

**REPORT
ON THE
RATE SETTING AUDIT**

**KEVIN HOUSE
RIVERSIDE, CALIFORNIA
NATIONAL PROVIDER IDENTIFIER: 1427185883**

**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**



TOBY DOUGLAS
DIRECTOR

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



EDMUND G. BROWN JR.
GOVERNOR

June 26, 2013

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

KEVIN HOUSE
NATIONAL PROVIDER IDENTIFIER (NPI) 1427185883
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:

<u>COST AND COST PER DAY</u>		<u>COST</u>	<u>COST PER DAY</u>
Reported Cost/Cost Per Day	\$	358,015	\$ 0.00
Net Audit Adjustment		(251)	<u>162.92</u>
Audited Cost/Cost Per Day	\$	<u>357,764</u>	\$ <u>162.92</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:
KEVIN HOUSE

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

Provider NPI:
1427185883

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

	AS REPORTED	AS AUDITED
1. Medi-Cal Client Days (Adj 3)	0	2,196
2. Medi-Cal Managed Care Days (Adj)	0	0
3. Other Client Days (Adj)	0	0
4. Total Client Days	<u>0</u>	<u>2,196</u>
5. Total Client Care Expenses (From Sch. 2)	\$ <u>358,015</u>	\$ <u>357,764</u>
6. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3) *	\$ <u>0.00</u>	\$ <u>162.92</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>0</u>	\$ <u>0</u>
2. Credit Balances (Adj)	\$ <u>0</u>	\$ <u>0</u>
3. Total Overpayments	\$ <u>0</u>	\$ <u>0</u>

* The reported average client cost per day was \$0.00 as the Provider neglected to include client days on the cost report as submitted to the Department.

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
KEVIN HOUSE

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

Provider NPI:
1427185883

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		\$ 250	\$	\$ 250
050	Leases and Rentals		31,034		31,034
055	Real Property Taxes				0
060	Personal Property Taxes		315		315
065	Mortgage Interest				0
070	Property Insurance		1,126		1,126
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 32,725	\$ 0	\$ 32,725
	Basic Facility Cost - General Home Expenses				
080	Home Operations and Maintenance		\$ 13,718	\$	\$ 13,718
085	Utilities		12,605		12,605
090	Client Transportation (excluding Adult Day Services)		17,480		17,480
095	Dietary		14,012		14,012
100	Personal Care and Laundry		3,389		3,389
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 61,204	\$ 0	\$ 61,204
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 93,929	\$ 0	\$ 93,929
	EXPENSES: DIRECT CARE STAFF COSTS				
115	QMRP Salaries		\$ 8,931	\$	\$ 8,931
120	QMRP Fringe Benefits		2,617		2,617
125	Lead Salaries		25,780		25,780
130	Lead Fringe Benefits		6,794		6,794
135	Aides Salaries		99,028		99,028
140	Aides Fringe Benefits		20,281		20,281
145	Other Salaries		15,637		15,637
150	Other Fringe Benefits		4,773		4,773
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 183,841	\$ 0	\$ 183,841

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
KEVIN HOUSE

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

Provider NPI:
1427185883

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED Col. 1	AUDIT ADJUSTMENT Col. 2	AS AUDITED Col. 3
	EXPENSES: CONSULTANT COSTS				
160	Dietician Consultant		\$ 1,354	\$	\$ 1,354
165	Speech Pathology Consultant				0
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				0
200	Recreational Consultant				0
205	Social Service Consultant				0
210	Other Consultant				0
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 6,033	\$ 0	\$ 6,033
	EXPENSES: ADMINISTRATIVE COSTS				
220	Administrative Salaries **		\$ 11,835	\$	\$ 11,835
225	Administrative Fringe Benefits		4,882		4,882
226	Quality Assurance Fees (excluding Adult Day Services)		22,435		22,435
230	Other General and Administrative*** (Excluding Adult Day Services)	1,2	35,060	(251)	34,809
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 74,212	\$ (251)	\$ 73,961
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 358,015	\$ (251)	\$ 357,764
	NON-CLIENT CARE EXPENSES		(To Sch. 1)		(To Sch. 1)
240	Non-Program Services		\$	\$	\$ 0
241	Adult Day Services and Related Transportation		154,886		154,886
245	TOTAL FACILITY EXPENSES (Lines 110, 155, 215, 235, 240 and 241)		\$ 512,901	\$ (251)	\$ 512,650

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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
KEVIN HOUSE							JULY 1, 2011 THROUGH JUNE 30, 2012			1427185883		3
Report References							Explanation of Audit Adjustments			As Reported		As Adjusted
Cost Report			Audit Report									
Adj. No.	DHS 3076 Page or Exhibit	Line	Col.	Sch.	Line	Col				Increase (Decrease)		
<u>ADJUSTMENTS TO REPORTED COSTS</u>												
	4.1	230	4	2	230	3	Other General and Administrative			\$35,060		
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			(135) (\$251)	\$34,809	

Provider Name				Fiscal Period				Provider NPI		Adjustments
KEVIN HOUSE				JULY 1, 2011 THROUGH JUNE 30, 2012				1427185883		3
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>ADJUSTMENT TO REPORTED PATIENT DAYS</u>										
3	2	3	1	1	1		Medi-Cal Client Days	0	2,196	2,196
	2	3	4	1	4		Total Client Days	0	2,196	2,196
							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			