

**REPORT
ON THE
RATE SETTING AUDIT**

**NEWCOMB HOUSE
SAN BERNARDINO, CALIFORNIA
NATIONAL PROVIDER IDENTIFIER: 1295862563**

**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

NEWCOMB HOUSE
NATIONAL PROVIDER IDENTIFIER (NPI) 1295862563
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	\$	328,127	\$ 166.73
Net Audit Adjustment		(2,343)	(1.19)
Audited Cost/Cost Per Day	\$	<u>325,784</u>	\$ <u>165.54</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:
NEWCOMB HOUSE

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

Provider NPI:
1295862563

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

	AS REPORTED	AS AUDITED
1. Medi-Cal Client Days (Adj)	1,968	1,968
2. Medi-Cal Managed Care Days (Adj)		0
3. Other Client Days (Adj)		0
4. Total Client Days	<u>1,968</u>	<u>1,968</u>
5. Total Client Care Expenses (From Sch. 2)	\$ <u>328,127</u>	\$ <u>325,784</u>
6. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>166.73</u>	\$ <u>165.54</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:
NEWCOMB HOUSE

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

Provider NPI:
1295862563

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	2	\$ 4,533	\$ (1,980)	\$ 2,553
050	Leases and Rentals		33,967		33,967
055	Real Property Taxes		2,112		2,112
060	Personal Property Taxes		254		254
065	Mortgage Interest				0
070	Property Insurance		3,358		3,358
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 44,224	\$ (1,980)	\$ 42,244
	Basic Facility Cost - General Home Expenses				
080	Home Operations and Maintenance		\$ 7,195	\$	\$ 7,195
085	Utilities		5,839		5,839
090	Client Transportation (excluding Adult Day Services)		5,425		5,425
095	Dietary		16,336		16,336
100	Personal Care and Laundry		5,407		5,407
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 40,202	\$ 0	\$ 40,202
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 84,426	\$ (1,980)	\$ 82,446
	EXPENSES: DIRECT CARE STAFF COSTS				
115	QMRP Salaries		\$ 10,117	\$	\$ 10,117
120	QMRP Fringe Benefits		3,268		3,268
125	Lead Salaries		16,633		16,633
130	Lead Fringe Benefits	1	3,667	(34)	3,633
135	Aides Salaries		96,093		96,093
140	Aides Fringe Benefits	1	26,866	(166)	26,700
145	Other Salaries		5,109		5,109
150	Other Fringe Benefits	1	1,671	200	1,871
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 163,424	\$ 0	\$ 163,424

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
NEWCOMB HOUSE

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

Provider NPI:
1295862563

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED Col. 1	AUDIT ADJUSTMENT Col. 2	AS AUDITED Col. 3
	EXPENSES: CONSULTANT COSTS				
160	Dietician Consultant		\$ 574	\$	\$ 574
165	Speech Pathology Consultant				0
170	Physical Therapy Consultant		1,592		1,592
175	Occupational Therapy Consultant		1,080		1,080
180	Pharmacist Consultant		753		753
185	Nurse Consultant		10,662		10,662
190	Psychologist Consultant		2,386		2,386
195	Physician Consultant		2,750		2,750
200	Recreational Consultant				0
205	Social Service Consultant				0
210	Other Consultant		482		482
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 20,279	\$ 0	\$ 20,279
	EXPENSES: ADMINISTRATIVE COSTS				
220	Administrative Salaries **		\$ 9,510	\$	\$ 9,510
225	Administrative Fringe Benefits		3,916		3,916
226	Quality Assurance Fees (excluding Adult Day Services)		20,108		20,108
230	Other General and Administrative*** (Excluding Adult Day Services)	3,4	26,464	(363)	26,101
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 59,998	\$ (363)	\$ 59,635
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 328,127	\$ (2,343)	\$ 325,784
	NON-CLIENT CARE EXPENSES		(To Sch. 1)		(To Sch. 1)
240	Non-Program Services		\$	\$	\$ 0
241	Adult Day Services and Related Transportation		109,794		109,794
245	TOTAL FACILITY EXPENSES (Lines 110, 155, 215, 235, 240 and 241)		\$ 437,921	\$ (2,343)	\$ 435,578

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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	
NEWCOMB HOUSE							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1295862563	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				
<u>RECLASSIFICATION OF REPORTED COSTS</u>										
1	4.1	130	4	2	130	3	Lead Benefits	\$3,667	(\$34)	\$3,633
	4.1	140	4	2	140	3	Aides Benefits	26,866	(166)	26,700
	4.1	150	4	2	150	3	Other Benefits	1,671	200	1,871
							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
NEWCOMB HOUSE							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1295862563		4
Report References							Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted
Adj. No.	Cost Report			Audit Report						
	DHS 3076 Page or Exhibit	Line	Col.	Sch.	Line	Col				
<u>ADJUSTMENTS TO REPORTED COSTS</u>										
2	4	045	4	2	045	3	Depreciation and Amortization To adjust for a change in useful life 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	\$4,533	(\$1,980)	\$2,553
	4.1	230	4	2	230	3	Other General and Administrative	\$26,464		
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		<u>(283)</u> (\$363)	\$26,101