

**REPORT  
ON THE  
RATE SETTING AUDIT**

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

**FISCAL PERIOD ENDED  
DECEMBER 31, 2010**

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

**Section Chief: Louise Wong  
Audit Supervisor: Jesse Duran  
Auditor: John Uribe**



TOBY DOUGLAS  
DIRECTOR

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



EDMUND G. BROWN JR.  
GOVERNOR

January 10, 2012

Lionel Pagador  
Neal's Home ICF/DD-N  
25247 Calaroga Avenue  
Hayward, CA 94545-2503

NEAL'S HOME ICF/DD-N  
NATIONAL PROVIDER IDENTIFIER (NPI) 1023219466  
FISCAL PERIOD ENDED DECEMBER 31, 2010

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	\$	396,044	\$	199.92
Net Audit Adjustment		<u>(31,280)</u>		<u>(15.79)</u>
Audited Cost/Cost Per Day	\$	<u>364,764</u>	\$	<u>184.13</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 Medi-Cal Benefits, Waiver Analysis and Rates 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, 2010 THROUGH DECEMBER 31, 2010

**Provider NPI:**  
1023219466

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

	<b>AS REPORTED</b>	<b>AS AUDITED</b>
1. Medi-Cal Client Days (Adj 5)	1,616	1,611
2. Medi-Cal Managed Care Days (Adj )	0	0
3. Other Client Days (Adj 6)	365	370
4. Total Client Days	<u>1,981</u>	<u>1,981</u>
5. Total Client Care Expenses (From Sch. 2)	\$ <u>396,044</u>	\$ <u>364,764</u>
6. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>199.92</u>	\$ <u>184.13</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, 2010 THROUGH DECEMBER 31, 2010

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		\$ 3,186	\$ 0	\$ 3,186
050	Leases and Rentals		0	0	0
055	Real Property Taxes		5,564	0	5,564
060	Personal Property Taxes		0	0	0
065	Mortgage Interest		11,334	0	11,334
070	Property Insurance		1,023	0	1,023
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 21,107	\$ 0	\$ 21,107
	<b>Basic Facility Cost - General Home Expenses</b>				
080	Home Operations and Maintenance		\$ 5,327	\$ 0	\$ 5,327
085	Utilities		6,703	0	6,703
090	Client Transportation (excluding Adult Day Services)		3,441	0	3,441
095	Dietary		9,083	0	9,083
100	Personal Care and Laundry		1,947	0	1,947
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 26,501	\$ 0	\$ 26,501
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 47,608	\$ 0	\$ 47,608
	<b>EXPENSES: DIRECT CARE STAFF COSTS</b>				
115	QMRP Salaries		\$ 18,650	\$ 0	\$ 18,650
120	QMRP Fringe Benefits		0	0	0
125	Lead Salaries		44,519	0	44,519
130	Lead Fringe Benefits		7,118	0	7,118
135	Aides Salaries		76,075	0	76,075
140	Aides Fringe Benefits		7,196	0	7,196
145	Other Salaries		0	0	0
150	Other Fringe Benefits		0	0	0
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 153,558	\$ 0	\$ 153,558

## SUMMARY OF AUDITED FACILITY EXPENSES

Provider:  
NEAL'S HOME ICF/DD-N

Fiscal Period:  
JANUARY 1, 2010 THROUGH DECEMBER 31, 2010

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		\$ 1,024	\$ 0	\$ 1,024
165	Speech Pathology Consultant		558	0	558
170	Physical Therapy Consultant		364	0	364
175	Occupational Therapy Consultant		346	0	346
180	Pharmacist Consultant		0	0	0
185	Nurse Consultant	1	89,528	(29,000)	60,528
190	Psychologist Consultant		616	0	616
195	Physician Consultant		0	0	0
200	Recreational Consultant		1,652	0	1,652
205	Social Service Consultant		0	0	0
210	Other Consultant		0	0	0
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 94,088	\$ (29,000)	\$ 65,088
<b>EXPENSES: ADMINISTRATIVE COSTS</b>					
220	Administrative Salaries **		\$ 56,459	\$ 0	\$ 56,459
225	Administrative Fringe Benefits		9,351	0	9,351
226	Quality Assurance Fees (excluding Adult Day Services)		23,466	0	23,466
230	Other General and Administrative*** (excluding Adult Day Services)	2, 3, 4	11,514	(2,280)	9,234
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 100,790	\$ (2,280)	\$ 98,510
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 396,044	\$ (31,280)	\$ 364,764
			(To Sch. 1)		(To Sch. 1)
<b>NON-CLIENT CARE EXPENSES</b>					
240	Non-Program Services		\$ 0	\$	\$ 0
241	Adult Day Services and Related Transportation		0		0
245	TOTAL FACILITY EXPENSES (Lines 110, 155, 215, 235, 240 and 241)		\$ 396,044	\$ (31,280)	\$ 364,764

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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, 2010 THROUGH DECEMBER 31, 2010				1023219466		6				
Adj. No.	DHS 3076 Page or Exhibit	Report References		Audit Report		Line	Col.	Sch.	Col.	As Reported	Increase (Decrease)	As Adjusted
		Line	Col.	Line	Col.							
<b>ADJUSTMENTS TO REPORTED COSTS</b>												
1	4.1	185	4	2	185	3				\$89,528	(\$29,000)	\$60,528
Nurse Consultant To revise nurse consultant expenses to agree with the provider's records. 42 CFR 413.20 and 413.24 CCR, Title 22, Section 73873(i) CMS Pub. 15-1, Section 2304												
2	4.1	230	4	2	230	3				\$11,514	(\$211)	\$11,303 *
Other General and Administrative To abate interest income against interest expense. 42 CFR 413.153(b)(2)(iii) CMS Pub. 15-1, Sections 202.2 and 202.2C												
3	4.1	230	4	2	230	3			*	\$11,303	(\$1,867)	\$9,436 *
Other General and Administrative To eliminate state income taxes. 42 CFR 413.9 and 413.20 CMS Pub. 15-1, Section 2122.2B												
4	4.1	230	4	2	230	3			*	\$9,436	(\$202)	\$9,234
Other General and Administrative To eliminate penalties and overdraft fees not related to patient care. 42 CFR 413.9(c)(3) CMS Pub. 15-1, Section 2102.3												

\*Balance carried forward from prior/to subsequent adjustments

Provider Name		Fiscal Period		Provider NPI		Adjustments				
NEAL'S HOME ICF/DD-N		JANUARY 1, 2010 THROUGH DECEMBER 31, 2010		1023219466		6				
Adj. No.	DHS 3076 Page or Exhibit	Report References		Line	Sch.	Col.	Col.			
		Cost Report	Audit Report					AS Reported	Increase (Decrease)	AS Adjusted
5	2	3	1	1	1	2	2	1,611	(5)	1,611
<p><b>ADJUSTMENTS TO REPORTED CLIENT DAYS</b></p> <p>Medi-Cal Client Days                      To adjust reported Intermediate Care Facility Medi-Cal days to agree with the following Paid Claims Summary Report.                      Service Period: January 1, 2010 through December 31, 2010                      Payment Period: January 1, 2010 through July 31, 2011                      Report Date: August 22, 2011                      42 CFR 413.20, 413.24, 413.50, 413.53, 413.60, 413.64, and 433.139                      CMS Pub. 15-1, Sections 2300, 2304, 2404, and 2408</p>										
6	2	3	2	1	3	2	2	365	5	370
<p>Other Client Days                      To adjust client days to agree with the provider's census report.                      CMS Pub. 15-1, Sections 2205 and 2304</p>										