

**REPORT  
ON THE  
RATE SETTING AUDIT**

**RCCA – PHOENIX  
ANTELOPE, CALIFORNIA  
PROVIDER NUMBER: LTC80337F  
NPI: 1487781159**

**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: Mary Anne Ruiz**



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: RCCA – PHOENIX  
PROVIDER NO. LTC80337F  
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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, patient days and use of share of cost 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	\$	380,290	\$ 176.47
Net Audit Adjustment		1,460	<u>0.68</u>
Audited Cost/Cost Per Day	\$	<u>381,750</u>	\$ <u>177.15</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  
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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:**  
RCCA - PHOENIX

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

**Provider Number:**  
LTC80337F

**Provider NPI:**  
1487781159

**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 )	2,135	2,135
2. Other Client Days (Adj )	20	20
3. Total Client Days	<u>2,155</u>	<u>2,155</u>
4. Total Client Care Expenses (From Sch. 2)	\$ <u>380,289</u>	\$ <u>381,750</u>
5. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>176.47</u>	\$ <u>177.15</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:  
RCCA - PHOENIX

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

Provider Number:  
LTC80337F

Provider NPI:  
1487781159

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED	AUDIT ADJUSTMENT	AS AUDITED
	<b>EXPENSES: CLIENT SERVICES</b>				
	<b>Basic Facility Cost - Property Expenses</b>				
045	Depreciation and Amortization		\$ 1,515	\$	\$ 1,515
050	Leases and Rentals		21,646		21,646
055	Real Property Taxes	1	1,692	1,696	3,388
060	Personal Property Taxes		91		91
065	Mortgage Interest				0
070	Property Insurance		1,170		1,170
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 26,114	\$ 1,696	\$ 27,810
	<b>Basic Facility Cost - General Home Expenses</b>				
080	Home Operations and Maintenance		\$ 3,726	\$	\$ 3,726
085	Utilities		6,371		6,371
090	Client Transportation		2,148		2,148
095	Dietary	2	10,459	(30)	10,429
100	Personal Care and Laundry		4,368		4,368
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 27,072	\$ (30)	\$ 27,042
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 53,186	\$ 1,666	\$ 54,852
	<b>EXPENSES: DIRECT CARE STAFF COSTS</b>				
115	QMRP Salaries		\$ 11,244	\$	\$ 11,244
120	QMRP Fringe Benefits		3,979		3,979
125	Lead Salaries		35,341		35,341
130	Lead Fringe Benefits		10,441		10,441
135	Aides Salaries		88,514		88,514
140	Aides Fringe Benefits		23,845		23,845
145	Other Salaries		60,794		60,794
150	Other Fringe Benefits		12,820		12,820
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 246,978	\$ 0	\$ 246,978

## SUMMARY OF AUDITED FACILITY EXPENSES

Provider:  
RCCA - PHOENIX

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

Provider Number:  
LTC80337F

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Line No.	DESCRIPTION	ADJ NO.	AS REPORTED	AUDIT ADJUSTMENT	AS AUDITED
	<b>EXPENSES: CONSULTANT COSTS</b>				
160	Dietician Consultant		\$ 752	\$	\$ 752
165	Speech Pathology Consultant		978		978
170	Physical Therapy Consultant				0
175	Occupational Therapy Consultant		720		720
180	Pharmacist Consultant				0
185	Nurse Consultant				0
190	Psychologist Consultant				0
195	Physician Consultant		958		958
200	Recreational Consultant		1,125		1,125
205	Social Service Consultant				0
210	Other Consultant				0
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 4,533	\$ 0	\$ 4,533
	<b>EXPENSES: ADMINISTRATIVE COSTS</b>				
220	Administrative Salaries		\$ 10,166	\$	\$ 10,166
225	Administrative Fringe Benefits		3,144		3,144
226	Quality Assurance Fees		26,305		26,305
230	Other Administrative and General	3-5	35,977	(205)	35,772
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 75,592	\$ (205)	\$ 75,387
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 380,289	\$ 1,461	\$ 381,750
	<b>NON-CLIENT CARE EXPENSES</b>		(To Sch. 1)		(To Sch. 1)
240	Non-Program Services		\$	\$	\$ 0
245	TOTAL FACILITY EXPENSES (Lines 110, 155, 215, 235 and 240)		\$ 380,289	\$ 1,461	\$ 381,750

Provider Name		Fiscal Period		Provider Number		Adjustments		
RCCA - PHOENIX		JULY 1, 2007 THROUGH JUNE 30, 2008		LTC80337F		5		
Adj. No.	DHS 3076 Page or Exhibit	Report References		Sch	Line	As Reported	Increase (Decrease)	As Adjusted
		Cost Report	Audit Report					
Explanation of Audit Adjustments								
<u>ADJUSTMENTS TO REPORTED COSTS</u>								
1	4	055	4	2	55.00	\$1,692	\$1,696	\$3,388
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	095	4	2	95.00	\$10,459	(\$30)	\$10,429
Dietary To eliminate restaurant expenses not related to patient care. 42 CFR 413.9(c)(3) / CMS Pub. 15-1, Section 2102.3								
3	4.1	230	4	2	230.00	\$35,977		
Other General and Administrative  To eliminate Staples Nation expenses due to lack of documentation. 42 CFR 413.20, 413.24, and 431.107 CMS Pub. 15-1 Sections 2300 and 23404, W&I Code 14124.2(b)								
4								(94)
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								(59) (\$205)
To adjust reported home office costs to agree with the ResCare, Inc. audited Home Office Cost Report for fiscal period ended June 30, 2008. 42 CFR 413.17 and 413.24 CMS Pub. 15-1, Sections 2150.2 and 2304								