

**REPORT
ON THE
RATE SETTING AUDIT**

**HATHAWAY ICF/DDH
HAYWARD, CALIFORNIA
NATIONAL PROVIDER IDENTIFIER: 1659545069**

**FISCAL PERIOD ENDED
DECEMBER 31, 2011**

**Audits Section—Richmond
Financial Audits Branch
Audits and Investigations
Department of Health Care Services**

**Section Chief: Louise Wong
Audit Supervisor: Jesse Duran
Auditor: Li Jing Yu**



TOBY DOUGLAS
DIRECTOR

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



EDMUND G. BROWN JR.
GOVERNOR

June 28, 2013

Mone Mohseni, Administrator
Hathaway ICF/DDH
19834 Hathaway Avenue
Hayward, CA 94541

HATHAWAY ICF/DDH
NATIONAL PROVIDER IDENTIFIER (NPI) 1659545069
FISCAL PERIOD ENDED DECEMBER 31, 2011

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	\$	315,287	\$ 158,12
Net Audit Adjustment		(74,627)	(37.43)
Audited Cost/Cost Per Day	\$	<u>240,660</u>	\$ <u>120.69</u>

This audit report includes the:

1. Audit Report Schedules 1 and 2
2. Audit Adjustments Schedule

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 Fee-For-Service Rates Development Division.

Mone Mohseni
Page 2

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:

John Melton, 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—Richmond at (510) 620-3100.

Original Signed by

Louise Wong, Chief
Audits Section—Richmond
Financial Audits Branch

Certified

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

Provider:
HATHAWAY ICF/DDH

Fiscal Period:
JANUARY 1, 2011 THROUGH DECEMBER 31, 2011

Provider NPI:
1659545069

SUMMARY OF AUDITED FACILITY CENSUS AND AUDITED CLIENT COST PER DAY	AS REPORTED	AS AUDITED
1. Medi-Cal Client Days (Adj)	1,994	1,994
2. Medi-Cal Managed Care Days (Adj)		0
3. Other Client Days (Adj)		0
4. Total Client Days	<u>1,994</u>	<u>1,994</u>
5. Total Client Care Expenses (From Sch. 2)	\$ <u>315,287</u>	\$ <u>240,660</u>
6. AVERAGE CLIENT COST PER DAY (Line 5 / Line 4)	\$ <u>158.12</u>	\$ <u>120.69</u>
SHARE OF COST		
1. Share of Cost Audit Adjustment (Adj)	\$ <u>NA</u>	\$ <u>0</u>
OVERPAYMENTS		
1. Duplicate Payments (Adj)	\$ <u> </u>	\$ <u>0</u>
2. Credit Balances (Adj)	\$ <u> </u>	\$ <u>0</u>
3. Total Overpayments	\$ <u>0</u>	\$ <u>0</u>

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
HATHAWAY ICF/DDH

Fiscal Period:
JANUARY 1, 2011 THROUGH DECEMBER 31, 2011

Provider NPI:
1659545069

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		\$ 3,736	\$ 0	\$ 3,736
050	Leases and Rentals				0
055	Real Property Taxes		4,485	0	4,485
060	Personal Property Taxes				0
065	Mortgage Interest	4	14,485	(1,329)	13,156
070	Property Insurance	5	3,600	(2,873)	727
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 26,306	\$ (4,202)	\$ 22,104
	Basic Facility Cost - General Home Expenses				
080	Home Operations and Maintenance	3	\$ 16,977	\$ (2,762)	\$ 14,215
085	Utilities	2	11,754	(2,017)	9,737
090	Client Transportation (excluding Adult Day Services)	6, 7	23,237	(10,522)	12,715
095	Dietary		25,946	0	25,946
100	Personal Care and Laundry		1,952	0	1,952
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 79,866	\$ (15,301)	\$ 64,565
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 106,172	\$ (19,503)	\$ 86,669
	EXPENSES: DIRECT CARE STAFF COSTS				
115	QMRP Salaries		\$ 12,500	\$ 0	\$ 12,500
120	QMRP Fringe Benefits	8, 9	2,870	(1,525)	1,345
125	Lead Salaries	10	41,523	(41,523)	0
130	Lead Fringe Benefits		0		0
135	Aides Salaries		89,351	0	89,351
140	Aides Fringe Benefits	8, 9	20,515	(10,901)	9,614
145	Other Salaries				0
150	Other Fringe Benefits				0
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 166,759	\$ (53,949)	\$ 112,810

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
HATHAWAY ICF/DDH

Fiscal Period:
JANUARY 1, 2011 THROUGH DECEMBER 31, 2011

Provider NPI:
1659545069

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED Col. 1	AUDIT ADJUSTMENT Col. 2	AS AUDITED Col. 3
	EXPENSES: CONSULTANT COSTS				
160	Dietician Consultant		\$ 1,238	\$ 0	\$ 1,238
165	Speech Pathology Consultant				0
170	Physical Therapy Consultant				0
175	Occupational Therapy Consultant				0
180	Pharmacist Consultant				0
185	Nurse Consultant		6,765	0	6,765
190	Psychologist Consultant		600	0	600
195	Physician Consultant		750	0	750
200	Recreational Consultant		1,038	0	1,038
205	Social Service Consultant				0
210	Other Consultant	1	11,351	(1,175)	10,176
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 21,742	\$ (1,175)	\$ 20,567
	EXPENSES: ADMINISTRATIVE COSTS				
220	Administrative Salaries **		\$	\$	\$ 0
225	Administrative Fringe Benefits				0
226	Quality Assurance Fees (excluding Adult Day Services)		13,525	0	13,525
230	Other General and Administrative*** (excluding Adult Day Services)		7,089	0	7,089
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 20,614	\$ 0	\$ 20,614
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 315,287	\$ (74,627)	\$ 240,660
	NON-CLIENT CARE EXPENSES		(To Sch. 1)		(To Sch. 1)
240	Non-Program Services		\$	\$	\$ 0
241	Adult Day Services and Related Transportation				0
245	TOTAL FACILITY EXPENSES (Lines 110, 155, 215, 235, 240 and 241)		\$ 315,287	\$ (74,627)	\$ 240,660

Page 2 of 2

** List only direct administrative salaries incurred at the facility level

*** List allocated administrative costs on Line 230

Provider Name							Fiscal Period	Provider NPI		Adjustments
HATHAWAY ICF/DDH							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1659545069		10
Report References							Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted
Cost Report			Audit Report							
Adj. No.	DHS 3076 Page or Exhibit	Line	Col.	Sch.	Line	Col.				
<u>ADJUSTMENTS TO REPORTED COSTS</u>										
1	4.1	210	4	2	210	3	Other Consultant To eliminate nonallowable preparation fee for setting up unrelated LL corporation for proper cost determinator 42 CFR 413.9(c)(3) CMS Pub. 15-1, Sections 2102.3 and 2105	\$11,351	(\$1,175)	\$10,176
2	4	085	4	2	085	3	Utilities To eliminate gas and electric expense not related to the audit facility for proper cost determination. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	\$11,754	(\$2,017)	\$9,737
3	4	080	4	2	080	3	Home Operations and Maintenance To eliminate repair and painting expense due to lack of documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304 W&I Code 14124.2(b)	\$16,977	(\$2,762)	\$14,215
4	4	065	4	2	065	3	Mortgage Interest To adjust mortgage interest expense to agree with expense applicable to the audit period. 42 CFR 413.5 and 413.24 CMS Pub. 15-1, Sections 2300, 2302.1, 2304, and 2306	\$14,485	(\$1,329)	\$13,156
5	4	070	4	2	070	3	Property Insurance To adjust property insurance expenses to agree with the provider's records. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	\$3,600	(\$2,873)	\$727

Provider Name							Fiscal Period	Provider NPI		Adjustments
HATHAWAY ICF/DDH							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1659545069		10
Report References							Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted
Adj. No.	Cost Report			Audit Report						
	DHS 3076 Page or Exhibit	Line	Col.	Sch.	Line	Col.				
<u>ADJUSTMENTS TO REPORTED COSTS</u>										
6	4	090	4	2	090	3	Client Transportation To eliminate car/van repair and maintenance expenses due to lack of documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304 W&I Code 14124.2(b)	\$23,237	(\$10,036)	\$13,201 *
7	4	090	4	2	090	3	Client Transportation To adjust auto finance expense to agree with the provider's records. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	* \$13,201	(\$486)	\$12,715
8	4.1	120	4	2	120	3	QMRP Fringe Benefits	\$2,870	(\$125)	\$2,745 *
	4.1	140	4	2	140	3	Aides Benefits To adjust payroll taxes to agree with the provider's records. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	20,515	(894)	19,621 *
9	4.1	120	4	2	120	3	QMRP Fringe Benefits	* \$2,745	(\$1,400)	\$1,345
	4.1	140	4	2	140	3	Aides Benefits To eliminate workers' compensation expense due to insufficient documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	* 19,621	(10,007)	9,614
10	4.1	125	4	2	125	3	Lead To eliminate lead salary expense to agree with the provider's payroll records. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	\$41,523	(\$41,523)	\$0

*Balance carried forward from prior/to subsequent adjustments