

**REPORT
ON THE
RATE SETTING AUDIT**

**EAST 11TH
AZUSA, CALIFORNIA
PROVIDER NUMBER: LTC60954F
NPI: 1518094812**

**FISCAL PERIOD ENDED
DECEMBER 31, 2009**

**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**



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



EDMUND G. BROWN JR.
Governor

February 24, 2011

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

EAST 11TH
PROVIDER NUMBER LTC60954F
NATIONAL PROVIDER IDENTIFIER (NPI) 1518094812
FISCAL PERIOD ENDED DECEMBER 31, 2009

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	\$	353,231	\$ 161.29
Net Audit Adjustment		(3,402)	(1.55)
Audited Cost/Cost Per Day	\$	<u>349,829</u>	\$ <u>159.74</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 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.

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:
EAST 11TH

Fiscal Period:
JANUARY 1, 2009 THROUGH DECEMBER 31, 2009

Provider Number:
LTC60954F

Provider NPI:
1518094812

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

	AS REPORTED	AS AUDITED
1. Medi-Cal Client Days (Adj)	2,190	2,190
2. Other Client Days (Adj)		0
3. Total Client Days	<u>2,190</u>	<u>2,190</u>
4. Total Client Care Expenses (From Sch. 2)	\$ <u>353,231</u>	\$ <u>349,829</u>
5. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>161.29</u>	\$ <u>159.74</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: EAST 11TH
 Fiscal Period: JANUARY 1, 2009 THROUGH DECEMBER 31, 2009

Provider Number: LTC60954F
 NPI: 1518094812

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	1	\$ 8,761	\$ (1,631)	\$ 7,130
050	Leases and Rentals		4,339		4,339
055	Real Property Taxes	2	3,021	151	3,172
060	Personal Property Taxes	3	55	(55)	0
065	Mortgage Interest				0
070	Property Insurance		2,095		2,095
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 18,271	\$ (1,535)	\$ 16,736
	Basic Facility Cost - General Home Expenses				
080	Home Operations and Maintenance		\$ 6,454	\$	\$ 6,454
085	Utilities		4,187		4,187
090	Client Transportation		4,331		4,331
095	Dietary		17,636		17,636
100	Personal Care and Laundry		5,825		5,825
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 38,433	\$ 0	\$ 38,433
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 56,704	\$ (1,535)	\$ 55,169
	EXPENSES: DIRECT CARE STAFF COSTS				
115	QMRP Salaries		\$ 12,646	\$	\$ 12,646
120	QMRP Fringe Benefits		3,709		3,709
125	Lead Salaries		15,264		15,264
130	Lead Fringe Benefits		11,239		11,239
135	Aides Salaries		112,494		112,494
140	Aides Fringe Benefits		50,349		50,349
145	Other Salaries		11,550		11,550
150	Other Fringe Benefits		3,684		3,684
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 220,935	\$ 0	\$ 220,935

SUMMARY OF AUDITED FACILITY EXPENSES

Provider: EAST 11TH
 Fiscal Period: JANUARY 1, 2009 THROUGH DECEMBER 31, 2009

Provider Number: LTC60954F
 NPI: 1518094812

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED Col. 1	AUDIT ADJUSTMENT Col. 2	AS AUDITED Col. 3
EXPENSES: CONSULTANT COSTS					
160	Dietician Consultant		\$ 447	\$	\$ 447
165	Speech Pathology Consultant		2,160		2,160
170	Physical Therapy Consultant		1,875		1,875
175	Occupational Therapy Consultant		1,470		1,470
180	Pharmacist Consultant		340		340
185	Nurse Consultant				0
190	Psychologist Consultant		1,040		1,040
195	Physician Consultant		1,100		1,100
200	Recreational Consultant				0
205	Social Service Consultant				0
210	Other Consultant				0
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 8,432	\$ 0	\$ 8,432
EXPENSES: ADMINISTRATIVE COSTS					
220	Administrative Salaries		\$ 10,268	\$	\$ 10,268
225	Administrative Fringe Benefits		3,490		3,490
226	Quality Assurance Fees		22,344		22,344
230	Other Administrative and General	4,5	31,058	(1,867)	29,191
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 67,160	\$ (1,867)	\$ 65,293
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 353,231	\$ (3,402)	\$ 349,829
	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)		\$ 353,231	\$ (3,402)	\$ 349,829

Provider Name		Fiscal Period		Provider Number		Adjustments			
EAST 11TH		JANUARY 1, 2009 THROUGH DECEMBER 31, 2009		LTC60954F		5			
Adj. No.	DHS 3076 Page or Exhibit	Report References		Line	Col	Sch.	As Reported	Increase (Decrease)	As Adjusted
		Cost Report	Audit Report						
ADJUSTMENTS TO REPORTED COSTS									
1	4	45	4	2	45	3	\$8,761	(\$1,631)	\$7,130
Depreciation and Amortization To adjust for a change in useful life to agree with th American Hospital Association Guidelines 42 CFR 413.20, 413.50, and 413.134(b)(7) CMS Pub. 15-1, Sections 104.17, 104.18, 122, 2300, and 2302.4									
2	4	55	4	2	55	3	\$3,021	\$151	\$3,172
Real Property Taxes To reflect the proper accrual of real property taxes applicable to the audit period. 42 CFR 413.5 and 413.24 CMS Pub. 15-1, Sections 2300 and 2302.1									
3	4	60	4	2	60	3	\$55	(\$55)	\$0
Personal Property Taxes To reflect the proper accrual of personal property taxes applicable to the audit period. 42 CFR 413.5 and 413.24 CMS Pub. 15-1, Sections 2300 and 2302.1									
4.1	230	4	2	230	3	3	\$31,058		
Other General and Administrative 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									
5								(1,787)	\$29,191
To adjust reported home office costs to agree with the ResCare, Inc. Home Office Audit Report for fiscal period ended December 31, 2009. 42 CFR 413.17 and 413.24 CMS Pub. 15-1, Sections 2150.2 and 2304									