

**REPORT
ON THE
RATE SETTING AUDIT**

**NEW WAY ICF/DD-H #6
ANTIOCH, CALIFORNIA
PROVIDER NUMBER: LTC61001G AND
NPI NUMBER: 1316092729**

**FISCAL PERIOD ENDED
DECEMBER 31, 2009**

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

**Section Chief: Louise Wong
Audit Supervisor: Marisa Ho
Auditor: Jun Yan**



DAVID MAXWELL-JOLLY
DIRECTOR

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



EDMUND G. BROWN JR.
GOVERNOR

January 7, 2011

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

PROVIDER: NEW WAY ICF/DD-H #6
PROVIDER NUMBER: LTC61001G
NPI NUMBER: 1316092729
FISCAL PERIOD ENDED DECEMBER 31, 2009

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	\$	368,958	\$ 180.07
Net Audit Adjustment		<u>(3,236)</u>	<u>(1.58)</u>
Audited Cost/Cost Per Day	\$	<u>365,722</u>	\$ <u>178.49</u>

This audit report includes the:

1. Audit Report Schedules 1 through 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 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:

John Melton, 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.

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 #6

Fiscal Period:
JANUARY 1, 2009 THROUGH DECEMBER 31, 2009

Provider Number:
LTC61001G

Provider NPI:
1316092729

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

	AS REPORTED	AS AUDITED
1. Medi-Cal Client Days (Adj)	2,049	2,049
2. Other Client Days (Adj)	0	0
3. Total Client Days	<u>2,049</u>	<u>2,049</u>
4. Total Client Care Expenses (From Sch. 2)	\$ <u>368,958</u>	\$ <u>365,722</u>
5. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>180.07</u>	\$ <u>178.49</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)	\$ _____	\$ _____
2. Credit Balances (Adj)	\$ _____	\$ _____
3. Total Overpayments	\$ <u>0</u>	\$ <u>0</u>

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
NEW WAY ICF/DD-H #6

Fiscal Period:
JANUARY 1, 2009 THROUGH DECEMBER 31, 2009

Provider Number:
LTC61001G

NPI:
1316092729

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED	AUDIT ADJUSTMENT	AS AUDITED
	EXPENSES: CLIENT SERVICES				
	Basic Facility Cost - Property Expenses				
045	Depreciation and Amortization		\$ 7,379	\$ 0	\$ 7,379
050	Leases and Rentals		2,294	0	2,294
055	Real Property Taxes		1,591	0	1,591
060	Personal Property Taxes				0
065	Mortgage Interest		17,994	0	17,994
070	Property Insurance	1	2,116	(1,545)	571
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 31,374	\$ (1,545)	\$ 29,829
	Basic Facility Cost - General Home Expenses				
080	Home Operations and Maintenance	5	\$ 26,066	\$ (113)	\$ 25,953
085	Utilities		7,789	0	7,789
090	Client Transportation		10,054	0	10,054
095	Dietary		9,362	0	9,362
100	Personal Care and Laundry	3	4,035	(327)	3,708
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 57,306	\$ (440)	\$ 56,866
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 88,680	\$ (1,985)	\$ 86,695
	EXPENSES: DIRECT CARE STAFF COSTS				
115	QMRP Salaries		\$ 12,520	\$ 0	\$ 12,520
120	QMRP Fringe Benefits	5	2,478	(132)	2,346
125	Lead Salaries		27,622	0	27,622
130	Lead Fringe Benefits	5	5,468	(292)	5,176
135	Aides Salaries		120,444	0	120,444
140	Aides Fringe Benefits	5	23,843	(1,275)	22,568
145	Other Salaries				0
150	Other Fringe Benefits				0
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 192,374	\$ (1,699)	\$ 190,676

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
NEW WAY ICF/DD-H #6

Fiscal Period:
JANUARY 1, 2009 THROUGH DECEMBER 31, 2009

Provider Number:
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Line No.	DESCRIPTION	ADJ NO.	AS REPORTED	AUDIT ADJUSTMENT	AS AUDITED
	EXPENSES: CONSULTANT COSTS				
160	Dietician Consultant		\$ 1,143	\$ 0	\$ 1,143
165	Speech Pathology Consultant				0
170	Physical Therapy Consultant				0
175	Occupational Therapy Consultant				0
180	Pharmacist Consultant		150	0	150
185	Nurse Consultant	4, 5	11,642	(768)	10,874
190	Psychologist Consultant		325	0	325
195	Physician Consultant		1,286	0	1,286
200	Recreational Consultant		975	0	975
205	Social Service Consultant				0
210	Other Consultant		700	0	700
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 16,221	\$ (768)	\$ 15,453
	EXPENSES: ADMINISTRATIVE COSTS				
220	Administrative Salaries		\$ 40,259	\$ 0	\$ 40,259
225	Administrative Fringe Benefits		3,593	0	3,593
226	Quality Assurance Fees	2	19,109	(5,628)	13,481
230	Other Administrative and General	1, 2, 6	8,722	6,843	15,565
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 71,683	\$ 1,215	\$ 72,898
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 368,958	\$ (3,237)	\$ 365,722
	NON-CLIENT CARE EXPENSES		(To Sch. 1)		(To Sch. 1)
240	Non-Program Services		\$	\$	\$ 0
245	TOTAL FACILITY EXPENSES (Lines 110, 155, 215, 235 and 240)		\$ 368,958	\$ (3,237)	\$ 365,722

Provider Name		Fiscal Period		Provider Number		Adjustments			
NEW WAY ICF/DDH #6		JANUARY 1, 2009 THROUGH DECEMBER 31, 2009		LTC61001G		6			
Adj. No.	DHS 3076 Page or Exhibit	Report References		Sch.	Line	Col.	As Reported	Increase (Decrease)	As Adjusted
		Cost Report	Audit Report						
RECLASSIFICATIONS OF REPORTED COSTS									
1	4 of 6 4.1 of 6	070 230	4 4	2 2	70 230	3 3	\$2,116 8,722	(\$1,545) 1,545	\$571 10,267 *
Property Insurance Other Administrative and General To reclassify the reported property insurance expense for proper cost determination. CMS Pub.15-1, Section 2304									
2	4.1 of 6 4.1 of 6	226 230	4 4	2 2	226 230	3 3	\$19,109 10,267	(\$5,628) 5,628	\$13,481 15,895 *
Quality Assurance Fees Other Administrative and General To reclassify license fees for proper cost determination. CMS Pub.15-1, Section 2304									

*Balance carried forward from prior/to subsequent adjustments

Provider Name		Fiscal Period		Provider Number		Adjustments	
NEW WAY ICF/DDH #6		JANUARY 1, 2009 THROUGH DECEMBER 31, 2009		LTC61001G		6	
Adj. No.	DHS 3076 Page or Exhibit	Report References		Line	Sch.	Line	Col.
		Cost Report	Audit Report				
ADJUSTMENTS TO REPORTED COSTS							
3	4 of 6	100	4	2	2	100	3
		Personal Care and Laundry					
		To adjust personal care and laundry expense to reflect proper accrual.					
		CMS Pub. 15-1, Sections 2300 and 2304					
4	4.1 of 6	185	4	2	2	185	3
		Nurse Consultant					
		To adjust nurse consultant expense to agree with the provider's records.					
		CMS Pub. 15-1, Sections 2300 and 2304					
5	4.1 of 6	080	4	2	2	80	3
		Home Operations and Maintenance					
		To adjust the reported employee benefits to agree with the provider's records.					
		CMS Pub. 15-1, Sections 2300 and 2304					
5	4.1 of 6	120	4	2	2	120	3
		QMRP Fringe Benefits					
5	4.1 of 6	130	4	2	2	130	3
		Lead Benefits					
5	4.1 of 6	140	4	2	2	140	3
		Aides Benefits					
5	4.1 of 6	185	4	2	2	185	3
		Nurse Consultant					
		To adjust the reported employee benefits to agree with the provider's records.					
		CMS Pub. 15-1, Sections 2300 and 2304					
6	4.1 of 6	230	4	2	2	230	3
		Other General and Administrative					
		To eliminate 2010 membership dues to reflect proper accrual.					
		CMS Pub. 15-1, Sections 2300 and 2304					
		\$4,035				(\$327)	\$3,708
		\$11,642				(\$665)	\$10,977 *
		\$26,066				(\$113)	\$25,953
		2,478				(132)	2,346
		5,468				(292)	5,176
		23,843				(1,275)	22,568
		10,977				(103)	10,874
		\$15,895				(\$330)	\$15,565

*Balance carried forward from prior/to subsequent adjustments