

**REPORT
ON THE
RATE SETTING AUDIT**

**IRENE HOUSE - ORANGE COUNTY
PLACENTIA, CALIFORNIA
PROVIDER NUMBER: LTC80231F
NPI: 1851427876**

**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

IRENE HOUSE – ORANGE COUNTY
PROVIDER NUMBER LTC80231F
NATIONAL PROVIDER IDENTIFIER (NPI) 1851427876
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	\$	447,509	\$ 215.36
Net Audit Adjustment		(2,028)	(0.98)
Audited Cost/Cost Per Day	\$	<u>445,481</u>	\$ <u>214.38</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:
IRENE HOUSE - ORANGE COUNTY

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

Provider Number:
LTC80231F

Provider NPI:
1851427876

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

	AS REPORTED	AS AUDITED
1. Medi-Cal Client Days (Adj)	2,078	2,078
2. Other Client Days (Adj)		0
3. Total Client Days	<u>2,078</u>	<u>2,078</u>
4. Total Client Care Expenses (From Sch. 2)	\$ <u>447,509</u>	\$ <u>445,481</u>
5. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>215.36</u>	\$ <u>214.38</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>
2. Credit Balances (Adj)	\$ _____	\$ <u>0</u>
3. Total Overpayments	\$ <u>0</u>	\$ <u>0</u>

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
IRENE HOUSE - ORANGE COUNTY

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

Provider Number:
LTC80231F

NPI:
1851427876

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		\$ 18,265	\$	\$ 18,265
050	Leases and Rentals		2,862		2,862
055	Real Property Taxes	1	5,218	(91)	5,127
060	Personal Property Taxes	2	335	382	717
065	Mortgage Interest				0
070	Property Insurance		2,898		2,898
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 29,578	\$ 291	\$ 29,869
	Basic Facility Cost - General Home Expenses				
080	Home Operations and Maintenance		\$ 5,326	\$	\$ 5,326
085	Utilities		6,595		6,595
090	Client Transportation		6,265		6,265
095	Dietary		10,744		10,744
100	Personal Care and Laundry		14,804		14,804
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 43,734	\$ 0	\$ 43,734
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 73,312	\$ 291	\$ 73,603
	EXPENSES: DIRECT CARE STAFF COSTS				
115	QMRP Salaries		\$ 14,635	\$	\$ 14,635
120	QMRP Fringe Benefits		5,315		5,315
125	Lead Salaries				0
130	Lead Fringe Benefits				0
135	Aides Salaries		144,806		144,806
140	Aides Fringe Benefits		37,874		37,874
145	Other Salaries		49,264		49,264
150	Other Fringe Benefits		12,349		12,349
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 264,243	\$ 0	\$ 264,243

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
IRENE HOUSE - ORANGE COUNTY

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
	EXPENSES: CONSULTANT COSTS				
160	Dietician Consultant		\$ 365	\$	\$ 365
165	Speech Pathology Consultant		1,305		1,305
170	Physical Therapy Consultant		1,561		1,561
175	Occupational Therapy Consultant		2,180		2,180
180	Pharmacist Consultant		340		340
185	Nurse Consultant		14,300		14,300
190	Psychologist Consultant		1,640		1,640
195	Physician Consultant		330		330
200	Recreational Consultant				0
205	Social Service Consultant				0
210	Other Consultant				0
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 22,021	\$ 0	\$ 22,021
	EXPENSES: ADMINISTRATIVE COSTS				
220	Administrative Salaries		\$ 16,714	\$	\$ 16,714
225	Administrative Fringe Benefits		5,696		5,696
226	Quality Assurance Fees		24,547		24,547
230	Other Administrative and General	3,4	40,976	(2,319)	38,657
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 87,933	\$ (2,319)	\$ 85,614
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 447,509	\$ (2,028)	\$ 445,481
	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)		\$ 447,509	\$ (2,028)	\$ 445,481

Provider Name		Fiscal Period				Provider Number		Adjustments	
IRENE HOUSE - ORANGE COUNTY		JANUARY 1, 2009 THROUGH DECEMBER 31, 2009				LTC80231F		4	
Adj. No.	DHS 3076 Page or Exhibit	Report References				As Reported	Increase (Decrease)	As Adjusted	
		Cost Report	Audit Report	Line	Col				
		Line	Col.	Sch.	Line	Col			
ADJUSTMENTS TO REPORTED COSTS									
1	4	55	4	2	55	3	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	\$5,218 (\$91)	\$5,127
2	4	60	4	2	60	3	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	\$335	\$717
3	4.1	230	4	2	230	3	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	\$40,976	(\$66)
4							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	<u>(2,253)</u> (\$2,319)	\$38,657