REPORT
ON THE
RATE SETTING AUDIT

RCCA – PURPLE HILLS
SAN JOSE, CALIFORNIA
PROVIDER NUMBER: LTC80164F
NPI: 1205962107

FISCAL PERIOD ENDED
JUNE 30, 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: Mandy Ho

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

TOBY DOUGLAS
Director

EDMUND G. BROWN JR.
Governor

February 25, 2011

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

RCCA – PURPLE HILLS
PROVIDER NUMBER LTC80164F
NATIONAL PROVIDER IDENTIFIER (NPI) 1205962107
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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 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	$	566,470	$	258.66
Net Audit Adjustment		290		0.13
Audited Cost/Cost Per Day	$	566,760	$	258.79

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: RCCA - PURPLE HILLS

Fiscal Period: JULY 1, 2008 THROUGH JUNE 30, 2009

Provider Number: LTC80164F

Provider NPI: 1205962107

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	2,190	2,190
4. Total Client Care Expenses (From Sch. 2)	$ 566,470	$ 566,760
5. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	$ 258.66	$ 258.79
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:
RCCA - PURPLE HILLS

Fiscal Period:
JULY 1, 2008 THROUGH JUNE 30, 2009

Provider Number:
LTC80164F

NPI:
1205962107

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		$ 13,368	$	$ 13,368
050	Leases and Rentals		3,028		3,028
055	Real Property Taxes	1	7,193	802	7,995
060	Personal Property Taxes		562		562
065	Mortgage Interest				0
070	Property Insurance		2,607		2,607
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		$ 26,758	$ 802	$ 27,560
	Basic Facility Cost - General Home Expenses				
080	Home Operations and Maintenance		$ 7,289	$	$ 7,289
085	Utilities		9,307		9,307
090	Client Transportation		18,733		18,733
095	Dietary		7,776		7,776
100	Personal Care and Laundry		20,171		20,171
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		$ 63,276	$ 0	$ 63,276
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		$ 90,034	$ 802	$ 90,836
	EXPENSES: DIRECT CARE STAFF COSTS				
115	QMRP Salaries		$ 16,437	$	$ 16,437
120	QMRP Fringe Benefits		4,954		4,954
125	Lead Salaries		30,041		30,041
130	Lead Fringe Benefits		10,161		10,161
135	Aides Salaries		159,186		159,186
140	Aides Fringe Benefits		54,113		54,113
145	Other Salaries		68,331		68,331
150	Other Fringe Benefits		16,728		16,728
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		$ 359,951	$ 0	$ 359,951

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
RCCA - PURPLE HILLS

Fiscal Period:
JULY 1, 2008 THROUGH JUNE 30, 2009

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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		$ 2,366	$	$ 2,366
165	Speech Pathology Consultant		493		493
170	Physical Therapy Consultant		2,465		2,465
175	Occupational Therapy Consultant				0
180	Pharmacist Consultant				0
185	Nurse Consultant				0
190	Psychologist Consultant				0
195	Physician Consultant		40		40
200	Recreational Consultant				0
205	Social Service Consultant				0
210	Other Consultant				0
215	TOTAL CONSULTANT COST (Lines 160 through 210)		$ 5,364	$ 0	$ 5,364
	EXPENSES: ADMINISTRATIVE COSTS				
220	Administrative Salaries		$ 22,641	$	$ 22,641
225	Administrative Fringe Benefits		6,215		6,215
226	Quality Assurance Fees		25,775		25,775
230	Other Administrative and General	2,3,4,5	56,490	(512)	55,978
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		$ 111,121	$ (512)	$ 110,609
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		$ 566,470	$ 290	$ 566,760
	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)		$ 566,470	$ 290	$ 566,760

Provider Name	Fiscal Period	Provider Number	Adjustments
RCCA - PURPLE HILLS	JULY 1, 2008 THROUGH JUNE 30, 2009	LTC80164F	5

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			
1	4	55	4	2	55	3	Real Property Taxes	$7,193	$802	$7,995
							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			
	4.1	230	4	2	230	3	Other General and Administrative	$56,490		
2							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		($84)	
3							To eliminate office supply expenses due to lack of documentation. 42 CFR 413.20, 413.24, and 431.107 CMS Pub. 15-1, Sections 2300 and 2304, W&I Code 14124.2(b)		(98)	
4							To adjust reported core office costs to agree with the RCCA Core Office Audit Report for fiscal period ended June 30, 2009. 42 CFR 413.17 and 413.24 CMS Pub. 15-1, Sections 2150.2 and 2304		(148)	
5							To adjust reported home office costs to agree with the ResCare, Inc. Home Office Audit Report for fiscal period ended June 30, 2009. 42 CFR 413.17 and 413.24 CMS Pub. 15-1, Sections 2150.2 and 2304		(182) ($512)	$55,978