REPORT
ON THE
RATE SETTING AUDIT

CHRISTOPHER LANE 1 – ORANGE COUNTY
COSTA MESA, CALIFORNIA
NATIONAL PROVIDER IDENTIFIER: 1962637249

FISCAL PERIOD ENDED
DECEMBER 31, 2011

Audits Section—Rancho Cucamonga
Financial Audits Branch
Audits and Investigations
Department of Health Care Services

Section Chief: Julio M. Cueto
Audit Supervisor: Virat Shah
Auditor: Apichaya Anekananda

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

TOBY DOUGLAS
DIRECTOR

EDMUND G. BROWN JR.
GOVERNOR

June 3, 2013

Board of Directors
ResCare, Incorporated
9901 Linn Station Road
Louisville, KY 40223-3808

CHRISTOPHER LANE 1 – ORANGE COUNTY
NATIONAL PROVIDER IDENTIFIER (NPI) 1962637249
FISCAL PERIOD ENDED DECEMBER 31, 2011

We have examined the facility's financial records/Medi-Cal Cost Report for the above-referenced fiscal period. Our examination was made under the authority of Section 14170 of the Welfare and Institutions Code and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the data presented in the accompanying audit report schedules represent a proper determination of the allowable costs and patient days for the above fiscal period in accordance with Medi-Cal reimbursement principles. The results of our examination are as follows:

COST AND COST PER DAY		COST		COST PER DAY
Reported Cost/Cost Per Day	$	332,109	$	154.04
Net Audit Adjustment		(578)		(1.19)
Audited Cost/Cost Per Day	$	331,531	$	152.85

This audit report includes the:

1. Audit Report Schedules 1 and 2

2. Audit Adjustments Schedule

3. Audited Allocation of Home Office Cost

Future Medi-Cal long-term care prospective rates may be affected by this examination. The extent to which the rates change will be determined by the Department's Fee-For-Service Rates Development Division.

Notwithstanding this audit report, overpayments to the provider are subject to recovery pursuant to Section 51458.1, Article 6 of Division 3, Title 22, California Code of Regulations.

If you disagree with the decision of the Department, you may appeal by writing to:

Chief
Department of Health Care Services
Office of Administrative Hearings and Appeals
1029 J Street, Suite 200
Sacramento, CA 95814
(916) 322-5603

The written notice of disagreement must be received by the Department within 60 calendar days from the day you receive this letter. A copy of this notice should be sent to:

United States Postal Service (USPS)
Assistant Chief Counsel
Department of Health Care Services
Office of Legal Services
MS 0010
PO Box 997413
Sacramento, CA 95899

Courier (UPS, FedEx, etc.)
Assistant Chief Counsel
Department of Health Care Services
Office of Legal Services
MS 0010
1501 Capitol Avenue, Suite 71.5001
Sacramento, CA 95814
(916) 440-7700

The procedures that govern an appeal are contained in Welfare and Institutions Code, Section 14171, and California Code of Regulations, Title 22, Section 51016, et seq.

If you have questions regarding this report, you may call the Audits Section—Rancho Cucamonga at (909) 481-3420.

Original Signed By

Julio M. Cueto, Chief
Audits Section—Rancho Cucamonga
Financial Audits Branch

Certified

cc: Steven B. Mowery
Vice President of Reimbursement

SUMMARY OF AUDITED FACILITY CENSUS AND AUDITED CLIENT COST PER DAY

Provider:
CHRISTOPHER LANE 1 - ORANGE COUNTY

Fiscal Period:
JANUARY 1, 2011 THROUGH DECEMBER 31, 2011

Provider NPI:
1962637249

SUMMARY OF AUDITED FACILITY CENSUS AND AUDITED CLIENT COST PER DAY	AS REPORTED	AS AUDITED
1. Medi-Cal Client Days (Adj 7)	2,143	2,156
2. Medi-Cal Managed Care Days (Adj)		0
3. Other Client Days (Adj)	13	13
4. Total Client Days	2,156	2,169
5. Total Client Care Expenses (From Sch. 2)	$ 332,109	$ 331,531
6. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	$ 154.04	$ 152.85
SHARE OF COST		
1. Share of Cost Audit Adjustment (Adj)	$ NA	$ 0
OVERPAYMENTS		
1. Duplicate Payments (Adj)	$	$ 0
2. Credit Balances (Adj)	$	$ 0
3. Total Overpayments	$ 0	$ 0

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
CHRISTOPHER LANE 1 - ORANGE COUNTY

Fiscal Period:
JANUARY 1, 2011 THROUGH DECEMBER 31, 2011

Provider NPI:
1962637249

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED Col. 1	AUDIT ADJUSTMENT Col. 2	AS AUDITED Col. 3
	EXPENSES: CLIENT SERVICES				
	Basic Facility Cost - Property Expenses				
045	Depreciation and Amortization		$ 724	$	$ 724
050	Leases and Rentals		25,668		25,668
055	Real Property Taxes				0
060	Personal Property Taxes		246		246
065	Mortgage Interest				0
070	Property Insurance		202		202
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		$ 26,840	$ 0	$ 26,840
	Basic Facility Cost - General Home Expenses				
080	Home Operations and Maintenance	1, 2	$ 4,455	$ (150)	$ 4,305
085	Utilities		2,770		2,770
090	Client Transportation (excluding Adult Day Services)		4,048		4,048
095	Dietary	3	15,037	(54)	14,983
100	Personal Care and Laundry	4	6,149	(38)	6,111
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		$ 32,459	$ (242)	$ 32,217
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		$ 59,299	$ (242)	$ 59,057
	EXPENSES: DIRECT CARE STAFF COSTS				
115	QMRP Salaries		$ 11,247	$	$ 11,247
120	QMRP Fringe Benefits		3,400		3,400
125	Lead Salaries		1,285		1,285
130	Lead Fringe Benefits		367		367
135	Aides Salaries		140,649		140,649
140	Aides Fringe Benefits		35,020		35,020
145	Other Salaries		9,070		9,070
150	Other Fringe Benefits		2,618		2,618
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		$ 203,656	$ 0	$ 203,656

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
CHRISTOPHER LANE 1 - ORANGE COUNTY

Fiscal Period:
JANUARY 1, 2011 THROUGH DECEMBER 31, 2011

Provider NPI:
1962637249

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED Col. 1	AUDIT ADJUSTMENT Col. 2	AS AUDITED Col. 3
	EXPENSES: CONSULTANT COSTS				
160	Dietician Consultant		$ 151	$	$ 151
165	Speech Pathology Consultant		1,163		1,163
170	Physical Therapy Consultant		2,059		2,059
175	Occupational Therapy Consultant		1,440		1,440
180	Pharmacist Consultant		466		466
185	Nurse Consultant				0
190	Psychologist Consultant		884		884
195	Physician Consultant		161		161
200	Recreational Consultant				0
205	Social Service Consultant				0
210	Other Consultant				0
215	TOTAL CONSULTANT COST (Lines 160 through 210)		$ 6,324	$ 0	$ 6,324
	EXPENSES: ADMINISTRATIVE COSTS				
220	Administrative Salaries **		$ 8,437	$	$ 8,437
225	Administrative Fringe Benefits		2,875		2,875
226	Quality Assurance Fees (excluding Adult Day Services)		22,134		22,134
230	Other General and Administrative*** (Excluding Adult Day Services)	5, 6	29,384	(336)	29,048
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		$ 62,830	$ (336)	$ 62,494
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		$ 332,109	$ (578)	$ 331,531
	NON-CLIENT CARE EXPENSES		(To Sch. 1)		(To Sch. 1)
240	Non-Program Services		$	$	$ 0
241	Adult Day Services and Related Transportation				0
245	TOTAL FACILITY EXPENSES (Lines 110, 155, 215, 235, 240 and 241)		$ 332,109	$ (578)	$ 331,531

** List only direct administrative salaries incurred at the facility level

*** List allocated administrative costs on Line 230

Provider Name	Fiscal Period	Provider NPI	Adjustments
CHRISTOPHER LANE 1 - ORANGE COUNTY	JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1962637249	7

Report References										
	Cost Report			Audit Report						
Adj. No.	DHS 3076 Page or Exhibit	Line	Col.	Sch.	Line	Col	Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted
							ADJUSTMENTS TO REPORTED COSTS			
	4	080	4	2	080	3	Home Operations and Maintenance	$4,455		
1							To eliminate CVS expenses due to lack of documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304 W&I Code 14124.2(b)		($91)	
2							To eliminate CVS Pharmacy expenses that belongs to another facility. 42 CFR 413.9(c)(3) / CMS Pub. 15-1, Sections 2102.3 and 2105		(59) ($150)	$4,305
3	4	095	4	2	095	3	Dietary To eliminate dietary expenses due to lack of documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304 W&I Code 14124.2(b)	$15,037	($54)	$14,983
4	4	100	4	2	100	3	Personal Care and Laundry To eliminate personal care expenses due to insufficient documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	$6,149	($38)	$6,111
	4.1	230	4	2	230	3	Other General and Administrative	$29,384		
5							To eliminate political contributions not related to patient care. 42 CFR 413.9(c)(3) CMS Pub. 15-1, Sections 2102.3, 2139, 2300, and 2304		($62)	
6							To adjust reported home office costs to agree with the ResCare, Inc. Home Office Audit Report for fiscal period ended December 31, 2011. 42 CFR 413.17 and 413.24 CMS Pub. 15-1, Sections 2150.2 and 2304		(274) ($336)	$29,048

Provider Name	Fiscal Period	Provider NPI	Adjustments
CHRISTOPHER LANE 1 - ORANGE COUNTY	JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1962637249	7

Report References										
	Cost Report			Audit Report						
Adj. No.	DHS 3076 Page or Exhibit	Line	Col.	Sch.	Line	Col	Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted
							ADJUSTMENT TO REPORTED PATIENT DAYS			
7	2	3	1	1	1	2	Medi-Cal Client Days	2,143	13	2,156
	2	3	4	1	4	2	Total Client Days	2,156	13	2,169
							To adjust Medi-Cal Client days to agree with the provider's patient census reports.			
							42 CFR 413.20, 413.24, and 413.50			
							CMS Pub. 15-1, Sections 2205, 2300, and 2304			