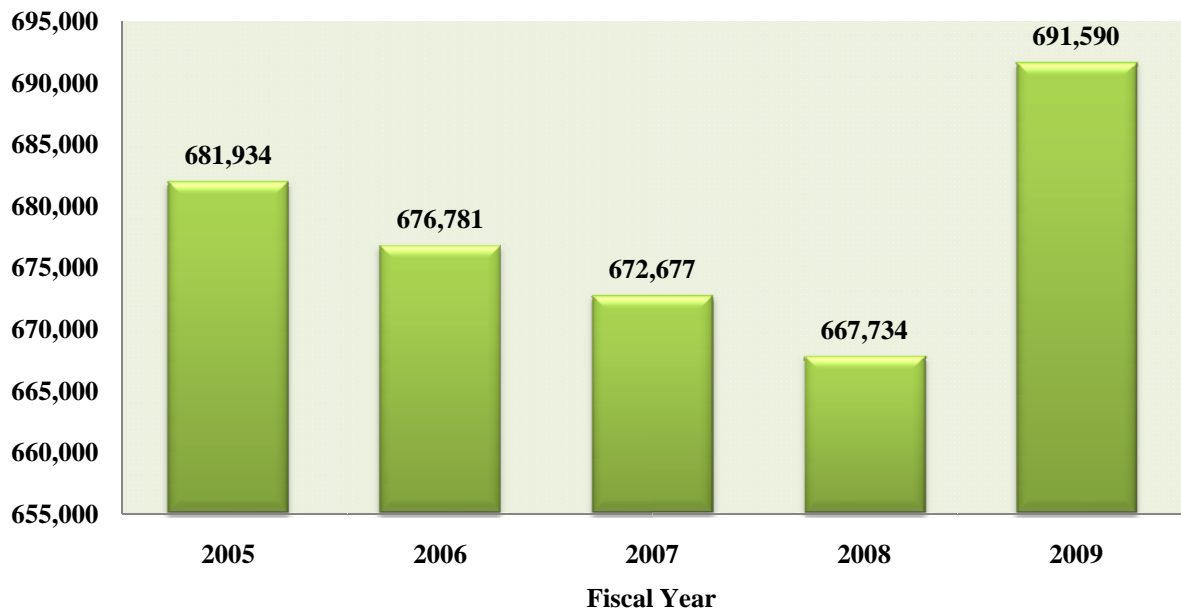
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Following are two charts representing the Manor's salaries and wages paid and payroll hours by fiscal year for the previous five years.

**Manor Employee Salary and Wages Paid by Fiscal Year**



**Manor Employee Payroll Hours by Fiscal Year**

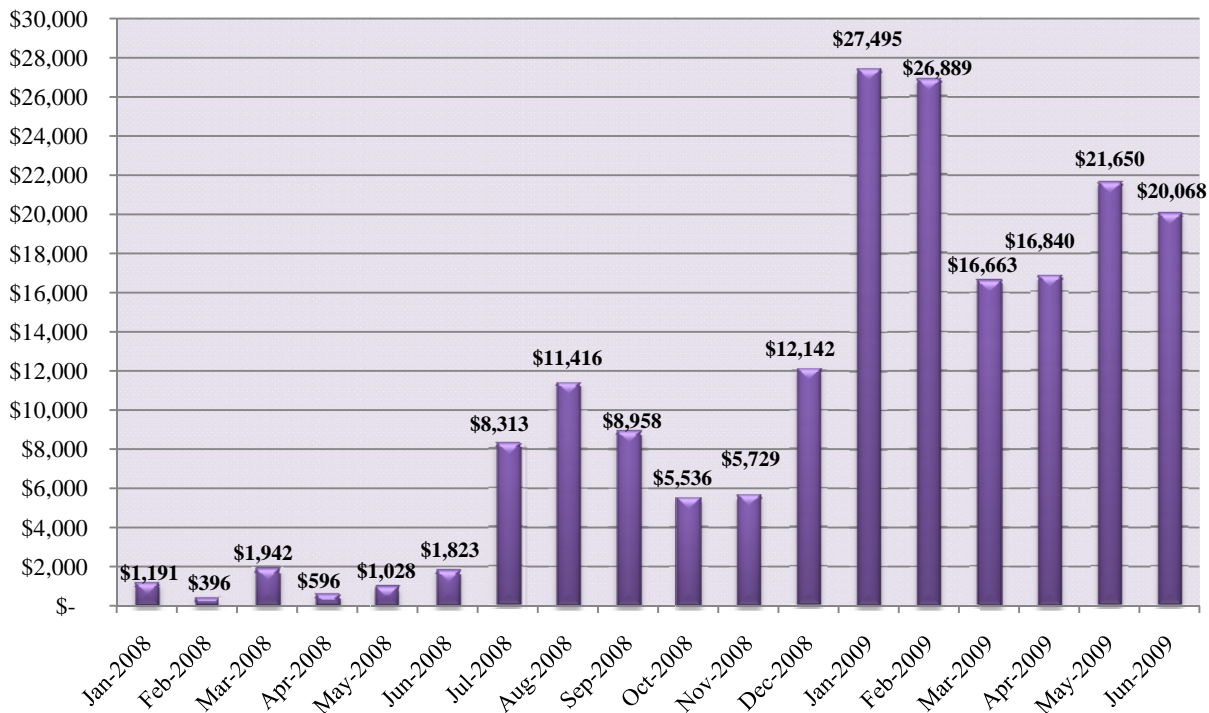




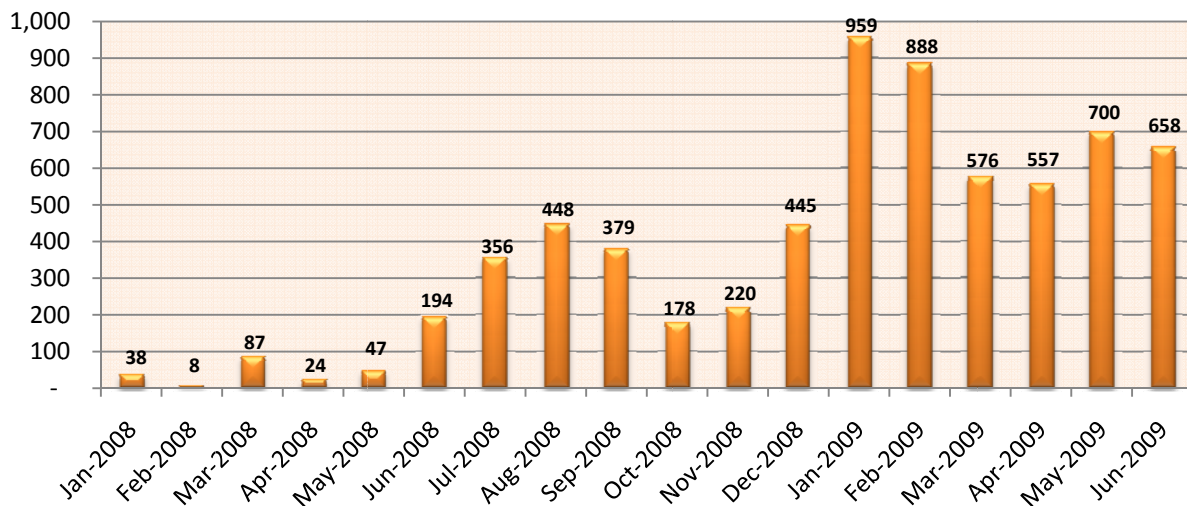
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Following are two charts representing the Manor's temporary services paid and temporary service hours by month for the period January 2008 through June 2009.

**Temporary Services Paid by Month  
For the period January 2008 through June 2009**

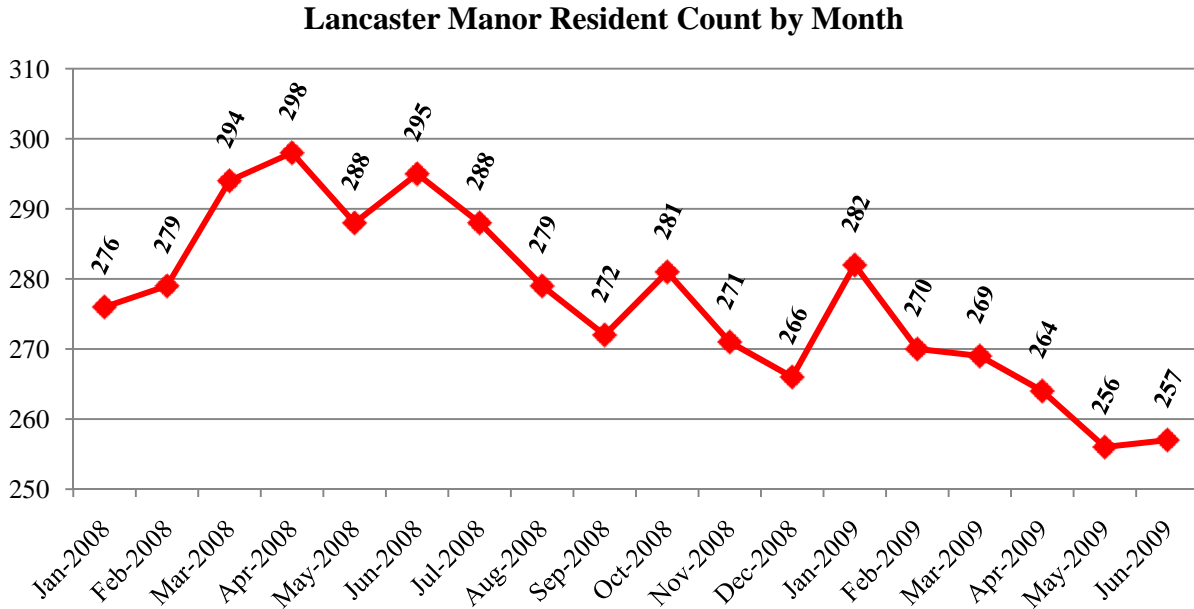


**Temporary Service Hours by Month  
for the period January 2008 through June 2009**



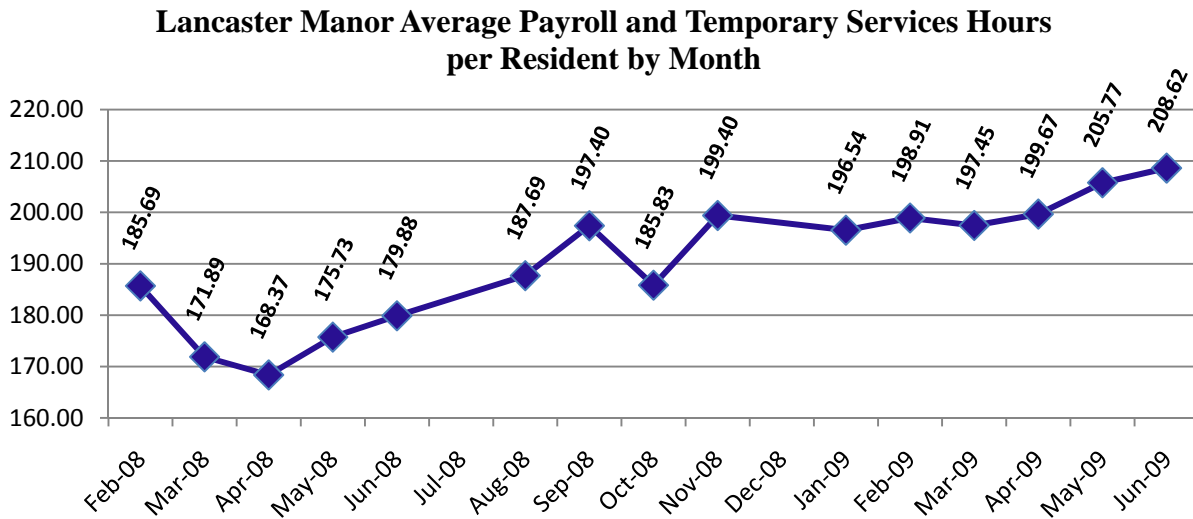
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Following is a chart representing the Manor's resident count by month for the period January 2008 through June 2009.



Whether there for only one day or the entire month, the resident was included in the count number, and therefore, this does not represent the resident count on any given day.

Following is a chart representing the calculated average payroll and temporary service hours per resident by month for the period January 2008 through June 2009, except January 2008, July 2008, and December 2008 which had three biweekly payrolls, while all other months only had two.



Note: January 2008, July 2008, and December 2008 were not included as they had an extra biweekly payroll - three per month while all other months had two biweekly payrolls.

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**10. Resident Trust Account**

The Manor maintains a resident trust bank account for deposits and monies which belong to the Manor residents. The Manor is the custodian of the bank account for the residents. The Manor also deposited monies they collected for the Manor's resident care into this account before remittance to the Lancaster County Treasurer. The bank activity for the Lancaster County Manor resident trust account was as follows:

|                       |   |    |                   |
|-----------------------|---|----|-------------------|
| Balance July 1, 2007  |   | \$ | 152,712.23        |
| Deposits              | + | \$ | 7,255,924.62      |
| Withdrawals           | - | \$ | 7,257,869.34      |
| Balance June 30, 2009 | = | \$ | <u>150,767.51</u> |

Neb. Rev. Stat. § 23-1601(1) (Reissue 2007) requires that all money belonging to Lancaster County, from whatever source, be deposited with Lancaster County Treasurer. Good internal control and sound business practices require that cash on hand reconciles to records, and records reconcile to the bank.

- The Manor did not have adequate procedures to complete an accurate reconciliation of the trust bank account to the Manor trust records on a consistent and periodic basis. In October 2008, the Manor wrote a check for \$444,532 to the Lancaster County Treasurer because the trust bank account included more funds than was recorded in the trust records maintained by the Manor. The \$444,532 is included in the Manor fund as revenue. There was no documentation provided to support what this amount consisted of. Since monies were deposited for the Manor residents' trust and also Manor care collections, it was undetermined as to whom the monies actually belonged to – residents or Lancaster County. The Manor attempted to reconcile the account beginning in July 2009.
- We reviewed two months of resident trust account withdrawals to ensure these were deposited with the Lancaster County Treasurer. The following was noted:
  - In July 2008, a total of \$33,172 was charged against resident trust accounts for care payments. These monies were not deposited with the Lancaster County Treasurer, but remained in the trust bank account. The \$444,532 check written in October 2008, as noted above, may have included a portion of these charges; however, we were unable to verify this, as there was no documentation to support the amount sent to the Lancaster County Treasurer. Therefore, it is impossible to determine if the July 2008 charges from resident trust accounts were remitted to the Lancaster County Treasurer.
  - In April 2009, the remittance to the Lancaster County Treasurer was \$61 higher than the amount of charges recorded from resident trust accounts.
- We attempted to reconcile the resident trust account balances to the bank balance as of July 31, 2009, and noted a variance of \$3,381 more in the bank than is supported by resident trust account records. Additionally, it is difficult to reconcile receipt and expenditure activity per the bank to the Manor records because records for this activity are maintained in multiple ledgers and there is no one record that gives an overall picture.

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- Per review of checks written to the Lancaster County Treasurer, the Manor had written all County Treasurer checks to the payee, “Lancaster Manor” when, in fact, they were being deposited to the Lancaster County Treasurer.
- The Manor maintains \$600 cash in a lockbox for residents to withdraw from their trust accounts. We conducted a surprise cash count on August 19, 2009, which showed a shortage of \$7.

We believe this finding to be a significant deficiency relating to Manor operations.

We recommend the trust account be reconciled to the bank on a monthly basis, and that the cash on hand reconcile to Manor records. All variances should be immediately looked into and followed up on. Furthermore, we recommend the Manor implement procedures to ensure care payments are deposited with the Lancaster County Treasurer accurately and are not allowed to accumulate in the Manor Bank Account. We further recommend all checks remitted to the Lancaster County Treasurer be written to the “Lancaster County Treasurer” to eliminate any confusion and ensure they are being properly deposited.

*Lancaster County’s response: Lancaster Manor understands the resident trust account issues and has been trying to reconcile on a regular basis. During fiscal years 2008 and 2009 there was turnover in the business office and the reconciliations were not performed. The transfer of \$444,532 to the Lancaster County Treasurer in November 2008 was to catch up for the activity that was due to the County but had not been remitted. We are in agreement that reconciliations should be done on a monthly basis and care payments should be deposited with the County Treasurer in a timely matter. Lancaster Manor has been trying to make this a priority.*

**11. Expenditures**

The process to pay expenses of the Manor is twofold and flows through Lancaster County. Each voucher document is prepared and approved by the Manor and then posted by Lancaster County. Once the payment has been posted, a list of expenses for Lancaster County, including the Manor, is submitted to the Lancaster County Commissioners for approval. Once expenses are approved by the Commissioners, Lancaster County completes the process by printing warrants or creating an Electronic Fund Transfer (EFT). We examined certain Manor expenditures for the period July 1, 2007, through June 30, 2009 and noted the following:

- Two payments to Lincoln Electric System for the Manor’s electric services were not paid by the due date, resulting in late fees of \$757.
  - The invoice due December 8, 2008, was not paid until December 11, 2008, resulting in a \$255 late fee charged to the Manor.
  - The invoice due August 6, 2009, was not paid until September 17, 2009, resulting in a \$502 late fee charged to the Manor.

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- The Manor did not take advantage of a one percent discount offered by AmSan, the vendor from whom it purchases certain cleaning and maintenance products, even though the invoices were consistently being paid within the required timeframe. For fiscal years 2008 and 2009, the Manor paid AmSan \$181,824, with a total potential lost discount of \$1,818. Following is an example of an invoice disclosing the allowable discount:

RETAIN THIS PORTION OF THE INVOICE FOR YOUR RECORDS  
RETURN THIS PORTION WITH YOUR REMITTANCE

**AmSan**  
United for a cleaner, safer and  
healthier America

| ACCOUNT NUMBER | INVOICE DATE | INVOICE NO. | INVOICE AMOUNT DUE |
|----------------|--------------|-------------|--------------------|
| 495090         | 09/17/08     | 187204227   | 2,116.54           |

DEDUCT 21.17 IF PAID BY 10/02/08

NET AMOUNT PAID

SOLD TO:  
LANCASTER MANOR  
1001 SOUTH ST  
ACCOUNTS PAYABLE  
LINCOLN NE 68502-2251

REMIT TO:  
AMSAN  
13924 Collection Center Dr  
Chicago, IL 60693

\*NO DISCOUNT ALLOWED FOR PAYMENTS MADE BY CREDIT CARD. A 1% DISCOUNT IS ALLOWED FOR PAYMENT POSTMARKED WITHIN 15 DAYS FROM DATE OF INVOICE

- During a review of the Manor's contracts, we noted instances where there was no contract on file or the contract on file was not current. However, expenditures were still being incurred from these vendors. Some examples are American Health Care, Culligan, and Industrial Services.
- An employee of the Manor was caught throwing mail into the garbage on June 29, 2009. After the employee left work for the day, management looked in the trash and found explanations of resident benefits, bills, and other mail that had not been opened. The employee was confronted on June 30, 2009, and explained the bills were duplicates and the other items just made the resident files too large. The employee was allowed to continue opening the mail until resigning from the Manor on July 10, 2009. Good internal controls require procedures to ensure no one individual is in a position to both perpetrate and conceal errors or irregularities.

When there is lack of adequate oversight and review of vendor invoices and processing, there is an increased risk for overpayments, late fees, and additional unnecessary expenditures to occur.

We recommend the Manor implement procedures to ensure no one individual is in a position to both perpetrate and conceal errors or irregularities. Procedures may include two separate individuals opening the mail. We also recommend the Manor, in cooperation with Lancaster County; implement procedures to ensure bills are paid timely to ensure discounts offered by vendors are taken advantage of for the benefit of Lancaster County. Finally, we recommend the Manor review their contracts to ensure all required contracts are current, on file, and appropriately being charged and paid.

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**12. Pharmacy Billing**

The Manor has a contract with PharMerica for pharmacy services and related consulting services, supplies, equipment, and delivery thereof. PharMerica only bills the Manor for VA and Medicare Part A residents. For all other resident types, pharmacy services are billed directly to appropriate parties by PharMerica.

The pharmacy services for Medicare Part A residents are included in the daily Medicare per diem rates, thus there is no additional billing made by the Manor for these services.

The Manor orders patient pharmacy medications from PharMerica and is allowed to receive credits for lost, broken, or incorrectly ordered medications. The Manor did not review credits received from PharMerica for lost or broken medications to ensure the amounts received were correct. Per the VA agreement with the Manor, “Oral medications, which comprise more than 8.5% of the per diem rate on a monthly basis, are excluded from that rate. High drug costs will be determined by the actual cost or the Average Wholesale Price (AWP), whichever is less, of the drugs plus a transaction fee of 3% per month.” The Manor can submit monthly reimbursement requests to the VA for the high drug costs. We tested six VA residents’ medication costs for one month and noted the Manor and VA incorrectly calculated the VA reimbursements, resulting in an underpayment of \$571 for the month. In some instances the VA changed the request for reimbursement to reflect what the Manor actually billed for the daily per diem; however, the Manor had reported incorrect information. The VA also changed the AWP number; however, did not have support for the change. Following are the results of our testing:

| <b>Date</b> | <b>Resident</b> | <b>APA Calculated Medication Cost Based on Lesser of AWP or Cost</b> | <b>8.5% of VA Per Diem</b> | <b>Manor should have received from VA</b> | <b>Manor received from VA</b> | <b>Over/ (Under) Received from VA</b> |
|-------------|-----------------|--|----------------------------|---|-------------------------------|---------------------------------------|
| April-09    | Resident 1      | \$1,297.22   | \$599.14                   | \$698.08                                  | \$813.81                      | \$115.73                              |
| April-09    | Resident 2      | \$204.29   | \$508.07                   | \$0.00                                    | \$0.00                        | \$0.00                                |
| April-09    | Resident 3      | \$2,342.20   | \$581.22                   | \$1,760.98                                | \$1,322.71                    | (\$438.27)                            |
| April-09    | Resident 4      | \$863.46   | \$549.86                   | \$313.60                                  | \$461.74                      | \$148.14                              |
| April-09    | Resident 5      | \$582.14   | \$541.79                   | \$40.35                                   | \$104.44                      | \$64.09                               |
| April-09    | Resident 6      | \$1,134.48   | \$549.86                   | \$584.62                                  | \$124.39                      | (\$460.23)                            |
|             | <b>Total</b>    |  |                            | <b>\$3,397.63</b>                         | <b>\$2,827.09</b>             | <b>(\$570.54)</b>                     |

When there is lack of adequate oversight and review of pharmacy invoices and pharmacy billings, there is an increased risk for over and underbillings to occur which may lead to a loss of revenue.

We recommend the Manor implement procedures to ensure pharmacy bills are reviewed and appropriately billed. The Manor should ensure they report the correct information to the VA to ensure the appropriate amount will be collected.

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**13. Supplies Inventory**

The Manor did not perform an inventory of supplies during the period July 1, 2007, through June 30, 2009. In cooperation with Lancaster County the Manor completed an inventory on July 29, 2009. The inventories were taken at each of the Manor's storage of supplies locations, which consisted of each nursing station, several cabinets, and storage closets. However, the inventory counts were not combined to get an accurate picture of what items were actually on hand. In addition, there was no tracking of supply inventory to determine what items were being used on a daily, monthly, or annual basis. It appeared the Manor ordered items based on what was purchased the last time and not based on need.

We reviewed purchases of trash bags during fiscal year 2009. The Manor ordered a number of different quantities and sizes of trash bags ranging from ten gallon to sixty gallon bags. The number of trash bags ordered during fiscal year 2009 is noted in the chart below:

| Trash bags ordered during fiscal year 2009 | Calculated average number of trash bags used per day |
|--|--|
| 646,450                                    | 1,771  |

Also, it was disclosed that at least one employee was allowed to purchase trash bags for personal use. We found three receipts totaling \$77 for trash bags purchased from the Manor from January 1, 2008, through December 31, 2008. The employee worked in the business office and signed the receipts as money received. We were also informed that other employees were allowed to purchase food, including cookies and cinnamon rolls, in bulk from the cafeteria. These types of purchases allow employees to avoid sales tax, as well as possibly overstate the Manor expenditures and do not support the overall purpose of the Manor. The Interim Administrator has stopped allowing employees to make such purchases from the Manor.

We believe this finding is a significant deficiency relating to Manor operations.

We recommend the Manor implement procedures to ensure an accurate supplies inventory is performed on at least an annual basis and supplies are purchased on an as needed basis. In addition, we recommend the Manor implement a written policy restricting employees from purchasing items that do not support the mission of the Manor.

*Lancaster County's response: Lancaster County was aware of the supplies inventory issues and that was the reason an inventory was completed. The interim administrator has been in the process of changing how items are ordered and has stopped the ability of employees to purchase supplies for personal use.*

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**14. General Accounting Issues**

During review of the Manor's various accounting procedures, we noted the following issues:

- Petty cash claims submitted to Lancaster County for reimbursement did not have proper documentation attached. Original receipts were not always included; usually only a handwritten ticket describing the nature of the expense such as "bingo" was attached. Good internal control requires that all petty cash claims be submitted with adequate, original documentation.
- During a surprise cash count on September 16, 2009, we noted that 2 of 34 checks on hand at the Manor were not restrictively endorsed. Good internal control requires that all checks be endorsed at time of receipt.

We recommend the Manor implement procedures to ensure all petty cash claims include original documentation and checks received are restrictively endorsed at time of receipt.

**15. Cost Reports**

Provider cost reports are required to be submitted to Medicare and Medicaid annually. These reports - Medicare Form CMS 2540-96 and Medicaid Form FA-66 - are used to assist in calculating reimbursement rates. We reviewed the cost reports submitted for fiscal years 2007 and 2008. These reports materially agreed to the audited financial statements.

Rules and regulations determined by DHHS outline allowable costs to be included in the cost report for the determination of the reimbursement rates. Title 471 NAC 12-011.05 indicates costs which are not "reasonably related to the efficient production of service because of either the nature or amount" are unallowable. CMS outlines the required information to be submitted on Medicare Form CMS 2540-96.

Included in the total expenses submitted on the cost reports for the Manor were the costs associated with running the Manor employee cafeteria. Expenses were not accounted for separately in the accounting system, so the Manor could not efficiently split out these costs for reporting purposes. The expenses associated with the employee cafeteria included food costs and employee time for set-up, operation, and clean up. The revenues collected from food sales at the cafeteria were also included in the cost report; however, there is no way to determine if all costs were recovered. The current interim administrator closed the employee cafeteria in September 2009.

When unallowable costs are included in the Medicaid cost report, Medicaid reimbursement rates are calculated incorrectly.

We recommend the Manor ensure all costs included on the Medicaid cost reports are allowable per rules and regulations determined by DHHS.



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*Lancaster County's response: Lancaster County has always included the expenses associated with the Manor employee cafeteria on the Medicaid cost report along with the revenue generated from employees and guests. The interim manor administrator, with support from the County Board, closed the employee cafeteria.*

**16. Nursing Staff Minutes, Rate, and Resident Capacity Comparisons**

We reviewed the number of nursing staff minutes worked per resident per day and resident capacity percentages as reported on <http://www.medicare.gov/NHCompare>- last visited November 10, 2009, for the Manor and other area nursing facilities. We obtained rates paid to the Manor nursing staff as compared to other area nursing facilities. We would like to note that this information is self-reported by the facilities and was not audited by the APA. The following information was obtained:

**Area Nursing Facilities Comparison Nursing Staff Minutes per Resident per day and Capacity % Comparison**

| NURSING HOME  | REVIEW DATE | CERTIFIED BEDS | TOTAL # OF RESIDENTS | CAPACITY % | LICENSED NURSE STAFF MINUTES PER RESIDENT PER DAY | CERTIFIED NURSING ASSISTANT MINUTES PER RESIDENT PER DAY |
|---|-------------|----------------|----------------------|------------|---|--|
| LANCASTER MANOR   | 8/19/2008   | 293            | 264                  | 90.10%     | 66  | 193  |
| DOUGLAS COUNTY HEALTH CENTER (Nursing Facility Portion) | 3/19/2009   | 254            | 228                  | 89.76%     | 98  | 184  |
| MILDER MANOR  | 3/9/2009    | 117            | 96                   | 82.05%     | 68  | 171  |
| TABITHA NURSING HOME                                    | 11/20/2008  | 205            | 187                  | 91.22%     | 137   | 228  |
| NEBRASKA AVERAGE  | 3/19/2009   | -              | 57.5                 | -          | 78  | 144  |
| NATIONAL AVERAGE  | 3/19/2009   | -              | 94.7                 | -          | 84  | 144  |

Note: This information comes from data nursing facilities self report. CMS receives the data and converts it into the number of staff minutes per resident per day. The information was obtained from Medicaid.gov - Nursing Home Comparison.

**Area Nursing Facilities Wage Rate Comparison at Hire Date**

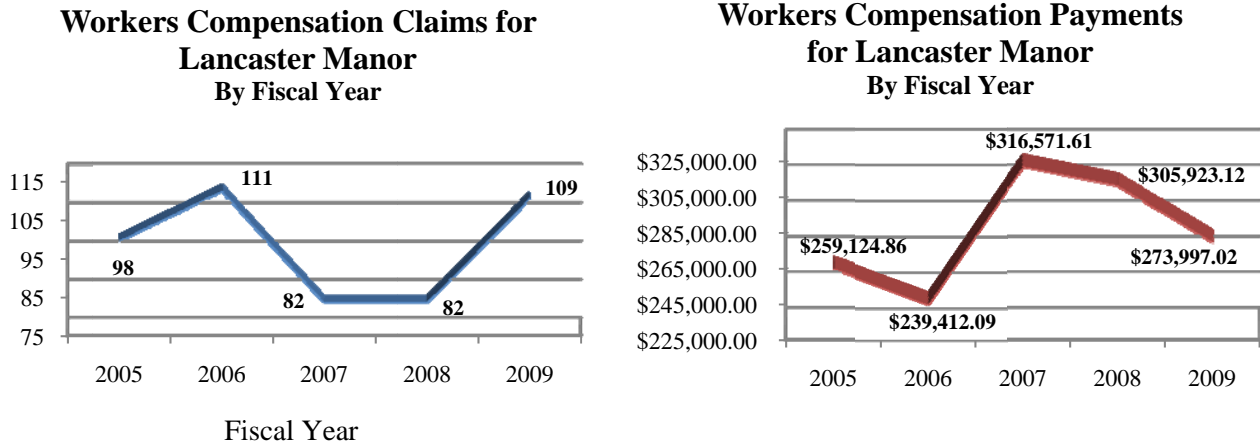
| Nurse Pay Type                  | Tabitha Hourly Rate | Milder Manor Hourly Rate | Douglas County Hospital Hourly Rate | Lancaster Manor Hourly Rate | # of Lancaster Manor Employees as of 6/26/2009 | Pay Ranges for Lancaster Manor | Eligible for Longevity Pay |
|---------------------------------|---------------------|--------------------------|-------------------------------------|-----------------------------|--|--------------------------------|----------------------------|
| Certified Nurse Assistant (CNA) | \$9.70              | \$10.00                  | \$12.36                             | \$11.70                     | 162  | \$11.701 - \$15.529            | 40                         |
| Medical Aide                    | \$10.20             | \$10.25                  | N/A                                 | \$12.12                     | Included above                                 | Included above                 |                            |
| Licensed Practical Nurse (LPN)  | \$14.75             | \$15.00                  | \$18.23                             | \$17.27                     | 28   | \$17.267 - \$23.111            | 10                         |
| Registered Nurse (RN)           | \$18.00             | \$20.25                  | \$24.46                             | \$23.11                     | 14   | \$23.111 - \$27.582            | 8                          |
| Others (Supervisors, Directors) |                     |                          |                                     |                             | 10   | \$13.481 - \$35.330            | 8                          |
| <b>Total</b>                    |                     |                          |                                     |                             | <b>214</b>                                     |                                | <b>66</b>                  |

Note: Pay rates do not include benefits. Pay ranges do not include Longevity Pay and Lancaster Manor employees begin earning Longevity Pay after their 5th year with Lancaster County. Douglas County Hospital Employees receive the following hourly raises after being with the Douglas County six months: CNA - \$.62; LPN - \$2.17; RN - \$4.46; these rates include the raises after the probation period. Douglas County is a complete health center including a hospital and nursing home, Douglas County Hospital does not have Medical Aides.

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**17. Workers' Compensation Claims Information For Lancaster Manor**

The Lancaster County Risk Manager provided the summarized information regarding Lancaster Manor's workers compensation information. The following charts are a summary by fiscal year for the previous five years.



*Lancaster County's response: Lancaster County agrees with the Workers' Compensation Claims information included in the attestation review. Lancaster County would like to show the remainder of claims for the rest of Lancaster County:*

|               |                              |                                |
|---------------|------------------------------|--------------------------------|
| <i>FY2005</i> | <i>number of claims – 80</i> | <i>Payments - \$326,369.71</i> |
| <i>FY2006</i> | <i>number of claims – 95</i> | <i>Payments - \$330,178.33</i> |
| <i>FY2007</i> | <i>number of claims – 79</i> | <i>Payments - \$345,833.17</i> |
| <i>FY2008</i> | <i>number of claims – 88</i> | <i>Payments - \$375,858.69</i> |
| <i>FY2009</i> | <i>number of claims – 76</i> | <i>Payments - \$298,947.03</i> |

**18. DHHS Licensing and Regulatory Affairs Health Care Facilities and Services Complaints**

DHHS Regulation and Licensure - Licensing & Regulatory Affairs – Long-Term Care Section - Licensure Unit investigates complaints regarding Assisted-Living Facilities. All complaints received on health facilities and service providers are reviewed. Any person may submit a complaint to DHHS of an alleged violation that occurred in a health care facility or by a service provider. Complaints submitted to DHHS are confidential.

We asked DHHS to provide the number of complaints or incidents reported to them for the past five years for the Manor and facilities similar to the Manor. The chart below outlines complaints submitted to the Licensure Unit for the Manor, as well as Douglas County Health Center and Tabitha Nursing Home, two other long-term care facilities comparable in size to the Manor.

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The chart lists both substantiated (Sub) and unsubstantiated (Unsub) deficiency complaints for each calendar year January through December:

| FACILITY                         | January –<br>December 2004 |     | January –<br>December 2005 |     | January –<br>December 2006 |     | January –<br>December 2007 |     | January –<br>December 2008 |     |
|----------------------------------|----------------------------|-----|----------------------------|-----|----------------------------|-----|----------------------------|-----|----------------------------|-----|
|                                  | Unsub                      | Sub | Unsub                      | Sub | Unsub                      | Sub | Unsub                      | Sub | Unsub                      | Sub |
| Douglas Co. Health<br>Center-LTC | 13                         | 0   | 20                         | 1   | 15                         | 0   | 19                         | 0   | 5                          | 1   |
| Tabitha Nursing Home             | 7                          | 3   | 7                          | 2   | 7                          | 0   | 6                          | 3   | 9                          | 0   |
| Lancaster Manor                  | 8                          | 1   | 9                          | 0   | 23                         | 1   | 13                         | 4   | 17                         | 12  |

DHHS indicated they are currently conducting an annual survey of Lancaster Manor; however, the results were not yet available. Since the current inspection by DHHS, completed in October 2009, the Manor has been placed on 90 day probation. During the probation, the Manor cannot bill for any new Medicare or Medicaid patients. The probation comes as the result of DHHS noting several deficiencies with patients care.

**19. Appraised Value**

The appraisal done by Great Plains Appraisal, Inc. in 2007 was for the Manor’s existing 293-bed nursing home located at 1001 South Street in Lincoln. According to the appraisal report found at: <ftp://ftp.lincoln.ne.gov/09-075/Appraisal,%20Part%201.pdf> – last visited on November 6, 2009, Great Plains Appraisal, Inc. estimated the value, based on conditions and for continued operation by a not-for-profit entity as of May 15, 2007, to be \$9,750,000 (\$1,025,500 furniture, fixtures, and equipment and \$8,724,500 real estate) and assuming operation by a private entity to be \$10,200,000 (\$1,025,500 furniture, fixtures, and equipment and \$9,174,500 real estate) based on the current market conditions at that date. It further indicated the most probable marketing period is estimated to be from 3 to 12 months for the Manor value appraised.

The appraisal was based, in part, on Comparable Nursing Home Sales which occurred from January 2000 through March 2006, as noted below from the actual appraisal report:

The sales of nursing homes are summarized in the following table.

| Sale | Location                     | Beds | Building Area | Sq.Ft. / Bed | Sale Date | Sale Price   | Price Per Bed | Price per Sq.Ft. | Gross Income | GIM      |
|------|------------------------------|------|---------------|--------------|-----------|--------------|---------------|------------------|--------------|----------|
| 1    | 111 W 36th, Scottsbluff      | 168  | 69,357        | 413          | 3/14/06   | \$ 2,900,000 | \$ 17,262     | \$ 41.81         |              |          |
| 2    | 4809 Redman Ave, Omaha       | 64   | 31,922        | 499          | 3/11/06   | \$ 2,250,000 | \$ 35,156     | \$ 70.48         |              |          |
| 3    | 1720 Burton, Falls City      | 80   | 23,348        | 292          | 8/29/05   | \$ 500,000   | \$ 6,250      | \$ 21.42         | \$1,793,285  | ** 0.279 |
| 4    | Hallmark, 5505 Grover, Omaha | 152  | 34,194        | 225          | 4/3/03    | \$ 3,300,000 | \$ 21,711     | \$ 96.51         | \$ 841,239   | ** 3.923 |
| 5    | Waverly                      | 51   | 19,665        | 386          | 12/31/01  | \$ 1,033,000 | \$ 20,255     | \$ 52.53         | \$1,975,214  | 0.523    |
| 6    | 315 Hooper, Elkhorn          | 128  | 38,513        | 301          | 8/29/00   | \$ 5,491,672 | \$ 42,904     | \$142.59         | \$5,878,077  | 0.934    |
| 7    | 6022 Villa de Sante, Omaha   | 128  | 41,703        | 326          | 8/25/00   | \$ 6,590,000 | \$ 51,484     | \$158.02         | \$5,674,779  | 1.161    |
| 8    | Brookstone, 4330 S 144th, Om | 120  | 82,453        | 687          | 1/0/00    | \$ 7,191,800 | \$ 59,930     | \$ 87.22         | \$3,035,085  | ** 2.369 |

\*\* Estimated

The Manor is currently zoned for public use, thus if purchased by a non-public agency, it would require a zoning change. Based on the appraisal report, per 2005 tax rates, the projected property taxes would be around \$115,000.

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Additionally, expenditures reflected in **Exhibit B** of this report does not include sales tax, as the Manor is a governmental entity and does not pay sales tax for items purchased. Thus, if purchased by a non-public agency, additional sales tax expenditures would occur.

Per DHHS, there have been six long-term care facilities with a change in ownership in Nebraska since July 2007. They were:

| Nursing Homes  | Effective Date | Previous Owner                         | Current Owner                                 |
|--|----------------|--|---|
| 1. Ogallala, Indian Hills Manor  | 8/1/07         | Lantis Enterprises Inc                 | Indian Hills Investors LLC                    |
| 2. Beatrice, Beatrice Manor  | 10/1/07        | Beatrice Manor Inc                     | Careage Mangement LLC                         |
| 3. North Platte, Centennial Park Retirement Village  | 2/17/08        | Centennial Park Retirement Village LTD | Five Star Quality Care NE LLC                 |
| 4. Lincoln, Homestead Nursing & Rehabilitation Center (+ name chg-formerly Homestead Health & Rehabilitation Center        | 4/1/08         | Kindred Nursing Centers West LLC       | Homestead Nursing & Rehabilitation Center LLC |
| 5. Seward, Seward Living Center Inc dba Ridgewood Rehabilitation & Care Center (+ name chg-formerly Anna Sundermann Homes) | 7/1/08         | Memorial Health Care Systems           | Seward Living Center Inc                      |
| 6. Omaha, Hidden Hills Health & Rehabilitation Center (+ Name chg-formerly Infinia at Florence Heights)                    | 10/1/08        | Infinia at Florence Heights Inc        | LTC Healthcare at Florence Inc                |

We recommend the Commissioners' continue the quest of obtaining an updated appraisal report of the Manor to ensure Lancaster County has the most up-to-date information.

*Lancaster County's response: The Lancaster County Board met with Great Plains Appraisal, Inc. on October 15, 2009 to discuss the possibility of an updated appraisal report. It was determined based upon the recommendation of Great Plains Appraisal, Inc. an updated appraisal report was not necessary.*

**20. Preferred Provider**

We had several inquiries as to what it takes to become a preferred provider. Thus, we contacted the Blue Cross Blue Shield of Nebraska (BCBS) Regional Consultant on August 12, 2009, and inquired about the process for a nursing facility to become a preferred provider. This is for informational purposes only. We were informed the process involves the following steps:

- 1) Assessment questionnaire – The Consultant completes an assessment questionnaire with the facility. The facility is asked to provide a copy of their liability insurance and a W-9 form (for tax identification). The facility may also provide accreditation records and any other supporting documentation to the BCBS contracting committee.
- 2) BCBS Contracting Committee – The contracting committee meets once a month to review the assessment forms. The contracting committee is comprised of 4 or 5 BCBS employees, including reimbursement personnel, network personnel, and a vice president. If the contracting committee approves the facility, BCBS determines the rates to include in the agreement and provides the agreement to the facility for review. The facility has

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the opportunity to negotiate the rates. Approval of the facility is not a given – there is a chance the facility could be denied. The contracting committee weighs several factors, including: Does BCBS have a need for this type of facility? What population is being served?

- 3) BCBS and the facility come to an agreement on rates.
- 4) The contract is signed.
- 5) If there is a change in ownership of the facility, the process must be repeated. The preferred provider status does not transfer to a new owner.

The Consultant indicated it could take at least a month for the entire process. When asked about billing, the Consultant stated the facility (not the patient) is required to handle the billing. BCBS will accept paper or electronic bills (they prefer electronic submission because there are controls in the software to alert the person completing the form, should information be omitted). When asked what type of software was necessary for billing, the Consultant indicated BCBS has free software available for submitting claims and they can help the facility with software installation.

*Lancaster County's response: The Lancaster County Board has discussed becoming a preferred provider on two separate occasions. One motion to become a preferred provider failed to advance for a lack of a second and the other motion was defeated by the County Board due to the possibility of a sale.*

**Overall Conclusion**

We did not perform our review for the purpose of expressing an opinion over the Manor's financial information; accordingly, we express no such opinion. Had we performed procedures for the purpose of expressing an opinion, it is unclear what type of opinion would be issued based on the findings in this report. There was an overall lack of internal controls and management oversight regarding the accounting processes at the Manor. The Manor lacked adequate procedures to ensure billings were properly performed, receivables were completely collected, reasonable rates were established for services provided, contracts were current and properly approved, supplies were tracked and ordered based on the Manor's needs, expenditures were properly documented and paid, or payroll was correctly paid. Additionally, there was a lack of segregation of duties over the payroll, temporary services, and receipting processes. We recommend the Manor take corrective action to ensure the refunds due to Medicaid are adequately repaid; discounts are appropriately taken; all resident services are appropriately billed, and overpayments of expenditures are collected.

*Lancaster County's Response: Lancaster County began to take a more active role in the administration and operation of Lancaster Manor after the Administrator resigned in November 2008. An Interim Administrator was appointed by the Lancaster County Board of Commissioners and weekly updates were included on the County Board staff meeting agenda. The Lancaster County Budget and Fiscal Office became involved because Medicaid and Medicare cost reports were overdue. The Budget and Fiscal Office also became more involved in monthly reporting of financial activity to the County Board. The financial activity along with the weekly updates that included billing issues, staffing issues, contract issues, etc. became a priority of the County Board.*

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*The attestation review noted the last three administrators but another issue the Manor has had to deal with is the turnover in the Business Office Manager position. The long time Business Office Manager retired in August 2007 and the position was not filled until October 2007. The position was open again in April 2008 due to a resignation and the position was not filled until June 2008. Lancaster Manor started providing Medicare services in August 2007 which was the same time the Business Office Manager retired. Billings for the Manor did not start until July 2008 which resulted in cash flow concerns. The Commissioners opted to enter the Medicare arena based on conversations with long term care health leaders and the former Lancaster Manor Administrator, and in hindsight, the Manor was not prepared. The Manor was forced to outsource the Medicare billings to a private vendor to ensure billings were completed.*

*Another policy change noted in the review involved charging indirect costs to the Manor fund. Beginning July 1, 2008 the Manor reimbursed the County General Fund \$50,000 per month. This decision was made by the Commissioners after discussion with the former Lancaster Manor Administrator along with a review of his prepared FY2008-09 budget. This decision was made to help solve Lancaster County budget issues. However, the Manor's revenue projections for FY 2008-09 were too high and census was too low, thereby causing more cash flow concerns.*

*Lancaster County understands the DHHS regulations involving recapture of depreciation and has been in contact with DHHS to discuss the situation. Exhibit J was prepared by DHHS and presented to Lancaster County to identify various options available.*

*The Memorandum of Understanding (MOU) between the County and the potential buyer specifically states, "Purchaser is committed to continuing to service the community's interest in serving the nursing facility needs of Medicaid patients." Regardless, the MOU is merely a non-binding, preliminary statement of intent of the County to sell and the purchaser's intent to buy the Manor. The final sales agreement will set forth a specific number of certified Medicaid beds.*

*Lancaster County will keep working to resolve the issues noted throughout the attestation review. The County Board feels this report supports the reason a request for qualifications was issued.*

The APA staff members involved in this attestation review were:

Liz Leber, CPA, Auditor-In-Charge  
Craig Kubicek, CPA, CFE, Auditor-In-Charge  
Marta Schrock, Auditor-In-Charge  
Jeremy Rasmussen, CPA, Auditor II  
Jennifer Cromwell, CFE, Investigation Examiner  
Peggy Graham, Investigation Examiner  
Cindy Janssen, Audit Manager  
Mary Avery, Special Audits and Finance Manager  
Deann Haeffner, CPA, Assistant Deputy Auditor

If you have any questions regarding the above information, please contact our office.

LANCASTER MANOR  
GLOSSARY OF TERMS

**EXHIBIT A**

The following definitions are from various sections of the Nebraska Administrative Code, Title 471 - Nebraska Medical Assistance Program Services, U.S. Health and Human Services-Centers for Medicare and Medicaid Services, Medicare.gov, or Manor personnel.

***Case Mix Report*** – DHHS report containing resident care levels determined by the nursing facility assessments.

***Census Report*** – List of residents indicating the classification type (VA, Medicaid, Medicare, etc) and number of days residing in the nursing facility.

***Coinsurance*** – Amount owed for services after plan deductibles are met.

***Level of Care*** – A rating based on the MDS assessment which identifies and determines the Medicaid per diem rates charged for the resident's care.

***Medicaid*** – Medical assistance provided under a state plan approved under Title XIX of the Social Security Act also known as the Nebraska Medical Assistance Program.

***Medicare*** – The Federal health insurance program for people who are age 65 or older or those who have disabilities under Title XVIII of the Social Security Act.

***Medicare Crossover Claims*** – Claims electronically forwarded by Medicare to Nebraska Medicaid for processing. If Medicare coinsurance or deductible amounts are due, Medicaid will process the service for payment of coinsurance and deductible amounts.

***Minimum Data Set (MDS) Assessment*** – A federally required interdisciplinary assessment that identifies the functional status of the resident. Observations, information, and knowledge about the resident including limitations and strengths are documented on the assessment.

***Medicare Part A*** – Hospital insurance that helps pay for care in; hospitals as an inpatient, critical access hospitals, skilled nursing facilities (not custodial or long-term care), hospice care, and some home health care.

***Medicare Part B*** – Medical insurance that helps pay for physician services, outpatient hospital care, physical and occupational therapy, and some home health care.

***Notice of Action*** – Statement from DHHS outlining the action the office intends to take, the reason for the action, and the specific manual reference that supports the action.

***Prospective Payment System (PPS) Report*** – A report generated from the accounts receivable application through MDI Achieve. This report details the RUG levels and assessment effective dates for Medicare residents.

***Prior Authorization*** – The authorization of payment for nursing facility services based on determination of necessity for nursing facility services.

***Resource Utilization Groups (RUG)*** – A level of care resource classification known as Resource Utilization Groups determines the Medicare daily per diem rate. The RUG reflects a patient's severity of illness and the kind of services required and is based on the MDS assessment.

***Share of Cost*** – Out-of-pocket financial obligation of the resident for medical services rendered as determined by DHHS.

***Turnaround MC-4*** – A computer-generated billing document that is prepared by DHHS for each long-term care facility on a monthly basis reflecting those eligible Medicaid clients with active prior authorization records.

LANCASTER MANOR  
SCHEDULE OF REVENUES AND EXPENDITURES

EXHIBIT B

|  | FY 2008                                     |                         |                       | FY 2009                                     |                         |                       | Two Year<br>Total Both<br>(FY08 &<br>FY09) |
|--|---|-------------------------|-----------------------|---|-------------------------|-----------------------|--|
|  | Renewal and<br>Replacement<br>Cash Activity | Lancaster<br>Manor Fund | FY 2008<br>Total Both | Renewal and<br>Replacement<br>Cash Activity | Lancaster<br>Manor Fund | FY 2009<br>Total Both |  |
| <b>Revenues</b>  |   |                         |                       |   |                         |                       |  |
| Medicaid   |   | \$15,433,303            | \$15,433,303          |   | \$12,933,665            | \$12,933,665          | \$28,366,968                               |
| Medicare   |   | \$1,775,086             | \$1,775,086           |   | \$1,878,948             | \$1,878,948           | \$3,654,034                                |
| Private Pay  |   | \$1,104,199             | \$1,104,199           |   | \$3,987,365             | \$3,987,365           | \$5,091,564                                |
| Client Insurance   |   |                         | \$0                   |   | \$316,412               | \$316,412             | \$316,412                                  |
| VA   |   |                         | \$0                   |   | \$492,760               | \$492,760             | \$492,760                                  |
| Hospice  |   |                         | \$0                   |   | \$172,743               | \$172,743             | \$172,743                                  |
| Charges for Services   |   | \$121,819               | \$121,819             |   | \$74,417                | \$74,417              | \$196,236                                  |
| Other Revenues   |   | \$55,111                | \$55,111              |   | \$399,980               | \$399,980             | \$455,091                                  |
| Net Receivables Adjustment Per Audit   |   | \$395                   | \$395                 |   | (\$1,270,095)           | (\$1,270,095) (1)     | (\$1,269,700)                              |
| Renewal & Replacement Interest   | \$179,083                                   |                         | \$179,083             | \$9,142                                     |                         | \$9,142               | \$188,225                                  |
| <b>Total Revenues</b>  | <b>\$179,083</b>                            | <b>\$18,489,913</b>     | <b>\$18,668,996</b>   | <b>\$9,142</b>                              | <b>\$18,986,195</b>     | <b>\$18,995,337</b>   | <b>\$37,664,333</b>                        |
| <b>Expenditures</b>  |   |                         |                       |   |                         |                       |  |
| Salaries & Wages   |   | \$10,685,383            | \$10,685,383          |   | \$11,251,010            | \$11,251,010 (3)      | \$21,936,393                               |
| Employee Benefits  |   | \$3,927,183             | \$3,927,183           |   | \$4,055,332             | \$4,055,332           | \$7,982,515                                |
| Other Compensation   |   | \$314,545               | \$314,545             |   | \$331,034               | \$331,034             | \$645,579                                  |
| Supplies   |   | \$1,682,224             | \$1,682,224           |   | \$1,871,652             | \$1,871,652           | \$3,553,876                                |
| Charges & Services   |   | \$1,319,294             | \$1,319,294           |   | \$3,129,955             | \$3,129,955           | \$4,449,249                                |
| Net Payables Per Audit   |   | (\$46,105)              | (\$46,105)            |   | \$85,693                | \$85,693 (2)          | \$39,588                                   |
| Renewal & Replacement Capital Improvements   | \$429,518                                   |                         | \$429,518             |   |                         | \$0                   | \$429,518                                  |
| Renewal & Replacement Principal  | \$545,000                                   |                         | \$545,000             | \$2,775,000                                 |                         | \$2,775,000           | \$3,320,000                                |
| Renewal & Replacement Interest   | \$136,820                                   |                         | \$136,820             | \$60,191                                    |                         | \$60,191              | \$197,011                                  |
| <b>Total Expenditures</b>  | <b>\$1,111,338</b>                          | <b>\$17,882,524</b>     | <b>\$18,993,862</b>   | <b>\$2,835,191</b>                          | <b>\$20,724,676</b>     | <b>\$23,559,867</b>   | <b>\$42,553,729</b>                        |
| <b>Excess (Deficiency) of Revenues<br/>Over Expenditures</b>   | <b>(\$932,255)</b>                          | <b>\$607,389</b>        | <b>(\$324,866)</b>    | <b>(\$2,826,049)</b>                        | <b>(\$1,738,481)</b>    | <b>(\$4,564,530)</b>  | <b>(\$4,889,396)</b>                       |
| <b>Other Financing Sources (Uses)</b>  |   |                         |                       |   |                         |                       |  |
| Operating Transfers In   | \$65,481                                    | \$2,500                 | \$67,981              |   | \$1,003,119             | \$1,003,119           | \$1,071,100                                |
| Operating Transfers Out  |   | (\$65,481)              | (\$65,481)            | (\$1,000,619)                               |                         | (\$1,000,619)         | (\$1,066,100)                              |
| <b>Total Other Financing Sources (Uses)</b>  | <b>\$65,481</b>                             | <b>(\$62,981)</b>       | <b>\$2,500</b>        | <b>(\$1,000,619)</b>                        | <b>\$1,003,119</b>      | <b>\$2,500</b>        | <b>\$5,000</b>                             |
| <b>Balance - Beginning</b>   | <b>\$4,693,442</b>                          | <b>\$1,845,704</b>      | <b>\$6,539,146</b>    | <b>\$3,826,668</b>                          | <b>\$2,390,112</b>      | <b>\$6,216,780</b>    | <b>\$6,539,146</b>                         |
| <b>Change in Balance</b>   | <b>(\$866,774)</b>                          | <b>\$544,408</b>        | <b>(\$322,366)</b>    | <b>(\$3,826,668)</b>                        | <b>(\$735,362)</b>      | <b>(\$4,562,030)</b>  | <b>(\$4,884,396)</b>                       |
| <b>Balance - Ending</b>  | <b>\$3,826,668</b>                          | <b>\$2,390,112</b>      | <b>\$6,216,780</b>    | <b>\$0</b>                                  | <b>\$1,654,750</b>      | <b>\$1,654,750</b>    | <b>\$1,654,750</b>                         |
| <b>Reconciliation to Audit Report and County Treasurer Balance for June 30, 2008 and June 30, 2009</b> |   |                         |                       |   |                         |                       |  |
| Unrecorded Receivables   |   | (\$1,270,095) (1)       |                       |   |                         |                       |  |
| Payable Adjustments  |   | (\$85,693) (2)          |                       |   |                         |                       |  |
| Manor Fund JD Edwards Balance  | \$3,826,668                                 | \$1,034,324             |                       | \$0   | \$1,654,750             |                       |  |
| Outstanding Payables   |   | \$783,734 (4)           |                       |   | \$342,569 (4)           |                       |  |
| Outstanding Receivables  |   | (\$1,775,086) (1)       |                       |   | (\$1,240,864) (1)       |                       |  |
| County Treasurer/Renewal Bank Cash Balance   | \$3,826,668                                 | \$42,972                |                       | \$0   | \$756,455               |                       |  |
| <b>Reconciliation to Audit Report and County Treasurer Balance for July 1, 2007</b>                    |   |                         |                       |   |                         |                       |  |
| Manor Fund Audit Report Balance  | \$4,693,442                                 | \$1,845,704             |                       |   |                         |                       |  |
| Unrecorded Receivables   |   | (\$1,269,700) (1)       |                       |   |                         |                       |  |
| Payable Adjustments  |   | (\$39,588) (2)          |                       |   |                         |                       |  |
| Manor Fund JD Edwards Balance  | \$4,693,442                                 | \$536,416               |                       |   |                         |                       |  |
| Outstanding Payables   |   | \$596,084 (4)           |                       |   |                         |                       |  |
| County Treasure/Renewal Bank Cash Balance  | \$4,693,442                                 | \$1,132,500             |                       |   |                         |                       |  |

**Note 1:** Receivables were only recorded at fiscal year end. They were not fully recorded into the accounting records (JD Edwards) until fiscal year 2009. Receivables were partially recorded into the accounting records (JD Edwards) for fiscal year 2008 and not at all for fiscal year 2007. The \$1,270,095 receivable adjustment is for the FY2008 year end receivables booked in JDEdwards, but not reversed until July 2009, they should have been reversed in July 2008.

**Note 2:** Payroll Payables were recorded every month into the accounting records (JD Edwards) based on estimated payroll payables, adjustments were then booked at year end to reflect correct payable amount for the annual audit report.

**Note 3:** See Exhibit I for a monthly breakdown of salaries and wages.

**Note 4:** Outstanding Payables are disbursements booked in JD Edwards, but not yet paid.

This schedule represents a modified accounting basis. Manor Fund figures are based on payables recorded monthly and receivables recorded at year end. Renewal and Replacement figures are based on cash activities. Transactions between the Manor Fund and the Renewal and Replacement cash activities have been reflected as transfers.

Lancaster County Cost Allocation Plan Undistributed to Manor for fiscal year 2008 was \$562,628 per year or \$46,886 per month. Had this been included, the ending balance would be less than amount. (It also had not been distributed in prior fiscal years; however, distribution was started in July 2008 at \$50,000 per month and reflected in the Charges and Services.)

Source: Information was taken from Lancaster County JDEdwards financial information, Lancaster County Fiscal Years 2007 and 2008 Financial Audits, Renewal and Replacement bank statements, and Lancaster County Treasurer Semi-Annual Financial Statements.



LANCASTER MANOR  
**APA CORRECT BILLABLE REVENUES (BASED ON ACTUAL RESIDENT INFORMATION)**  
 For Fiscal Year 2009

**EXHIBIT C**

| Billable Amounts      | July-08        | Aug-08           |                | Sept-08          |                | Oct-08           |                | Nov-08           |                | Dec-08           |                |                  |
|-----------------------|----------------|------------------|----------------|------------------|----------------|------------------|----------------|------------------|----------------|------------------|----------------|------------------|
|                       | Resident Count | Resident Count   | Resident Count | Resident Count   | Resident Count | Resident Count   | Resident Count | Resident Count   | Resident Count | Resident Count   | Resident Count |                  |
| <b>Note 1</b>         | <b>Note 4</b>  | <b>Jul-08</b>    | <b>Note 4</b>  | <b>Aug-08</b>    | <b>Note 4</b>  | <b>Sep-08</b>    | <b>Note 4</b>  | <b>Oct-08</b>    | <b>Note 4</b>  | <b>Nov-08</b>    | <b>Note 4</b>  | <b>Dec-08</b>    |
| Medicaid              | 223            | 1,270,569        | 218            | 1,234,476        | 212            | 1,141,924        | 217            | 1,185,890        | 214            | 1,153,732        | 208            | 1,150,264        |
| Medicare              | 28             | 215,073          | 30             | 251,425          | 30             | 187,515          | 28             | 192,111          | 21             | 172,896          | 22             | 203,145          |
| Private Pay           | 17             | 96,260           | 14             | 86,045           | 13             | 70,978           | 13             | 81,749           | 15             | 93,718           | 17             | 97,270           |
| Insurance             | 1              | 12,783           |                |                  |                |                  |                |                  | 1              | 3,101            | 2              | 5,665            |
| VA Care               | 15             | 80,504           | 14             | 73,731           | 12             | 60,051           | 14             | 72,215           | 16             | 81,508           | 13             | 82,753           |
| Hospice               | 4              | 14,542           | 3              | 14,443           | 5              | 26,899           | 9              | 25,185           | 4              | 24,303           | 4              | 22,804           |
| Therapy               |                | 26,546           |                | 37,078           |                | 45,546           |                | 41,921           |                | 35,659           |                | 27,009           |
| <b>Total Billings</b> | <b>288</b>     | <b>1,716,277</b> | <b>279</b>     | <b>1,697,198</b> | <b>272</b>     | <b>1,532,913</b> | <b>281</b>     | <b>1,599,071</b> | <b>271</b>     | <b>1,564,917</b> | <b>266</b>     | <b>1,588,910</b> |

**Note 3**

| Billable Amounts      | Jan-09         | Feb-09           |                | Mar-09           |                | Apr-09           |                | May-09           |                | June-09          |               | Avg. Residents   | Avg. %     | Total FY 2009 |                   |
|-----------------------|----------------|------------------|----------------|------------------|----------------|------------------|----------------|------------------|----------------|------------------|---------------|------------------|------------|---------------|-------------------|
|                       | Resident Count | Resident Count   | Resident Count | Resident Count   | Resident Count | Resident Count   | Resident Count | Resident Count   | Resident Count | Resident Count   |               |                  |            |               |                   |
| <b>Note 1</b>         | <b>Note 4</b>  | <b>Jan-09</b>    | <b>Note 4</b>  | <b>Feb-09</b>    | <b>Note 4</b>  | <b>Mar-09</b>    | <b>Note 4</b>  | <b>Apr-09</b>    | <b>Note 4</b>  | <b>May-09</b>    | <b>Note 4</b> | <b>Jun-09</b>    |            |               |                   |
| Medicaid              | 212            | 1,161,293        | 210            | 1,064,091        | 211            | 1,154,482        | 210            | 1,110,411        | 203            | 1,133,136        | 205           | 1,094,612        | 212        | 78.2%         | 13,854,880        |
| Medicare              | 32             | 215,045          | 20             | 115,357          | 18             | 147,750          | 21             | 170,648          | 24             | 186,046          | 24            | 153,357          | 25         | 9.2%          | 2,210,368         |
| Private Pay           | 17             | 101,504          | 16             | 87,169           | 16             | 86,202           | 13             | 82,041           | 13             | 84,507           | 14            | 77,238           | 15         | 5.5%          | 1,044,681         |
| Insurance             | 1              | 4,421            | 1              | 5,084            | 1              | 6,852            | 1              | 6,631            | 1              | 6,852            | 1             | 6,189            | 1          | 0.4%          | 57,578            |
| VA Care               | 12             | 73,875           | 11             | 55,471           | 9              | 53,434           | 8              | 50,326           | 7              | 46,740           | 7             | 44,518           | 11         | 4.1%          | 775,126           |
| Hospice               | 8              | 43,352           | 12             | 56,273           | 13             | 61,535           | 11             | 54,113           | 8              | 52,056           | 6             | 31,739           | 7          | 2.6%          | 427,244           |
| Therapy               |                | 28,600           |                | 25,489           |                | 42,192           |                | 33,514           |                | 22,617           |               | 23,260           |            |               | 389,431           |
| <b>Total Billings</b> | <b>282</b>     | <b>1,628,090</b> | <b>270</b>     | <b>1,408,934</b> | <b>268</b>     | <b>1,552,447</b> | <b>264</b>     | <b>1,507,684</b> | <b>256</b>     | <b>1,531,954</b> | <b>257</b>    | <b>1,430,913</b> | <b>271</b> | <b>100%</b>   | <b>18,759,308</b> |

**Note 3**

- Note 1** Billable Amounts were calculated based on actual resident information and actual rates as reflected on **Exhibits F and G**. If a resident was in two different billing categories during the month, for example was Medicare for the first 20 days and then switched to Medicaid, they were counted as the type for which they had the most days.
- Note 2** Included insurance claim reimbursements received to reimburse expenditures related to water damage in the boiler room in October 2008. These were included as additional revenue in the month of expense occurred to offset the expenditures are not normal and recurring.
- Note 3** See **Exhibits D and E** for further details.
- Note 4** Resident count numbers represent the total number of residents in the Manor each month. The residents could have been in the Manor from 1 day, to the entire month, and were counted. Therefore, it does not represent the number of residents in the Manor at any given point in time.

Only fiscal year 2009 is reflected as data and resident information was not available to complete the calculations for the entire fiscal year of 2008.

LANCASTER MANOR  
JULY 2008 OVER/UNDER BILLINGS

EXHIBIT D

| Resident | Payer Source | July Level of Care | July Rate | # of Days | APA Calculated To Be Billed | Over Billed | Under Billed  | Net           | Manor Actual Billings | A | B | C | D | E | F |
|----------|--------------|--------------------|-----------|-----------|-----------------------------|-------------|---------------|---------------|-----------------------|---|---|---|---|---|---|
| 2        | Medicaid     | 62                 | \$ 241.05 | 31        | \$ 7,472.55                 |             | \$ (357.00)   | \$ (357.00)   | \$ 7,115.55           |   |   | C |   |   |   |
| 4        | Medicaid     | 56                 | \$ 214.35 | 31        | \$ 6,644.85                 |             |               | \$ -          | \$ 6,644.85           |   |   |   |   |   |   |
| 5        | Medicaid     | 35                 | \$ 77.56  | 31        | \$ 2,404.36                 |             | \$ (582.57)   | \$ (582.57)   | \$ 1,821.79           |   |   | C |   |   |   |
| 6        | Medicaid     | 53                 | \$ 150.61 | 31        | \$ 4,668.91                 |             | \$ (736.00)   | \$ (736.00)   | \$ 3,932.91           |   |   | C |   |   |   |
| 7        | Medicaid     | 39                 | \$ 191.64 | 31        | \$ 5,940.84                 |             |               |               | \$ 5,940.84           |   |   |   | D |   |   |
| 9        | Medicaid     | 39                 | \$ 191.64 | 31        | \$ 5,940.84                 |             | \$ (1,522.61) | \$ (1,522.61) | \$ 4,418.23           |   |   | C |   |   |   |
| 10       | Medicaid     | 55                 | \$ 196.03 | 23        | \$ 4,508.69                 |             | \$ (469.00)   | \$ (469.00)   | \$ 4,039.69           |   |   | C |   |   |   |
| 11       | Medicaid     | 60                 | \$ 213.56 | 27        | \$ 5,766.12                 |             | \$ (643.00)   | \$ (643.00)   | \$ 5,123.12           |   |   | C |   | E |   |
| 12       | Medicaid     | 60                 | \$ 213.56 | 31        | \$ 6,620.36                 |             | \$ (1,101.00) | \$ (1,101.00) | \$ 5,519.36           |   |   | C |   |   |   |
| 13       | Medicaid     | 62                 | \$ 241.05 | 7         | \$ 1,687.35                 |             | \$ (1,687.35) | \$ (1,687.35) | \$ -                  | A |   |   |   |   |   |
| 14       | Medicaid     | 55                 | \$ 196.03 | 31        | \$ 6,076.93                 |             | \$ (1,004.00) | \$ (1,004.00) | \$ 5,072.93           |   |   | C |   | E |   |
| 15       | Medicaid     | 56                 | \$ 214.35 | 31        | \$ 6,644.85                 |             | \$ (1,127.34) | \$ (1,127.34) | \$ 5,517.51           |   |   | C |   |   |   |
| 16       | Medicaid     | 53                 | \$ 150.61 | 17        | \$ 2,560.37                 |             |               |               | \$ 2,560.37           |   |   |   |   | E |   |
| 18       | Medicaid     | 56                 | \$ 214.35 | 31        | \$ 6,644.85                 |             |               |               | \$ 6,644.85           |   |   |   | D |   |   |
| 20       | Medicaid     | 53                 | \$ 150.61 | 31        | \$ 4,668.91                 |             |               |               | \$ 4,668.91           |   |   |   |   |   |   |
| 21       | Medicaid     | 39                 | \$ 191.64 | 31        | \$ 5,940.84                 |             |               |               | \$ 5,940.84           |   |   |   | D |   |   |
| 22       | Medicaid     | 60                 | \$ 213.56 | 31        | \$ 6,620.36                 |             | \$ (481.34)   | \$ (481.34)   | \$ 6,139.02           |   |   | C |   |   |   |
| 23       | Medicaid     | 53                 | \$ 150.61 | 31        | \$ 4,668.91                 |             |               |               | \$ 4,668.91           |   |   |   |   | E |   |
| 25       | Medicaid     | 55                 | \$ 196.03 | 31        | \$ 6,076.93                 |             | \$ (1,153.91) | \$ (1,153.91) | \$ 4,923.02           |   |   | C |   | E |   |
| 26       | Medicaid     | 53                 | \$ 150.61 | 31        | \$ 4,668.91                 |             | \$ (841.01)   | \$ (841.01)   | \$ 3,827.90           |   |   | C |   | E |   |
| 27       | Medicaid     | 38                 | \$ 178.90 | 31        | \$ 5,545.90                 |             | \$ (684.00)   | \$ (684.00)   | \$ 4,861.90           |   |   | C |   |   |   |
| 28       | Medicaid     | 55                 | \$ 196.03 | 31        | \$ 6,076.93                 |             | \$ (523.00)   | \$ (523.00)   | \$ 5,553.93           |   |   | C |   |   |   |
| 29       | Medicaid     | 38                 | \$ 178.90 | 31        | \$ 5,545.90                 |             |               |               | \$ 5,545.90           |   |   |   |   |   |   |
| 30       | Medicaid     | 53                 | \$ 150.61 | 31        | \$ 4,668.91                 |             |               |               | \$ 4,668.91           |   |   |   | D |   |   |
| 31       | Medicaid     | 35                 | \$ 77.56  | 31        | \$ 2,404.36                 |             |               |               | \$ 2,404.36           |   |   |   |   |   |   |
| 32       | Medicaid     | 37                 | \$ 168.14 | 31        | \$ 5,212.34                 |             | \$ (1,096.68) | \$ (1,096.68) | \$ 4,115.66           |   |   | C |   |   |   |
| 33       | Medicaid     | 56                 | \$ 214.35 | 4         | \$ 857.40                   |             | \$ (857.40)   | \$ (857.40)   | \$ -                  |   |   | C |   |   |   |
| 34       | Medicaid     | 61                 | \$ 223.92 | 31        | \$ 6,941.52                 |             |               |               | \$ 6,941.52           |   |   |   | D |   |   |
| 35       | Medicaid     | 53                 | \$ 150.61 | 20        | \$ 3,012.20                 |             | \$ (722.55)   | \$ (722.55)   | \$ 2,289.65           |   |   | C |   | E |   |
| 36       | Medicaid     | 53                 | \$ 150.61 | 31        | \$ 4,668.91                 |             | \$ (254.00)   | \$ (254.00)   | \$ 4,414.91           |   |   | C |   |   |   |
| 37       | Medicaid     | 55                 | \$ 196.03 | 31        | \$ 6,076.93                 |             | \$ (2,100.65) | \$ (2,100.65) | \$ 3,976.28           |   |   | C |   |   |   |
| 38       | Medicaid     | 55                 | \$ 196.03 | 23        | \$ 4,508.69                 |             | \$ (4,508.69) | \$ (4,508.69) | \$ -                  | A |   |   |   |   |   |
| 38       | Medicaid     | 55                 | \$ 196.03 | 5         | \$ 980.15                   |             |               |               | \$ 980.15             |   |   |   |   | E |   |
| 40       | Medicaid     | 61                 | \$ 223.92 | 31        | \$ 6,941.52                 |             |               |               | \$ 6,941.52           |   |   |   |   | E |   |
| 41       | Medicaid     | 60                 | \$ 213.56 | 23        | \$ 4,911.88                 |             | \$ (2,504.13) | \$ (2,504.13) | \$ 2,407.75           |   | B | C |   | E |   |
| 42       | Medicaid     | 55                 | \$ 196.03 | 31        | \$ 6,076.93                 |             | \$ (1,455.18) | \$ (1,455.18) | \$ 4,621.75           |   |   | C |   |   |   |
| 44       | Medicaid     | 60                 | \$ 213.56 | 30        | \$ 6,406.80                 |             | \$ (6,406.80) | \$ (6,406.80) | \$ -                  | A |   |   |   |   |   |
| 45       | Medicaid     | 55                 | \$ 196.03 | 31        | \$ 6,076.93                 |             | \$ (603.00)   | \$ (603.00)   | \$ 5,473.93           |   |   | C |   |   |   |
| 46       | Medicaid     | 62                 | \$ 241.05 | 31        | \$ 7,472.55                 |             |               |               | \$ 7,472.55           |   |   |   |   |   |   |
| 47       | Medicaid     | 55                 | \$ 196.03 | 31        | \$ 6,076.93                 |             |               |               | \$ 6,076.93           |   |   |   |   |   |   |
| 48       | Medicaid     | 61                 | \$ 223.92 | 31        | \$ 6,941.52                 |             | \$ (979.00)   | \$ (979.00)   | \$ 5,962.52           |   |   | C |   |   |   |
| 49       | Medicaid     | 38                 | \$ 178.90 | 31        | \$ 5,545.90                 |             | \$ (1,127.74) | \$ (1,127.74) | \$ 4,418.16           |   |   | C |   |   |   |
| 50       | Medicaid     | 62                 | \$ 241.05 | 31        | \$ 7,472.55                 |             |               |               | \$ 7,472.55           |   |   |   |   | E | F |
| 51       | Medicaid     | 53                 | \$ 150.61 | 31        | \$ 4,668.91                 |             |               |               | \$ 4,668.91           |   |   |   | D |   |   |
| 52       | Medicaid     | 55                 | \$ 196.03 | 31        | \$ 6,076.93                 |             | \$ (999.37)   | \$ (999.37)   | \$ 5,077.56           |   |   | C |   |   |   |
| 54       | Medicaid     | 55                 | \$ 196.03 | 21        | \$ 4,116.63                 |             |               |               | \$ 4,116.63           |   |   |   |   | E |   |
| 57       | Medicaid     | 54                 | \$ 181.29 | 3         | \$ 543.87                   |             |               |               | \$ 543.87             |   |   |   |   | E |   |
| 58       | Medicaid     | 55                 | \$ 196.03 | 3         | \$ 588.09                   |             | \$ (588.09)   | \$ (588.09)   | \$ -                  |   |   | C |   |   |   |
| 59       | Medicaid     | 55                 | \$ 196.03 | 31        | \$ 6,076.93                 |             | \$ (1,906.39) | \$ (1,906.39) | \$ 4,170.54           |   |   | C |   |   |   |
| 60       | Medicaid     | 39                 | \$ 191.64 | 31        | \$ 5,940.84                 |             | \$ (843.00)   | \$ (843.00)   | \$ 5,097.84           |   |   | C |   |   |   |
| 61       | Medicaid     | 39                 | \$ 191.64 | 31        | \$ 5,940.84                 |             | \$ (950.62)   | \$ (950.62)   | \$ 4,990.22           |   |   | C |   |   |   |
| 62       | Medicaid     | 61                 | \$ 223.92 | 31        | \$ 6,941.52                 |             | \$ (1,319.39) | \$ (1,319.39) | \$ 5,622.13           |   |   | C |   |   |   |
| 64       | Medicaid     | 56                 | \$ 214.35 | 31        | \$ 6,644.85                 |             |               |               | \$ 6,644.85           |   |   |   |   |   |   |
| 65       | Medicaid     | 39                 | \$ 191.64 | 31        | \$ 5,940.84                 |             | \$ (454.00)   | \$ (454.00)   | \$ 5,486.84           |   |   | C |   |   |   |
| 67       | Medicaid     | 56                 | \$ 214.35 | 31        | \$ 6,644.85                 |             | \$ (502.37)   | \$ (502.37)   | \$ 6,142.48           |   |   | C |   |   |   |
| 68       | Medicaid     | 56                 | \$ 214.35 | 31        | \$ 6,644.85                 |             |               |               | \$ 6,644.85           |   |   |   | D |   |   |
| 69       | Medicaid     | 35                 | \$ 77.56  | 9         | \$ 698.04                   | \$ 657.45   | \$ (516.13)   | \$ 141.32     | \$ 839.36             |   | B | C |   |   |   |
| 70       | Medicaid     | 61                 | \$ 223.92 | 31        | \$ 6,941.52                 |             | \$ (733.00)   | \$ (733.00)   | \$ 6,208.52           |   |   | C |   |   |   |
| 71       | Medicaid     | 39                 | \$ 191.64 | 31        | \$ 5,940.84                 |             | \$ (669.00)   | \$ (669.00)   | \$ 5,271.84           |   |   | C |   |   |   |
| 72       | Medicaid     | 62                 | \$ 241.05 | 31        | \$ 7,472.55                 |             | \$ (676.26)   | \$ (676.26)   | \$ 6,796.29           |   |   | C |   |   |   |
| 73       | Medicaid     | 55                 | \$ 196.03 | 31        | \$ 6,076.93                 |             | \$ (473.60)   | \$ (473.60)   | \$ 5,603.33           |   |   | C |   | E |   |
| 75       | Medicaid     | 55                 | \$ 196.03 | 31        | \$ 6,076.93                 |             | \$ (6,076.93) | \$ (6,076.93) | \$ -                  | A |   | C |   | E |   |
| 76       | Medicaid     | 39                 | \$ 191.64 | 31        | \$ 5,940.84                 |             | \$ (749.00)   | \$ (749.00)   | \$ 5,191.84           |   |   | C |   |   |   |
| 78       | Medicaid     | 56                 | \$ 214.35 | 31        | \$ 6,644.85                 |             | \$ (362.91)   | \$ (362.91)   | \$ 6,281.94           |   |   | C |   | E |   |
| 79       | Medicaid     | 54                 | \$ 181.29 | 31        | \$ 5,619.99                 |             | \$ (705.00)   | \$ (705.00)   | \$ 4,914.99           |   |   | C |   |   |   |
| 80       | Medicaid     | 56                 | \$ 214.35 | 31        | \$ 6,644.85                 |             | \$ (1,040.00) | \$ (1,040.00) | \$ 5,604.85           |   |   | C |   |   |   |
| 81       | Medicaid     | 62                 | \$ 241.05 | 24        | \$ 5,785.20                 |             | \$ (241.05)   | \$ (241.05)   | \$ 5,544.15           |   | B |   |   | E |   |
| 82       | Medicaid     | 53                 | \$ 150.61 | 31        | \$ 4,668.91                 |             | \$ (545.00)   | \$ (545.00)   | \$ 4,123.91           |   |   | C |   |   |   |
| 83       | Medicaid     | 62                 | \$ 241.05 | 31        | \$ 7,472.55                 |             | \$ (1,161.80) | \$ (1,161.80) | \$ 6,310.75           | A |   |   |   |   |   |
| 84       | Medicaid     | 53                 | \$ 150.61 | 31        | \$ 4,668.91                 |             | \$ (4,668.91) | \$ (4,668.91) | \$ -                  | A |   | C |   | E |   |
| 85       | Medicaid     | 38                 | \$ 178.90 | 31        | \$ 5,545.90                 |             | \$ (660.00)   | \$ (660.00)   | \$ 4,885.90           |   |   | C |   | E |   |
| 86       | Medicaid     | 54                 | \$ 181.29 | 31        | \$ 5,619.99                 |             |               |               | \$ 5,619.99           |   |   |   | D |   |   |
| 87       | Medicaid     | 55                 | \$ 196.03 | 31        | \$ 6,076.93                 |             | \$ (102.00)   | \$ (102.00)   | \$ 5,974.93           |   |   | C |   |   |   |
| 88       | Medicaid     | 54                 | \$ 181.29 | 31        | \$ 5,619.99                 |             | \$ (2,131.00) | \$ (2,131.00) | \$ 3,488.99           |   |   | C |   |   |   |
| 90       | Medicaid     | 53                 | \$ 150.61 | 31        | \$ 4,668.91                 |             | \$ (484.00)   | \$ (484.00)   | \$ 4,184.91           |   |   | C | D |   |   |
| 91       | Medicaid     | 39                 | \$ 191.64 | 31        | \$ 5,940.84                 |             |               |               | \$ 5,940.84           |   |   |   | D |   |   |
| 92       | Medicaid     | 39                 | \$ 191.64 | 31        | \$ 5,940.84                 |             | \$ (1,081.88) | \$ (1,081.88) | \$ 4,858.96           |   |   | C |   |   |   |
| 93       | Medicaid     | 56                 | \$ 214.35 | 31        | \$ 6,644.85                 |             |               |               | \$ 6,644.85           |   |   |   | D |   |   |
| 94       | Medicaid     | 62                 | \$ 241.05 | 31        | \$ 7,472.55                 |             | \$ (1,221.58) | \$ (1,221.58) | \$ 6,250.97           |   |   | C |   |   |   |

LANCASTER MANOR  
JULY 2008 OVER/UNDER BILLINGS

EXHIBIT D

| Resident | Payer Source | July Level of Care | July Rate | # of Days | APA Calculated To Be Billed | Over Billed | Under Billed  | Net           | Manor Actual Billings | A | B | C | D | E | F |
|----------|--------------|--------------------|-----------|-----------|-----------------------------|-------------|---------------|---------------|-----------------------|---|---|---|---|---|---|
| 95       | Medicaid     | 62                 | \$ 241.05 | 31        | \$ 7,472.55                 |             | \$ (422.00)   | \$ (422.00)   | \$ 7,050.55           |   |   | C |   |   |   |
| 96       | Medicaid     | 53                 | \$ 150.61 | 31        | \$ 4,668.91                 |             | \$ (907.00)   | \$ (907.00)   | \$ 3,761.91           |   |   | C |   |   |   |
| 98       | Medicaid     | 69                 | \$ 327.90 | 31        | \$ 10,164.90                |             |               |               | \$ 10,164.90          |   |   |   |   |   |   |
| 99       | Medicaid     | 62                 | \$ 241.05 | 31        | \$ 7,472.55                 |             |               |               | \$ 7,472.55           |   |   |   |   |   |   |
| 100      | Medicaid     | 62                 | \$ 241.05 | 30        | \$ 7,231.50                 |             | \$ (788.00)   | \$ (788.00)   | \$ 6,443.50           |   |   | C |   |   |   |
| 102      | Medicaid     | 39                 | \$ 191.64 | 31        | \$ 5,940.84                 |             |               |               | \$ 5,940.84           |   |   |   | D |   |   |
| 103      | Medicaid     | 55                 | \$ 196.03 | 31        | \$ 6,076.93                 |             | \$ (6,076.93) | \$ (6,076.93) | \$ -                  | A |   | C |   |   |   |
| 104      | Medicaid     | 55                 | \$ 196.03 | 31        | \$ 6,076.93                 |             | \$ (394.00)   | \$ (394.00)   | \$ 5,682.93           |   |   | C |   |   |   |
| 105      | Medicaid     | 53                 | \$ 150.61 | 16        | \$ 2,409.76                 |             | \$ (873.02)   | \$ (873.02)   | \$ 1,536.74           |   |   | C |   |   |   |
| 108      | Medicaid     | 55                 | \$ 196.03 | 31        | \$ 6,076.93                 |             | \$ (806.37)   | \$ (806.37)   | \$ 5,270.56           |   |   | C |   | E |   |
| 109      | Medicaid     | 53                 | \$ 150.61 | 31        | \$ 4,668.91                 |             |               |               | \$ 4,668.91           |   |   |   | D |   |   |
| 110      | Medicaid     | 62                 | \$ 241.05 | 1         | \$ 241.05                   |             |               |               | \$ 241.05             |   |   |   | D |   |   |
| 111      | Medicaid     | 56                 | \$ 214.35 | 31        | \$ 6,644.85                 |             |               |               | \$ 6,644.85           |   |   |   |   | E |   |
| 112      | Medicaid     | 53                 | \$ 150.61 | 31        | \$ 4,668.91                 |             | \$ (551.00)   | \$ (551.00)   | \$ 4,117.91           |   |   | C |   |   |   |
| 113      | Medicaid     | 39                 | \$ 191.64 | 31        | \$ 5,940.84                 |             | \$ (1,574.88) | \$ (1,574.88) | \$ 4,365.96           |   |   | C |   |   |   |
| 114      | Medicaid     | 55                 | \$ 196.03 | 31        | \$ 6,076.93                 |             |               |               | \$ 6,076.93           |   |   |   |   | E | F |
| 115      | Medicaid     | 53                 | \$ 150.61 | 31        | \$ 4,668.91                 |             | \$ (1,663.27) | \$ (1,663.27) | \$ 3,005.64           |   |   | C |   |   |   |
| 116      | Medicaid     | 39                 | \$ 191.64 | 31        | \$ 5,940.84                 |             | \$ (579.09)   | \$ (579.09)   | \$ 5,361.75           |   |   | C |   |   |   |
| 117      | Medicaid     | 54                 | \$ 181.29 | 31        | \$ 5,619.99                 |             |               |               | \$ 5,619.99           |   |   |   | D |   |   |
| 118      | Medicaid     | 38                 | \$ 178.90 | 31        | \$ 5,545.90                 |             | \$ (805.00)   | \$ (805.00)   | \$ 4,740.90           |   |   | C |   |   |   |
| 119      | Medicaid     | 56                 | \$ 214.35 | 31        | \$ 6,644.85                 |             | \$ (830.94)   | \$ (830.94)   | \$ 5,813.91           |   |   | C |   |   |   |
| 120      | Medicaid     | 55                 | \$ 196.03 | 31        | \$ 6,076.93                 |             | \$ (458.00)   | \$ (458.00)   | \$ 5,618.93           |   |   | C |   |   |   |
| 122      | Medicaid     | 55                 | \$ 196.03 | 31        | \$ 6,076.93                 |             |               |               | \$ 6,076.93           |   |   |   | D |   |   |
| 125      | Medicaid     | 53                 | \$ 150.61 | 31        | \$ 4,668.91                 |             | \$ (611.00)   | \$ (611.00)   | \$ 4,057.91           |   |   | C |   |   |   |
| 126      | Medicaid     | 35                 | \$ 77.56  | 31        | \$ 2,404.36                 |             | \$ (713.00)   | \$ (713.00)   | \$ 1,691.36           |   |   | C |   |   |   |
| 128      | Medicaid     | 54                 | \$ 181.29 | 31        | \$ 5,619.99                 | \$ 456.94   | \$ (913.83)   | \$ (456.89)   | \$ 5,163.10           |   | B | C |   |   |   |
| 129      | Medicaid     | 55                 | \$ 196.03 | 24        | \$ 4,704.72                 |             | \$ (736.54)   | \$ (736.54)   | \$ 3,968.18           |   |   | C |   |   |   |
| 130      | Medicaid     | 55                 | \$ 196.03 | 31        | \$ 6,076.93                 |             | \$ (385.10)   | \$ (385.10)   | \$ 5,691.83           |   |   | C |   | E |   |
| 131      | Medicaid     | 62                 | \$ 241.05 | 31        | \$ 7,472.55                 |             |               |               | \$ 7,472.55           |   |   |   | D |   |   |
| 132      | Medicaid     | 38                 | \$ 178.90 | 31        | \$ 5,545.90                 |             |               |               | \$ 5,545.90           |   |   |   |   |   |   |
| 133      | Medicaid     | 38                 | \$ 178.90 | 31        | \$ 5,545.90                 |             | \$ (488.00)   | \$ (488.00)   | \$ 5,057.90           |   |   | C |   |   |   |
| 136      | Medicaid     | 62                 | \$ 241.05 | 31        | \$ 7,472.55                 |             |               |               | \$ 7,472.55           |   |   |   | D |   |   |
| 138      | Medicaid     | 38                 | \$ 178.90 | 28        | \$ 5,009.20                 |             |               |               | \$ 5,009.20           |   |   |   | D |   |   |
| 139      | Medicaid     | 38                 | \$ 178.90 | 31        | \$ 5,545.90                 |             | \$ (5,545.90) | \$ (5,545.90) | \$ -                  | A |   | C |   |   |   |
| 140      | Medicaid     | 53                 | \$ 150.61 | 31        | \$ 4,668.91                 |             | \$ (979.00)   | \$ (979.00)   | \$ 3,689.91           |   |   | C |   |   |   |
| 141      | Medicaid     | 49                 | \$ 175.71 | 31        | \$ 5,447.01                 |             | \$ (544.00)   | \$ (544.00)   | \$ 4,903.01           |   |   | C |   |   |   |
| 143      | Medicaid     | 55                 | \$ 196.03 | 31        | \$ 6,076.93                 |             | \$ (31.00)    | \$ (31.00)    | \$ 6,045.93           |   |   | C | D |   |   |
| 145      | Medicaid     | 56                 | \$ 214.35 | 24        | \$ 5,144.40                 |             | \$ (1,708.95) | \$ (1,708.95) | \$ 3,435.45           |   | B | C |   | E |   |
| 146      | Medicaid     | 62                 | \$ 241.05 | 31        | \$ 7,472.55                 |             |               |               | \$ 7,472.55           |   |   |   |   |   |   |
| 148      | Medicaid     | 49                 | \$ 175.71 | 31        | \$ 5,447.01                 |             | \$ (697.00)   | \$ (697.00)   | \$ 4,750.01           |   |   | C |   |   |   |
| 150      | Medicaid     | 61                 | \$ 223.92 | 31        | \$ 6,941.52                 |             | \$ (952.88)   | \$ (952.88)   | \$ 5,988.64           |   |   | C |   |   |   |
| 151      | Medicaid     | 54                 | \$ 181.29 | 31        | \$ 5,619.99                 |             |               |               | \$ 5,619.99           |   |   |   | D |   |   |
| 152      | Medicaid     | 39                 | \$ 191.64 | 31        | \$ 5,940.84                 |             | \$ (640.00)   | \$ (640.00)   | \$ 5,300.84           |   |   | C |   |   |   |
| 153      | Medicaid     | 54                 | \$ 181.29 | 31        | \$ 5,619.99                 |             | \$ (915.00)   | \$ (915.00)   | \$ 4,704.99           |   |   | C |   |   |   |
| 154      | Medicaid     | 56                 | \$ 214.35 | 31        | \$ 6,644.85                 |             |               |               | \$ 6,644.85           |   |   |   | D |   |   |
| 155      | Medicaid     | 39                 | \$ 191.64 | 31        | \$ 5,940.84                 |             | \$ (958.86)   | \$ (958.86)   | \$ 4,981.98           |   |   | C |   |   |   |
| 156      | Medicaid     | 54                 | \$ 181.29 | 31        | \$ 5,619.99                 |             |               |               | \$ 5,619.99           |   |   |   |   |   |   |
| 157      | Medicaid     | 55                 | \$ 196.03 | 31        | \$ 6,076.93                 |             | \$ (873.75)   | \$ (873.75)   | \$ 5,203.18           |   |   | C |   |   |   |
| 158      | Medicaid     | 38                 | \$ 178.90 | 11        | \$ 1,967.90                 |             | \$ (552.34)   | \$ (552.34)   | \$ 1,415.56           |   |   | C |   |   |   |
| 159      | Medicaid     | 55                 | \$ 196.03 | 31        | \$ 6,076.93                 |             |               |               | \$ 6,076.93           |   |   |   | D |   |   |
| 160      | Medicaid     | 62                 | \$ 241.05 | 31        | \$ 7,472.55                 |             | \$ (623.00)   | \$ (623.00)   | \$ 6,849.55           |   |   | C |   |   |   |
| 163      | Medicaid     | 53                 | \$ 150.61 | 31        | \$ 4,668.91                 |             | \$ (482.42)   | \$ (482.42)   | \$ 4,186.49           |   |   | C |   |   |   |
| 164      | Medicaid     | 35                 | \$ 77.56  | 31        | \$ 2,404.36                 |             | \$ (1,161.80) | \$ (1,161.80) | \$ 1,242.56           |   |   | C |   |   |   |
| 165      | Medicaid     | 61                 | \$ 223.92 | 31        | \$ 6,941.52                 |             | \$ (589.00)   | \$ (589.00)   | \$ 6,352.52           |   |   | C |   |   |   |
| 166      | Medicaid     | 56                 | \$ 214.35 | 7         | \$ 1,500.45                 |             |               |               | \$ 1,500.45           |   |   |   |   |   |   |
| 169      | Medicaid     | 39                 | \$ 191.64 | 25        | \$ 4,791.00                 |             | \$ (28.20)    | \$ (28.20)    | \$ 4,762.80           |   |   | C |   |   |   |
| 170      | Medicaid     | 38                 | \$ 178.90 | 31        | \$ 5,545.90                 |             |               |               | \$ 5,545.90           |   |   |   | D |   |   |
| 171      | Medicaid     | 54                 | \$ 181.29 | 31        | \$ 5,619.99                 |             | \$ (1,399.72) | \$ (1,399.72) | \$ 4,220.27           |   |   | C |   |   |   |
| 172      | Medicaid     | 56                 | \$ 214.35 | 31        | \$ 6,644.85                 |             | \$ (545.34)   | \$ (545.34)   | \$ 6,099.51           |   |   | C |   |   |   |
| 173      | Medicaid     | 62                 | \$ 241.05 | 24        | \$ 5,785.20                 |             | \$ (413.00)   | \$ (413.00)   | \$ 5,372.20           |   |   | C |   |   |   |
| 174      | Medicaid     | 39                 | \$ 191.64 | 31        | \$ 5,940.84                 |             |               |               | \$ 5,940.84           |   |   |   | D |   |   |
| 175      | Medicaid     | 35                 | \$ 77.56  | 31        | \$ 2,404.36                 |             |               |               | \$ 2,404.36           |   |   |   |   |   |   |
| 177      | Medicaid     | 62                 | \$ 241.05 | 31        | \$ 7,472.55                 |             |               |               | \$ 7,472.55           |   |   |   | D |   |   |
| 178      | Medicaid     | 39                 | \$ 191.64 | 31        | \$ 5,940.84                 | \$ 136.09   | \$ (2,078.54) | \$ (1,942.45) | \$ 3,998.39           |   | B | C |   | E |   |
| 179      | Medicaid     | 61                 | \$ 223.92 | 31        | \$ 6,941.52                 |             | \$ (411.00)   | \$ (411.00)   | \$ 6,530.52           |   |   | C |   |   |   |
| 182      | Medicaid     | 55                 | \$ 196.03 | 31        | \$ 6,076.93                 |             | \$ (1,741.58) | \$ (1,741.58) | \$ 4,335.35           |   | B | C |   |   |   |
| 183      | Medicaid     | 61                 | \$ 223.92 | 31        | \$ 6,941.52                 |             | \$ (1,252.00) | \$ (1,252.00) | \$ 5,689.52           |   |   | C |   |   |   |
| 184      | Medicaid     | 36                 | \$ 77.56  | 31        | \$ 2,404.36                 |             |               |               | \$ 2,404.36           |   |   |   | D |   |   |
| 185      | Medicaid     | 56                 | \$ 214.35 | 31        | \$ 6,644.85                 |             | \$ (1,320.21) | \$ (1,320.21) | \$ 5,324.64           |   |   | C |   |   |   |
| 187      | Medicaid     | 49                 | \$ 175.71 | 31        | \$ 5,447.01                 |             |               |               | \$ 5,447.01           |   |   |   | D |   |   |
| 188      | Medicaid     | 53                 | \$ 150.61 | 31        | \$ 4,668.91                 |             | \$ (1,028.00) | \$ (1,028.00) | \$ 3,640.91           |   |   | C |   |   |   |
| 189      | Medicaid     | 56                 | \$ 214.35 | 31        | \$ 6,644.85                 |             |               |               | \$ 6,644.85           |   |   |   |   |   |   |
| 190      | Medicaid     | 61                 | \$ 223.92 | 23        | \$ 5,150.16                 |             | \$ (1,910.71) | \$ (1,910.71) | \$ 3,239.45           |   |   | C |   | E |   |
| 191      | Medicaid     | 56                 | \$ 214.35 | 31        | \$ 6,644.85                 |             |               |               | \$ 6,644.85           |   |   |   | D |   |   |
| 192      | Medicaid     | 55                 | \$ 196.03 | 31        | \$ 6,076.93                 |             | \$ (703.60)   | \$ (703.60)   | \$ 5,373.33           |   |   | C |   | E |   |
| 193      | Medicaid     | 49                 | \$ 175.71 | 31        | \$ 5,447.01                 |             |               |               | \$ 5,447.01           |   |   |   | D |   |   |
| 194      | Medicaid     | 54                 | \$ 181.29 | 31        | \$ 5,619.99                 |             | \$ (399.07)   | \$ (399.07)   | \$ 5,220.92           |   |   | C |   |   |   |
| 195      | Medicaid     | 55                 | \$ 196.03 | 31        | \$ 6,076.93                 |             |               |               | \$ 6,076.93           |   |   |   |   | E |   |
| 196      | Medicaid     | 39                 | \$ 191.64 | 31        | \$ 5,940.84                 |             | \$ (1,494.00) | \$ (1,494.00) | \$ 4,446.84           |   |   | C |   |   |   |

LANCASTER MANOR  
JULY 2008 OVER/UNDER BILLINGS

EXHIBIT D

| Resident              | Payer Source | July Level of Care | July Rate | # of Days | APA Calculated To Be Billed | Over Billed        | Under Billed           | Net                    | Manor Actual Billings  | A         | B        | C          | D         | E         | F        |
|-----------------------|--------------|--------------------|-----------|-----------|-----------------------------|--------------------|------------------------|------------------------|------------------------|-----------|----------|------------|-----------|-----------|----------|
| 197                   | Medicaid     | 49                 | \$ 175.71 | 31        | \$ 5,447.01                 |                    | \$ (562.00)            | \$ (562.00)            | \$ 4,885.01            |           |          | C          |           |           |          |
| 198                   | Medicaid     | 55                 | \$ 196.03 | 31        | \$ 6,076.93                 |                    | \$ (256.00)            | \$ (256.00)            | \$ 5,820.93            |           |          | C          |           |           |          |
| 199                   | Medicaid     | 53                 | \$ 150.61 | 31        | \$ 4,668.91                 |                    | \$ (4,668.91)          | \$ (4,668.91)          | \$ -                   | A         |          | C          |           |           |          |
| 202                   | Medicaid     | 56                 | \$ 214.35 | 31        | \$ 6,644.85                 |                    | \$ (1,130.00)          | \$ (1,130.00)          | \$ 5,514.85            |           |          | C          |           |           |          |
| 203                   | Medicaid     | 62                 | \$ 241.05 | 31        | \$ 7,472.55                 |                    |                        |                        | \$ 7,472.55            |           |          |            | D         |           |          |
| 204                   | Medicaid     | 48                 | \$ 139.85 | 31        | \$ 4,335.35                 |                    |                        |                        | \$ 4,335.35            |           |          |            | D         |           |          |
| 205                   | Medicaid     | 61                 | \$ 223.92 | 31        | \$ 6,941.52                 |                    |                        |                        | \$ 6,941.52            |           |          |            |           |           |          |
| 206                   | Medicaid     | 60                 | \$ 213.56 | 24        | \$ 5,125.44                 |                    | \$ (864.88)            | \$ (864.88)            | \$ 4,260.56            |           |          | C          |           |           |          |
| 207                   | Medicaid     | 53                 | \$ 150.61 | 31        | \$ 4,668.91                 |                    | \$ (279.60)            | \$ (279.60)            | \$ 4,389.31            |           |          | C          |           |           |          |
| 208                   | Medicaid     | 55                 | \$ 196.03 | 31        | \$ 6,076.93                 |                    |                        |                        | \$ 6,076.93            |           |          |            | D         |           |          |
| 209                   | Medicaid     | 55                 | \$ 196.03 | 31        | \$ 6,076.93                 |                    |                        |                        | \$ 6,076.93            |           |          |            |           |           |          |
| 210                   | Medicaid     | 53                 | \$ 150.61 | 11        | \$ 1,656.71                 |                    | \$ (415.18)            | \$ (415.18)            | \$ 1,241.53            |           |          | C          |           |           |          |
| 211                   | Medicaid     | 55                 | \$ 196.03 | 31        | \$ 6,076.93                 |                    | \$ (1,850.48)          | \$ (1,850.48)          | \$ 4,226.45            |           | B        | C          |           | E         |          |
| 212                   | Medicaid     | 35                 | \$ 77.56  | 31        | \$ 2,404.36                 |                    | \$ (1,764.00)          | \$ (1,764.00)          | \$ 640.36              |           |          | C          |           |           |          |
| 213                   | Medicaid     | 54                 | \$ 181.29 | 31        | \$ 5,619.99                 |                    | \$ (685.56)            | \$ (685.56)            | \$ 4,934.43            |           |          | C          |           |           |          |
| 214                   | Medicaid     | 38                 | \$ 178.90 | 31        | \$ 5,545.90                 |                    | \$ (576.95)            | \$ (576.95)            | \$ 4,968.95            |           |          | C          |           |           |          |
| 215                   | Medicaid     | 55                 | \$ 196.03 | 31        | \$ 6,076.93                 |                    | \$ (475.00)            | \$ (475.00)            | \$ 5,601.93            |           |          | C          |           |           |          |
| 217                   | Medicaid     | 55                 | \$ 196.03 | 31        | \$ 6,076.93                 |                    | \$ (764.18)            | \$ (764.18)            | \$ 5,312.75            |           |          | C          |           |           |          |
| 218                   | Medicaid     | 48                 | \$ 139.85 | 31        | \$ 4,335.35                 |                    |                        |                        | \$ 4,335.35            |           |          |            | D         |           |          |
| 219                   | Medicaid     | 55                 | \$ 196.03 | 31        | \$ 6,076.93                 |                    | \$ (1,126.75)          | \$ (1,126.75)          | \$ 4,950.18            |           |          | C          |           |           |          |
| 220                   | Medicaid     | 39                 | \$ 191.64 | 31        | \$ 5,940.84                 |                    |                        |                        | \$ 5,940.84            |           |          |            |           |           |          |
| 221                   | Medicaid     | 56                 | \$ 214.35 | 31        | \$ 6,644.85                 |                    | \$ (783.91)            | \$ (783.91)            | \$ 5,860.94            |           |          | C          |           |           |          |
| 222                   | Medicaid     | 54                 | \$ 181.29 | 31        | \$ 5,619.99                 |                    | \$ (1,152.53)          | \$ (1,152.53)          | \$ 4,467.46            |           |          | C          |           | E         |          |
| 224                   | Medicaid     | 49                 | \$ 175.71 | 31        | \$ 5,447.01                 |                    | \$ (4,632.01)          | \$ (4,632.01)          | \$ 815.00              | A         |          |            |           |           |          |
| 226                   | Medicaid     | 56                 | \$ 214.35 | 31        | \$ 6,644.85                 |                    | \$ (1,031.00)          | \$ (1,031.00)          | \$ 5,613.85            |           |          | C          |           |           |          |
| 228                   | Medicaid     | 38                 | \$ 178.90 | 31        | \$ 5,545.90                 |                    |                        |                        | \$ 5,545.90            |           |          |            | D         |           |          |
| 229                   | Medicaid     | 55                 | \$ 196.03 | 31        | \$ 6,076.93                 |                    |                        |                        | \$ 6,076.93            |           |          |            | D         |           |          |
| 230                   | Medicaid     | 39                 | \$ 191.64 | 31        | \$ 5,940.84                 |                    |                        |                        | \$ 5,940.84            |           |          |            | D         |           |          |
| 231                   | Medicaid     | 62                 | \$ 241.05 | 31        | \$ 7,472.55                 |                    | \$ (853.00)            | \$ (853.00)            | \$ 6,619.55            |           |          | C          |           |           |          |
| 232                   | Medicaid     | 62                 | \$ 241.05 | 31        | \$ 7,472.55                 |                    | \$ (924.00)            | \$ (924.00)            | \$ 6,548.55            |           |          | C          |           | E         |          |
| 233                   | Medicaid     | 69                 | \$ 327.90 | 31        | \$ 10,164.90                |                    | \$ (498.00)            | \$ (498.00)            | \$ 9,666.90            |           |          | C          |           |           |          |
| 234                   | Medicaid     | 62                 | \$ 241.05 | 31        | \$ 7,472.55                 |                    |                        |                        | \$ 7,472.55            |           |          |            |           |           |          |
| 236                   | Medicaid     | 38                 | \$ 178.90 | 31        | \$ 5,545.90                 |                    | \$ (4,739.99)          | \$ (4,739.99)          | \$ 805.91              | A         |          |            |           |           | F        |
| 237                   | Medicaid     | 38                 | \$ 178.90 | 31        | \$ 5,545.90                 |                    |                        |                        | \$ 5,545.90            |           |          |            | D         |           |          |
| 238                   | Medicaid     | 53                 | \$ 150.61 | 31        | \$ 4,668.91                 |                    | \$ (1,021.97)          | \$ (1,021.97)          | \$ 3,646.94            |           |          | C          |           |           |          |
| 239                   | Medicaid     | 49                 | \$ 175.71 | 31        | \$ 5,447.01                 |                    |                        |                        | \$ 5,447.01            |           |          |            | D         |           |          |
| 240                   | Medicaid     | 55                 | \$ 196.03 | 31        | \$ 6,076.93                 |                    | \$ (640.00)            | \$ (640.00)            | \$ 5,436.93            |           |          | C          |           |           |          |
| 242                   | Medicaid     | 61                 | \$ 223.92 | 31        | \$ 6,941.52                 |                    |                        |                        | \$ 6,941.52            |           |          |            |           | E         |          |
| 243                   | Medicaid     | 53                 | \$ 150.61 | 31        | \$ 4,668.91                 |                    |                        |                        | \$ 4,668.91            |           |          |            | D         |           |          |
| 244                   | Medicaid     | 35                 | \$ 77.56  | 31        | \$ 2,404.36                 |                    |                        |                        | \$ 2,404.36            |           |          |            |           |           |          |
| 247                   | Medicaid     | 54                 | \$ 181.29 | 31        | \$ 5,619.99                 |                    | \$ (943.50)            | \$ (943.50)            | \$ 4,676.49            |           |          | C          |           |           |          |
| 248                   | Medicaid     | 56                 | \$ 214.35 | 31        | \$ 6,644.85                 |                    | \$ (210.63)            | \$ (210.63)            | \$ 6,434.22            |           |          | C          |           |           |          |
| 250                   | Medicaid     | 37                 | \$ 168.14 | 31        | \$ 5,212.34                 |                    | \$ (725.49)            | \$ (725.49)            | \$ 4,486.85            |           |          | C          |           |           |          |
| 252                   | Medicaid     | 61                 | \$ 223.92 | 15        | \$ 3,358.80                 |                    | \$ (3,358.80)          | \$ (3,358.80)          | \$ -                   | A         |          | C          |           |           |          |
| 253                   | Medicaid     | 39                 | \$ 191.64 | 31        | \$ 5,940.84                 |                    | \$ (1,187.34)          | \$ (1,187.34)          | \$ 4,753.50            |           |          | C          |           |           |          |
| 254                   | Medicaid     | 39                 | \$ 191.64 | 31        | \$ 5,940.84                 |                    | \$ (1,146.96)          | \$ (1,146.96)          | \$ 4,793.88            |           |          | C          |           |           |          |
| 255                   | Medicaid     | 44                 | \$ 131.09 | 31        | \$ 4,063.79                 |                    |                        |                        | \$ 4,063.79            |           |          |            |           |           |          |
| 256                   | Medicaid     | 56                 | \$ 214.35 | 31        | \$ 6,644.85                 |                    |                        |                        | \$ 6,644.85            |           |          |            | D         |           |          |
| 258                   | Medicaid     | 53                 | \$ 150.61 | 31        | \$ 4,668.91                 |                    |                        |                        | \$ 4,668.91            |           |          |            |           |           |          |
| 259                   | Medicaid     | 56                 | \$ 214.35 | 31        | \$ 6,644.85                 |                    | \$ (6,644.85)          | \$ (6,644.85)          | \$ -                   | A         |          |            |           |           |          |
| 261                   | Medicaid     | 56                 | \$ 214.35 | 31        | \$ 6,644.85                 |                    |                        |                        | \$ 6,644.85            |           |          |            |           |           |          |
| 262                   | Medicaid     | 69                 | \$ 327.90 | 31        | \$ 10,164.90                |                    |                        |                        | \$ 10,164.90           |           |          |            |           |           |          |
| 263                   | Medicaid     | 55                 | \$ 196.03 | 31        | \$ 6,076.93                 |                    | \$ (923.12)            | \$ (923.12)            | \$ 5,153.81            |           |          | C          |           |           |          |
| 264                   | Medicaid     | 49                 | \$ 175.71 | 31        | \$ 5,447.01                 |                    |                        |                        | \$ 5,447.01            |           |          |            | D         |           |          |
| 266                   | Medicaid     | 55                 | \$ 196.03 | 23        | \$ 4,508.69                 |                    |                        |                        | \$ 4,508.69            |           |          |            |           |           |          |
| 267                   | Medicaid     | 38                 | \$ 178.90 | 31        | \$ 5,545.90                 |                    | \$ (766.00)            | \$ (766.00)            | \$ 4,779.90            |           |          | C          |           |           |          |
| 268                   | Medicaid     | 44                 | \$ 131.09 | 31        | \$ 4,063.79                 |                    |                        |                        | \$ 4,063.79            |           |          |            |           |           |          |
| 269                   | Medicaid     | 56                 | \$ 214.35 | 31        | \$ 6,644.85                 |                    | \$ (768.00)            | \$ (768.00)            | \$ 5,876.85            |           |          | C          |           | E         |          |
| 270                   | Medicaid     | 56                 | \$ 214.35 | 11        | \$ 2,357.85                 |                    | \$ (811.65)            | \$ (811.65)            | \$ 1,546.20            |           |          | C          |           |           |          |
| 272                   | Medicaid     | 55                 | \$ 196.03 | 31        | \$ 6,076.93                 |                    |                        |                        | \$ 6,076.93            |           |          |            |           | E         | F        |
| 273                   | Medicaid     | 56                 | \$ 214.35 | 31        | \$ 6,644.85                 |                    | \$ (2,464.00)          | \$ (2,464.00)          | \$ 4,180.85            |           |          | C          |           |           |          |
| 274                   | Medicaid     | 55                 | \$ 196.03 | 31        | \$ 6,076.93                 |                    |                        |                        | \$ 6,076.93            |           |          |            | D         |           |          |
| 276                   | Medicaid     | 56                 | \$ 214.35 | 31        | \$ 6,644.85                 |                    |                        |                        | \$ 6,644.85            |           |          |            | D         |           |          |
| 277                   | Medicaid     | 55                 | \$ 196.03 | 31        | \$ 6,076.93                 |                    |                        |                        | \$ 6,076.93            |           |          |            | D         |           |          |
| 279                   | Medicaid     | 49                 | \$ 175.71 | 31        | \$ 5,447.01                 |                    | \$ (1,142.00)          | \$ (1,142.00)          | \$ 4,305.01            |           |          | C          |           |           |          |
| 283                   | Medicaid     | 38                 | \$ 178.90 | 31        | \$ 5,545.90                 |                    | \$ (1,097.00)          | \$ (1,097.00)          | \$ 4,448.90            |           |          | C          |           |           |          |
| 284                   | Medicaid     | 56                 | \$ 214.35 | 31        | \$ 6,644.85                 |                    |                        |                        | \$ 6,644.85            |           |          |            | D         |           |          |
| 286                   | Medicaid     | 62                 | \$ 241.05 | 31        | \$ 7,472.55                 |                    | \$ (7,472.55)          | \$ (7,472.55)          | \$ -                   | A         |          | C          |           |           |          |
| 285                   | Medicaid     | 38                 | \$ 178.90 | 31        | \$ 5,545.90                 |                    | \$ (515.00)            | \$ (515.00)            | \$ 5,030.90            |           |          | C          |           |           |          |
| 288                   | Medicaid     | 36                 | \$ 77.56  | 31        | \$ 2,404.36                 |                    | \$ (1,549.51)          | \$ (1,549.51)          | \$ 854.85              | A         |          |            |           |           | F        |
| <b>Medicaid Total</b> |              |                    |           |           | <b>\$ 1,270,569.61</b>      | <b>\$ 1,250.48</b> | <b>\$ (183,370.37)</b> | <b>\$ (182,119.89)</b> | <b>\$ 1,088,449.72</b> | <b>15</b> | <b>8</b> | <b>137</b> | <b>46</b> | <b>34</b> | <b>5</b> |
| 1                     | Medicare     | SSC                | \$ 270.68 | 31        | \$ 8,391.08                 |                    |                        |                        | \$ 8,391.08            |           |          |            |           |           | F        |
| 10                    | Medicare     | RML                | \$ 407.65 | 8         | \$ 3,261.20                 |                    |                        |                        | \$ 3,261.20            |           |          |            |           |           |          |
| 11                    | Medicare     | RUB                | \$ 470.15 | 4         | \$ 1,880.60                 |                    |                        |                        | \$ 1,880.60            |           |          |            |           |           | F        |
| 16                    | Medicare     | RHA                | \$ 317.59 | 14        | \$ 4,446.26                 |                    |                        |                        | \$ 4,446.26            |           |          |            |           |           | F        |
| 17                    | Medicare     | RVX                | \$ 457.97 | 28        | \$ 12,823.16                |                    | \$ (1,246.79)          | \$ (1,246.79)          | \$ 11,576.37           |           |          | C          |           |           | F        |
| 17                    | Medicare     | RMX                | \$ 444.44 | 3         | \$ 1,333.32                 |                    |                        |                        | \$ 1,333.32            |           |          |            |           |           |          |
| 24                    | Medicare     | SE2                | \$ 308.93 | 2         | \$ 617.86                   |                    |                        |                        | \$ 617.86              |           |          |            |           |           |          |
| 41                    | Medicare     | CA1                | \$ 207.41 | 6         | \$ 1,244.46                 | \$ 661.08          |                        | \$ 661.08              | \$ 1,905.54            |           | B        |            |           |           |          |

LANCASTER MANOR  
JULY 2008 OVER/UNDER BILLINGS

EXHIBIT D

| Resident | Payer Source             | July Level of Care | July Rate | # of Days | APA Calculated To Be Billed | Over Billed        | Under Billed          | Net                   | Manor Actual Billings | A        | B         | C        | D        | E        | F         |
|----------|--------------------------|--------------------|-----------|-----------|-----------------------------|--------------------|-----------------------|-----------------------|-----------------------|----------|-----------|----------|----------|----------|-----------|
| 41       | Medicare                 | RHA                | \$ 317.59 | 2         | \$ 635.18                   |                    |                       |                       | \$ 635.18             |          |           |          |          |          |           |
| 44       | Medicare                 | RHB                | \$ 342.61 | 1         | \$ 342.61                   |                    |                       |                       | \$ 342.61             |          |           |          |          |          |           |
| 53       | Medicare                 | RUX                | \$ 604.06 | 4         | \$ 2,416.24                 |                    | \$ (1,812.18)         | \$ (1,812.18)         | \$ 604.06             |          | B         |          |          |          | F         |
| 53       | Medicare                 | RVA                | \$ 352.04 | 10        | \$ 3,520.40                 |                    | \$ (2,430.29)         | \$ (2,430.29)         | \$ 1,090.11           |          |           |          |          |          |           |
| 53       | Medicare                 | RVX                | \$ 457.97 | 6         | \$ 2,747.82                 |                    | \$ (2,747.82)         | \$ (2,747.82)         | \$ -                  |          |           |          |          |          |           |
| 63       | Medicare                 | RML                | \$ 407.65 | 7         | \$ 2,853.55                 |                    |                       |                       | \$ 2,853.55           |          |           |          |          |          | F         |
| 69       | Medicare                 | RMA                | \$ 313.47 | 9         | \$ 2,821.23                 |                    |                       |                       | \$ 2,821.23           |          |           |          |          |          |           |
| 69       | Medicare                 | RML                | \$ 407.65 | 13        | \$ 5,299.45                 |                    |                       |                       | \$ 5,299.45           |          |           |          |          |          | F         |
| 74       | Medicare                 | RML                | \$ 407.65 | 8         | \$ 3,261.20                 |                    |                       |                       | \$ 3,261.20           |          |           |          |          |          |           |
| 89       | Medicare                 | RUB                | \$ 470.15 | 8         | \$ 3,761.20                 |                    |                       |                       | \$ 3,761.20           |          |           |          |          |          |           |
| 89       | Medicare                 | RUL                | \$ 530.48 | 7         | \$ 3,713.36                 |                    |                       |                       | \$ 3,713.36           |          |           |          |          |          |           |
| 89       | Medicare                 | RMX                | \$ 444.44 | 14        | \$ 6,222.16                 |                    |                       |                       | \$ 6,222.16           |          |           |          |          |          | F         |
| 100      | Medicare                 | SSC                | \$ 270.68 | 1         | \$ 270.68                   |                    |                       |                       | \$ 270.68             |          |           |          |          |          |           |
| 105      | Medicare                 | SE2                | \$ 308.93 | 15        | \$ 4,633.95                 |                    |                       |                       | \$ 4,633.95           |          |           |          |          |          |           |
| 107      | Medicare                 | RVL                | \$ 427.07 | 10        | \$ 4,270.70                 |                    |                       |                       | \$ 4,270.70           |          |           |          |          | E        |           |
| 107      | Medicare                 | RML                | \$ 407.65 | 14        | \$ 5,707.10                 |                    |                       |                       | \$ 5,707.10           |          |           |          |          |          |           |
| 110      | Medicare                 | SE3                | \$ 363.38 | 25        | \$ 9,084.50                 |                    |                       |                       | \$ 9,084.50           |          |           |          |          |          | F         |
| 110      | Medicare                 | SE3                | \$ 363.38 | 2         | \$ 726.76                   |                    | \$ (400.24)           | \$ (400.24)           | \$ 326.52             |          | B         |          |          |          |           |
| 124      | Medicare                 | RMX                | \$ 444.44 | 14        | \$ 6,222.16                 |                    |                       |                       | \$ 6,222.16           |          |           |          |          |          | F         |
| 124      | Medicare                 | SE2                | \$ 308.93 | 8         | \$ 2,471.44                 |                    | \$ (341.33)           | \$ (341.33)           | \$ 2,130.11           |          | B         |          |          |          |           |
| 124      | Medicare                 | CB1                | \$ 223.59 | 1         | \$ 223.59                   |                    |                       |                       | \$ 223.59             |          |           |          |          |          |           |
| 129      | Medicare                 | SE2                | \$ 308.93 | 7         | \$ 2,162.51                 |                    |                       |                       | \$ 2,162.51           |          |           |          |          |          |           |
| 134      | Medicare                 | RML                | \$ 407.65 | 18        | \$ 7,337.70                 |                    |                       |                       | \$ 7,337.70           |          |           |          |          |          |           |
| 137      | Medicare                 | RHB                | \$ 342.61 | 29        | \$ 9,935.69                 |                    |                       |                       | \$ 9,935.69           |          |           |          |          |          | F         |
| 142      | Medicare                 | RHC                | \$ 358.80 | 9         | \$ 3,229.20                 |                    |                       |                       | \$ 3,229.20           |          |           |          |          |          |           |
| 144      | Medicare                 | RML                | \$ 407.65 | 11        | \$ 4,484.15                 |                    |                       |                       | \$ 4,484.15           |          |           |          |          |          | F         |
| 147      | Medicare                 | RVC                | \$ 412.36 | 4         | \$ 1,649.44                 |                    |                       |                       | \$ 1,649.44           |          |           |          |          |          |           |
| 158      | Medicare                 | RMX                | \$ 444.44 | 18        | \$ 7,999.92                 |                    |                       |                       | \$ 7,999.92           |          |           |          |          |          |           |
| 167      | Medicare                 | RHC                | \$ 358.80 | 14        | \$ 5,023.20                 |                    |                       |                       | \$ 5,023.20           |          |           |          |          |          | F         |
| 168      | Medicare                 | SSA                | \$ 251.55 | 30        | \$ 7,546.50                 |                    |                       |                       | \$ 7,546.50           |          |           |          |          |          | F         |
| 173      | Medicare                 | RMX                | \$ 444.44 | 7         | \$ 3,111.08                 |                    |                       |                       | \$ 3,111.08           |          |           |          |          |          | F         |
| 190      | Medicare                 | RHC                | \$ 358.80 | 8         | \$ 2,870.40                 |                    | \$ (1,024.00)         | \$ (1,024.00)         | \$ 1,846.40           |          |           | C        |          |          |           |
| 206      | Medicare                 | RML                | \$ 407.65 | 7         | \$ 2,853.55                 |                    |                       |                       | \$ 2,853.55           |          |           |          | D        |          | F         |
| 210      | Medicare                 | RVA                | \$ 352.04 | 6         | \$ 2,112.24                 |                    |                       |                       | \$ 2,112.24           |          |           |          |          |          |           |
| 210      | Medicare                 | RHA                | \$ 317.59 | 14        | \$ 4,446.26                 | \$ 482.30          |                       | \$ 482.30             | \$ 4,928.56           |          | B         |          |          |          |           |
| 225      | Medicare                 | SSC                | \$ 270.68 | 28        | \$ 7,579.04                 |                    | \$ (3,968.00)         | \$ (3,968.00)         | \$ 3,611.04           |          |           | C        |          |          |           |
| 225      | Medicare                 | RMX                | \$ 444.44 | 3         | \$ 1,333.32                 |                    |                       |                       | \$ 1,333.32           |          |           |          |          |          |           |
| 235      | Medicare                 | RMC                | \$ 329.66 | 7         | \$ 2,307.62                 |                    |                       |                       | \$ 2,307.62           |          |           |          |          |          |           |
| 241      | Medicare                 | RVC                | \$ 412.36 | 27        | \$ 11,133.72                | \$ 1,990.00        | \$ (698.00)           | \$ 1,292.00           | \$ 12,425.72          |          |           | C        |          |          | F         |
| 241      | Medicare                 | RMX                | \$ 444.44 | 2         | \$ 888.88                   |                    |                       |                       | \$ 888.88             |          |           |          |          |          |           |
| 249      | Medicare                 | RMX                | \$ 444.44 | 8         | \$ 3,555.52                 |                    |                       |                       | \$ 3,555.52           |          |           |          | D        |          | F         |
| 265      | Medicare                 | RHC                | \$ 358.80 | 28        | \$ 10,046.40                |                    |                       |                       | \$ 10,046.40          |          |           |          |          |          |           |
| 265      | Medicare                 | RMX                | \$ 444.44 | 3         | \$ 1,333.32                 |                    | \$ (550.00)           | \$ (550.00)           | \$ 783.32             |          |           | C        |          |          |           |
| 275      | Medicare                 | RML                | \$ 407.65 | 11        | \$ 4,484.15                 |                    |                       |                       | \$ 4,484.15           |          |           |          |          |          |           |
| 280      | Medicare                 | RML                | \$ 407.65 | 3         | \$ 1,222.95                 |                    |                       |                       | \$ 1,222.95           |          |           |          |          |          |           |
| 281      | Medicare                 | RML                | \$ 407.65 | 3         | \$ 1,222.95                 |                    |                       |                       | \$ 1,222.95           |          |           |          |          |          |           |
|          | <b>Medicare Total</b>    |                    |           |           | <b>\$ 215,072.93</b>        | <b>\$ 3,133.38</b> | <b>\$ (15,218.65)</b> | <b>\$ (12,085.27)</b> | <b>\$ 202,987.66</b>  | <b>0</b> | <b>5</b>  | <b>5</b> | <b>2</b> | <b>1</b> | <b>18</b> |
| 19       | Private Pay              | PP55               | \$ 221.03 | 30        | \$ 6,630.90                 | \$ 3.30            |                       | \$ 3.30               | \$ 6,634.20           |          | B         |          |          |          |           |
| 39       | Private Pay              | PP38               | \$ 203.90 | 5         | \$ 1,019.50                 |                    | \$ (204.74)           | \$ (204.74)           | \$ 814.76             |          | B         |          |          |          |           |
| 56       | Private Pay              | PP55               | \$ 221.03 | 31        | \$ 6,851.93                 | \$ 3.41            |                       | \$ 3.41               | \$ 6,855.34           |          | B         |          |          |          |           |
| 66       | Private Pay              | PP62               | \$ 266.05 | 24        | \$ 6,385.20                 |                    | \$ (6,385.20)         | \$ (6,385.20)         | \$ -                  | A        |           |          |          |          |           |
| 101      | Private Pay              | PP56               | \$ 239.35 | 31        | \$ 7,419.85                 | \$ 14.26           |                       | \$ 14.26              | \$ 7,434.11           |          | B         |          |          |          |           |
| 106      | Private Pay              | PP39               | \$ 216.64 | 31        | \$ 6,715.84                 | \$ 1.24            |                       | \$ 1.24               | \$ 6,717.08           |          | B         |          |          |          |           |
| 123      | Private Pay              | PP39               | \$ 216.64 | 31        | \$ 6,715.84                 | \$ 1.24            |                       | \$ 1.24               | \$ 6,717.08           |          | B         |          |          |          |           |
| 134      | Private Pay              | PP35               | \$ 102.56 | 13        | \$ 1,333.28                 | \$ 576.16          |                       | \$ 576.16             | \$ 1,909.44           |          | B         |          |          |          |           |
| 149      | Private Pay              | PP55               | \$ 221.03 | 4         | \$ 884.12                   | \$ 75.12           |                       | \$ 75.12              | \$ 959.24             |          | B         |          |          |          |           |
| 180      | Private Pay              | PP55               | \$ 221.03 | 31        | \$ 6,851.93                 | \$ 3.41            |                       | \$ 3.41               | \$ 6,855.34           |          | B         |          |          |          |           |
| 186      | Private Pay              | PP55               | \$ 221.03 | 24        | \$ 5,304.72                 | \$ 2.64            |                       | \$ 2.64               | \$ 5,307.36           |          | B         |          |          |          |           |
| 216      | Private Pay              | PP62               | \$ 266.05 | 8         | \$ 2,128.40                 |                    | \$ (368.40)           | \$ (368.40)           | \$ 1,760.00           |          | B         |          |          |          |           |
| 223      | Private Pay              | PP38               | \$ 203.90 | 31        | \$ 6,320.90                 |                    | \$ (6.51)             | \$ (6.51)             | \$ 6,314.39           |          | B         |          |          |          |           |
| 227      | Private Pay              | PP39               | \$ 216.64 | 31        | \$ 6,715.84                 | \$ 1.24            |                       | \$ 1.24               | \$ 6,717.08           |          | B         |          |          |          |           |
| 245      | Private Pay              | PP55               | \$ 221.03 | 27        | \$ 5,967.81                 | \$ 20.97           |                       | \$ 20.97              | \$ 5,988.78           |          | B         |          |          |          |           |
| 245      | Private Pay              | PP39               | \$ 216.64 | 4         | \$ 866.56                   |                    |                       |                       | \$ 866.56             |          |           |          |          |          |           |
| 251      | Private Pay              | PP39               | \$ 216.64 | 31        | \$ 6,715.84                 | \$ (6,715.84)      |                       | \$ (6,715.84)         | \$ -                  | A        |           |          |          |          |           |
| 260      | Private Pay              | PP38               | \$ 203.90 | 31        | \$ 6,320.90                 | \$ (6.51)          |                       | \$ (6.51)             | \$ 6,314.39           |          | B         |          |          |          |           |
| 278      | Private Pay              | PP48               | \$ 164.85 | 31        | \$ 5,110.35                 | \$ (28.83)         |                       | \$ (28.83)            | \$ 5,081.52           |          | B         |          |          |          |           |
|          | <b>Private Pay Total</b> |                    |           |           | <b>\$ 96,259.71</b>         | <b>\$ 702.99</b>   | <b>\$ (13,716.03)</b> | <b>\$ (13,013.04)</b> | <b>\$ 83,246.67</b>   | <b>2</b> | <b>16</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>0</b>  |
| 287      | Insurance                | RVC                | \$ 412.36 | 31        | \$ 12,783.16                |                    | \$ (12,783.16)        | \$ (12,783.16)        | \$ -                  | A        |           |          |          |          |           |
|          | <b>Insurance Total</b>   |                    |           |           | <b>\$ 12,783.16</b>         | <b>\$ -</b>        | <b>\$ (12,783.16)</b> | <b>\$ (12,783.16)</b> | <b>\$ -</b>           | <b>1</b> | <b>0</b>  | <b>0</b> | <b>0</b> | <b>0</b> | <b>0</b>  |
| 3        | VA                       | VA56               | \$ 235.79 | 31        | \$ 7,309.49                 |                    |                       |                       | \$ 7,309.49           |          |           |          |          |          |           |
| 43       | VA                       | VA38               | \$ 196.79 | 31        | \$ 6,100.49                 |                    |                       |                       | \$ 6,100.49           |          |           |          |          |          |           |
| 66       | VA                       | VA62               | \$ 265.16 | 7         | \$ 1,856.12                 | \$ 6,363.84        |                       | \$ 6,363.84           | \$ 8,219.96           |          | B         |          |          |          |           |
| 77       | VA                       | VA55               | \$ 215.63 | 31        | \$ 6,684.53                 |                    |                       |                       | \$ 6,684.53           |          |           |          |          |          |           |
| 97       | VA                       | VA53               | \$ 165.67 | 31        | \$ 5,135.77                 |                    |                       |                       | \$ 5,135.77           |          |           |          |          |          |           |
| 121      | VA                       | VA56               | \$ 235.79 | 31        | \$ 7,309.49                 |                    |                       |                       | \$ 7,309.49           |          |           |          |          |          |           |
| 127      | VA                       | VA50               | \$ 212.12 | 31        | \$ 6,575.72                 |                    |                       |                       | \$ 6,575.72           |          |           |          |          |          |           |
| 135      | VA                       | VA55               | \$ 215.63 | 31        | \$ 6,684.53                 |                    |                       |                       | \$ 6,684.53           |          |           |          |          |          |           |
| 161      | VA                       | VA54               | \$ 199.42 | 22        | \$ 4,387.24                 |                    |                       |                       | \$ 4,387.24           |          |           |          |          |          |           |
| 181      | VA                       | VA54               | \$ 199.42 | 9         | \$ 1,794.78                 | \$ 102.42          |                       | \$ 102.42             | \$ 1,897.20           |          | B         |          |          |          |           |

LANCASTER MANOR  
JULY 2008 OVER/UNDER BILLINGS

EXHIBIT D

| Resident                            | Payer Source     | July Level of Care | July Rate | # of Days | APA Calculated To Be Billed | Over Billed         | Under Billed           | Net                    | Manor Actual Billings  | A         | B         | C          | D         | E         | F         |
|-------------------------------------|------------------|--------------------|-----------|-----------|-----------------------------|---------------------|------------------------|------------------------|------------------------|-----------|-----------|------------|-----------|-----------|-----------|
| 200                                 | VA               | VA68               | \$ 285.31 | 7         | \$ 1,997.17                 |                     |                        | \$ -                   | \$ 1,997.17            |           |           |            |           |           |           |
| 201                                 | VA               | VA39               | \$ 210.80 | 16        | \$ 3,372.80                 |                     |                        | \$ -                   | \$ 3,372.80            |           |           |            |           |           |           |
| 246                                 | VA               | VA55               | \$ 215.63 | 31        | \$ 6,684.53                 |                     |                        | \$ -                   | \$ 6,684.53            |           |           |            |           |           |           |
| 257                                 | VA               | VA62               | \$ 265.16 | 10        | \$ 2,651.60                 |                     | \$ (265.16)            | \$ (265.16)            | \$ 2,386.44            |           | B         |            |           |           |           |
| 257                                 | VA               | VA39               | \$ 210.80 | 21        | \$ 4,426.80                 | \$ 210.80           |                        | \$ 210.80              | \$ 4,637.60            |           |           |            |           |           |           |
| 271                                 | VA               | VA50               | \$ 212.12 | 4         | \$ 848.48                   |                     |                        | \$ -                   | \$ 848.48              |           |           |            |           |           |           |
| 282                                 | VA               | VA55               | \$ 215.63 | 31        | \$ 6,684.53                 |                     |                        | \$ -                   | \$ 6,684.53            |           |           |            |           |           |           |
| <b>VA Total</b>                     |                  |                    |           |           | <b>\$ 80,504.07</b>         | <b>\$ 6,677.06</b>  | <b>\$ (265.16)</b>     | <b>\$ 6,411.90</b>     | <b>\$ 86,915.97</b>    | <b>0</b>  | <b>3</b>  | <b>0</b>   | <b>0</b>  | <b>0</b>  | <b>0</b>  |
| 8                                   | Hospice Medicaid | H56                | \$ 214.35 | 10        | \$ 2,143.50                 |                     | \$ (195.33)            | \$ (195.33)            | \$ 1,948.17            |           |           | C          |           |           |           |
| 55                                  | Hospice Private  | PP50               | \$ 240.00 | 3         | \$ 720.00                   |                     | \$ (720.00)            | \$ (720.00)            | \$ -                   | A         |           |            |           |           |           |
| 162                                 | Hospice Medicaid | H55                | \$ 196.03 | 31        | \$ 6,076.93                 |                     | \$ (1,030.64)          | \$ (1,030.64)          | \$ 5,046.29            |           |           | C          |           | E         |           |
| 169                                 | Hospice Medicaid | H39                | \$ 191.64 | 5         | \$ 958.20                   |                     | \$ (28.20)             | \$ (28.20)             | \$ 930.00              |           |           | C          |           |           |           |
| 176                                 | Hospice Medicaid | H56                | \$ 214.35 | 19        | \$ 4,072.65                 |                     | \$ (17.30)             | \$ (17.30)             | \$ 4,055.35            |           |           | C          | D         |           |           |
| 200                                 | Hospice VA       | VA68               | \$ 285.31 | 2         | \$ 570.62                   |                     | \$ (570.62)            | \$ (570.62)            | \$ -                   | A         |           |            |           |           |           |
| <b>Hospice Total</b>                |                  |                    |           |           | <b>\$ 14,541.90</b>         | <b>\$ -</b>         | <b>\$ (2,562.09)</b>   | <b>\$ (2,562.09)</b>   | <b>\$ 11,979.81</b>    | <b>2</b>  | <b>0</b>  | <b>4</b>   | <b>1</b>  | <b>1</b>  | <b>0</b>  |
| <b>Grand Total</b>                  |                  |                    |           |           | <b>\$ 1,689,731.38</b>      | <b>\$ 11,763.91</b> | <b>\$ (227,915.46)</b> | <b>\$ (216,151.55)</b> | <b>\$ 1,473,579.83</b> | <b>20</b> | <b>32</b> | <b>146</b> | <b>49</b> | <b>36</b> | <b>23</b> |
| <b>Therapy</b>                      |                  |                    |           |           | <b>\$ 26,546.00</b>         |                     | <b>\$ (9,384.64)</b>   | <b>\$ (9,384.64)</b>   | <b>\$ 17,161.36</b>    |           |           |            |           |           |           |
| <b>Total Billing See Exhibit C.</b> |                  |                    |           |           | <b>\$ 1,716,277.38</b>      |                     |                        |                        |                        |           |           |            |           |           |           |

| Exception | Explanation  | Over                | Under                  | Net                    | Total # of Exceptions |
|-----------|--|---------------------|------------------------|------------------------|-----------------------|
| A         | Did not bill at all for care, or did not re-submit claim if denied     |                     | \$ (88,259.39)         | \$ (88,259.39)         | 20                    |
| B         | Billed at incorrect care level, rate, or incorrect number of days      | \$ 9,773.91         | \$ (12,976.33)         | \$ (3,202.42)          | 32                    |
| C         | Did not bill for Share of Cost, or did not re-submit claim if denied   | \$ 1,990.00         | \$ (126,679.74)        | \$ (124,689.74)        | 146                   |
| D         | No receipt written for Share of Cost                                   |                     |                        |                        | 49                    |
| E         | Billing for care was not timely (within 60 days of month end)          |                     |                        |                        | 36                    |
| F         | Billing for Share of Cost was not timely (within 60 days of month end) |                     |                        |                        | 23                    |
| Total     |  | <u>\$ 11,763.91</u> | <u>\$ (227,915.46)</u> | <u>\$ (216,151.55)</u> |                       |

Note: The same resident may be listed more than once on this chart if they had multiple payor sources or levels of care throughout the month.

LANCASTER MANOR  
APRIL 2009 OVER/UNDER BILLINGS

EXHIBIT E

| Resident | Payer Source | April Level of Care | April Rate | # of Days | APA Calculated To Be Billed | Over Billed | Under Billed  | Net           | Manor Actual Billings | A | B | C | D | E | F | G | H |
|----------|--------------|---------------------|------------|-----------|-----------------------------|-------------|---------------|---------------|-----------------------|---|---|---|---|---|---|---|---|
| 3        | Medicaid     | 56                  | \$ 214.35  | 30        | \$ 6,430.50                 |             |               |               | \$ 6,430.50           |   |   |   |   |   |   |   |   |
| 4        | Medicaid     | 35                  | \$ 79.96   | 30        | \$ 2,398.80                 |             |               |               | \$ 2,398.80           |   |   |   |   |   |   |   |   |
| 5        | Medicaid     | 53                  | \$ 150.61  | 30        | \$ 4,518.30                 |             |               |               | \$ 4,518.30           |   |   |   |   |   |   |   |   |
| 6        | Medicaid     | 55                  | \$ 196.03  | 5         | \$ 980.15                   |             |               |               | \$ 980.15             |   |   |   |   |   |   |   |   |
| 7        | Medicaid     | 39                  | \$ 191.64  | 30        | \$ 5,749.20                 |             |               |               | \$ 5,749.20           |   |   |   |   |   |   |   |   |
| 8        | Medicaid     | 39                  | \$ 191.64  | 30        | \$ 5,749.20                 |             |               |               | \$ 5,749.20           |   |   |   |   |   |   |   |   |
| 10       | Medicaid     | 55                  | \$ 196.03  | 30        | \$ 5,880.90                 |             |               |               | \$ 5,880.90           |   |   |   |   |   |   |   |   |
| 11       | Medicaid     | 56                  | \$ 214.35  | 30        | \$ 6,430.50                 |             |               |               | \$ 6,430.50           |   |   |   |   |   |   |   |   |
| 12       | Medicaid     | 56                  | \$ 214.35  | 30        | \$ 6,430.50                 |             |               |               | \$ 6,430.50           |   |   |   |   |   |   |   |   |
| 13       | Medicaid     | 60                  | \$ 213.56  | 10        | \$ 2,135.60                 |             | \$ (629.50)   | \$ (629.50)   | \$ 1,506.10           | A |   |   |   | E |   |   |   |
| 15       | Medicaid     | 68                  | \$ 259.37  | 30        | \$ 7,781.10                 |             | \$ (1,900.20) | \$ (1,900.20) | \$ 5,880.90           |   | B |   |   |   |   |   |   |
| 16       | Medicaid     | 39                  | \$ 191.64  | 30        | \$ 5,749.20                 |             |               |               | \$ 5,749.20           |   |   |   |   |   |   |   |   |
| 17       | Medicaid     | 54                  | \$ 181.29  | 30        | \$ 5,438.70                 |             |               |               | \$ 5,438.70           |   |   |   |   |   |   |   |   |
| 20       | Medicaid     | 54                  | \$ 181.29  | 8         | \$ 1,450.32                 |             | \$ (19.12)    | \$ (19.12)    | \$ 1,431.20           |   | B |   |   |   |   |   |   |
| 21       | Medicaid     | 53                  | \$ 150.61  | 30        | \$ 4,518.30                 |             |               |               | \$ 4,518.30           |   |   |   |   |   |   |   |   |
| 22       | Medicaid     | 53                  | \$ 150.61  | 30        | \$ 4,518.30                 | \$ 271.88   |               | \$ 271.88     | \$ 4,790.18           |   |   |   |   | E |   | G |   |
| 23       | Medicaid     | 55                  | \$ 196.03  | 30        | \$ 5,880.90                 |             |               |               | \$ 5,880.90           |   |   |   |   |   |   |   |   |
| 24       | Medicaid     | 49                  | \$ 175.71  | 30        | \$ 5,271.30                 |             |               |               | \$ 5,271.30           |   |   |   |   |   |   |   |   |
| 27       | Medicaid     | 53                  | \$ 150.61  | 30        | \$ 4,518.30                 |             |               |               | \$ 4,518.30           |   |   |   |   |   |   |   |   |
| 28       | Medicaid     | 55                  | \$ 196.03  | 30        | \$ 5,880.90                 |             | \$ (262.00)   | \$ (262.00)   | \$ 5,618.90           |   |   | C |   |   |   |   |   |
| 29       | Medicaid     | 38                  | \$ 178.90  | 30        | \$ 5,367.00                 |             |               |               | \$ 5,367.00           |   |   |   |   |   |   |   |   |
| 30       | Medicaid     | 54                  | \$ 181.29  | 30        | \$ 5,438.70                 |             |               |               | \$ 5,438.70           |   |   |   |   |   |   |   |   |
| 31       | Medicaid     | 55                  | \$ 196.03  | 30        | \$ 5,880.90                 |             |               |               | \$ 5,880.90           |   |   |   |   |   |   |   |   |
| 32       | Medicaid     | 60                  | \$ 213.56  | 30        | \$ 6,406.80                 |             |               |               | \$ 6,406.80           |   |   |   |   |   |   |   |   |
| 33       | Medicaid     | 36                  | \$ 79.96   | 30        | \$ 2,398.80                 |             |               |               | \$ 2,398.80           |   |   |   |   |   |   |   |   |
| 34       | Medicaid     | 54                  | \$ 181.29  | 30        | \$ 5,438.70                 |             |               |               | \$ 5,438.70           |   |   |   |   |   |   |   |   |
| 36       | Medicaid     | 62                  | \$ 241.05  | 30        | \$ 7,231.50                 |             |               |               | \$ 7,231.50           |   |   |   |   |   |   |   |   |
| 37       | Medicaid     | 44                  | \$ 131.09  | 30        | \$ 3,932.70                 |             |               |               | \$ 3,932.70           |   |   |   |   |   |   |   |   |
| 39       | Medicaid     | 56                  | \$ 214.35  | 30        | \$ 6,430.50                 |             |               |               | \$ 6,430.50           |   |   |   |   |   |   |   |   |
| 40       | Medicaid     | 53                  | \$ 150.61  | 30        | \$ 4,518.30                 |             |               |               | \$ 4,518.30           |   |   |   |   |   |   |   |   |
| 41       | Medicaid     | 55                  | \$ 196.03  | 30        | \$ 5,880.90                 |             |               |               | \$ 5,880.90           |   |   |   |   |   |   |   |   |
| 43       | Medicaid     | 54                  | \$ 181.29  | 30        | \$ 5,438.70                 |             | \$ (4,470.70) | \$ (4,470.70) | \$ 968.00             | A |   |   |   |   |   |   |   |
| 44       | Medicaid     | 61                  | \$ 223.92  | 30        | \$ 6,717.60                 |             |               |               | \$ 6,717.60           |   |   |   |   |   |   |   |   |
| 45       | Medicaid     | 55                  | \$ 196.03  | 30        | \$ 5,880.90                 |             |               |               | \$ 5,880.90           |   |   |   |   |   |   |   |   |
| 46       | Medicaid     | 55                  | \$ 196.03  | 30        | \$ 5,880.90                 |             |               |               | \$ 5,880.90           |   |   |   |   |   |   |   |   |
| 47       | Medicaid     | 62                  | \$ 241.05  | 30        | \$ 7,231.50                 |             |               |               | \$ 7,231.50           |   |   |   |   |   |   |   |   |
| 48       | Medicaid     | 61                  | \$ 223.92  | 30        | \$ 6,717.60                 |             |               |               | \$ 6,717.60           |   |   |   |   |   |   |   |   |
| 49       | Medicaid     | 61                  | \$ 223.92  | 30        | \$ 6,717.60                 |             |               |               | \$ 6,717.60           |   |   |   |   |   |   |   |   |
| 50       | Medicaid     | 55                  | \$ 196.03  | 30        | \$ 5,880.90                 |             |               |               | \$ 5,880.90           |   |   |   |   |   |   |   |   |
| 51       | Medicaid     | 62                  | \$ 241.05  | 30        | \$ 7,231.50                 |             |               |               | \$ 7,231.50           |   |   |   |   |   |   |   |   |
| 52       | Medicaid     | 35                  | \$ 79.96   | 30        | \$ 2,398.80                 |             |               |               | \$ 2,398.80           |   |   |   |   |   |   |   |   |
| 53       | Medicaid     | 55                  | \$ 196.03  | 30        | \$ 5,880.90                 |             |               |               | \$ 5,880.90           |   |   |   |   |   |   |   |   |
| 54       | Medicaid     | 62                  | \$ 241.05  | 30        | \$ 7,231.50                 |             | \$ (6,220.43) | \$ (6,220.43) | \$ 1,011.07           | A |   |   |   |   |   |   |   |
| 56       | Medicaid     | 54                  | \$ 181.29  | 30        | \$ 5,438.70                 |             |               |               | \$ 5,438.70           |   |   |   |   |   |   |   |   |
| 57       | Medicaid     | 55                  | \$ 196.03  | 30        | \$ 5,880.90                 |             |               |               | \$ 5,880.90           |   |   |   |   |   |   |   |   |
| 59       | Medicaid     | 39                  | \$ 191.64  | 30        | \$ 5,749.20                 |             |               |               | \$ 5,749.20           |   |   |   |   |   |   |   |   |
| 60       | Medicaid     | 55                  | \$ 196.03  | 30        | \$ 5,880.90                 |             |               |               | \$ 5,880.90           |   |   |   |   |   |   |   |   |
| 62       | Medicaid     | 39                  | \$ 191.64  | 30        | \$ 5,749.20                 |             |               |               | \$ 5,749.20           |   |   |   |   |   |   |   |   |
| 63       | Medicaid     | 39                  | \$ 191.64  | 30        | \$ 5,749.20                 |             |               |               | \$ 5,749.20           |   |   |   |   |   | F |   |   |
| 64       | Medicaid     | 39                  | \$ 191.64  | 30        | \$ 5,749.20                 |             |               |               | \$ 5,749.20           |   |   |   |   |   |   |   |   |
| 65       | Medicaid     | 54                  | \$ 181.29  | 30        | \$ 5,438.70                 |             |               |               | \$ 5,438.70           |   |   |   |   |   |   |   |   |
| 66       | Medicaid     | 39                  | \$ 191.64  | 30        | \$ 5,749.20                 | \$ 10.00    |               | \$ 10.00      | \$ 5,759.20           |   |   |   |   |   |   | G |   |
| 67       | Medicaid     | 38                  | \$ 178.90  | 30        | \$ 5,367.00                 |             |               |               | \$ 5,367.00           |   |   |   |   |   |   |   |   |
| 68       | Medicaid     | 61                  | \$ 223.92  | 30        | \$ 6,717.60                 |             | \$ (836.70)   | \$ (836.70)   | \$ 5,880.90           |   | B |   |   |   |   |   |   |
| 69       | Medicaid     | 53                  | \$ 150.61  | 30        | \$ 4,518.30                 |             |               |               | \$ 4,518.30           |   |   |   |   | E |   |   |   |
| 70       | Medicaid     | 62                  | \$ 241.05  | 30        | \$ 7,231.50                 |             |               |               | \$ 7,231.50           |   |   |   |   |   |   |   |   |
| 71       | Medicaid     | 49                  | \$ 175.71  | 30        | \$ 5,271.30                 |             |               |               | \$ 5,271.30           |   |   |   |   |   |   |   |   |
| 72       | Medicaid     | 55                  | \$ 196.03  | 30        | \$ 5,880.90                 |             |               |               | \$ 5,880.90           |   |   |   |   |   |   |   |   |
| 73       | Medicaid     | 55                  | \$ 196.03  | 30        | \$ 5,880.90                 |             |               |               | \$ 5,880.90           |   |   |   |   |   |   |   |   |
| 75       | Medicaid     | 39                  | \$ 191.64  | 30        | \$ 5,749.20                 |             | \$ (746.34)   | \$ (746.34)   | \$ 5,002.86           |   |   | C |   |   |   |   |   |
| 76       | Medicaid     | 54                  | \$ 181.29  | 5         | \$ 906.45                   |             | \$ (906.45)   | \$ (906.45)   | \$ -                  | A |   |   |   |   |   |   |   |
| 77       | Medicaid     | 55                  | \$ 196.03  | 30        | \$ 5,880.90                 |             | \$ (1,786.63) | \$ (1,786.63) | \$ 4,094.27           | A |   |   |   |   |   |   |   |
| 78       | Medicaid     | 55                  | \$ 196.03  | 30        | \$ 5,880.90                 |             |               |               | \$ 5,880.90           |   |   |   |   |   |   |   |   |
| 80       | Medicaid     | 38                  | \$ 178.90  | 30        | \$ 5,367.00                 |             |               |               | \$ 5,367.00           |   |   |   |   |   |   |   |   |
| 81       | Medicaid     | 53                  | \$ 150.61  | 7         | \$ 1,054.27                 |             |               |               | \$ 1,054.27           |   |   |   |   |   |   |   |   |
| 82       | Medicaid     | 54                  | \$ 181.29  | 30        | \$ 5,438.70                 |             |               |               | \$ 5,438.70           |   |   |   |   |   |   |   |   |
| 83       | Medicaid     | 49                  | \$ 175.71  | 30        | \$ 5,271.30                 |             |               |               | \$ 5,271.30           |   |   |   |   | E |   |   |   |
| 84       | Medicaid     | 53                  | \$ 150.61  | 30        | \$ 4,518.30                 |             |               |               | \$ 4,518.30           |   |   |   |   |   |   |   |   |
| 85       | Medicaid     | 62                  | \$ 241.05  | 30        | \$ 7,231.50                 |             | \$ (1,161.80) | \$ (1,161.80) | \$ 6,069.70           | A |   |   |   |   |   |   |   |
| 86       | Medicaid     | 38                  | \$ 178.90  | 30        | \$ 5,367.00                 |             |               |               | \$ 5,367.00           |   |   |   |   |   |   |   |   |
| 87       | Medicaid     | 35                  | \$ 79.96   | 30        | \$ 2,398.80                 |             |               |               | \$ 2,398.80           |   |   |   |   |   |   |   |   |
| 88       | Medicaid     | 55                  | \$ 196.03  | 30        | \$ 5,880.90                 |             |               |               | \$ 5,880.90           |   |   |   |   |   |   |   |   |



LANCASTER MANOR  
APRIL 2009 OVER/UNDER BILLINGS

EXHIBIT E

| Resident | Payer Source | April Level of Care | April Rate | # of Days | APA Calculated To Be Billed | Over Billed | Under Billed  | Net           | Manor Actual Billings | A | B | C | D | E | F | G | H |
|----------|--------------|---------------------|------------|-----------|-----------------------------|-------------|---------------|---------------|-----------------------|---|---|---|---|---|---|---|---|
| 89       | Medicaid     | 35                  | \$ 79.96   | 30        | \$ 2,398.80                 |             |               |               | \$ 2,398.80           |   |   |   |   |   |   |   |   |
| 91       | Medicaid     | 54                  | \$ 181.29  | 30        | \$ 5,438.70                 |             |               |               | \$ 5,438.70           |   |   |   |   |   |   |   |   |
| 95       | Medicaid     | 62                  | \$ 241.05  | 30        | \$ 7,231.50                 |             |               |               | \$ 7,231.50           |   |   |   |   |   |   |   |   |
| 96       | Medicaid     | 61                  | \$ 223.92  | 30        | \$ 6,717.60                 |             | \$ (265.60)   | \$ (265.60)   | \$ 6,452.00           |   |   |   |   |   |   | G |   |
| 97       | Medicaid     | 61                  | \$ 223.92  | 30        | \$ 6,717.60                 |             |               |               | \$ 6,717.60           |   |   |   |   |   |   |   |   |
| 98       | Medicaid     | 55                  | \$ 196.03  | 30        | \$ 5,880.90                 |             |               |               | \$ 5,880.90           |   |   |   |   |   |   |   |   |
| 99       | Medicaid     | 53                  | \$ 150.61  | 30        | \$ 4,518.30                 |             |               |               | \$ 4,518.30           |   |   |   |   |   |   |   |   |
| 100      | Medicaid     | 62                  | \$ 241.05  | 30        | \$ 7,231.50                 |             |               |               | \$ 7,231.50           |   |   |   |   |   |   |   |   |
| 101      | Medicaid     | 62                  | \$ 241.05  | 30        | \$ 7,231.50                 |             |               |               | \$ 7,231.50           |   |   |   |   |   |   |   |   |
| 102      | Medicaid     | 36                  | \$ 79.96   | 30        | \$ 2,398.80                 |             |               |               | \$ 2,398.80           |   |   |   |   |   |   |   |   |
| 104      | Medicaid     | 61                  | \$ 223.92  | 18        | \$ 4,030.56                 |             |               |               | \$ 4,030.56           |   |   |   |   |   |   |   |   |
| 107      | Medicaid     | 54                  | \$ 181.29  | 30        | \$ 5,438.70                 |             | \$ (1,062.00) | \$ (1,062.00) | \$ 4,376.70           |   |   | C |   |   |   |   |   |
| 108      | Medicaid     | 49                  | \$ 175.71  | 30        | \$ 5,271.30                 |             | \$ (1,123.00) | \$ (1,123.00) | \$ 4,148.30           |   |   | C |   |   |   |   |   |
| 109      | Medicaid     | 36                  | \$ 79.96   | 30        | \$ 2,398.80                 |             |               |               | \$ 2,398.80           |   |   |   |   |   |   |   |   |
| 111      | Medicaid     | 62                  | \$ 241.05  | 30        | \$ 7,231.50                 |             |               |               | \$ 7,231.50           |   |   |   |   |   |   |   |   |
| 112      | Medicaid     | 53                  | \$ 150.61  | 30        | \$ 4,518.30                 |             |               |               | \$ 4,518.30           |   |   |   |   |   |   |   |   |
| 113      | Medicaid     | 54                  | \$ 181.29  | 3         | \$ 543.87                   |             |               |               | \$ 543.87             |   |   |   |   |   |   |   |   |
| 114      | Medicaid     | 54                  | \$ 181.29  | 30        | \$ 5,438.70                 |             |               |               | \$ 5,438.70           |   |   |   |   |   |   |   |   |
| 115      | Medicaid     | 61                  | \$ 223.92  | 22        | \$ 4,926.24                 |             |               |               | \$ 4,926.24           |   |   |   |   |   |   |   |   |
| 116      | Medicaid     | 54                  | \$ 181.29  | 30        | \$ 5,438.70                 |             |               |               | \$ 5,438.70           |   |   |   |   |   |   |   |   |
| 117      | Medicaid     | 38                  | \$ 178.90  | 30        | \$ 5,367.00                 |             |               |               | \$ 5,367.00           |   |   |   |   |   |   |   |   |
| 118      | Medicaid     | 54                  | \$ 181.29  | 30        | \$ 5,438.70                 |             |               |               | \$ 5,438.70           |   |   |   |   |   |   |   |   |
| 120      | Medicaid     | 55                  | \$ 196.03  | 30        | \$ 5,880.90                 |             |               |               | \$ 5,880.90           |   |   |   |   |   |   |   |   |
| 121      | Medicaid     | 55                  | \$ 196.03  | 30        | \$ 5,880.90                 |             |               |               | \$ 5,880.90           |   |   |   |   |   |   |   |   |
| 122      | Medicaid     | 39                  | \$ 191.64  | 30        | \$ 5,749.20                 |             |               |               | \$ 5,749.20           |   |   |   |   |   |   |   |   |
| 123      | Medicaid     | 60                  | \$ 213.56  | 13        | \$ 2,776.28                 |             |               |               | \$ 2,776.28           |   |   |   |   |   |   |   |   |
| 123      | Medicaid     | 60                  | \$ 213.56  | 17        | \$ 3,630.52                 |             |               |               | \$ 3,630.52           |   |   |   |   |   |   |   |   |
| 124      | Medicaid     | 35                  | \$ 79.96   | 30        | \$ 2,398.80                 |             |               |               | \$ 2,398.80           |   |   |   |   |   |   |   |   |
| 125      | Medicaid     | 55                  | \$ 196.03  | 30        | \$ 5,880.90                 |             |               |               | \$ 5,880.90           |   |   |   |   |   |   |   |   |
| 126      | Medicaid     | 61                  | \$ 223.92  | 30        | \$ 6,717.60                 |             |               |               | \$ 6,717.60           |   |   |   |   |   |   |   |   |
| 127      | Medicaid     | 38                  | \$ 178.90  | 30        | \$ 5,367.00                 | \$ 513.90   |               | \$ 513.90     | \$ 5,880.90           |   | B |   |   |   |   |   |   |
| 128      | Medicaid     | 55                  | \$ 196.03  | 30        | \$ 5,880.90                 |             |               |               | \$ 5,880.90           |   |   |   |   |   |   |   |   |
| 129      | Medicaid     | 38                  | \$ 178.90  | 30        | \$ 5,367.00                 | \$ 71.70    |               | \$ 71.70      | \$ 5,438.70           |   | B |   |   |   |   |   |   |
| 130      | Medicaid     | 62                  | \$ 241.05  | 30        | \$ 7,231.50                 |             |               |               | \$ 7,231.50           |   |   |   |   |   |   |   |   |
| 132      | Medicaid     | 37                  | \$ 168.14  | 30        | \$ 5,044.20                 |             |               |               | \$ 5,044.20           |   |   |   |   |   |   |   |   |
| 133      | Medicaid     | 55                  | \$ 196.03  | 30        | \$ 5,880.90                 |             |               |               | \$ 5,880.90           |   |   |   |   |   |   |   |   |
| 136      | Medicaid     | 53                  | \$ 150.61  | 30        | \$ 4,518.30                 |             |               |               | \$ 4,518.30           |   |   |   |   |   |   |   |   |
| 137      | Medicaid     | 56                  | \$ 214.35  | 30        | \$ 6,430.50                 |             |               |               | \$ 6,430.50           |   |   |   |   |   |   |   |   |
| 138      | Medicaid     | 55                  | \$ 196.03  | 30        | \$ 5,880.90                 |             | \$ (31.00)    | \$ (31.00)    | \$ 5,849.90           |   |   |   |   |   |   | G |   |
| 139      | Medicaid     | 56                  | \$ 214.35  | 30        | \$ 6,430.50                 |             |               |               | \$ 6,430.50           |   |   |   |   |   |   |   |   |
| 141      | Medicaid     | 53                  | \$ 150.61  | 30        | \$ 4,518.30                 |             |               |               | \$ 4,518.30           |   |   |   |   |   |   |   |   |
| 142      | Medicaid     | 62                  | \$ 241.05  | 30        | \$ 7,231.50                 |             |               |               | \$ 7,231.50           |   |   |   |   |   |   |   |   |
| 143      | Medicaid     | 61                  | \$ 223.92  | 20        | \$ 4,478.40                 |             | \$ (223.92)   | \$ (223.92)   | \$ 4,254.48           |   | B |   |   |   |   |   |   |
| 144      | Medicaid     | 37                  | \$ 168.14  | 30        | \$ 5,044.20                 |             |               |               | \$ 5,044.20           |   |   |   |   |   |   |   |   |
| 145      | Medicaid     | 56                  | \$ 214.35  | 30        | \$ 6,430.50                 |             |               |               | \$ 6,430.50           |   |   |   |   |   |   |   |   |
| 146      | Medicaid     | 55                  | \$ 196.03  | 30        | \$ 5,880.90                 |             |               |               | \$ 5,880.90           |   |   |   |   |   |   |   |   |
| 147      | Medicaid     | 55                  | \$ 196.03  | 30        | \$ 5,880.90                 |             |               |               | \$ 5,880.90           |   |   |   |   |   |   |   |   |
| 149      | Medicaid     | 60                  | \$ 213.56  | 30        | \$ 6,406.80                 |             |               |               | \$ 6,406.80           |   |   |   |   |   |   |   |   |
| 150      | Medicaid     | 55                  | \$ 196.03  | 30        | \$ 5,880.90                 |             |               |               | \$ 5,880.90           |   |   |   |   |   |   |   |   |
| 151      | Medicaid     | 54                  | \$ 181.29  | 28        | \$ 5,076.12                 |             |               |               | \$ 5,076.12           |   |   |   |   |   |   |   |   |
| 153      | Medicaid     | 54                  | \$ 181.29  | 30        | \$ 5,438.70                 |             |               |               | \$ 5,438.70           |   |   |   |   |   | F |   |   |
| 154      | Medicaid     | 68                  | \$ 259.37  | 30        | \$ 7,781.10                 |             |               |               | \$ 7,781.10           |   |   |   |   |   |   |   |   |
| 155      | Medicaid     | 55                  | \$ 196.03  | 30        | \$ 5,880.90                 |             |               |               | \$ 5,880.90           |   |   |   |   |   |   |   |   |
| 156      | Medicaid     | 54                  | \$ 181.29  | 30        | \$ 5,438.70                 |             |               |               | \$ 5,438.70           |   |   |   |   |   |   |   |   |
| 158      | Medicaid     | 35                  | \$ 79.96   | 30        | \$ 2,398.80                 |             |               |               | \$ 2,398.80           |   |   |   |   |   |   |   |   |
| 159      | Medicaid     | 54                  | \$ 181.29  | 30        | \$ 5,438.70                 |             |               |               | \$ 5,438.70           |   |   |   |   |   |   |   |   |
| 161      | Medicaid     | 54                  | \$ 181.29  | 30        | \$ 5,438.70                 |             |               |               | \$ 5,438.70           |   |   |   |   |   |   |   |   |
| 162      | Medicaid     | 55                  | \$ 196.03  | 30        | \$ 5,880.90                 |             |               |               | \$ 5,880.90           |   |   |   |   |   |   |   |   |
| 163      | Medicaid     | 54                  | \$ 181.29  | 30        | \$ 5,438.70                 |             |               |               | \$ 5,438.70           |   |   |   |   |   |   |   |   |
| 164      | Medicaid     | 55                  | \$ 196.03  | 30        | \$ 5,880.90                 |             | \$ (5,434.90) | \$ (5,434.90) | \$ 446.00             | A |   |   |   |   |   |   |   |
| 165      | Medicaid     | 60                  | \$ 213.56  | 11        | \$ 2,349.16                 |             |               |               | \$ 2,349.16           |   |   |   |   |   |   |   |   |
| 165      | Medicaid     | 60                  | \$ 213.56  | 19        | \$ 4,057.64                 |             | \$ (427.12)   | \$ (427.12)   | \$ 3,630.52           |   | B |   |   |   |   |   |   |
| 166      | Medicaid     | 55                  | \$ 196.03  | 30        | \$ 5,880.90                 |             | \$ (5,880.90) | \$ (5,880.90) | \$ -                  | A |   |   |   |   |   |   |   |
| 167      | Medicaid     | 53                  | \$ 150.61  | 30        | \$ 4,518.30                 |             |               |               | \$ 4,518.30           |   |   |   |   |   |   |   |   |
| 168      | Medicaid     | 56                  | \$ 214.35  | 30        | \$ 6,430.50                 |             |               |               | \$ 6,430.50           |   |   |   |   |   |   |   |   |
| 169      | Medicaid     | 60                  | \$ 213.56  | 29        | \$ 6,193.24                 |             | \$ (312.34)   | \$ (312.34)   | \$ 5,880.90           |   | B |   |   |   |   |   |   |
| 170      | Medicaid     | 55                  | \$ 196.03  | 30        | \$ 5,880.90                 |             |               |               | \$ 5,880.90           |   |   |   |   |   |   |   |   |
| 171      | Medicaid     | 55                  | \$ 196.03  | 30        | \$ 5,880.90                 |             |               |               | \$ 5,880.90           |   |   |   |   |   |   |   |   |
| 172      | Medicaid     | 56                  | \$ 214.35  | 30        | \$ 6,430.50                 |             |               |               | \$ 6,430.50           |   |   |   |   |   |   |   |   |
| 173      | Medicaid     | 38                  | \$ 178.90  | 30        | \$ 5,367.00                 |             |               |               | \$ 5,367.00           |   |   |   |   |   |   |   |   |
| 174      | Medicaid     | 38                  | \$ 178.90  | 30        | \$ 5,367.00                 |             |               |               | \$ 5,367.00           |   |   |   |   |   |   |   |   |
| 175      | Medicaid     | 35                  | \$ 79.96   | 30        | \$ 2,398.80                 |             |               |               | \$ 2,398.80           |   |   |   |   |   |   |   |   |



LANCASTER MANOR  
 APRIL 2009 OVER/UNDER BILLINGS

EXHIBIT E

| Resident              | Payer Source | April Level of Care | April Rate | # of Days | APA Calculated To Be Billed | Over Billed        | Under Billed          | Net                   | Manor Actual Billings  | A         | B         | C        | D        | E        | F        | G        | H        |
|-----------------------|--------------|---------------------|------------|-----------|-----------------------------|--------------------|-----------------------|-----------------------|------------------------|-----------|-----------|----------|----------|----------|----------|----------|----------|
| 176                   | Medicaid     | 35                  | \$ 79.96   | 30        | \$ 2,398.80                 |                    |                       |                       | \$ 2,398.80            |           |           |          |          |          |          |          |          |
| 177                   | Medicaid     | 56                  | \$ 214.35  | 30        | \$ 6,430.50                 |                    |                       |                       | \$ 6,430.50            |           |           |          |          |          |          |          |          |
| 179                   | Medicaid     | 55                  | \$ 196.03  | 30        | \$ 5,880.90                 |                    |                       |                       | \$ 5,880.90            |           |           |          |          |          |          |          |          |
| 180                   | Medicaid     | 49                  | \$ 175.71  | 30        | \$ 5,271.30                 |                    |                       |                       | \$ 5,271.30            |           |           |          |          |          |          |          |          |
| 181                   | Medicaid     | 53                  | \$ 150.61  | 30        | \$ 4,518.30                 |                    |                       |                       | \$ 4,518.30            |           |           |          |          |          |          |          |          |
| 183                   | Medicaid     | 56                  | \$ 214.35  | 30        | \$ 6,430.50                 |                    |                       |                       | \$ 6,430.50            |           |           |          |          |          |          |          |          |
| 184                   | Medicaid     | 55                  | \$ 196.03  | 30        | \$ 5,880.90                 |                    |                       |                       | \$ 5,880.90            |           |           |          |          |          |          |          | H        |
| 185                   | Medicaid     | 49                  | \$ 175.71  | 30        | \$ 5,271.30                 |                    |                       |                       | \$ 5,271.30            |           |           |          |          |          |          |          |          |
| 186                   | Medicaid     | 38                  | \$ 178.90  | 30        | \$ 5,367.00                 |                    |                       |                       | \$ 5,367.00            |           |           |          |          |          |          |          |          |
| 188                   | Medicaid     | 39                  | \$ 191.64  | 30        | \$ 5,749.20                 |                    |                       |                       | \$ 5,749.20            |           |           |          |          |          |          |          |          |
| 189                   | Medicaid     | 53                  | \$ 150.61  | 30        | \$ 4,518.30                 |                    |                       |                       | \$ 4,518.30            |           |           |          |          |          |          |          |          |
| 190                   | Medicaid     | 53                  | \$ 150.61  | 30        | \$ 4,518.30                 |                    |                       |                       | \$ 4,518.30            |           |           |          |          |          |          |          |          |
| 191                   | Medicaid     | 55                  | \$ 196.03  | 30        | \$ 5,880.90                 |                    |                       |                       | \$ 5,880.90            |           |           |          |          |          |          |          |          |
| 192                   | Medicaid     | 54                  | \$ 181.29  | 30        | \$ 5,438.70                 |                    |                       |                       | \$ 5,438.70            |           |           |          |          |          |          |          |          |
| 193                   | Medicaid     | 55                  | \$ 196.03  | 30        | \$ 5,880.90                 |                    |                       |                       | \$ 5,880.90            |           |           |          |          |          |          |          |          |
| 194                   | Medicaid     | 55                  | \$ 196.03  | 30        | \$ 5,880.90                 |                    |                       |                       | \$ 5,880.90            |           |           |          |          |          |          |          |          |
| 195                   | Medicaid     | 35                  | \$ 79.96   | 30        | \$ 2,398.80                 |                    |                       |                       | \$ 2,398.80            |           |           |          |          |          |          |          | H        |
| 196                   | Medicaid     | 38                  | \$ 178.90  | 30        | \$ 5,367.00                 |                    |                       |                       | \$ 5,367.00            |           |           |          |          |          |          |          |          |
| 197                   | Medicaid     | 38                  | \$ 178.90  | 30        | \$ 5,367.00                 |                    |                       |                       | \$ 5,367.00            |           |           |          |          |          |          |          |          |
| 198                   | Medicaid     | 35                  | \$ 79.96   | 30        | \$ 2,398.80                 |                    | \$ (148.00)           | \$ (148.00)           | \$ 2,250.80            |           |           |          |          |          |          |          | G        |
| 199                   | Medicaid     | 36                  | \$ 79.96   | 30        | \$ 2,398.80                 |                    |                       |                       | \$ 2,398.80            |           |           |          |          |          |          |          |          |
| 202                   | Medicaid     | 38                  | \$ 178.90  | 30        | \$ 5,367.00                 |                    | \$ (3.00)             | \$ (3.00)             | \$ 5,364.00            |           |           |          |          |          |          |          | G        |
| 203                   | Medicaid     | 55                  | \$ 196.03  | 5         | \$ 980.15                   |                    |                       |                       | \$ 980.15              |           |           |          |          |          |          |          |          |
| 204                   | Medicaid     | 54                  | \$ 181.29  | 30        | \$ 5,438.70                 |                    | \$ (4,671.24)         | \$ (4,671.24)         | \$ 767.46              | A         |           |          |          |          |          |          |          |
| 206                   | Medicaid     | 55                  | \$ 196.03  | 30        | \$ 5,880.90                 |                    |                       |                       | \$ 5,880.90            |           |           |          |          |          |          |          |          |
| 207                   | Medicaid     | 54                  | \$ 181.29  | 30        | \$ 5,438.70                 |                    |                       |                       | \$ 5,438.70            |           |           |          |          |          |          |          |          |
| 209                   | Medicaid     | 60                  | \$ 213.56  | 12        | \$ 2,562.72                 |                    | \$ (580.00)           | \$ (580.00)           | \$ 1,982.72            | A         |           |          |          |          |          |          |          |
| 210                   | Medicaid     | 53                  | \$ 150.61  | 30        | \$ 4,518.30                 | \$ 753.00          |                       | \$ 753.00             | \$ 5,271.30            |           | B         |          |          |          |          |          |          |
| 211                   | Medicaid     | 55                  | \$ 196.03  | 30        | \$ 5,880.90                 |                    |                       |                       | \$ 5,880.90            |           |           |          |          |          |          |          |          |
| 213                   | Medicaid     | 55                  | \$ 196.03  | 30        | \$ 5,880.90                 |                    |                       |                       | \$ 5,880.90            |           |           |          |          |          |          |          |          |
| 214                   | Medicaid     | 56                  | \$ 214.35  | 30        | \$ 6,430.50                 |                    | \$ (5,572.69)         | \$ (5,572.69)         | \$ 857.81              | A         |           |          |          |          |          |          |          |
| 215                   | Medicaid     | 55                  | \$ 196.03  | 30        | \$ 5,880.90                 |                    |                       |                       | \$ 5,880.90            |           |           |          |          |          |          |          |          |
| 216                   | Medicaid     | 62                  | \$ 241.05  | 30        | \$ 7,231.50                 |                    |                       |                       | \$ 7,231.50            |           |           |          |          |          |          |          |          |
| 217                   | Medicaid     | 69                  | \$ 327.90  | 30        | \$ 9,837.00                 |                    |                       |                       | \$ 9,837.00            |           |           |          |          |          |          |          |          |
| 218                   | Medicaid     | 62                  | \$ 241.05  | 30        | \$ 7,231.50                 |                    |                       |                       | \$ 7,231.50            |           |           |          |          |          |          |          |          |
| 219                   | Medicaid     | 54                  | \$ 181.29  | 30        | \$ 5,438.70                 |                    | \$ (208.91)           | \$ (208.91)           | \$ 5,229.79            |           |           | C        |          |          |          |          |          |
| 220                   | Medicaid     | 55                  | \$ 196.03  | 2         | \$ 392.06                   |                    | \$ (392.06)           | \$ (392.06)           | \$ -                   | A         |           |          |          |          |          |          |          |
| 222                   | Medicaid     | 53                  | \$ 150.61  | 30        | \$ 4,518.30                 |                    |                       |                       | \$ 4,518.30            |           |           |          |          |          |          |          |          |
| 223                   | Medicaid     | 49                  | \$ 175.71  | 30        | \$ 5,271.30                 |                    |                       |                       | \$ 5,271.30            |           |           |          |          |          |          |          |          |
| 224                   | Medicaid     | 53                  | \$ 150.61  | 8         | \$ 1,204.88                 |                    |                       |                       | \$ 1,204.88            |           |           |          |          |          |          |          |          |
| 224                   | Medicaid     | 53                  | \$ 150.61  | 22        | \$ 3,313.42                 |                    |                       |                       | \$ 3,313.42            |           |           |          |          |          |          |          |          |
| 225                   | Medicaid     | 54                  | \$ 181.29  | 30        | \$ 5,438.70                 |                    |                       |                       | \$ 5,438.70            |           |           |          |          |          |          |          |          |
| 226                   | Medicaid     | 35                  | \$ 79.96   | 30        | \$ 2,398.80                 |                    |                       |                       | \$ 2,398.80            |           |           |          |          |          |          |          |          |
| 230                   | Medicaid     | 38                  | \$ 178.90  | 30        | \$ 5,367.00                 |                    |                       |                       | \$ 5,367.00            |           |           |          |          |          |          |          |          |
| 233                   | Medicaid     | 39                  | \$ 191.64  | 30        | \$ 5,749.20                 |                    |                       |                       | \$ 5,749.20            |           |           |          |          |          |          |          |          |
| 234                   | Medicaid     | 39                  | \$ 191.64  | 30        | \$ 5,749.20                 |                    |                       |                       | \$ 5,749.20            |           |           |          |          |          |          |          |          |
| 235                   | Medicaid     | 35                  | \$ 79.96   | 30        | \$ 2,398.80                 |                    |                       |                       | \$ 2,398.80            |           |           |          |          |          |          |          |          |
| 238                   | Medicaid     | 54                  | \$ 181.29  | 30        | \$ 5,438.70                 |                    |                       |                       | \$ 5,438.70            |           |           |          |          |          |          |          |          |
| 239                   | Medicaid     | 55                  | \$ 196.03  | 10        | \$ 1,960.30                 |                    | \$ (147.40)           | \$ (147.40)           | \$ 1,812.90            |           | B         |          |          |          |          |          |          |
| 240                   | Medicaid     | 55                  | \$ 196.03  | 30        | \$ 5,880.90                 |                    |                       |                       | \$ 5,880.90            |           |           |          |          |          |          |          |          |
| 242                   | Medicaid     | 53                  | \$ 150.61  | 1         | \$ 150.61                   |                    |                       |                       | \$ 150.61              |           |           |          |          |          |          |          |          |
| 243                   | Medicaid     | 55                  | \$ 196.03  | 30        | \$ 5,880.90                 |                    |                       |                       | \$ 5,880.90            |           |           |          |          |          |          |          | H        |
| 244                   | Medicaid     | 54                  | \$ 181.29  | 30        | \$ 5,438.70                 |                    |                       |                       | \$ 5,438.70            |           |           |          |          |          |          |          |          |
| 245                   | Medicaid     | 55                  | \$ 196.03  | 30        | \$ 5,880.90                 |                    |                       |                       | \$ 5,880.90            |           |           |          |          |          |          |          |          |
| 246                   | Medicaid     | 54                  | \$ 181.29  | 30        | \$ 5,438.70                 | \$ 1,792.80        |                       | \$ 1,792.80           | \$ 7,231.50            |           | B         |          |          |          |          |          |          |
| 247                   | Medicaid     | 55                  | \$ 196.03  | 30        | \$ 5,880.90                 |                    |                       |                       | \$ 5,880.90            |           |           |          |          |          |          |          |          |
| 248                   | Medicaid     | 56                  | \$ 214.35  | 30        | \$ 6,430.50                 |                    | \$ (790.85)           | \$ (790.85)           | \$ 5,639.65            |           |           | C        |          |          |          |          |          |
| 251                   | Medicaid     | 55                  | \$ 196.03  | 30        | \$ 5,880.90                 |                    |                       |                       | \$ 5,880.90            |           |           |          |          |          |          |          |          |
| 252                   | Medicaid     | 55                  | \$ 196.03  | 30        | \$ 5,880.90                 |                    | \$ (4,707.99)         | \$ (4,707.99)         | \$ 1,172.91            | A         |           |          |          |          |          |          |          |
| 253                   | Medicaid     | 55                  | \$ 196.03  | 30        | \$ 5,880.90                 |                    |                       |                       | \$ 5,880.90            |           |           |          |          |          |          |          |          |
| 254                   | Medicaid     | 49                  | \$ 175.71  | 30        | \$ 5,271.30                 |                    |                       |                       | \$ 5,271.30            |           |           |          |          |          |          |          |          |
| 255                   | Medicaid     | 68                  | \$ 259.37  | 30        | \$ 7,781.10                 |                    |                       |                       | \$ 7,781.10            |           |           |          |          |          |          |          |          |
| 256                   | Medicaid     | 38                  | \$ 178.90  | 30        | \$ 5,367.00                 |                    |                       |                       | \$ 5,367.00            |           |           |          |          |          |          |          |          |
| 257                   | Medicaid     | 55                  | \$ 196.03  | 30        | \$ 5,880.90                 |                    |                       |                       | \$ 5,880.90            |           |           |          |          |          |          |          |          |
| 259                   | Medicaid     | 61                  | \$ 223.92  | 21        | \$ 4,702.32                 |                    |                       |                       | \$ 4,702.32            |           |           |          |          |          |          |          |          |
| 260                   | Medicaid     | 56                  | \$ 214.35  | 30        | \$ 6,430.50                 |                    |                       |                       | \$ 6,430.50            |           |           |          |          |          |          |          |          |
| 261                   | Medicaid     | 62                  | \$ 241.05  | 30        | \$ 7,231.50                 |                    | \$ (7,113.50)         | \$ (7,113.50)         | \$ 118.00              | A         |           |          |          |          |          |          |          |
| 262                   | Medicaid     | 55                  | \$ 196.03  | 30        | \$ 5,880.90                 |                    |                       |                       | \$ 5,880.90            |           |           |          |          |          |          |          | H        |
| 263                   | Medicaid     | 36                  | \$ 79.96   | 30        | \$ 2,398.80                 |                    | \$ (2,398.80)         | \$ (2,398.80)         | \$ -                   |           | A         | C        |          |          |          |          |          |
| <b>Medicaid Total</b> |              |                     |            |           | <b>\$ 1,110,411.18</b>      | <b>\$ 3,413.28</b> | <b>\$ (60,435.09)</b> | <b>\$ (57,021.81)</b> | <b>\$ 1,053,389.37</b> | <b>15</b> | <b>11</b> | <b>7</b> | <b>0</b> | <b>4</b> | <b>2</b> | <b>6</b> | <b>4</b> |
| 9                     | Medicare     | RHA                 | \$ 322.01  | 11        | \$ 3,542.11                 |                    |                       |                       | \$ 3,542.11            |           |           |          |          |          |          |          |          |
| 18                    | Medicare     | RVX                 | \$ 464.34  | 24        | \$ 11,144.16                |                    |                       |                       | \$ 11,144.16           |           |           |          |          |          | F        |          |          |

LANCASTER MANOR  
APRIL 2009 OVER/UNDER BILLINGS

EXHIBIT E

| Resident                 | Payer Source     | April Level of Care | April Rate | # of Days | APA Calculated To Be Billed | Over Billed      | Under Billed         | Net                | Manor Actual Billings | A        | B        | C        | D        | E        | F        | G        | H        |
|--------------------------|------------------|---------------------|------------|-----------|-----------------------------|------------------|----------------------|--------------------|-----------------------|----------|----------|----------|----------|----------|----------|----------|----------|
| 26                       | Medicare         | RMX                 | \$ 450.60  | 3         | \$ 1,351.80                 |                  |                      |                    | \$ 1,351.80           |          |          |          |          |          |          |          |          |
| 35                       | Medicare         | RUL                 | \$ 537.86  | 10        | \$ 5,378.60                 |                  |                      |                    | \$ 5,378.60           |          |          |          |          |          |          |          |          |
| 35                       | Medicare         | RVL                 | \$ 433.00  | 14        | \$ 6,062.00                 |                  |                      |                    | \$ 6,062.00           |          |          |          |          |          |          |          |          |
| 42                       | Medicare         | RML                 | \$ 413.30  | 6         | \$ 2,479.80                 |                  |                      |                    | \$ 2,479.80           |          |          |          |          |          |          |          |          |
| 42                       | Medicare         | SE2                 | \$ 313.22  | 3         | \$ 939.66                   |                  |                      |                    | \$ 939.66             |          |          |          |          |          |          |          |          |
| 74                       | Medicare         | RML                 | \$ 413.30  | 14        | \$ 5,786.20                 |                  |                      |                    | \$ 5,786.20           |          |          |          |          |          |          |          |          |
| 74                       | Medicare         | RVB                 | \$ 397.21  | 1         | \$ 397.21                   |                  |                      |                    | \$ 397.21             |          |          |          |          |          |          |          |          |
| 90                       | Medicare         | RHA                 | \$ 322.01  | 1         | \$ 322.01                   | \$ 132.30        |                      | \$ 132.30          | \$ 454.31             |          | B        |          |          |          |          |          |          |
| 90                       | Medicare         | RUB                 | \$ 476.69  | 9         | \$ 4,290.21                 |                  |                      |                    | \$ 4,290.21           |          |          |          |          |          |          |          |          |
| 94                       | Medicare         | RHA                 | \$ 322.01  | 27        | \$ 8,694.27                 |                  |                      |                    | \$ 8,694.27           |          |          |          |          |          |          |          |          |
| 103                      | Medicare         | RHB                 | \$ 347.37  | 5         | \$ 1,736.85                 |                  |                      |                    | \$ 1,736.85           |          |          |          |          |          |          |          |          |
| 103                      | Medicare         | RUL                 | \$ 537.86  | 16        | \$ 8,605.76                 |                  |                      |                    | \$ 8,605.76           |          |          |          |          |          |          |          |          |
| 103                      | Medicare         | RML                 | \$ 413.30  | 9         | \$ 3,719.70                 |                  |                      |                    | \$ 3,719.70           |          |          |          |          |          |          |          |          |
| 115                      | Medicare         | SE2                 | \$ 313.22  | 8         | \$ 2,505.76                 |                  |                      |                    | \$ 2,505.76           |          |          |          |          |          |          |          |          |
| 143                      | Medicare         | SE3                 | \$ 368.43  | 10        | \$ 3,684.30                 |                  |                      |                    | \$ 3,684.30           |          |          |          |          |          |          |          |          |
| 152                      | Medicare         | RHA                 | \$ 322.01  | 14        | \$ 4,508.14                 |                  |                      |                    | \$ 4,508.14           |          |          |          |          |          |          |          |          |
| 152                      | Medicare         | RMA                 | \$ 317.82  | 6         | \$ 1,906.92                 |                  |                      |                    | \$ 1,906.92           |          |          |          |          |          |          |          |          |
| 160                      | Medicare         | RHC                 | \$ 363.78  | 14        | \$ 5,092.92                 |                  |                      |                    | \$ 5,092.92           |          |          |          |          |          |          |          |          |
| 160                      | Medicare         | RML                 | \$ 413.30  | 1         | \$ 413.30                   |                  |                      |                    | \$ 413.30             |          |          |          |          |          |          |          |          |
| 160                      | Medicare         | RVB                 | \$ 397.21  | 5         | \$ 1,986.05                 |                  |                      |                    | \$ 1,986.05           |          |          |          |          |          |          |          |          |
| 169                      | Medicare         | RMX                 | \$ 450.60  | 1         | \$ 450.60                   |                  |                      |                    | \$ 450.60             |          |          |          |          |          |          |          |          |
| 178                      | Medicare         | RHC                 | \$ 363.78  | 14        | \$ 5,092.92                 |                  |                      |                    | \$ 5,092.92           |          |          |          |          |          |          |          |          |
| 182                      | Medicare         | RHA                 | \$ 322.01  | 18        | \$ 5,796.18                 |                  |                      |                    | \$ 5,796.18           |          |          |          |          |          |          |          |          |
| 200                      | Medicare         | RHA                 | \$ 322.01  | 9         | \$ 2,898.09                 |                  |                      |                    | \$ 2,898.09           |          |          |          |          |          |          |          |          |
| 200                      | Medicare         | RUL                 | \$ 537.86  | 14        | \$ 7,530.04                 |                  |                      |                    | \$ 7,530.04           |          |          |          |          |          |          |          |          |
| 201                      | Medicare         | RUX                 | \$ 612.45  | 14        | \$ 8,574.30                 |                  |                      |                    | \$ 8,574.30           |          |          |          |          |          |          |          |          |
| 201                      | Medicare         | RVX                 | \$ 464.34  | 14        | \$ 6,500.76                 |                  |                      |                    | \$ 6,500.76           |          |          |          |          |          |          |          |          |
| 228                      | Medicare         | CA1                 | \$ 210.28  | 5         | \$ 1,051.40                 |                  |                      |                    | \$ 1,051.40           |          |          |          |          |          |          |          |          |
| 232                      | Medicare         | RHA                 | \$ 322.01  | 11        | \$ 3,542.11                 |                  |                      |                    | \$ 3,542.11           |          |          |          |          |          |          |          |          |
| 236                      | Medicare         | RMX                 | \$ 450.60  | 28        | \$ 12,616.80                |                  | \$ (1,002.00)        | \$ (1,002.00)      | \$ 11,614.80          |          |          | C        |          |          |          |          |          |
| 249                      | Medicare         | RVB                 | \$ 397.21  | 12        | \$ 4,766.52                 |                  |                      |                    | \$ 4,766.52           |          |          |          |          |          |          |          |          |
| 249                      | Medicare         | RVL                 | \$ 433.00  | 16        | \$ 6,928.00                 |                  |                      |                    | \$ 6,928.00           |          |          |          |          |          |          |          |          |
| 250                      | Medicare         | RVA                 | \$ 356.92  | 27        | \$ 9,636.84                 |                  |                      |                    | \$ 9,636.84           |          |          |          |          |          |          |          |          |
| 250                      | Medicare         | RMX                 | \$ 450.60  | 3         | \$ 1,351.80                 |                  |                      |                    | \$ 1,351.80           |          |          |          |          |          |          |          |          |
| 259                      | Medicare         | RHC                 | \$ 363.78  | 7         | \$ 2,546.46                 |                  |                      |                    | \$ 2,546.46           |          |          |          |          |          |          |          |          |
| 259                      | Medicare         | RMX                 | \$ 450.60  | 2         | \$ 901.20                   |                  |                      |                    | \$ 901.20             |          |          |          |          |          |          |          |          |
| 264                      | Medicare         | RUL                 | \$ 537.86  | 11        | \$ 5,916.46                 |                  |                      |                    | \$ 5,916.46           |          |          |          |          |          |          |          |          |
| <b>Medicare Total</b>    |                  |                     |            |           | <b>\$ 170,648.21</b>        | <b>\$ 132.30</b> | <b>\$ (1,002.00)</b> | <b>\$ (869.70)</b> | <b>\$ 169,778.51</b>  | <b>0</b> | <b>1</b> | <b>1</b> | <b>0</b> | <b>0</b> | <b>1</b> | <b>0</b> | <b>0</b> |
| 19                       | Private Pay      | PP55                | \$ 221.03  | 14        | \$ 3,094.42                 |                  |                      |                    | \$ 3,094.42           |          |          |          |          |          |          |          |          |
| 25                       | Private Pay      | PP54                | \$ 206.29  | 30        | \$ 6,188.70                 |                  |                      |                    | \$ 6,188.70           |          |          |          |          | E        |          |          |          |
| 38                       | Private Pay      | PP55                | \$ 221.03  | 16        | \$ 3,536.48                 |                  |                      |                    | \$ 3,536.48           |          |          |          |          |          |          |          |          |
| 79                       | Private Pay      | PP55                | \$ 221.03  | 30        | \$ 6,630.90                 |                  |                      |                    | \$ 6,630.90           |          |          |          |          |          |          |          |          |
| 105                      | Private Pay      | PP61                | \$ 248.92  | 30        | \$ 7,467.60                 |                  |                      |                    | \$ 7,467.60           |          |          |          |          |          |          |          |          |
| 106                      | Private Pay      | PP56                | \$ 239.35  | 30        | \$ 7,180.50                 |                  |                      |                    | \$ 7,180.50           |          |          |          |          |          |          |          |          |
| 131                      | Private Pay      | PP55                | \$ 221.03  | 30        | \$ 6,630.90                 |                  |                      |                    | \$ 6,630.90           |          |          |          |          |          |          |          |          |
| 134                      | Private Pay      | PP38                | \$ 203.90  | 30        | \$ 6,117.00                 |                  |                      |                    | \$ 6,117.00           |          |          |          |          |          |          |          |          |
| 152                      | Private Pay      | PP35                | \$ 104.96  | 8         | \$ 839.68                   |                  | \$ (19.20)           | \$ (19.20)         | \$ 820.48             |          | B        |          |          |          |          |          |          |
| 152                      | Private Pay      | PP53                | \$ 175.61  | 2         | \$ 351.22                   |                  |                      |                    | \$ 351.22             |          |          |          |          |          |          |          |          |
| 187                      | Private Pay      | PP55                | \$ 221.03  | 30        | \$ 6,630.90                 |                  |                      |                    | \$ 6,630.90           |          |          |          |          |          |          |          |          |
| 208                      | Private Pay      | PP55                | \$ 221.03  | 30        | \$ 6,630.90                 |                  |                      |                    | \$ 6,630.90           |          |          |          |          |          |          |          |          |
| 212                      | Private Pay      | PP38                | \$ 203.90  | 30        | \$ 6,117.00                 |                  |                      |                    | \$ 6,117.00           |          |          |          |          |          |          |          |          |
| 227                      | Private Pay      | PP61                | \$ 248.92  | 30        | \$ 7,467.60                 |                  |                      |                    | \$ 7,467.60           |          |          |          |          |          |          |          |          |
| 231                      | Private Pay      | PP60                | \$ 238.56  | 30        | \$ 7,156.80                 |                  |                      |                    | \$ 7,156.80           |          |          |          |          |          |          |          |          |
| <b>Private Pay Total</b> |                  |                     |            |           | <b>\$ 82,040.60</b>         | <b>\$ -</b>      | <b>\$ (19.20)</b>    | <b>\$ (19.20)</b>  | <b>\$ 82,021.40</b>   | <b>0</b> | <b>1</b> | <b>0</b> | <b>0</b> | <b>1</b> | <b>0</b> | <b>0</b> | <b>0</b> |
| 1                        | Insurance        | PP55                | \$ 221.03  | 30        | \$ 6,630.90                 |                  |                      |                    | \$ 6,630.90           |          |          |          |          |          |          |          |          |
| <b>Insurance Total</b>   |                  |                     |            |           | <b>\$ 6,630.90</b>          | <b>\$ -</b>      | <b>\$ -</b>          | <b>\$ -</b>        | <b>\$ 6,630.90</b>    | <b>0</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>0</b> |
| 2                        | VA               | VA56                | \$ 235.79  | 29        | \$ 6,837.91                 |                  |                      |                    | \$ 6,837.91           |          |          |          |          |          |          |          |          |
| 2                        | VA               | VA39                | \$ 210.80  | 1         | \$ 210.80                   |                  |                      |                    | \$ 210.80             |          |          |          |          |          |          |          |          |
| 61                       | VA               | VA38                | \$ 196.79  | 5         | \$ 983.95                   |                  | \$ (590.37)          | \$ (590.37)        | \$ 393.58             |          |          |          |          |          |          |          |          |
| 61                       | VA               | VA54                | \$ 199.42  | 25        | \$ 4,985.50                 | \$ 598.26        |                      | \$ 598.26          | \$ 5,583.76           |          | B        |          |          |          |          |          |          |
| 119                      | VA               | VA56                | \$ 235.79  | 29        | \$ 6,837.91                 |                  |                      |                    | \$ 6,837.91           |          |          |          |          |          |          |          |          |
| 135                      | VA               | VA55                | \$ 215.63  | 30        | \$ 6,468.90                 |                  |                      |                    | \$ 6,468.90           |          |          |          |          |          |          |          |          |
| 148                      | VA               | VA53                | \$ 165.67  | 26        | \$ 4,307.42                 |                  |                      |                    | \$ 4,307.42           |          |          |          |          |          |          |          |          |
| 229                      | VA               | VA55                | \$ 215.63  | 30        | \$ 6,468.90                 |                  |                      |                    | \$ 6,468.90           |          |          |          |          |          |          |          |          |
| 237                      | VA               | VA39                | \$ 210.80  | 30        | \$ 6,324.00                 | \$ 49.98         |                      | \$ 49.98           | \$ 6,373.98           |          | B        |          |          |          |          |          |          |
| 249                      | VA               | VA55                | \$ 215.63  | 2         | \$ 431.26                   | \$ 38.58         |                      | \$ 38.58           | \$ 469.84             |          | B        |          |          |          |          |          |          |
| 258                      | VA               | VA55                | \$ 215.63  | 30        | \$ 6,468.90                 |                  |                      |                    | \$ 6,468.90           |          |          |          |          |          |          |          |          |
| <b>VA Total</b>          |                  |                     |            |           | <b>\$ 50,325.45</b>         | <b>\$ 686.82</b> | <b>\$ (590.37)</b>   | <b>\$ 96.45</b>    | <b>\$ 50,421.90</b>   | <b>0</b> | <b>3</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>0</b> |
| 6                        | Hospice Medicaid | 55                  | \$ 196.03  | 3         | \$ 588.09                   |                  |                      |                    | \$ 588.09             |          |          |          |          |          |          |          |          |
| 14                       | Hospice Private  | PP56                | \$ 239.35  | 30        | \$ 7,180.50                 |                  |                      |                    | \$ 7,180.50           |          |          |          |          |          |          |          | H        |
| 55                       | Hospice Medicaid | 55                  | \$ 196.03  | 14        | \$ 2,744.42                 |                  | \$ (2,744.42)        | \$ (2,744.42)      | \$ -                  | A        |          |          |          |          |          |          |          |
| 58                       | Hospice Medicaid | 61                  | \$ 223.92  | 30        | \$ 6,717.60                 |                  |                      |                    | \$ 6,717.60           |          |          |          |          |          |          |          |          |
| 92                       | Hospice VA       | VA55                | \$ 215.63  | 14        | \$ 3,018.82                 |                  |                      |                    | \$ 3,018.82           |          |          |          |          |          |          |          |          |

LANCASTER MANOR  
APRIL 2009 OVER/UNDER BILLINGS

EXHIBIT E

| Resident                            | Payer Source     | April Level of Care | April Rate | # of Days | APA Calculated To Be Billed | Over Billed          | Under Billed          | Net                   | Manor Actual Billings  | A         | B         | C        | D        | E        | F        | G        | H        |
|-------------------------------------|------------------|---------------------|------------|-----------|-----------------------------|----------------------|-----------------------|-----------------------|------------------------|-----------|-----------|----------|----------|----------|----------|----------|----------|
| 93                                  | Hospice Medicaid | 39                  | \$ 191.64  | 30        | \$ 5,749.20                 |                      |                       |                       | \$ 5,749.20            |           |           |          |          |          |          |          |          |
| 110                                 | Hospice Private  | PP56                | \$ 239.35  | 30        | \$ 7,180.50                 |                      | \$ (7,180.50)         | \$ (7,180.50)         | \$ -                   | A         |           |          |          |          |          |          |          |
| 140                                 | Hospice Medicaid | 60                  | \$ 213.56  | 2         | \$ 427.12                   |                      | \$ (213.56)           | \$ (213.56)           | \$ 213.56              | A         |           |          |          |          |          |          |          |
| 157                                 | Hospice Medicaid | 55                  | \$ 196.03  | 30        | \$ 5,880.90                 |                      |                       |                       | \$ 5,880.90            |           |           |          |          |          |          |          |          |
| 203                                 | Hospice Medicaid | 55                  | \$ 196.03  | 3         | \$ 588.09                   |                      |                       |                       | \$ 588.09              |           |           |          |          |          |          |          |          |
| 205                                 | Hospice Private  | PP56                | \$ 239.35  | 30        | \$ 7,180.50                 |                      |                       |                       | \$ 7,180.50            |           |           |          |          |          |          |          |          |
| 221                                 | Hospice Medicaid | 60                  | \$ 213.56  | 2         | \$ 427.12                   |                      | \$ (41.44)            | \$ (41.44)            | \$ 385.68              | B         |           |          |          |          |          |          |          |
| 241                                 | Hospice Medicaid | 56                  | \$ 214.35  | 30        | \$ 6,430.50                 |                      |                       |                       | \$ 6,430.50            |           |           |          |          |          |          |          |          |
| <b>Hospice Total</b>                |                  |                     |            |           | <b>\$ 54,113.36</b>         | <b>\$ -</b>          | <b>\$ (10,179.92)</b> | <b>\$ (10,179.92)</b> | <b>\$ 43,933.44</b>    | <b>3</b>  | <b>1</b>  | <b>0</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>1</b> |
| <b>Grand Total</b>                  |                  |                     |            |           | <b>\$ 1,474,169.70</b>      | <b>\$ 4,232.40</b>   | <b>\$ (72,226.58)</b> | <b>\$ (67,994.18)</b> | <b>\$ 1,406,175.52</b> | <b>18</b> | <b>17</b> | <b>8</b> | <b>0</b> | <b>5</b> | <b>3</b> | <b>6</b> | <b>5</b> |
| <b>Therapy</b>                      |                  |                     |            |           | <b>\$ 33,514.46</b>         | <b>\$ (6,933.42)</b> | <b>\$ (6,933.42)</b>  | <b>\$ 26,581.04</b>   |                        |           |           |          |          |          |          |          |          |
| <b>Total Billing See Exhibit C.</b> |                  |                     |            |           | <b>\$ 1,507,684.16</b>      |                      |                       |                       |                        |           |           |          |          |          |          |          |          |

| Exception    | Explanation  | Over               | Under                 | Net                   | Total # of Exceptions |
|--------------|--|--------------------|-----------------------|-----------------------|-----------------------|
| A            | Did not bill at all for care, or did not re-submit claim if denied     | \$ -               | \$ (60,773.53)        | \$ (60,773.53)        | 18                    |
| B            | Billed at incorrect care level, rate, or incorrect number of days      | \$ 3,950.52        | \$ (4,517.81)         | \$ (567.29)           | 17                    |
| C            | Did not bill for Share of Cost, or did not re-submit claim if denied   | \$ -               | \$ (6,487.64)         | \$ (6,487.64)         | 8                     |
| D            | No receipt written for Share of Cost                                   |                    |                       |                       | 0                     |
| E            | Billing for care was not timely (within 60 days of month end)          |                    |                       |                       | 5                     |
| F            | Billing for Share of Cost was not timely (within 60 days of month end) |                    |                       |                       | 3                     |
| G            | Billed incorrect Share of Cost   | \$ 281.88          | \$ (447.60)           | \$ (165.72)           | 6                     |
| H            | Billed incorrectly in April, corrected in subsequent months            |                    |                       |                       | 5                     |
| <b>Total</b> |  | <b>\$ 4,232.40</b> | <b>\$ (72,226.58)</b> | <b>\$ (67,994.18)</b> |                       |

Note: The same resident may be listed more than once on this chart if they had multiple payor sources or levels of care throughout the month.

LANCASTER MANOR  
**DAILY CARE RATES**  
**EFFECTIVE JULY 1, 2008 THROUGH JUNE 30, 2009**

**EXHIBIT F**

| Medicaid<br><b>Note 1</b> |              | Veterans' Affairs<br><b>Note 2</b> |              | Private Pay<br><b>Note 3</b> |               |
|---------------------------|--------------|------------------------------------|--------------|------------------------------|---------------|
| Level of Care             | Rate         | Level of Care                      | Rate         | Level of Care                | Rate          |
| 35                        | \$ 77.56 (A) | VA35                               | \$ 85.32 (A) | PP35                         | \$ 102.56 (A) |
| 35                        | \$ 79.96 (B) | VA35                               | \$ 87.96 (B) | PP35                         | \$ 104.96 (B) |
| 36                        | \$ 77.56 (A) | VA36                               | \$ 85.32 (A) | PP36                         | \$ 102.56 (A) |
| 36                        | \$ 79.96 (B) | VA36                               | \$ 87.96 (B) | PP36                         | \$ 104.96 (B) |
| 37                        | \$ 168.14    | VA37                               | \$ 184.95    | PP37                         | \$ 193.14     |
| 38                        | \$ 178.90    | VA38                               | \$ 196.79    | PP38                         | \$ 203.90     |
| 39                        | \$ 191.64    | VA39                               | \$ 210.80    | PP39                         | \$ 216.64     |
| 44                        | \$ 131.09    | VA44                               | \$ 144.20    | PP44                         | \$ 156.09     |
| 45                        | \$ 172.12    | VA45                               | \$ 189.33    | PP45                         | \$ 197.12     |
| 48                        | \$ 139.85    | VA48                               | \$ 153.84    | PP48                         | \$ 164.85     |
| 49                        | \$ 175.71    | VA49                               | \$ 193.28    | PP49                         | \$ 200.71     |
| 50                        | \$ 192.84    | VA50                               | \$ 212.12    | PP50                         | \$ 240.00     |
| 51                        | \$ 123.12    | VA51                               | \$ 135.43    | PP51                         | \$ 148.12     |
| 52                        | \$ 123.12    | VA52                               | \$ 135.43    | PP52                         | \$ 148.12     |
| 53                        | \$ 150.61    | VA53                               | \$ 165.67    | PP53                         | \$ 175.61     |
| 54                        | \$ 181.29    | VA54                               | \$ 199.42    | PP54                         | \$ 206.29     |
| 55                        | \$ 196.03    | VA55                               | \$ 215.63    | PP55                         | \$ 221.03     |
| 56                        | \$ 214.35    | VA56                               | \$ 235.79    | PP56                         | \$ 239.35     |
| 60                        | \$ 213.56    | VA60                               | \$ 234.92    | PP60                         | \$ 238.56     |
| 61                        | \$ 223.92    | VA61                               | \$ 246.31    | PP61                         | \$ 248.92     |
| 62                        | \$ 241.05    | VA62                               | \$ 265.16    | PP62                         | \$ 266.05     |
| 68                        | \$ 259.37    | VA68                               | \$ 285.31    | PP68                         | \$ 284.37     |
| 69                        | \$ 327.90    | VA69                               | \$ 360.69    | PP69                         | \$ 352.90     |
| 70                        | \$ 423.12    | VA70                               | \$ 465.43    | PP70                         | \$ 448.12     |

(A) These rates were effective July 2008 through December 2008.

(B) These rates were effective January 2009 through June 2009.

**Note 1:** Rate established by DHHS, based on the Manor's cost report.

**Note 2:** Rate established by contract with Department of Veteran's Affairs, based on 110% of Medicaid Rate.

**Note 3:** Rate established by the Manor, based on \$25 plus Medicaid rate. Manor administratively determined level of care PP50 to be at a rate of \$240.00

LANCASTER MANOR  
**MEDICARE RUG RATES**

**EXHIBIT G**

| Effective 10/1/07 - 9/30/08 |           | Effective 10/1/08 - 9/30/09 |           |
|-----------------------------|-----------|-----------------------------|-----------|
| RUG Level                   | Rate      | RUG Level                   | Rate      |
| AAA                         | \$ 163.26 | AAA                         | \$ 165.53 |
| BA1                         | \$ 166.20 | BA1                         | \$ 168.51 |
| BA2                         | \$ 177.98 | BA2                         | \$ 180.44 |
| BB1                         | \$ 191.22 | BB1                         | \$ 193.87 |
| BB2                         | \$ 197.10 | BB2                         | \$ 199.84 |
| CA1                         | \$ 207.41 | CA1                         | \$ 210.28 |
| CA2                         | \$ 222.12 | CA2                         | \$ 225.21 |
| CB1                         | \$ 223.59 | CB1                         | \$ 226.69 |
| CB2                         | \$ 233.90 | CB2                         | \$ 237.14 |
| CC1                         | \$ 245.67 | CC1                         | \$ 249.01 |
| CC2                         | \$ 269.21 | CC2                         | \$ 272.94 |
| IA1                         | \$ 172.09 | IA1                         | \$ 174.48 |
| IA2                         | \$ 179.45 | IA2                         | \$ 181.94 |
| IB1                         | \$ 195.64 | IB1                         | \$ 198.35 |
| IB2                         | \$ 198.58 | IB2                         | \$ 201.43 |
| PA1                         | \$ 163.26 | PA1                         | \$ 165.53 |
| PA2                         | \$ 167.68 | PA2                         | \$ 170.00 |
| PB1                         | \$ 169.14 | PB1                         | \$ 171.50 |
| PB2                         | \$ 170.62 | PB2                         | \$ 172.99 |
| PC1                         | \$ 191.22 | PC1                         | \$ 193.87 |
| PC2                         | \$ 194.16 | PC2                         | \$ 196.86 |
| PD1                         | \$ 201.52 | PD1                         | \$ 204.32 |
| PD2                         | \$ 204.46 | PD2                         | \$ 207.30 |
| PE1                         | \$ 210.35 | PE1                         | \$ 213.27 |
| PE2                         | \$ 214.77 | PE2                         | \$ 217.75 |
| RHA                         | \$ 317.59 | RHA                         | \$ 322.01 |
| RHB                         | \$ 342.61 | RHB                         | \$ 347.37 |
| RHC                         | \$ 358.80 | RHC                         | \$ 363.78 |
| RHL                         | \$ 380.87 | RHL                         | \$ 386.15 |
| RHX                         | \$ 388.23 | RHX                         | \$ 393.62 |
| RLA                         | \$ 247.83 | RLA                         | \$ 251.27 |
| RLB                         | \$ 290.51 | RLB                         | \$ 294.53 |
| RLX                         | \$ 315.52 | RLX                         | \$ 319.90 |
| RMA                         | \$ 313.47 | RMA                         | \$ 317.82 |
| RMB                         | \$ 320.84 | RMB                         | \$ 325.29 |
| RMC                         | \$ 329.66 | RMC                         | \$ 334.23 |
| RML                         | \$ 407.65 | RML                         | \$ 413.30 |
| RMX                         | \$ 444.44 | RMX                         | \$ 450.60 |
| RUA                         | \$ 448.08 | RUA                         | \$ 454.31 |
| RUB                         | \$ 470.15 | RUB                         | \$ 476.69 |
| RUC                         | \$ 512.82 | RUC                         | \$ 519.96 |
| RUL                         | \$ 530.48 | RUL                         | \$ 537.86 |
| RUX                         | \$ 604.06 | RUX                         | \$ 612.45 |
| RVA                         | \$ 352.04 | RVA                         | \$ 356.92 |
| RVB                         | \$ 391.77 | RVB                         | \$ 397.21 |
| RVC                         | \$ 412.36 | RVC                         | \$ 418.09 |
| RVL                         | \$ 427.07 | RVL                         | \$ 433.00 |
| RVX                         | \$ 457.97 | RVX                         | \$ 464.34 |
| SE1                         | \$ 275.09 | SE1                         | \$ 278.91 |
| SE2                         | \$ 308.93 | SE2                         | \$ 313.22 |
| SE3                         | \$ 363.38 | SE3                         | \$ 368.43 |
| SSA                         | \$ 251.55 | SSA                         | \$ 255.04 |
| SSB                         | \$ 255.96 | SSB                         | \$ 259.52 |
| SSC                         | \$ 270.68 | SSC                         | \$ 274.44 |

RUG level rates are based on patient's severity of illness and kind of services required as per U.S. Health and Human Services - Centers for Medicare and Medicaid Services website at <http://www.cms.hhs.gov>.

## MEDICAID RESIDENT OVERBILLINGS FOR AUGUST 2007 THROUGH MAY 2008

| Resident<br>(Note 1)                    | Month  | Medicaid<br>Days Billed<br>(Note 2) | Medicaid<br>Payment<br>Received | APA Calculated<br>Number of<br>Actual Medicaid<br>Days<br>(Note 3) | Calculated<br>Number of<br>Overbilled<br>Days<br>(Note 4) | Daily<br>Medicaid<br>Rate | APA Calculated<br>Overbilled Amount<br>(Note 5) | Paid Back    | Manor Paid<br>Back Too<br>Much | Not Yet Paid<br>Back |
|---|--------|-------------------------------------|---------------------------------|--|---|---------------------------|---|--------------|--------------------------------|----------------------|
| 1                                       | Feb-08 | 29                                  | \$ 5,219.06                     | 7  | 22  | \$ 196.14                 | \$ 4,315.08                                     |              |                                | \$ 4,315.08          |
| 1                                       | Mar-08 | 12                                  | \$ 2,225.60                     | 6  | 6   | \$ 224.55                 | \$ 1,347.30                                     |              |                                | \$ 1,347.30          |
| 2                                       | Jan-08 | 31                                  | \$ 4,472.05                     | 6  | 25  | \$ 196.14                 | \$ 4,472.05                                     |              |                                | \$ 4,472.05          |
| 3                                       | Apr-08 | 11                                  | \$ 1,707.81                     | 10   | 1   | \$ 196.14                 | \$ 196.14                                       |              |                                | \$ 196.14            |
| 4                                       | Oct-07 | 31                                  | \$ 6,110.00                     | 24   | 7   | \$ 242.00                 | \$ 1,694.00                                     | \$ 1,694.00  |                                |                      |
| 5                                       | Mar-08 | 18                                  | \$ 3,298.90                     | 16   | 2   | \$ 224.55                 | \$ 449.10                                       |              |                                | \$ 449.10            |
| 6                                       | Oct-07 | 19                                  | \$ 2,130.97                     | 0  | 19  | \$ 196.14                 | \$ 2,130.97                                     | \$ 2,130.97  |                                |                      |
| 6                                       | Nov-07 | 30                                  | \$ 5,140.81                     | 10   | 20  | \$ 224.55                 | \$ 4,491.00                                     | \$ 3,368.25  |                                | \$ 1,122.75          |
| 7                                       | Dec-07 | 31                                  | \$ 5,687.74                     | 14   | 17  | \$ 214.81                 | \$ 3,651.77                                     | \$ 5,370.25  | \$ (1,718.48)                  |                      |
| 8                                       | Dec-07 | 31                                  | \$ 5,000.34                     | 14   | 17  | \$ 196.14                 | \$ 3,334.38                                     | \$ 3,334.38  |                                |                      |
| 9                                       | Apr-08 | 30                                  | \$ 6,472.00                     | 0  | 30  | \$ 242.00                 | \$ 6,472.00                                     | \$ 6,472.00  |                                |                      |
| 10                                      | Dec-07 | 31                                  | \$ 5,505.34                     | 20   | 11  | \$ 196.14                 | \$ 2,157.54                                     | \$ 3,740.08  | \$ (1,582.54)                  |                      |
| 10                                      | Jan-08 | 31                                  | \$ 6,045.00                     | 0  | 31  | \$ 214.00                 | \$ 6,045.00                                     | \$ 6,045.00  |                                |                      |
| 10                                      | Feb-08 | 3                                   | \$ 53.00                        | 0  | 3   | \$ 214.00                 | \$ 53.00  | \$ 53.00     |                                |                      |
| 10                                      | Mar-08 | 10                                  | \$ 1,551.00                     | 0  | 10  | \$ 214.00                 | \$ 1,551.00                                     | \$ 1,551.00  |                                |                      |
| 10                                      | Apr-08 | 19                                  | \$ 3,677.45                     | 19   | 0   | \$ 224.55                 | \$ -  | \$ 224.55    | \$ (224.55)                    |                      |
| 11                                      | Nov-07 | 26                                  | \$ 4,477.28                     | 9  | 17  | \$ 224.55                 | \$ 3,817.35                                     | \$ 3,817.35  |                                |                      |
| 12                                      | Apr-08 | 30                                  | \$ 2,856.70                     | 0  | 30  | \$ 149.88                 | \$ 2,856.70                                     |              |                                | \$ 2,856.70          |
| 13                                      | Nov-07 | 27                                  | \$ 5,005.87                     | 20   | 7   | \$ 214.81                 | \$ 1,503.67                                     | \$ 2,148.10  | \$ (644.43)                    |                      |
| 14                                      | Nov-07 | 26                                  | \$ 4,254.63                     | 12   | 14  | \$ 196.14                 | \$ 2,745.96                                     | \$ 3,530.52  | \$ (784.56)                    |                      |
| 15                                      | Oct-07 | 31                                  | \$ 4,930.72                     | 3  | 28  | \$ 196.14                 | \$ 4,930.72                                     | \$ 4,930.72  |                                |                      |
| 15                                      | Nov-07 | 30                                  | \$ 6,670.18                     | 29   | 1   | \$ 260.66                 | \$ 260.66                                       | \$ 260.66    |                                |                      |
| 16                                      | Aug-07 | 22                                  | \$ 4,315.08                     | 0  | 22  | \$ 196.14                 | \$ 4,315.08                                     | \$ 4,315.08  |                                |                      |
| 17                                      | Dec-07 | 31                                  | \$ 7,401.00                     | 26   | 5   | \$ 242.00                 | \$ 1,210.00                                     | \$ 4,598.00  | \$ (3,388.00)                  |                      |
| 17                                      | Jan-08 | 21                                  | \$ 4,978.00                     | 0  | 21  | \$ 242.00                 | \$ 4,978.00                                     | \$ 4,978.00  |                                |                      |
| Total                                   |        | 611                                 |                                 | 245  | 366   |                           | \$ 68,978.47                                    | \$ 62,561.91 | \$ (8,342.56)                  | \$ 14,759.12         |
| <b>Net Amount Due Back to Medicaid.</b> |        |                                     |                                 |  |   |                           |   |              | \$6,416.56                     |                      |

**Note 1:** Resident names were omitted and substituted by a number for this report.

**Note 2:** Medicaid days billed were obtained from DHHS's Medicaid Management Information System (MMIS).

**Note 3:** APA calculated number of days were obtained from reviewing admission information recorded in MDI Achieve.

**Note 4:** Overbilled days were calculated taking the Medicaid Days Billed Less the APA Calculated Number of Medicaid Days.

**Note 5:** APA calculated overbilled amount was adjusted based on maximum total Medicaid payment received. For yellow highlighted cells, this is less than the calculated number of overbilled days times daily Medicaid rate due to a share of cost amount which is paid by the resident, not Medicaid.

PAY BY TYPE, TEMPORARY SERVICES, AND RESIDENTS

Fiscal Year 2008 Pay by Type, Temporary Services and Residents

Table with 25 columns: Pay Type, July 2007 Hours, July 2007 Total Gross Pay, August 2007 Hours, August 2007 Total Gross Pay, Sept. 2007 Hours, Sept. 2007 Total Gross Pay, Oct. 2007 Hours, Oct. 2007 Total Gross Pay, Nov. 2007 Hours, Nov. 2007 Total Gross Pay, Dec. 2007 Hours, Dec. 2007 Total Gross Pay, Jan. 2008 Hours, Jan. 2008 Total Gross Pay, Feb. 2008 Hours, Feb. 2008 Total Gross Pay, March 2008 Hours, March 2008 Total Gross Pay, April 2008 Hours, April 2008 Total Gross Pay, May 2008 Hours, May 2008 Total Gross Pay, June 2008 Hours, June 2008 Total Gross Pay, Fiscal Year 2008 Total Hours, Fiscal Year 2008 Total Gross Pay. Rows include FUNERAL, HOLIDAY, INJURY, LONGEVITY, OTHER, OTHER RG, OVERTIME, REGULAR, SICK, VACATION, and TOTAL.

Summary row for TEMPORARY SERVICES with values for hours and gross pay across months, and a total for the fiscal year.

NUMBER OF RESIDENTS PER MONTH Note 1. Table with 12 columns representing months from July to June, showing the number of residents per month.

Fiscal Year 2009 Pay by Type, Temporary Services and Residents

Table with 25 columns: Pay Type, July 2008 Hours, July 2008 Total Gross Pay, August 2008 Hours, August 2008 Total Gross Pay, Sept. 2008 Hours, Sept. 2008 Total Gross Pay, Oct. 2008 Hours, Oct. 2008 Total Gross Pay, Nov. 2008 Hours, Nov. 2008 Total Gross Pay, Dec. 2008 Hours, Dec. 2008 Total Gross Pay, Jan. 2009 Hours, Jan. 2009 Total Gross Pay, Feb. 2009 Hours, Feb. 2009 Total Gross Pay, March 2009 Hours, March 2009 Total Gross Pay, April 2009 Hours, April 2009 Total Gross Pay, May 2009 Hours, May 2009 Total Gross Pay, June 2009 Hours, June 2009 Total Gross Pay, Fiscal Year 2009 Total Hours, Fiscal Year 2009 Total Gross Pay. Rows include FUNERAL, HOLIDAY, INJURY, LONGEVITY, MILITARY, OTHER RG, OTHER, OVERTIME, REGULAR, SICK, VACATION, and TOTAL.

Summary row for TEMPORARY SERVICES with values for hours and gross pay across months, and a total for the fiscal year.

NUMBER OF RESIDENTS PER MONTH Note 1. Table with 12 columns representing months from July to June, showing the number of residents per month.

- Note 1: APA could not rely on the census data for July 2007 through December 2007. These figures represent the total number of residents who were at the Manor in a particular month; however, residents are discharged and admitted throughout the month.
Note 2: Month includes three biweekly pay periods.
Note 3: \$10,632,062 less June 2007 payroll accrual of \$261,161, plus June 2008 payroll accrual of \$313,980, plus \$502 in other minor adjusting journal entries = \$10,685,383 as shown for salaries and wages on Exhibit B.
Note 4: \$11,208,433 less June 2008 payroll accrual of \$313,980, plus June 2009 payroll accrual of \$357,262, less \$705 in other minor adjusting journal entries = \$11,251,010 as shown for salaries and wages on Exhibit B.

Information was accumulated from Lancaster County financial payroll records, temporary services invoices and payments, and the Manor's Census reports.

LANCASTER MANOR  
**DHHS ESTIMATED RECAPTURE OF DEPRECIATION**  
 JULY 1, 2007 THROUGH JULY 30, 2009

**EXHIBIT J**

LANCASTER MANOR - LINCOLN, NE  
 ESTIMATED RECAPTURE OF DEPRECIATION  
 CALCULATED WITH 11/30/2009 SALE DATE

|                             | WITHOUT OLD BUILDING |                                 | WITH OLD BUILDING  |                                 |
|-----------------------------|----------------------|---------------------------------|--------------------|---------------------------------|
| REAL PROPERTY ORIGINAL COST | \$8,640,398          |                                 | \$11,400,904       |                                 |
| REAL PROPERTY BOOK VALUE    | \$2,306,576          |                                 | \$2,306,576        |                                 |
| REAL PROPERTY<br>SALE PRICE | RECAPTURE            | LANCASTER MANOR<br>NET PROCEEDS | RECAPTURE          | LANCASTER MANOR<br>NET PROCEEDS |
| \$0 - \$2,306,576           | \$0                  | \$0 - \$2,306,576               | \$0                | \$0 - \$2,306,576               |
| \$2,500,000                 | \$173,076            | \$2,326,924                     | \$154,913          | \$2,345,087                     |
| \$3,000,000                 | \$620,476            | \$2,379,524                     | \$555,363          | \$2,444,637                     |
| \$3,500,000                 | \$1,067,876          | \$2,432,124                     | \$955,813          | \$2,544,187                     |
| \$4,000,000                 | \$1,515,276          | \$2,484,724                     | \$1,356,263        | \$2,643,737                     |
| \$4,500,000                 | \$1,962,676          | \$2,537,324                     | \$1,756,713        | \$2,743,287                     |
| \$5,000,000                 | \$2,410,076          | \$2,589,924                     | \$2,157,163        | \$2,842,837                     |
| \$5,500,000                 | \$2,857,476          | \$2,642,524                     | \$2,557,613        | \$2,942,387                     |
| \$6,000,000                 | \$3,304,876          | \$2,695,124                     | \$2,958,063        | \$3,041,937                     |
| \$6,500,000                 | \$3,752,276          | \$2,747,724                     | \$3,358,513        | \$3,141,487                     |
| \$7,000,000                 | \$4,199,676          | \$2,800,324                     | \$3,758,963        | \$3,241,037                     |
| \$7,500,000                 | \$4,647,076          | \$2,852,924                     | \$4,159,413        | \$3,340,587                     |
| \$8,000,000                 | \$5,094,476          | \$2,905,524                     | \$4,559,863        | \$3,440,137                     |
| \$8,500,000                 | \$5,541,876          | \$2,958,124                     | \$4,960,313        | \$3,539,687                     |
| <b>\$8,640,200</b>          | <b>\$5,667,325</b>   | \$2,972,875                     |                    |                                 |
| \$9,000,000                 | \$5,667,325          | \$3,332,675                     | \$5,360,763        | \$3,639,237                     |
| \$9,500,000                 | \$5,667,325          | \$3,832,675                     | \$5,761,213        | \$3,738,787                     |
| \$10,000,000                | \$5,667,325          | \$4,332,675                     | \$6,161,663        | \$3,838,337                     |
| \$11,000,000                | \$5,667,325          | \$5,332,675                     | \$6,962,563        | \$4,037,437                     |
| <b>\$11,401,340+</b>        | <b>\$5,667,325</b>   |                                 | <b>\$7,283,994</b> | <b>\$4,117,346+</b>             |

Prepared by the Nebraska Department of Health and Human Services - Medicaid and Long-term Care Audit Manager.



**LANCASTER MANOR**  
**DHHS ESTIMATED RECAPTURE OF DEPRECIATION**  
**JULY 1, 2007 THROUGH JULY 30, 2009**

**EXHIBIT J**

**Nebraska Administrative Code, Title 471 - Nebraska Medical Assistance Program Services, Chapter 12 – Nursing Facility Services, Section 011.09E – Recapture of Depreciation**

12-011.09E Recapture of Depreciation: Depreciation in 471 NAC 12-011.08E refers to real property only. A nursing facility which converts all nursing facility beds to assisted living beds is not subject to recapture provisions. A nursing facility which is sold for a profit and has received NMAP payments for depreciation must refund to the Department the lower of:

1. The amount of depreciation allowed and paid by the Department between October 17, 1977, and the time of sale of the property; or
2. The product of the ratio of depreciation paid by the Department since October 17, 1977, to the total depreciation accumulated by the facility (adjusted to total allowable depreciation under the straight-line method, if any other method has been used) times the difference in the sale price of the property over the book value of the assets sold.

$$\frac{\text{Depreciation Paid by State}}{\text{Accumulated Depreciation}} \times (\text{Sales Price} - \text{Book Value})$$

If the recapture of depreciation in any or all years before August 1, 1982, would have resulted in additional return on equity as allowed by the reimbursement plan then in effect, the amount of return on equity must be offset against the amount of recapture.

In the above calculations of the recapture of depreciation, if a facility has been limited to the maximum payment for the fixed cost component (see 471 NAC 12-011.08D3), then that facility's allowable individual expense categories of the fixed cost component must be proportionately prorated to determine the amount that is attributable to depreciation.

REV. JULY 29, 2007      NEBRASKA DEPARTMENT OF      NMAP SERVICES  
 MANUAL LETTER # 62-2007      HEALTH AND HUMAN SERVICES      471 NAC 12-011.09E

| <u>Examples</u>  | <u>Data</u> |
|--|-------------|
| 1. Original Cost of Facility                                 | \$400,000   |
| 2. Total Depreciation (S.L.) to date                         | \$100,000   |
| 3. Book Value of Facility (1-2)                              | \$300,000   |
| 4. Depreciation Paid Under Medicaid                          | \$ 35,000   |
| 5. Ratio of Depreciation Paid to<br>Total Depreciation (4-2) | 35%         |

Example A

|   |                                   |
|---|-----------------------------------|
| Facility Sold For                                   | \$500,000                         |
| Difference in the Sale Price<br>Over the Book Value | \$200,000 (\$500,000 - \$300,000) |
| Medicaid Apportionment<br>(35% X \$200,000)         | \$70,000                          |

The amount of depreciation recaptured on gain is \$35,000, the amount of depreciation previously paid under NMAP.

Example B

|  |           |
|--|-----------|
| Facility Sold For                                    | \$350,000 |
| Difference in the Sales Price<br>Over the Book Value | \$ 50,000 |
| Medicaid Apportionment<br>(35% X \$50,000)           | \$ 17,500 |

The amount of depreciation recaptured on gain is \$17,500, which is the ratio of depreciation paid under NMAP for Medicaid clients (\$35,000) to total depreciation accumulated (\$100,000) times the amount of gain (\$50,000) on the disposition of real property.

LANCASTER MANOR  
**NURSING FACILITIES INFORMATION FROM DHHS  
REGARDING MEDICAID OCCUPANCY**

**EXHIBIT K**

| Facility Name                         | Number of Medicare/<br>Medicaid Certified Beds  | Total Bed<br>Days<br>(Medicaid or<br>dually<br>certified beds<br>only)* | Total<br>Medicaid<br>Bed Days | Medicaid<br>Occupancy as a<br>Percentage** of<br>Total Occupancy<br>(Medicaid or dually<br>certified beds<br>only)* |
|---------------------------------------|---|---|-------------------------------|---|
| Lancaster Manor - Lincoln             | 293   | 91,349  | 74,795                        | 82%   |
| Douglas County Health Center - Omaha  | 254   | 83,892  | 73,010                        | 87%   |
| Tabitha - Lincoln                     | 205   | 67,673  | 33,227                        | 49%   |
| Good Samaritan Village - Hastings     | 204   | 66,476  | 32,297                        | 49%   |
| Montclair - Omaha                     | 175   | 56,334  | 18,790                        | 33%   |
| Nebraska Skilled Nsg & Rehab - Omaha  | 174   | 59,581  | 39,618                        | 66%   |
| Maplecrest - Omaha                    | 175   | 43,779  | 33,826                        | 77%   |
| Golden Living Center Hallmark - Omaha | 165   | 41,548  | 28,767                        | 69%   |
| Immanuel Fontenelle - Omaha           | 165   | 60,745  | 27,920                        | 46%   |
| Homestead - Lincoln                   | 163   | 45,603  | 28,302                        | 62%   |
| Golden Living Center - Scottsbluff    | 160   | 50,148  | 37,519                        | 75%   |
| Arbor Manor - Fremont                 | 147   | 44,488  | 24,523                        | 55%   |
| Golden Living Center - Columbus       | 145   | 48,995  | 28,968                        | 78%   |
| Life Care Center - Elkhorn            | 135   | 43,435  | 21,426                        | 49%   |
| Hearthstone - York                    | 129   | 40,669  | 19,135                        | 47%   |
| Life Care Center - Omaha              | 128   | 40,340  | 25,021                        | 62%   |
| Linden Court - North Platte           | 125   | 42,263  | 12,707                        | 30%   |
| Hillcrest - McCook                    | 120   | 38,778  | 17,807                        | 46%   |
| Milder Manor - Lincoln                | 117   | 37,629  | 21,650                        | 58%   |
| Florence Home-Omaha                   | 116   | 36,605  | 31,932                        | 87%   |
| Holmes Lake Manor - Lincoln           | 21 Medicaid-certified beds<br>8 Medicare-certified beds*<br>0 dually certified beds<br>68 non-certified beds* | 6,164   | 3,937                         | 64%   |
| Ambassador - Lincoln                  | 26 Medicaid-certified beds<br>24 Medicare-certified beds*<br>81 dually certified beds                         | 32,089  | 13,142                        | 41%   |
| Village Manor - Lincoln               | 79  | 23,758  | 9,389                         | 40%   |

Red ink indicates information added 11/17/09

\*Medicare-certified beds and non-certified beds are not counted in the Total Bed Days or in the Total Occupancy.

\*\*Unoccupied beds are not accounted for in these percentages.

**Source: Nebraska Department of Health & Human Services. Data are for the 12 month period ending June 30, 2008**

NOTICE: The Long Term Care Cost Report and Medicaid Rate Notification are designed for the sole purpose of setting the rates paid for Medicaid services in a nursing facility. The data obtained may not be valid when used for any other purpose. This disclaimer should accompany any references to data obtained from a Long Term Care Medicaid Cost Report or Medicaid Rate Notification.

The Nebraska Department of Health and Human Services is not responsible for the accuracy of data provided by the nursing facility. Questions regarding the cost report data or rates must be addressed to the nursing facility.