REPORT
ON THE
RATE SETTING AUDIT

ROSEWOOD HOUSE
ONTARIO, CALIFORNIA
NATIONAL PROVIDER IDENTIFIER: 1528194487

FISCAL PERIOD ENDED
DECEMBER 31, 2010

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: Apichaya Anekananda

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

TOBY DOUGLAS
DIRECTOR

EDMUND G. BROWN JR.
GOVERNOR

January 26, 2012

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

ROSEWOOD HOUSE
NATIONAL PROVIDER IDENTIFIER (NPI) 1528194487
FISCAL PERIOD ENDED DECEMBER 31, 2010

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	$	416,738	$	197.32
Net Audit Adjustment		(1,340)		(0.64)
Audited Cost/Cost Per Day	$	415,398	$	196.68

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 Rate Development Branch.

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:
ROSEWOOD HOUSE

Fiscal Period:
JANUARY 1, 2010 THROUGH DECEMBER 31, 2010

Provider NPI:
1528194487

SUMMARY OF AUDITED FACILITY CENSUS AND AUDITED CLIENT COST PER DAY	AS REPORTED	AS AUDITED
1. Medi-Cal Client Days (Adj)	2,112	2,112
2. Medi-Cal Managed Care Days (Adj)		0
3. Other Client Days (Adj)		0
4. Total Client Days	2,112	2,112
5. Total Client Care Expenses (From Sch. 2)	$ 416,738	$ 415,398
6. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	$ 197.32	$ 196.68
SHARE OF COST		
1. Share of Cost Audit Adjustment (Adj)	$ NA	$ 0
OVERPAYMENTS		
1. Duplicate Payments (Adj)	$	$ 0
2. Credit Balances (Adj)	$	$ 0
3. Total Overpayments	$ 0	$ 0

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
ROSEWOOD HOUSE

Fiscal Period:
JANUARY 1, 2010 THROUGH DECEMBER 31, 2010

Provider NPI:
1528194487

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		$ 12,419	$	$ 12,419
050	Leases and Rentals		4,503		4,503
055	Real Property Taxes		2,376		2,376
060	Personal Property Taxes		483		483
065	Mortgage Interest				0
070	Property Insurance		1,512		1,512
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		$ 21,293	$ 0	$ 21,293
	Basic Facility Cost - General Home Expenses				
080	Home Operations and Maintenance		$ 5,573	$	$ 5,573
085	Utilities		7,454		7,454
090	Client Transportation (excluding Adult Day Services)		5,458		5,458
095	Dietary		17,014		17,014
100	Personal Care and Laundry		6,248		6,248
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		$ 41,747	$ 0	$ 41,747
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		$ 63,040	$ 0	$ 63,040
	EXPENSES: DIRECT CARE STAFF COSTS				
115	QMRP Salaries		$ 14,257	$	$ 14,257
120	QMRP Fringe Benefits		5,059		5,059
125	Lead Salaries		28,503		28,503
130	Lead Fringe Benefits		8,824		8,824
135	Aides Salaries		95,322		95,322
140	Aides Fringe Benefits		27,000		27,000
145	Other Salaries		63,656		63,656
150	Other Fringe Benefits		22,719		22,719
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		$ 265,340	$ 0	$ 265,340

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
ROSEWOOD HOUSE

Fiscal Period:
JANUARY 1, 2010 THROUGH DECEMBER 31, 2010

Provider NPI:
1528194487

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED Col. 1	AUDIT ADJUSTMENT Col. 2	AS AUDITED Col. 3
	EXPENSES: CONSULTANT COSTS				
160	Dietician Consultant		$ 638	$	$ 638
165	Speech Pathology Consultant		2,166		2,166
170	Physical Therapy Consultant		1,679		1,679
175	Occupational Therapy Consultant		1,223		1,223
180	Pharmacist Consultant		255		255
185	Nurse Consultant				0
190	Psychologist Consultant		878		878
195	Physician Consultant		1,875		1,875
200	Recreational Consultant				0
205	Social Service Consultant				0
210	Other Consultant				0
215	TOTAL CONSULTANT COST (Lines 160 through 210)		$ 8,714	$ 0	$ 8,714
	EXPENSES: ADMINISTRATIVE COSTS				
220	Administrative Salaries **		$ 12,347	$	$ 12,347
225	Administrative Fringe Benefits		4,559		4,559
226	Quality Assurance Fees (excluding Adult Day Services)		24,605		24,605
230	Other General and Administrative*** (Excluding Adult Day Services)	1	38,133	(1,340)	36,793
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		$ 79,644	$ (1,340)	$ 78,304
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		$ 416,738	$ (1,340)	$ 415,398
	NON-CLIENT CARE EXPENSES		(To Sch. 1)		(To Sch. 1)
240	Non-Program Services		$	$	$ 0
241	Adult Day Services and Related Transportation				0
245	TOTAL FACILITY EXPENSES (Lines 110, 155, 215, 235, 240 and 241)		$ 416,738	$ (1,340)	$ 415,398

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

*** List allocated administrative costs on Line 230

Provider Name	Fiscal Period	Provider NPI	Adjustments
ROSEWOOD HOUSE	JANUARY 1, 2010 THROUGH DECEMBER 31, 2010	1528194487	1

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 COSTS			
1	4.1	230	4	2	230	3	Other General and Administrative To adjust reported home office costs to agree with the ResCare, Inc. Home Office Audit Report for fiscal period ended December 31, 2010. 42 CFR 413.17 and 413.24 CMS Pub. 15-1, Sections 2150.2 and 2304	$38,133	($1,340)	$36,793