

**REPORT
ON THE
RATE SETTING AUDIT**

**NEW WAY ICF/DDN #1
CONCORD, CALIFORNIA
NATIONAL PROVIDER IDENTIFIER: 1821151846**

**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: Marisa Ho
Auditor: Marvin Reynolds**



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



EDMUND G. BROWN JR.
GOVERNOR

December 22, 2011

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

NEW WAY ICF/DDN #1
NATIONAL PROVIDER IDENTIFIER (NPI) 1821151846
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	\$	410,708	\$ 187.54
Net Audit Adjustment		<u>177</u>	<u>.08</u>
Audited Cost/Cost Per Day	\$	<u>410,885</u>	\$ <u>187.62</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.

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 #1

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

Provider NPI:
1821151846

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

	AS REPORTED	AS AUDITED
1. Medi-Cal Client Days (Adj 4)	0	2,190
2. Medi-Cal Managed Care Days (Adj 4)	2,190	0
3. Other Client Days (Adj)		0
4. Total Client Days	<u>2,190</u>	<u>2,190</u>
5. Total Client Care Expenses (From Sch. 2)	\$ <u>410,708</u>	\$ <u>410,885</u>
6. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>187.54</u>	\$ <u>187.62</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)	\$ _____	\$ 0
2. Credit Balances (Adj)	\$ _____	\$ 0
3. Total Overpayments	\$ <u>0</u>	\$ <u>0</u>

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
NEW WAY ICF DDN #1

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

Provider NPI:
1821151846

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		\$ 2,153	\$ 0	\$ 2,153
050	Leases and Rentals		0		0
055	Real Property Taxes		4,037	0	4,037
060	Personal Property Taxes		0		0
065	Mortgage Interest		15,041	0	15,041
070	Property Insurance		622	0	622
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 21,853	\$ 0	\$ 21,853
	Basic Facility Cost - General Home Expenses				
080	Home Operations and Maintenance		\$ 23,037	\$ 0	\$ 23,037
085	Utilities		10,839	0	10,839
090	Client Transportation (excluding Adult Day Services)	1	10,194	(806)	9,388
095	Dietary		4,186	0	4,186
100	Personal Care and Laundry		15,505	0	15,505
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 63,761	\$ (806)	\$ 62,955
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 85,614	\$ (806)	\$ 84,808
	EXPENSES: DIRECT CARE STAFF COSTS				
115	QMRP Salaries		\$ 13,600	\$ 0	\$ 13,600
120	QMRP Fringe Benefits	2	1,757	501	2,258
125	Lead Salaries		36,354	0	36,354
130	Lead Fringe Benefits	2	10,845	(4,808)	6,037
135	Aides Salaries		95,859	0	95,859
140	Aides Fringe Benefits	2	15,870	48	15,918
145	Other Salaries		0		0
150	Other Fringe Benefits		0		0
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 174,286	\$ (4,259)	\$ 170,026

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
NEW WAY ICF DDN #1

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

Provider NPI:
1821151846

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED Col. 1	AUDIT ADJUSTMENT Col. 2	AS AUDITED Col. 3
EXPENSES: CONSULTANT COSTS					
160	Dietician Consultant		\$ 2,271	\$ 0	\$ 2,271
165	Speech Pathology Consultant		0		0
170	Physical Therapy Consultant		0		0
175	Occupational Therapy Consultant		0		0
180	Pharmacist Consultant		200	0	200
185	Nurse Consultant	3	75,421	5,243	80,664
190	Psychologist Consultant		0		0
195	Physician Consultant		1,200	0	1,200
200	Recreational Consultant		806	0	806
205	Social Service Consultant		0		0
210	Other Consultant		259	0	259
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 80,158	\$ 5,243	\$ 85,400
EXPENSES: ADMINISTRATIVE COSTS					
220	Administrative Salaries **		\$ 24,072	\$ 0	\$ 24,072
225	Administrative Fringe Benefits		3,968	0	3,968
226	Quality Assurance Fees (excluding Adult Day Services)		27,806	0	27,806
230	Other General and Administrative*** (excluding Adult Day Services)		14,805	0	14,805
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 70,650	\$ 0	\$ 70,651
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 410,708	\$ 178	\$ 410,885
			(To Sch. 1)		(To Sch. 1)
NON-CLIENT CARE EXPENSES					
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)		\$ 410,708	\$ 178	\$ 410,885

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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			
NEW WAY ICF/DDN #1		JANUARY 1, 2010 THROUGH DECEMBER 31, 2010				1821151846		4			
Adj. No.	DHS 3076 Page or Exhibit	Report References		Audit Report		Sch.	Line	Col.	As Reported	Increase (Decrease)	As Adjusted
		Cost Report	Line	Col.	Line						
1	4	90	4	2	90	2			\$10,194	(\$806)	\$9,388
<p>Client Transportation To reconcile the reported expenses to agree with the provider's general ledger and other documentation. CMS Pub. 15-1, Sections 2300 and 2304</p>											
2	4	120	4	2	120	2			\$1,757	\$501	\$2,258
	4	130	4	2	130	2			10,845	(4,808)	6,037
	4	140	4	2	140	2			15,870	48	15,918
<p>QMRP Fringe Benefits Lead Benefits Aides Benefits To adjust Fringe Benefits to agree with the provider records. CMS Pub. 15-1, Sections 2300 and 2304</p>											
3	4	185	4	2	185	2			\$75,421	\$5,243	\$80,664
<p>Nurse Consultant To adjust Nurse Consultant salaries and benefits based on provider allocation worksheet. CMS Pub. 15-1, Sections 2300 and 2304</p>											

