

**REPORT  
ON THE  
RATE SETTING AUDIT**

**VILLA HOME  
HIGHLAND, CALIFORNIA  
NATIONAL PROVIDER IDENTIFIER: 1093842361**

**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 7, 2013

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

VILLA HOME  
NATIONAL PROVIDER IDENTIFIER (NPI) 1093842361  
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	\$	369,440	\$ 172.55
Net Audit Adjustment		(4,831)	(2.25)
Audited Cost/Cost Per Day	\$	<u>364,609</u>	\$ <u>170.30</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  
Page 3

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:**  
VILLA HOME

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

**Provider NPI:**  
1093842361

<b>SUMMARY OF AUDITED FACILITY CENSUS AND AUDITED CLIENT COST PER DAY</b>	<b>AS REPORTED</b>	<b>AS AUDITED</b>
1. Medi-Cal Client Days (Adj )	2,141	2,141
2. Medi-Cal Managed Care Days (Adj )		0
3. Other Client Days (Adj )		0
4. Total Client Days	<u>2,141</u>	<u>2,141</u>
5. Total Client Care Expenses (From Sch. 2)	\$ <u>369,440</u>	\$ <u>364,609</u>
6. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>172.55</u>	\$ <u>170.30</u>
<b>SHARE OF COST</b>		
1. Share of Cost Audit Adjustment (Adj )	\$ <u>NA</u>	\$ <u>0</u>
<b>OVERPAYMENTS</b>		
1. Duplicate Payments (Adj )	\$ _____	\$ <u>0</u>
2. Credit Balances (Adj )	\$ _____	\$ <u>0</u>
3. Total Overpayments	\$ <u>0</u>	\$ <u>0</u>

## SUMMARY OF AUDITED FACILITY EXPENSES

Provider:  
VILLA HOME

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

Provider NPI:  
1093842361

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	\$ 7,833	\$ (4,432)	\$ 3,401
050	Leases and Rentals		34,439		34,439
055	Real Property Taxes		2,220		2,220
060	Personal Property Taxes		315		315
065	Mortgage Interest				0
070	Property Insurance		4,342		4,342
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 49,149	\$ (4,432)	\$ 44,717
	<b>Basic Facility Cost - General Home Expenses</b>				
080	Home Operations and Maintenance		\$ 8,026	\$	\$ 8,026
085	Utilities		5,878		5,878
090	Client Transportation (excluding Adult Day Services)		3,902		3,902
095	Dietary		14,487		14,487
100	Personal Care and Laundry		5,426		5,426
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 37,719	\$ 0	\$ 37,719
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 86,868	\$ (4,432)	\$ 82,436
	<b>EXPENSES: DIRECT CARE STAFF COSTS</b>				
115	QMRP Salaries		\$ 11,377	\$	\$ 11,377
120	QMRP Fringe Benefits		3,674		3,674
125	Lead Salaries		24,329		24,329
130	Lead Fringe Benefits	1	8,451	(51)	8,400
135	Aides Salaries		109,363		109,363
140	Aides Fringe Benefits	1	30,878	(177)	30,701
145	Other Salaries		5,746		5,746
150	Other Fringe Benefits	1	1,877	228	2,105
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 195,695	\$ 0	\$ 195,695

## SUMMARY OF AUDITED FACILITY EXPENSES

Provider:  
VILLA HOME

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

Provider NPI:  
1093842361

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		1,080		1,080
180	Pharmacist Consultant		758		758
185	Nurse Consultant		10,720		10,720
190	Psychologist Consultant		1,991		1,991
195	Physician Consultant		2,750		2,750
200	Recreational Consultant				0
205	Social Service Consultant				0
210	Other Consultant		260		260
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 19,706	\$ 0	\$ 19,706
	<b>EXPENSES: ADMINISTRATIVE COSTS</b>				
220	Administrative Salaries **		\$ 10,809	\$	\$ 10,809
225	Administrative Fringe Benefits		4,404		4,404
226	Quality Assurance Fees (excluding Adult Day Services)		21,870		21,870
230	Other General and Administrative*** (Excluding Adult Day Services)	3,4	30,088	(399)	29,689
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 67,171	\$ (399)	\$ 66,772
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 369,440	\$ (4,831)	\$ 364,609
	<b>NON-CLIENT CARE EXPENSES</b>		(To Sch. 1)		(To Sch. 1)
240	Non-Program Services		\$	\$	\$ 0
241	Adult Day Services and Related Transportation		115,222		115,222
245	TOTAL FACILITY EXPENSES (Lines 110, 155, 215, 235, 240 and 241)		\$ 484,662	\$ (4,831)	\$ 479,831

Page 2 of 2

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

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

Provider Name							Fiscal Period	Provider NPI	Adjustments		
VILLA HOME							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1093842361	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	3	Lead Fringe Benefits	\$8,451	(\$51)	\$8,400	
	4.1	140	4	2	140	3	Aides Fringe Benefits	30,878	(177)	30,701	
	4.1	150	4	2	150	3	Other Fringe Benefits	1,877	228	2,105	
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
VILLA HOME							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1093842361		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				
<b><u>ADJUSTMENTS TO REPORTED COSTS</u></b>										
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	\$7,833	(\$4,432)	\$3,401
	4.1	230	4	2	230	3	Other General and Administrative	\$30,088		
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>(319)</u> (\$399)	\$29,689