

**REPORT  
ON THE  
RATE SETTING AUDIT**

**PALOMAR HOME  
SAN BERNARDINO, CALIFORNIA  
PROVIDER NUMBER: LTC60478F  
NPI: 1316073125**

**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**



TOBY DOUGLAS  
Director

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

PALOMAR HOME  
PROVIDER NUMBER LTC60478F  
NATIONAL PROVIDER IDENTIFIER (NPI) 1316073125  
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	\$	368,013	\$ 168.04
Net Audit Adjustment		<u>(1,773)</u>	<u>(0.81)</u>
Audited Cost/Cost Per Day	\$	<u>366,240</u>	\$ <u>167.23</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:**  
PALOMAR HOME

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

**Provider Number:**  
LTC60478F

**Provider NPI:**  
1316073125

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

	<b>AS REPORTED</b>	<b>AS AUDITED</b>
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>368,013</u>	\$ <u>366,240</u>
5. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>168.04</u>	\$ <u>167.23</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:  
PALOMAR HOME

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

Provider Number:  
LTC60478F

NPI:  
1316073125

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED Col. 1	AUDIT ADJUSTMENT Col. 2	AS AUDITED Col. 3
	<b>EXPENSES: CLIENT SERVICES</b>				
	<b>Basic Facility Cost - Property Expenses</b>				
045	Depreciation and Amortization		\$ 1,141	\$	\$ 1,141
050	Leases and Rentals		31,901		31,901
055	Real Property Taxes	1	2,106	91	2,197
060	Personal Property Taxes		336		336
065	Mortgage Interest				0
070	Property Insurance		2,288		2,288
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 37,772	\$ 91	\$ 37,863
	<b>Basic Facility Cost - General Home Expenses</b>				
080	Home Operations and Maintenance		\$ 10,511	\$	\$ 10,511
085	Utilities		6,602		6,602
090	Client Transportation		18,467		18,467
095	Dietary		19,380		19,380
100	Personal Care and Laundry		4,944		4,944
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 59,904	\$ 0	\$ 59,904
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 97,676	\$ 91	\$ 97,767
	<b>EXPENSES: DIRECT CARE STAFF COSTS</b>				
115	QMRP Salaries		\$ 12,127	\$	\$ 12,127
120	QMRP Fringe Benefits		4,130		4,130
125	Lead Salaries		20,387		20,387
130	Lead Fringe Benefits		3,398		3,398
135	Aides Salaries		101,940		101,940
140	Aides Fringe Benefits		30,576		30,576
145	Other Salaries		7,309		7,309
150	Other Fringe Benefits		1,937		1,937
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 181,804	\$ 0	\$ 181,804

## SUMMARY OF AUDITED FACILITY EXPENSES

Provider:  
PALOMAR HOME

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

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Line No.	DESCRIPTION	ADJ NO.	AS REPORTED Col. 1	AUDIT ADJUSTMENT Col. 2	AS AUDITED Col. 3
	<b>EXPENSES: CONSULTANT COSTS</b>				
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		768		768
185	Nurse Consultant		10,380		10,380
190	Psychologist Consultant		1,887		1,887
195	Physician Consultant		2,750		2,750
200	Recreational Consultant				0
205	Social Service Consultant				0
210	Other Consultant		556		556
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 19,633	\$ 0	\$ 19,633
	<b>EXPENSES: ADMINISTRATIVE COSTS</b>				
220	Administrative Salaries		\$ 11,482	\$	\$ 11,482
225	Administrative Fringe Benefits		4,905		4,905
226	Quality Assurance Fees		22,344		22,344
230	Other Administrative and General	2,3	30,169	(1,864)	28,305
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 68,900	\$ (1,864)	\$ 67,036
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 368,013	\$ (1,773)	\$ 366,240
	<b>NON-CLIENT CARE EXPENSES</b>		(To Sch. 1)		(To Sch. 1)
240	Non-Program Services		\$ 0	\$	\$ 0
245	TOTAL FACILITY EXPENSES (Lines 110, 155, 215, 235 and 240)		\$ 368,013	\$ (1,773)	\$ 366,240

Provider Name		Fiscal Period		Provider Number		Adjustments		
PALOMAR HOME		JANUARY 1, 2009 THROUGH DECEMBER 31, 2009		LTC60478F		3		
Adj. No.	DHS 3076 Page or Exhibit	Report References				As Reported	Increase (Decrease)	As Adjusted
		Line	Col.	Sch.	Line			
<u>ADJUSTMENTS TO REPORTED COSTS</u>								
1	4	55	4	2	55	3	\$2,106	\$2,197
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								
2	4.1	230	4	2	230	3	\$30,169	(\$76)
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								
3							(1,788)	\$28,305
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 (\$1,864)								