

**REPORT
ON THE
RATE SETTING AUDIT**

**NEW WAY ICF/DD-H #3
CONCORD, CALIFORNIA
PROVIDER NUMBER: LTC60422H AND
NPI NUMBER: 1528121118**

**FISCAL PERIOD ENDED
DECEMBER 31, 2007**

**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**



DAVID MAXWELL-JOLLY
Director

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



ARNOLD SCHWARZENEGGER
Governor

January 13, 2009

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

PROVIDER: NEW WAY ICF/DD-H #3
PROVIDER NO. LTC60422H AND NPI NO. 1528121118
FISCAL PERIOD ENDED DECEMBER 31, 2007

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	\$	360,129	\$ 170.84
Net Audit Adjustment		<u>(520)</u>	<u>(0.25)</u>
Audited Cost/Cost Per Day	\$	<u>359,609</u>	\$ <u>170.59</u>

This audit report includes the:

1. Audit Report Schedules 1 through 3
2. Audit Adjustments that include a summary of the total due the State in the amount of \$1,090 which resulted from Medi-Cal overpayments
3. Audited Allocation of Home Office Cost

The audit settlement will be incorporated into a Statement of Account Status, which may reflect tentative retroactive adjustment determinations, payments from the provider, and other financial transactions initiated by the Department. The Statement of Account Status will be forwarded to the provider by the State's fiscal intermediary. Instructions regarding payment will be included with the Statement of Account Status.

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 Rate Development Branch.

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:

Chief
Office of Administrative Appeals and Hearings
1029 J Street, Suite 200
Sacramento, CA 95814-2825
(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
P.O. Box 997413
Sacramento, CA 95899-7413

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 95814-5005
(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.

Lupe Henry
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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/DD-H #3

Fiscal Period:
JANUARY 1, 2007 THROUGH DECEMBER 31, 2007

Provider Number:
LTC60422H

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

	AS REPORTED	AS AUDITED
1. Medi-Cal Client Days (Adj)	2,108	2,108
2. Other Client Days (Adj)	0	0
3. Total Client Days	<u>2,108</u>	<u>2,108</u>
4. Total Client Care Expenses (From Sch. 2)	\$ <u>360,129</u>	\$ <u>359,609</u>
5. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>170.84</u>	\$ <u>170.59</u>

SHARE OF COST

1. Share of Cost Audit Adjustment (Adj)	\$ <u>N/A</u>	\$ <u>0</u>
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OVERPAYMENTS

1. Medi-Cal Overpayments (Adj 5)	\$ <u>0</u>	\$ <u>1,090</u>
2. Credit Balances (Adj)	\$ <u>0</u>	\$ <u>0</u>
3. Total Overpayments	\$ <u>0</u>	\$ <u>1,090</u>

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
NEW WAY ICF/DD-H #3

Fiscal Period:
JANUARY 1, 2007 THROUGH DECEMBER 31, 2007

Provider Number:
LTC60422H

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED	AUDIT ADJUSTMENT	AS AUDITED
	EXPENSES: CLIENT SERVICES				
	Basic Facility Cost - Property Expenses				
045	Depreciation and Amortization		\$ 3,318	\$ 0	\$ 3,318
050	Leases and Rentals		2,506	0	2,506
055	Real Property Taxes		2,787	0	2,787
060	Personal Property Taxes				0
065	Mortgage Interest	4	17,842	42	17,884
070	Property Insurance	4	2,702	(35)	2,667
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 29,155	\$ 7	\$ 29,162
	Basic Facility Cost - General Home Expenses				
080	Home Operations and Maintenance	1	\$ 22,424	\$ 169	\$ 22,593
085	Utilities	1, 3, 4	12,203	19	12,222
090	Client Transportation	1, 3	13,365	1	13,366
095	Dietary	1	8,907	40	8,947
100	Personal Care and Laundry	3	7,381	(99)	7,282
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 64,280	\$ 130	\$ 64,410
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 93,435	\$ 137	\$ 93,572
	EXPENSES: DIRECT CARE STAFF COSTS				
115	QMRP Salaries		\$ 13,390	\$ 0	\$ 13,390
120	QMRP Fringe Benefits	2	3,315	(59)	3,256
125	Lead Salaries		40,822	0	40,822
130	Lead Fringe Benefits	2	5,673	(179)	5,494
135	Aides Salaries		95,976	0	95,976
140	Aides Fringe Benefits	2	23,597	(422)	23,175
145	Other Salaries		0		0
150	Other Fringe Benefits		0		0
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 182,773	\$ (660)	\$ 182,113

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
NEW WAY ICF/DD-H #3

Fiscal Period:
JANUARY 1, 2007 THROUGH DECEMBER 31, 2007

Provider Number:
LTC60422H

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED	AUDIT ADJUSTMENT	AS AUDITED
	EXPENSES: CONSULTANT COSTS				
160	Dietician Consultant		\$ 1,148	\$ 0	\$ 1,148
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	2	9,332	(34)	9,298
190	Psychologist Consultant		325	0	325
195	Physician Consultant		1,007	0	1,007
200	Recreational Consultant	1	975	188	1,163
205	Social Service Consultant		0		0
210	Other Consultant	4	1,033	(372)	661
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 14,020	\$ (218)	\$ 13,802
	EXPENSES: ADMINISTRATIVE COSTS				
220	Administrative Salaries		\$ 31,234	\$ 0	\$ 31,234
225	Administrative Fringe Benefits	4	4,874	(152)	4,722
226	Quality Assurance Fees		22,246	0	22,246
230	Other Administrative and General	1, 3, 4	11,546	374	11,920
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 69,900	\$ 222	\$ 70,122
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 360,129	\$ (520)	\$ 359,609
	NON-CLIENT CARE EXPENSES		(To Sch. 1)		(To Sch. 1)
240	Non-Program Services		\$ 0	\$	\$ 0
245	TOTAL FACILITY EXPENSES * (Lines 110, 155, 215, 235 and 240)		\$ 360,129	\$ (520)	\$ 359,609

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* \$1 rounding variance in reported Total Expenses.

SUMMARY OF AUDITED LABOR REPORT

Provider:
NEW WAY ICF/DD-H #3

Fiscal Period:
JANUARY 1, 2007 THROUGH DECEMBER 31, 2007

Provider Number:
LTC60422H

Line No.	Description	AS AUDITED			
		(1) Benefits (Adj 6)	(2) Salaries	(3) Total Hours	Average Hourly Wage (Col 2 / Col 3)
	DIRECT CARE STAFF				
		(From Sch. 2)	(From Sch. 2)		
1	QMRP	\$ 3,256	\$ 13,390	558	\$ 24.00
2	Lead	5,494	40,822	2,916	14.00
3	Aides	23,175	95,976	10,664	9.00
4	Other	0	0	0	0.00
5	TOTAL DIRECT CARE (Lines 1 through 4)	\$ 31,925	\$ 150,188	14,138	
	CONSULTANT STAFF				
6	Dietician	\$ 0	\$ 1,148	23	\$ 49.91
7	Speech Pathology	0	0	0	0.00
8	Physical Therapy	0	0	0	0.00
9	Occupational Therapy	0	0	0	0.00
10	Pharmacist	0	200	4	50.00
11	Nurse	0	9,298	187	49.72
12	Psychologist	0	325	7	46.43
13	Physician	0	1,007	20	50.35
14	Recreational	0	975	13	75.00
15	Social Service	0	0	0	0.00
16	Other	0	453	18	25.17
17	TOTAL CONSULTANT (Lines 6 through 16)	\$ 0	\$ 13,406	272	
	ADMINISTRATIVE STAFF				
18	Administrative Staff	\$	\$		\$ 0.00
19	TOTAL STAFF (Lines 5, 17, 18)	\$ 31,925	\$ 163,594	14,410	

Provider Name		Fiscal Period		Provider Number		Adjustments				
NEW WAY ICF/DD-H #3		JANUARY 1, 2007 THROUGH DECEMBER 31, 2007		LTC60422H		6				
Adj. No.	DHS 3076 Page or Exhibit	Report References		Line	Sch	Col.	Line	As Reported	Increase (Decrease)	As Adjusted
		Cost Report	Audit Report							
ADJUSTMENTS TO REPORTED COSTS										
1	4 of 6	080	4	2	2	080	Home Operations and Maintenance	\$22,424	\$169	\$22,593
	4 of 6	085	4	2	2	085	Utilities	12,203	71	12,274 *
	4 of 6	090	4	2	2	090	Client Transportation	13,365	41	13,406 *
	4 of 6	095	4	2	2	095	Dietary	8,907	40	8,947
	4.1 of 6	200	4	2	2	200	Recreational Consultant	975	188	1,163
	4.1 of 6	230	4	2	2	230	Other General and Administrative	11,546	610	12,156 *
To adjust reported expenses to agree with the trial balance. CMS Pub. 15-1, Section 2304										
2	4.1 of 6	120	4	2	2	120	QMRP Fringe Benefits	\$3,315	(\$59)	\$3,256
	4.1 of 6	130	4	2	2	130	Lead Fringe Benefits	5,673	(179)	5,494
	4.1 of 6	140	4	2	2	140	Aides Fringe Benefits	23,597	(422)	23,175
	4.1 of 6	185	4	2	2	185	Nurse Consultant	9,332	(34)	9,298
To adjust workers' compensation costs to agree with vendor's invoices and the provider's allocation method. CMS Pub. 15-1, Section 2304										
3	4 of 6	085	4	2	2	085	Utilities	\$12,274	(\$23)	\$12,251 *
	4 of 6	090	4	2	2	090	Client Transportation	13,406	(40)	13,366
	4 of 6	100	4	2	2	100	Personal Care and Laundry	7,381	(99)	7,282
	4.1 of 6	230	4	2	2	230	Other General and Administrative	12,156	(2)	12,154 *
To eliminate nonallowable and unrelated facility costs. CMS Pub. 15-1, Sections 2102.3, 2103, 2105.10, and 2304										
4	4 of 6	065	4	2	2	065	Mortgage Interest	\$17,842	\$42	\$17,884
	4 of 6	070	4	2	2	070	Property Insurance	2,702	(35)	2,667
	4 of 6	085	4	2	2	085	Utilities	12,251	(29)	12,222
	4.1 of 6	210	4	2	2	210	Other Consultants	1,033	(372)	661
	4.1 of 6	225	4	2	2	225	Administrative Fringe Benefits	4,874	(152)	4,722
	4.1 of 6	230	4	2	2	230	Other General and Administrative	12,154	(234)	11,920
To adjust reported home office costs to agree with the New Ways Services audited home office cost report for fiscal period ended December 31, 2007. CMS Pub. 15-1, Sections 2150.2 and 2304										

*Balance carried forward from prior/to subsequent adjustments

Provider Name		Fiscal Period		Provider Number		Adjustments		
NEW WAY ICF/DD-H #3		JANUARY 1, 2007 THROUGH DECEMBER 31, 2007		LTC60422H		6		
Adj. No.	Report References			Line	Sch	As Reported	Increase (Decrease)	As Adjusted
	Cost Report	Audit Report						
DHS 3076 Page or Exhibit	Line	Col.						
6	6 of 6	1	1	3	1	3	QMRP (Benefits)	\$3,256
	6 of 6	2	1	3	2	3	Lead	5,494
	6 of 6	3	1	3	3	3	Aides	23,175
	6 of 6	5	1	3	5	3	Total Direct Care	31,925
	6 of 6	19	1	3	19	3	Total Staff	31,925
<p>To adjust reported Labor Report to agree with provider's records and audit findings proposed in adjustment number 2. CMS Pub. 15-1, Sections 2300 and 2304</p>								