REPORT
ON THE
RATE SETTING AUDIT

CHAPALA HOUSE
RIVERSIDE, CALIFORNIA
NATIONAL PROVIDER IDENTIFIER: 1851428247

FISCAL PERIOD ENDED
JUNE 30, 2012

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

Section Chief: Julio M. Cueto
Audit Supervisor: Bina Matani
Auditor: Robert Neely

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

TOBY DOUGLAS
DIRECTOR

EDMUND G. BROWN JR.
GOVERNOR

June 26, 2013

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

CHAPALA HOUSE
NATIONAL PROVIDER IDENTIFIER (NPI) 1851428247
FISCAL PERIOD ENDED JUNE 30, 2012

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	$	357,331	$	166.67
Net Audit Adjustment		(249)		(1.58)
Audited Cost/Cost Per Day	$	357,082	$	165.09

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:
CHAPALA HOUSE

Fiscal Period:
JULY 1, 2011 THROUGH JUNE 30, 2012

Provider NPI:
1851428247

SUMMARY OF AUDITED FACILITY CENSUS AND AUDITED CLIENT COST PER DAY	AS REPORTED	AS AUDITED
1. Medi-Cal Client Days (Adj 3)	2,144	2,163
2. Medi-Cal Managed Care Days (Adj)	0	0
3. Other Client Days (Adj)	0	0
4. Total Client Days	2,144	2,163
5. Total Client Care Expenses (From Sch. 2)	$ 357,331	$ 357,082
6. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	$ 166.67	$ 165.09
SHARE OF COST		
1. Share of Cost Audit Adjustment (Adj)	$ NA	$ 0
OVERPAYMENTS		
1. Duplicate Payments (Adj)	$ 0	$ 0
2. Credit Balances (Adj)	$ 0	$ 0
3. Total Overpayments	$ 0	$ 0

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
CHAPALA HOUSE

Fiscal Period:
JULY 1, 2011 THROUGH JUNE 30, 2012

Provider NPI:
1851428247

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		$ 2,102	$	$ 2,102
050	Leases and Rentals		38,833		38,833
055	Real Property Taxes				0
060	Personal Property Taxes		306		306
065	Mortgage Interest				0
070	Property Insurance		1,109		1,109
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		$ 42,350	$ 0	$ 42,350
	Basic Facility Cost - General Home Expenses				
080	Home Operations and Maintenance		$ 13,843	$	$ 13,843
085	Utilities		9,308		9,308
090	Client Transportation (excluding Adult Day Services)		10,585		10,585
095	Dietary		14,478		14,478
100	Personal Care and Laundry		4,111		4,111
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		$ 52,325	$ 0	$ 52,325
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		$ 94,675	$ 0	$ 94,675
	EXPENSES: DIRECT CARE STAFF COSTS				
115	QMRP Salaries		$ 8,793	$	$ 8,793
120	QMRP Fringe Benefits		2,577		2,577
125	Lead Salaries		20,922		20,922
130	Lead Fringe Benefits		6,273		6,273
135	Aides Salaries		95,323		95,323
140	Aides Fringe Benefits		27,521		27,521
145	Other Salaries		15,394		15,394
150	Other Fringe Benefits		4,698		4,698
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		$ 181,501	$ 0	$ 181,501

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
CHAPALA HOUSE

Fiscal Period:
JULY 1, 2011 THROUGH JUNE 30, 2012

Provider NPI:
1851428247

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED Col. 1	AUDIT ADJUSTMENT Col. 2	AS AUDITED Col. 3
	EXPENSES: CONSULTANT COSTS				
160	Dietician Consultant		$ 1,407	$	$ 1,407
165	Speech Pathology Consultant		180		180
170	Physical Therapy Consultant		1,519		1,519
175	Occupational Therapy Consultant		959		959
180	Pharmacist Consultant		794		794
185	Nurse Consultant				0
190	Psychologist Consultant		1,407		1,407
195	Physician Consultant		100		100
200	Recreational Consultant				0
205	Social Service Consultant				0
210	Other Consultant				0
215	TOTAL CONSULTANT COST (Lines 160 through 210)		$ 6,366	$ 0	$ 6,366
	EXPENSES: ADMINISTRATIVE COSTS				
220	Administrative Salaries **		$ 13,076	$	$ 13,076
225	Administrative Fringe Benefits		4,766		4,766
226	Quality Assurance Fees (excluding Adult Day Services)		21,902		21,902
230	Other General and Administrative*** (Excluding Adult Day Services)	1,2	35,045	(249)	34,796
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		$ 74,789	$ (249)	$ 74,540
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		$ 357,331	$ (249)	$ 357,082
	NON-CLIENT CARE EXPENSES		(To Sch. 1)		(To Sch. 1)
240	Non-Program Services		$	$	$ 0
241	Adult Day Services and Related Transportation		50,484		50,484
245	TOTAL FACILITY EXPENSES (Lines 110, 155, 215, 235, 240 and 241)		$ 407,815	$ (249)	$ 407,566

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

*** List allocated administrative costs on Line 230

Provider Name	Fiscal Period	Provider NPI	Adjustments
CHAPALA HOUSE	JULY 1, 2011 THROUGH JUNE 30, 2012	1851428247	3

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			
	4.1	230	4	2	230	3	Other General and Administrative	$35,045		
1							To eliminate lobby fees not related to patient care. 42 CFR 413.9(c)(3) CMS Pub. 15-1, Sections 2102.3, 2139, 2300, and 2304		($116)	
2							To adjust reported home office costs to agree with the ResCare, Inc., Home Office Audit Report for fiscal period ended June 30, 2012. 42 CFR 413.17 and 413.24 CMS Pub. 15-1, Sections 2150.2 and 2304		(133) ($249)	$34,796

Provider Name	Fiscal Period	Provider NPI	Adjustments
CHAPALA HOUSE	JULY 1, 2011 THROUGH JUNE 30, 2012	1851428247	3

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			
3	2	3	1	1	1		Medi-Cal Client Days	2,144	19	2,163
	2	3	4	1	4		Total Client Days	2,144	19	2,163
							To adjust total patient 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			