

**REPORT  
ON THE  
RATE SETTING AUDIT**

**EDGEMONT HOME  
SAN BERNARDINO, CALIFORNIA  
NATIONAL PROVIDER IDENTIFIER: 1508993874**

**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: Mandy Ho**



TOBY DOUGLAS  
DIRECTOR

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



EDMUND G. BROWN JR.  
GOVERNOR

June 4, 2013

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

EDGEMONT HOME  
NATIONAL PROVIDER IDENTIFIER (NPI) 1508993874  
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:

<u>COST AND COST PER DAY</u>		<u>COST</u>	<u>COST PER DAY</u>
Reported Cost/Cost Per Day	\$	347,345	\$ 158.61
Net Audit Adjustment		(2,060)	(0.95)
Audited Cost/Cost Per Day	\$	<u>345,285</u>	\$ <u>157.66</u>

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.

Board of Directors  
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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:**  
EDGEMONT HOME

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

**Provider NPI:**  
1508993874

**SUMMARY OF AUDITED FACILITY CENSUS  
AND AUDITED CLIENT COST PER DAY**

	<b>AS REPORTED</b>	<b>AS AUDITED</b>
1. Medi-Cal Client Days (Adj )	2,190	2,190
2. Medi-Cal Managed Care Days (Adj )		0
3. Other Client Days (Adj )		0
4. Total Client Days	<u>2,190</u>	<u>2,190</u>
5. Total Client Care Expenses (From Sch. 2)	\$ <u>347,345</u>	\$ <u>345,285</u>
6. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>158.61</u>	\$ <u>157.66</u>

**SHARE OF COST**

1. Share of Cost Audit Adjustment (Adj )	\$ <u>NA</u>	\$ <u>0</u>
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**OVERPAYMENTS**

1. Duplicate Payments (Adj )	\$ <u>          </u>	\$ <u>0</u>
2. Credit Balances (Adj )	\$ <u>          </u>	\$ <u>0</u>
3. Total Overpayments	\$ <u>0</u>	\$ <u>0</u>

## SUMMARY OF AUDITED FACILITY EXPENSES

Provider:  
EDGEMONT HOME

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

Provider NPI:  
1508993874

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED Col. 1	AUDIT ADJUSTMENT Col. 2	AS AUDITED Col. 3
	<b>EXPENSES: CLIENT SERVICES</b>				
	<b>Basic Facility Cost - Property Expenses</b>				
045	Depreciation and Amortization	2	\$ 5,685	\$ (1,680)	\$ 4,005
050	Leases and Rentals		34,216		34,216
055	Real Property Taxes		2,316		2,316
060	Personal Property Taxes		411		411
065	Mortgage Interest				0
070	Property Insurance		4,332		4,332
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 46,960	\$ (1,680)	\$ 45,280
	<b>Basic Facility Cost - General Home Expenses</b>				
080	Home Operations and Maintenance		\$ 7,460	\$	\$ 7,460
085	Utilities		6,900		6,900
090	Client Transportation (excluding Adult Day Services)		3,467		3,467
095	Dietary		17,071		17,071
100	Personal Care and Laundry		4,654		4,654
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 39,552	\$ 0	\$ 39,552
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 86,512	\$ (1,680)	\$ 84,832
	<b>EXPENSES: DIRECT CARE STAFF COSTS</b>				
115	QMRP Salaries		\$ 10,668	\$	\$ 10,668
120	QMRP Fringe Benefits		3,446		3,446
125	Lead Salaries		20,105		20,105
130	Lead Fringe Benefits	1	5,294	(43)	5,251
135	Aides Salaries		101,770		101,770
140	Aides Fringe Benefits	1	27,352	(170)	27,182
145	Other Salaries		5,388		5,388
150	Other Fringe Benefits	1	1,761	213	1,974
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 175,784	\$ 0	\$ 175,784

## SUMMARY OF AUDITED FACILITY EXPENSES

Provider:  
EDGEMONT HOME

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

Provider NPI:  
1508993874

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED Col. 1	AUDIT ADJUSTMENT Col. 2	AS AUDITED Col. 3
	<b>EXPENSES: CONSULTANT COSTS</b>				
160	Dietician Consultant		\$ 555	\$	\$ 555
165	Speech Pathology Consultant				0
170	Physical Therapy Consultant		1,592		1,592
175	Occupational Therapy Consultant		900		900
180	Pharmacist Consultant		755		755
185	Nurse Consultant		10,688		10,688
190	Psychologist Consultant		2,388		2,388
195	Physician Consultant		2,750		2,750
200	Recreational Consultant				0
205	Social Service Consultant				0
210	Other Consultant		448		448
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 20,076	\$ 0	\$ 20,076
	<b>EXPENSES: ADMINISTRATIVE COSTS</b>				
220	Administrative Salaries **		\$ 10,644	\$	\$ 10,644
225	Administrative Fringe Benefits		4,129		4,129
226	Quality Assurance Fees (excluding Adult Day Services)		22,372		22,372
230	Other General and Administrative*** (Excluding Adult Day Services)	3,4	27,827	(379)	27,448
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 64,973	\$ (379)	\$ 64,593
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 347,345	\$ (2,059)	\$ 345,285
	<b>NON-CLIENT CARE EXPENSES</b>		(To Sch. 1)		(To Sch. 1)
240	Non-Program Services		\$	\$	\$ 0
241	Adult Day Services and Related Transportation		71,663		71,663
245	TOTAL FACILITY EXPENSES (Lines 110, 155, 215, 235, 240 and 241)		\$ 419,008	\$ (2,059)	\$ 416,948

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

\*\*\* List allocated administrative costs on Line 230

Provider Name							Fiscal Period			Provider NPI		Adjustments
EDGEMONT HOME							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011			1508993874		4
Report References							Explanation of Audit Adjustments			As Reported	Increase (Decrease)	As Adjusted
Cost Report			Audit Report									
Adj. No.	DHS 3076 Page or Exhibit	Line	Col.	Sch.	Line	Col						
<b><u>RECLASSIFICATION OF REPORTED COSTS</u></b>												
1	4.1	130	4	2	130	2	Lead Benefits	\$5,294	(\$43)	\$5,251		
	4.1	140	4	2	140	2	Aides Benefits	27,352	(170)	27,182		
	4.1	150	4	2	150	2	Other Benefits	1,761	213	1,974		
							To properly report provider's reclassifications and adjustments. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304					

Provider Name							Fiscal Period	Provider NPI		Adjustments
EDGEMONT HOME							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1508993874		4
Report References							Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted
Cost Report			Audit Report							
Adj. No.	DHS 3076 Page or Exhibit	Line	Col.	Sch.	Line	Col				
<b>ADJUSTMENTS TO REPORTED COSTS</b>										
2	4	045	4	2	045	3	Depreciation and Amortization To adjust for a change in useful life for tile flooring and roll-in shower to agree with the American Hospital Association Guidelines. 42 CFR 413.20 and 413.134(b)(7) CMS Pub. 15-1, Sections 104.17, 104.18, 122, 2300, and 2304	\$5,685	(\$1,680)	\$4,005
	4.1	230	4	2	230	3	Other General and Administrative	\$27,827		
3							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		(\$80)	
4							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		(299) (\$379)	\$27,448