

**REPORT
ON THE
RATE SETTING AUDIT**

**HACIENDA HOUSE
RIVERSIDE, CALIFORNIA
PROVIDER NUMBER: LTC60810F
NPI NUMBER: 1336276013**

**FISCAL PERIOD ENDED
JUNE 30, 2008**

**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: Emmanuel Ypil**



DAVID MAXWELL-JOLLY
Director

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



ARNOLD SCHWARZENEGGER
Governor

February 25, 2010

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

PROVIDER: HACIENDA HOUSE
PROVIDER NO. LTC60810F
NPI: 1336276013
FISCAL PERIOD ENDED JUNE 30, 2008

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	\$	281,462	\$ 192.26
Net Audit Adjustment		(146)	(0.10)
Audited Cost/Cost Per Day	\$	<u>281,316</u>	\$ <u>192.16</u>

This audit report includes the:

1. Audit Report Schedules 1 through 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
Office of Administrative Appeals and Hearings
1029 J Street, Suite 200
Sacramento, CA 95814-2825
(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 95899-7413

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 95814-5005
(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:
HACIENDA HOUSE

Fiscal Period:
JULY 1, 2007 THROUGH JUNE 30, 2008

Provider Number:
LTC60810F

Provider NPI:
1336276013

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

	AS REPORTED	AS AUDITED
1. Medi-Cal Client Days (Adj)	1,464	1,464
2. Other Client Days (Adj)		0
3. Total Client Days	<u>1,464</u>	<u>1,464</u>
4. Total Client Care Expenses (From Sch. 2)	\$ <u>281,462</u>	\$ <u>281,316</u>
5. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>192.26</u>	\$ <u>192.16</u>

SHARE OF COST

1. Share of Cost Audit Adjustment (Adj)	\$ <u>NA</u>	\$ <u>0</u>
--	--------------	-------------

OVERPAYMENTS

1. Duplicate Payments (Adj)	\$ _____	\$ _____
2. Credit Balances (Adj)	\$ _____	\$ _____
3. Total Overpayments	\$ <u>0</u>	\$ <u>0</u>

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
HACIENDA HOUSE

Fiscal Period:
JULY 1, 2007 THROUGH JUNE 30, 2008

Provider Number:
LTC60810F

Provider NPI:
1336276013

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED	AUDIT ADJUSTMENT	AS AUDITED
	EXPENSES: CLIENT SERVICES				
	Basic Facility Cost - Property Expenses				
045	Depreciation and Amortization		\$ 1,510	\$	\$ 1,510
050	Leases and Rentals		19,456		19,456
055	Real Property Taxes				0
060	Personal Property Taxes		130		130
065	Mortgage Interest				0
070	Property Insurance		152		152
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 21,248	\$ 0	\$ 21,248
	Basic Facility Cost - General Home Expenses				
080	Home Operations and Maintenance		\$ 11,252	\$	\$ 11,252
085	Utilities		4,493		4,493
090	Client Transportation				0
095	Dietary	1,2	12,932	(191)	12,741
100	Personal Care and Laundry	1	2,495	44	2,539
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 31,172	\$ (147)	\$ 31,025
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 52,420	\$ (147)	\$ 52,273
	EXPENSES: DIRECT CARE STAFF COSTS				
115	QMRP Salaries		\$ 6,604	\$	\$ 6,604
120	QMRP Fringe Benefits		1,409		1,409
125	Lead Salaries		15,798		15,798
130	Lead Fringe Benefits		2,460		2,460
135	Aides Salaries		111,665		111,665
140	Aides Fringe Benefits		21,200		21,200
145	Other Salaries		10,289		10,289
150	Other Fringe Benefits		2,528		2,528
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 171,953	\$ 0	\$ 171,953

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
HACIENDA HOUSE

Fiscal Period:
JULY 1, 2007 THROUGH JUNE 30, 2008

Provider Number:
LTC60810F

Provider NPI:
1336276013

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED	AUDIT ADJUSTMENT	AS AUDITED
	EXPENSES: CONSULTANT COSTS				
160	Dietician Consultant		\$ 1,075	\$	\$ 1,075
165	Speech Pathology Consultant				0
170	Physical Therapy Consultant		1,333		1,333
175	Occupational Therapy Consultant		1,080		1,080
180	Pharmacist Consultant		816		816
185	Nurse Consultant				0
190	Psychologist Consultant		1,280		1,280
195	Physician Consultant				0
200	Recreational Consultant		960		960
205	Social Service Consultant				0
210	Other Consultant				0
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 6,544	\$ 0	\$ 6,544
	EXPENSES: ADMINISTRATIVE COSTS				
220	Administrative Salaries		\$ 10,994	\$	\$ 10,994
225	Administrative Fringe Benefits		4,023		4,023
226	Quality Assurance Fees				0
230	Other Administrative and General	2,3,4	35,528	1	35,529
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 50,545	\$ 1	\$ 50,546
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 281,462	\$ (146)	\$ 281,316
	NON-CLIENT CARE EXPENSES		(To Sch. 1)		(To Sch. 1)
240	Non-Program Services		\$	\$	\$ 0
245	TOTAL FACILITY EXPENSES (Lines 110, 155, 215, 235 and 240)		\$ 281,462	\$ (146)	\$ 281,316

Provider Name		Fiscal Period		Provider Number		Adjustments		
HACIENDA HOUSE		JULY 1, 2007 THROUGH JUNE 30, 2008		LTC60810F		4		
Adj. No.	MC530 Page or Exhibit	Report References		Audit Report		As Reported	Increase (Decrease)	As Adjusted
		Line	Col.	Sch	Line			
RECLASSIFICATIONS OF REPORTED COSTS								
1	4	95	4	2	95.00	Dietary	\$12,932	\$12,888 *
	4	100	4	2	100.00	Personal Care and Laundry	2,495	2,539
To reclassify Dietary expense to the appropriate cost center. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300, 2302.4, 2302.8, and 2304								
2	4	95	4	2	95.00	Dietary	\$12,888	\$12,741
	4.1	230	4	2	230.00	Other General and Administrative	35,528	35,675 *
To reclassify Dietary expense to the appropriate cost center. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300, 2302.4, 2302.8, and 2304								

*Balance carried forward from prior/to subsequent adjustments

Provider Name		Fiscal Period		Provider Number		Adjustments	
HACIENDA HOUSE		JULY 1, 2007 THROUGH JUNE 30, 2008		LTC60810F		4	
Adj. No.	MC530 Page or Exhibit	Report References		Line	Sch	Col.	Line
		Cost Report	Audit Report				
Explanation of Audit Adjustments							
<u>ADJUSTMENTS TO REPORTED COSTS</u>							
3	4.1	230	4	2	230.00	Other General and Administrative	\$35,675
						To eliminate political contributions not related to patient care. 42 CFR 413.9(c)(3) CMS Pub. 15-1, Sections 2102.2, 2104, and 2139	(\$101)
4						To adjust reported home office costs to agree with the ResCare, Inc. audited Home Office Cost Report for the fiscal period ended June 30, 2008. 42 CFR 413.17 and 413.24 CMS Pub. 15-1, Sections 2150.2 and 2304	(45) (\$146) \$35,529

*Balance carried forward from prior/to subsequent adjustments