

**REPORT
ON THE
RATE SETTING AUDIT**

**RCCA – LEQUEL WAY
CARMICHAEL, CALIFORNIA
NATIONAL PROVIDER IDENTIFIER: 1649306986**

**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: Virat Shah
Auditor: Teresa Zapata**



TOBY DOUGLAS
DIRECTOR

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



EDMUND G. BROWN JR.
GOVERNOR

June 27, 2013

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

RCCA – LEQUEL WAY
NATIONAL PROVIDER IDENTIFIER (NPI) 1649306986
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	\$	298,718	\$ 136.03
Net Audit Adjustment		(225)	(0.10)
Audited Cost/Cost Per Day	\$	<u>298,493</u>	\$ <u>135.93</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:
RCCA - LEQUEL WAY

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

Provider NPI:
1649306986

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

	AS REPORTED	AS AUDITED
1. Medi-Cal Client Days (Adj 3)	2,196	2,104
2. Medi-Cal Managed Care Days (Adj 3)	0	92
3. Other Client Days (Adj)		0
4. Total Client Days	<u>2,196</u>	<u>2,196</u>
5. Total Client Care Expenses (From Sch. 2)	\$ <u>298,718</u>	\$ <u>298,493</u>
6. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>136.03</u>	\$ <u>135.93</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>

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
RCCA - LEQUEL WAY

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

Provider NPI:
1649306986

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		\$ 4,608	\$	\$ 4,608
050	Leases and Rentals		963		963
055	Real Property Taxes		3,801		3,801
060	Personal Property Taxes		130		130
065	Mortgage Interest				0
070	Property Insurance		1,899		1,899
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 11,401	\$ 0	\$ 11,401
	Basic Facility Cost - General Home Expenses				
080	Home Operations and Maintenance		\$ 4,528	\$	\$ 4,528
085	Utilities		7,273		7,273
090	Client Transportation (excluding Adult Day Services)				0
095	Dietary		10,206		10,206
100	Personal Care and Laundry		4,813		4,813
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 26,820	\$ 0	\$ 26,820
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 38,221	\$ 0	\$ 38,221
	EXPENSES: DIRECT CARE STAFF COSTS				
115	QMRP Salaries		\$ 8,616	\$	\$ 8,616
120	QMRP Fringe Benefits		2,648		2,648
125	Lead Salaries		29,313		29,313
130	Lead Fringe Benefits		10,602		10,602
135	Aides Salaries		95,745		95,745
140	Aides Fringe Benefits		24,631		24,631
145	Other Salaries		14,792		14,792
150	Other Fringe Benefits		3,748		3,748
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 190,095	\$ 0	\$ 190,095

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
RCCA - LEQUEL WAY

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

Provider NPI:
1649306986

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED Col. 1	AUDIT ADJUSTMENT Col. 2	AS AUDITED Col. 3
	EXPENSES: CONSULTANT COSTS				
160	Dietician Consultant		\$ 567	\$	\$ 567
165	Speech Pathology Consultant		279		279
170	Physical Therapy Consultant				0
175	Occupational Therapy Consultant				0
180	Pharmacist Consultant				0
185	Nurse Consultant				0
190	Psychologist Consultant				0
195	Physician Consultant		1,679		1,679
200	Recreational Consultant		435		435
205	Social Service Consultant				0
210	Other Consultant				0
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 2,960	\$ 0	\$ 2,960
	EXPENSES: ADMINISTRATIVE COSTS				
220	Administrative Salaries **		\$ 6,499	\$	\$ 6,499
225	Administrative Fringe Benefits		3,161		3,161
226	Quality Assurance Fees (excluding Adult Day Services)		22,430		22,430
230	Other General and Administrative*** (Excluding Adult Day Services)	1, 2	35,352	(225)	35,127
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 67,442	\$ (225)	\$ 67,217
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 298,718	\$ (225)	\$ 298,493
	NON-CLIENT CARE EXPENSES		(To Sch. 1)		(To Sch. 1)
240	Non-Program Services		\$ 10	\$	\$ 10
241	Adult Day Services and Related Transportation		182,217		182,217
245	TOTAL FACILITY EXPENSES (Lines 110, 155, 215, 235, 240 and 241)		\$ 480,945	\$ (225)	\$ 480,720

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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
RCCA - LEQUEL WAY							JULY 1, 2011 THROUGH JUNE 30, 2012		1649306986		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>ADJUSTMENTS TO REPORTED COSTS</u>											
	4.1	230	4	2	230	3	Other General and Administrative	\$35,352			
1							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		(\$103)		
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		(122) (\$225)	\$35,127	

Provider Name			Fiscal Period				Provider NPI		Adjustments	
RCCA - LEQUEL WAY			JULY 1, 2011 THROUGH JUNE 30, 2012				1649306986		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	2	Medi-Cal Client Days	2,196	(92)	2,104
	2	3	2	1	2	2	Medi-Cal Managed Care Days	0	92	92
							To reclassify the days paid by Partnership Health Plan of California to Medi-Cal managed care days.			
							42 CFR 413.20, 413.24, and 413.50			
							CMS Pub, 15-1, Sections 2205, 2300, and 2304			