REPORT
ON THE
RATE SETTING AUDIT

NEWCOMB HOUSE
SAN BERNARDINO, CALIFORNIA
PROVIDER NUMBER: LTC60472F
NPI: 1295862563

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: May Liu

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

TOBY DOUGLAS
Director

EDMUND G. BROWN JR.
Governor

February 24, 2011

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

NEWCOMB HOUSE
PROVIDER NUMBER LTC60472F
NATIONAL PROVIDER IDENTIFIER (NPI) 1295862563
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:

COST AND COST PER DAY		COST		COST PER DAY
Reported Cost/Cost Per Day	$	363,192	$	170.67
Net Audit Adjustment		(1,831)		(0.86)
Audited Cost/Cost Per Day	$	361,361	$	169.81

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: NEWCOMB HOUSE

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

Provider Number: LTC60472F

Provider NPI: 1295862563

SUMMARY OF AUDITED FACILITY CENSUS AND AUDITED CLIENT COST PER DAY	AS REPORTED	AS AUDITED
1. Medi-Cal Client Days (Adj)	2,128	2,128
2. Other Client Days (Adj)		0
3. Total Client Days	2,128	2,128
4. Total Client Care Expenses (From Sch. 2)	$ 363,192	$ 361,361
5. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	$ 170.67	$ 169.81
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:
NEWCOMB HOUSE

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

Provider Number:
LTC60472F

NPI:
1295862563

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		$ 2,670	$	$ 2,670
050	Leases and Rentals		32,723		32,723
055	Real Property Taxes		2,044		2,044
060	Personal Property Taxes		263		263
065	Mortgage Interest				0
070	Property Insurance		4,814		4,814
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		$ 42,514	$ 0	$ 42,514
	Basic Facility Cost - General Home Expenses				
080	Home Operations and Maintenance		$ 7,225	$	$ 7,225
085	Utilities		4,885		4,885
090	Client Transportation		16,620		16,620
095	Dietary		13,571		13,571
100	Personal Care and Laundry		5,269		5,269
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		$ 47,570	$ 0	$ 47,570
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		$ 90,084	$ 0	$ 90,084
	EXPENSES: DIRECT CARE STAFF COSTS				
115	QMRP Salaries		$ 11,901	$	$ 11,901
120	QMRP Fringe Benefits		4,052		4,052
125	Lead Salaries		21,831		21,831
130	Lead Fringe Benefits		11,833		11,833
135	Aides Salaries		95,985		95,985
140	Aides Fringe Benefits		31,389		31,389
145	Other Salaries		7,173		7,173
150	Other Fringe Benefits		1,901		1,901
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		$ 186,065	$ 0	$ 186,065

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
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Fiscal Period:
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Line No.	DESCRIPTION	ADJ NO.	AS REPORTED Col. 1	AUDIT ADJUSTMENT Col. 2	AS AUDITED Col. 3
	EXPENSES: CONSULTANT COSTS				
160	Dietician Consultant		$ 592	$	$ 592
165	Speech Pathology Consultant				0
170	Physical Therapy Consultant		1,620		1,620
175	Occupational Therapy Consultant		1,080		1,080
180	Pharmacist Consultant		767		767
185	Nurse Consultant		10,380		10,380
190	Psychologist Consultant		2,186		2,186
195	Physician Consultant		3,000		3,000
200	Recreational Consultant				0
205	Social Service Consultant				0
210	Other Consultant		546		546
215	TOTAL CONSULTANT COST (Lines 160 through 210)		$ 20,171	$ 0	$ 20,171
	EXPENSES: ADMINISTRATIVE COSTS				
220	Administrative Salaries		$ 11,267	$	$ 11,267
225	Administrative Fringe Benefits		4,789		4,789
226	Quality Assurance Fees		21,712		21,712
230	Other Administrative and General	1,2	29,104	(1,831)	27,273
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		$ 66,872	$ (1,831)	$ 65,041
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		$ 363,192	$ (1,831)	$ 361,361
	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)		$ 363,192	$ (1,831)	$ 361,361

Provider Name	Fiscal Period	Provider Number	Adjustments
NEWCOMB HOUSE	JANUARY 1, 2009 THROUGH DECEMBER 31, 2009	LTC60472F	2

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
							ADJUSTMENTS TO REPORTED COSTS			
	4.1	230	4	2	230	3	Other General and Administrative	$29,104		
1							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		($76)	
2							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		(1,755) ($1,831)	$27,273