

**REPORT  
ON THE  
RATE SETTING AUDIT**

**NEAL'S HOME ICF/DD-N  
HAYWARD, CALIFORNIA  
NATIONAL PROVIDER IDENTIFIER: 1023219466**

**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: Ken Phelan  
Auditor: Joanne Hui**



TOBY DOUGLAS  
DIRECTOR

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



EDMUND G. BROWN JR.  
GOVERNOR

June 28, 2013

Lionel Pagador, President  
Neal's Home ICF/DD-N  
1916 Shoreview Avenue  
San Mateo, CA 94401

NEAL'S HOME ICF/DD-N  
NATIONAL PROVIDER IDENTIFIER (NPI) 1023219466  
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	\$	394,256	\$ 186.85
Net Audit Adjustment		<u>(22,953)</u>	<u>(11.62)</u>
Audited Cost/Cost Per Day	\$	<u>371,303</u>	\$ <u>175.23</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.

Lionel Pagador  
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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:**  
NEAL'S HOME ICF/DD-N

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

**Provider NPI:**  
1023219466

<b>SUMMARY OF AUDITED FACILITY CENSUS AND AUDITED CLIENT COST PER DAY</b>	<b>AS REPORTED</b>	<b>AS AUDITED</b>
1. Medi-Cal Client Days (Adj )	1,745	1,745
2. Medi-Cal Managed Care Days (Adj )	0	0
3. Other Client Days (Adj 6)	365	374
4. Total Client Days	<u>2,110</u>	<u>2,119</u>
5. Total Client Care Expenses (From Sch. 2)	\$ <u>394,256</u>	\$ <u>371,303</u>
6. AVERAGE CLIENT COST PER DAY (Line 5 / Line 4)	\$ <u>186.85</u>	\$ <u>175.23</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:  
NEAL'S HOME ICF/DD-N

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

Provider NPI:  
1023219466

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		\$ 3,367	\$ 0	\$ 3,367
050	Leases and Rentals		0	0	0
055	Real Property Taxes		5,532	0	5,532
060	Personal Property Taxes		0	0	0
065	Mortgage Interest		9,579	0	9,579
070	Property Insurance		698	0	698
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 19,176	\$ 0	\$ 19,176
	<b>Basic Facility Cost - General Home Expenses</b>				
080	Home Operations and Maintenance		\$ 8,110	\$ 0	\$ 8,110
085	Utilities		9,896	0	9,896
090	Client Transportation (excluding Adult Day Services)		6,047	0	6,047
095	Dietary		12,989	0	12,989
100	Personal Care and Laundry		2,953	0	2,953
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 39,995	\$ 0	\$ 39,995
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 59,171	\$ 0	\$ 59,171
	<b>EXPENSES: DIRECT CARE STAFF COSTS</b>				
115	QMRP Salaries	3	\$ 15,750	\$ 2,250	\$ 18,000
120	QMRP Fringe Benefits		0	0	0
125	Lead Salaries		0	0	0
130	Lead Fringe Benefits		0	0	0
135	Aides Salaries	3	83,261	(747)	82,514
140	Aides Fringe Benefits	3	11,229	(3,865)	7,364
145	Other Salaries		0	0	0
150	Other Fringe Benefits		0	0	0
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 110,240	\$ (2,362)	\$ 107,878

## SUMMARY OF AUDITED FACILITY EXPENSES

Provider:  
NEAL'S HOME ICF/DD-N

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

Provider NPI:  
1023219466

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		\$ 1,128	\$ 0	\$ 1,128
165	Speech Pathology Consultant		440	0	440
170	Physical Therapy Consultant		75	0	75
175	Occupational Therapy Consultant		0	0	0
180	Pharmacist Consultant		0	0	0
185	Nurse Consultant	4	99,904	(7,356)	92,548
190	Psychologist Consultant		790	0	790
195	Physician Consultant		0	0	0
200	Recreational Consultant		963	0	963
205	Social Service Consultant		292	0	292
210	Other Consultant		0	0	0
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 103,592	\$ (7,356)	\$ 96,236
	<b>EXPENSES: ADMINISTRATIVE COSTS</b>				
220	Administrative Salaries **	1,3	\$ 68,715	\$ (8,062)	\$ 60,653
225	Administrative Fringe Benefits	3	11,327	(6,684)	4,643
226	Quality Assurance Fees (excluding Adult Day Services)		25,828	0	25,828
230	Other General and Administrative*** (Excluding Adult Day Services)	1, 2,5	15,383	1,511	16,894
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 121,253	\$ (13,235)	\$ 108,018
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 394,256	\$ (22,953)	\$ 371,303
	<b>NON-CLIENT CARE EXPENSES</b>		(To Sch. 1)		(To Sch. 1)
240	Non-Program Services		\$ 0	\$ 0	\$ 0
241	Adult Day Services and Related Transportation		0	0	0
245	TOTAL FACILITY EXPENSES (Lines 110, 155, 215, 235, 240 and 241)		\$ 394,256	\$ (22,953)	\$ 371,303

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

\*\*\* List allocated administrative costs on Line 230

Provider Name							Fiscal Period		Provider NPI		Adjustments
NEAL'S HOME ICF/DD-N							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011		1023219466		6
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.					
<b><u>RECLASSIFICATION OF REPORTED COSTS</u></b>											
1	4.1	220	4	2	220	3	Administrative Salaries	\$68,715	(\$2,443)	\$66,272 *	
	4.1	230	4	2	230	3	Other General and Administrative To reclassify administrative purchased services expense to the appropriate cost center for proper cost determination 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300, 2302.8, and 2304	15,383	2,443	17,826 *	

\*Balance carried forward from prior/to subsequent adjustments

Provider Name							Fiscal Period	Provider NPI		Adjustments	
NEAL'S HOME ICF/DD-N							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1023219466		6	
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.					
<b><u>ADJUSTMENTS TO REPORTED COSTS</u></b>											
2	4.1	230	4	2	230	3	Other General and Administrative To adjust administrative purchased services expense to agree with the provider's records. 42 CFR 413.24 and 413.20 CMS Pub. 15-1, Sections 2300 and 2304	*	\$17,826	(\$573)	\$17,253 *
3	4.1	115	4	2	115	3	QMRP Salaries		\$15,750	\$2,250	\$18,000
	4.1	135	4	2	135	3	Aides Salaries		83,261	(747)	82,514
	4.1	140	4	2	140	3	Aides Fringe Benefits		11,229	(3,865)	7,364
	4.1	220	4	2	220	3	Administrative Salaries	*	66,272	(5,619)	60,653
	4.1	225	4	2	225	3	Administrative Fringe Benefits To adjust salaries and benefits to agree with the provider's payroll records. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304		11,327	(6,684)	4,643
4	4.1	185	4	2	185	3	Nurse Consultant To adjust nurse consultant costs to agree with the provider's records. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304		\$99,904	(\$7,356)	\$92,548
5	4.1	230	4	2	230	3	Other General and Administrative To adjust interest expense to agree with the provider's records. 42 CFR 413.20 and 413.24 Pub. 15-1, Sections 202.1, 2300, and 2304	*	\$17,253	(\$359)	\$16,894

\*Balance carried forward from prior/to subsequent adjustments

Provider Name			Fiscal Period				Provider NPI		Adjustments	
NEAL'S HOME ICF/DD-N			JANUARY 1, 2011 THROUGH DECEMBER 31, 2011				1023219466		6	
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.				
<b><u>ADJUSTMENT TO REPORTED CLIENT DAYS</u></b>										
6	2	3	3	1	3	2	Other Client Days	365	9	374
	2	3	4	1	4	2	Total Client Days	2,110	9	2,119
							To adjust total client days to agree with the provider's census report. 42 CFR 413.20, 413.24, and 413.50 CMS Pub. 15-1, Sections 2205, 2300, and 2304			