REPORT
ON THE
RATE SETTING AUDIT

NEW WAY ICF/DDN #5
ANTIOCH, CALIFORNIA
NATIONAL PROVIDER IDENTIFIER: 1104098953

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: Marisa Ho
Auditor: Jonathan Pacheco

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

TOBY DOUGLAS
DIRECTOR

EDMUND G. BROWN JR.
GOVERNOR

January 24, 2013

Lupe Henry
Program Director
New Way Services Inc.
1130 Burnett Avenue, Suite M
Concord, CA 94520

NEW WAY ICF/DDN #5
NATIONAL PROVIDER IDENTIFIER (NPI): 1104098953
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:

COST AND COST PER DAY		COST		COST PER DAY
Reported Cost/Cost Per Day	$	462,321	$	213.15
Net Audit Adjustment		(7,685)		(3.54)
Audited Cost/Cost Per Day	$	454,636	$	209.61

This audit report includes the:

1. Audit Report Schedules 1 and 2

2. Audit Adjustments Schedule

850 Marina Bay Parkway, Building P, 2nd Floor, MS 2104, Richmond, CA 94804-6403
Telephone: (510) 620-3100 FAX: (510) 620-3111
Internet Address: www.dhcs.ca.gov

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.

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:
NEW WAY ICF/DDN #5

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

Provider NPI:
1104098953

SUMMARY OF AUDITED FACILITY CENSUS AND AUDITED CLIENT COST PER DAY	AS REPORTED	AS AUDITED
1. Medi-Cal Client Days (Adj)	2,169	2,169
2. Medi-Cal Managed Care Days (Adj)		0
3. Other Client Days (Adj)		0
4. Total Client Days	2,169	2,169
5. Total Client Care Expenses (From Sch. 2)	$ 462,321	$ 454,636
6. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	$ 213.15	$ 209.61
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:
NEW WAY ICF/DDN #5

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

Provider NPI:
1104098953

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	1,6	$ 3,869	$ (1,074)	$ 2,795
050	Leases and Rentals	6	1,999	61	2,060
055	Real Property Taxes		2,161	0	2,161
060	Personal Property Taxes				0
065	Mortgage Interest		9,830	0	9,830
070	Property Insurance				0
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		$ 17,859	$ (1,013)	$ 16,846
	Basic Facility Cost - General Home Expenses				
080	Home Operations and Maintenance		$ 25,762	$ 0	$ 25,762
085	Utilities		12,315	0	12,315
090	Client Transportation (excluding Adult Day Services)		10,894	0	10,894
095	Dietary		6,273	0	6,273
100	Personal Care and Laundry		9,154	0	9,154
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		$ 64,398	$ 0	$ 64,398
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		$ 82,257	$ (1,013)	$ 81,244
	EXPENSES: DIRECT CARE STAFF COSTS				
115	QMRP Salaries		$ 14,326	$ 0	$ 14,326
120	QMRP Fringe Benefits	3	2,484	96	2,580
125	Lead Salaries		27,287	0	27,287
130	Lead Fringe Benefits	3	4,731	184	4,915
135	Aides Salaries		131,965	0	131,965
140	Aides Fringe Benefits	3	22,881	888	23,769
145	Other Salaries				0
150	Other Fringe Benefits				0
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		$ 203,674	$ 1,168	$ 204,842

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
NEW WAY ICF/DDN #5

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

Provider NPI:
1104098953

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED Col. 1	AUDIT ADJUSTMENT Col. 2	AS AUDITED Col. 3
	EXPENSES: CONSULTANT COSTS				
160	Dietician Consultant		$ 2,336	$ 0	$ 2,336
165	Speech Pathology Consultant				0
170	Physical Therapy Consultant				0
175	Occupational Therapy Consultant				0
180	Pharmacist Consultant		200	0	200
185	Nurse Consultant		85,914	0	85,914
190	Psychologist Consultant		950	0	950
195	Physician Consultant		1,200	0	1,200
200	Recreational Consultant	2	1,064	(225)	839
205	Social Service Consultant				0
210	Other Consultant		100	0	100
215	TOTAL CONSULTANT COST (Lines 160 through 210)		$ 91,764	$ (225)	$ 91,539
	EXPENSES: ADMINISTRATIVE COSTS				
220	Administrative Salaries **		$ 33,382	$ 0	$ 33,382
225	Administrative Fringe Benefits	6	5,788	225	6,013
226	Quality Assurance Fees (excluding Adult Day Services)		21,537	0	21,537
230	Other General and Administrative*** (Excluding Adult Day Services)	4,5,6	23,919	(7,840)	16,079
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		$ 84,626	$ (7,615)	$ 77,011
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		$ 462,321	$ (7,685)	$ 454,636
	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)		$ 462,321	$ (7,685)	$ 454,636

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

*** List allocated administrative costs on Line 230

Provider Name	Fiscal Period	Provider NPI	Adjustments
NEW WAY ICF/DDN #5	JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1104098953	6

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	045	4	2	045	3	Depreciation and Amortization To adjust the reported depreciation expense to agree with the provider' records. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	$3,869	$138	$4,007 *
2	4.1	200	4	2	200	3	Recreational Consultant To adjust the reported Recreational Consultant expense to agree with the provider's records. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	$1,064	($225)	$839
3	4.1	120	4	2	120	3	QMRP Fringe Benefits	$2,484	$96	$2,580
	4.1	130	4	2	130	3	Lead Fringe Benefits	4,731	184	4,915
	4.1	140	4	2	140	3	Aides Fringe Benefits To adjust the reported benefit expenses to agree with the provider's records. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	22,881	888	23,769
4	4.1	230	4	2	230	3	Other General and Administrative To eliminate other general and administrative expenses due to insufficient documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	$23,919	($218)	$23,701 *
5	4.1	230	4	2	230	3	Other General and Administrative * To eliminate cost report preparation expenses already reported on the New Way Services Inc. home office cost report. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	$23,701	($100)	$23,601 *

*Balance carried forward from prior/to subsequent adjustments

Provider Name	Fiscal Period	Provider NPI	Adjustments
NEW WAY ICF/DDN #5	JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1104098953	6

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				
6	4	045	4	2	045	3	Depreciation and Amortization	*	$4,007	($1,212)	$2,795
	4	050	4	2	050	3	Leases and Rentals		1,999	61	2,060
	4.1	225	4	2	225	3	Administrative Fringe Benefits		5,788	225	6,013
	4.1	230	4	2	230	3	Other General and Administrative	*	23,601	(7,522)	16,079
							To adjust reported home office costs to agree with the New Way Services Inc. Home Office Audit Report for fiscal period ended December 31, 2011. 42 CFR 413.17 and 413.24 CMS Pub. 15-1, Sections 2150.2 and 2304				

*Balance carried forward from prior/to subsequent adjustments