

**REPORT
ON THE
RATE SETTING AUDIT**

**PATHWAYS ICF/DDN 1
FAIRFIELD, CALIFORNIA
PROVIDER NUMBER: LTC80067G
NPI NUMBER: 1871700369**

**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: Diana Dong
Auditor: Laurie Plancarte**



DAVID MAXWELL-JOLLY
Director

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



ARNOLD SCHWARZENEGGER
Governor

January 13, 2009

Micheline A. Cueva, Owner
Pathways ICF/DDN 1
1152 Hickory Avenue
Fairfield, CA 94533

PROVIDER: PATHWAYS ICF/DDN 1
PROVIDER NO. LTC80067G AND NPI NO. 1871700369
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	\$	431,161	\$ 196.88
Net Audit Adjustment		<u>1,043</u>	<u>0.47</u>
Audited Cost/Cost Per Day	\$	<u>432,204</u>	\$ <u>197.35</u>

This audit report includes the:

1. Audit Report Schedules 1 through 3
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.

Micheline A. Cueva
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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.

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:
PATHWAYS ICF/DDN 1

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

Provider Number:
LTC80067G

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

	AS REPORTED	AS AUDITED
1. Medi-Cal Client Days (Adj)	2,190	2,190
2. Other Client Days (Adj)		0
3. Total Client Days	<u>2,190</u>	<u>2,190</u>
4. Total Client Care Expenses (From Sch. 2)	\$ <u>431,161</u>	\$ <u>432,204</u>
5. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>196.88</u>	\$ <u>197.35</u>

SHARE OF COST

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

1. Duplicate Payments (Adj)	\$ <u> </u>	\$ <u> 0</u>
2. Credit Balances (Adj)	\$ <u> </u>	\$ <u> 0</u>
3. Total Overpayments	\$ <u> 0</u>	\$ <u> 0</u>

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
PATHWAYS ICF/DDN 1

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

Provider Number:
LTC80067G

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED	AUDIT ADJUSTMENT	AS AUDITED
	EXPENSES: CLIENT SERVICES				
	Basic Facility Cost - Property Expenses				
045	Depreciation and Amortization		\$ 8,105	\$ 0	\$ 8,105
050	Leases and Rentals				0
055	Real Property Taxes		4,751	0	4,751
060	Personal Property Taxes				0
065	Mortgage Interest		23,050	0	23,050
070	Property Insurance	1	9,118	452	9,570
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 45,024	\$ 452	\$ 45,476
	Basic Facility Cost - General Home Expenses				
080	Home Operations and Maintenance		\$ 11,986	\$ 0	\$ 11,986
085	Utilities		11,551	0	11,551
090	Client Transportation				0
095	Dietary		8,260	0	8,260
100	Personal Care and Laundry				0
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 31,797	\$ 0	\$ 31,797
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 76,821	\$ 452	\$ 77,273
	EXPENSES: DIRECT CARE STAFF COSTS				
115	QMRP Salaries		\$ 17,285	\$ 0	\$ 17,285
120	QMRP Fringe Benefits		1,919	0	1,919
125	Lead Salaries		32,108	0	32,108
130	Lead Fringe Benefits		4,151	0	4,151
135	Aides Salaries		122,771	0	122,771
140	Aides Fringe Benefits		17,405	0	17,405
145	Other Salaries				0
150	Other Fringe Benefits				0
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 195,639	\$ 0	\$ 195,639

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
PATHWAYS ICF/DDN 1

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

Provider Number:
LTC80067G

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED	AUDIT ADJUSTMENT	AS AUDITED
	EXPENSES: CONSULTANT COSTS				
160	Dietician Consultant		\$ 830	\$ 0	\$ 830
165	Speech Pathology Consultant	2	546	(409)	137
170	Physical Therapy Consultant		2,060	0	2,060
175	Occupational Therapy Consultant				0
180	Pharmacist Consultant				0
185	Nurse Consultant	3	36,505	1,000	37,505
190	Psychologist Consultant		1,584	0	1,584
195	Physician Consultant		1,618	0	1,618
200	Recreational Consultant		1,401	0	1,401
205	Social Service Consultant				0
210	Other Consultant		735	0	735
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 45,279	\$ 591	\$ 45,870
	EXPENSES: ADMINISTRATIVE COSTS				
220	Administrative Salaries		\$ 26,094	\$ 0	\$ 26,094
225	Administrative Fringe Benefits		3,492	0	3,492
226	Quality Assurance Fees		24,220	0	24,220
230	Other Administrative and General		59,616	0	59,616
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 113,422	\$ 0	\$ 113,422
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 431,161	\$ 1,043	\$ 432,204
	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)		\$ 431,161	\$ 1,043	\$ 432,204

SUMMARY OF AUDITED LABOR REPORT

Provider:
PATHWAYS ICF/DDN 1

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

Provider Number:
LTC80067G

Line No.	Description	AS AUDITED			
		(1) Benefits (Adj 6)	(2) Salaries (Adjs 4, 7)	(3) Total Hours (Adjs 5, 8)	Average Hourly Wage (Col 2 / Col 3)
	DIRECT CARE STAFF				
		(From Sch. 2)	(From Sch. 2)		
1	QMRP	\$ 1,919	\$ 17,285	570.50	\$ 30.30
2	Lead	4,151	32,108	2,320.00	13.84
3	Aides	17,405	122,771	11,957.00	10.27
4	Other	0	0		0.00
5	TOTAL DIRECT CARE (Lines 1 through 4)	\$ 23,475	\$ 172,164	14,847.50	
	CONSULTANT STAFF				
6	Dietician	\$ 0	\$ 830	15.09	\$ 55.00
7	Speech Pathology	0	137	1.71	80.12
8	Physical Therapy	0	2,060	25.75	80.00
9	Occupational Therapy				0.00
10	Pharmacist				0.00
11	Nurse	10,373	77,496	3,347.90	23.15
12	Psychologist	0	1,584	18.64	84.98
13	Physician	0	1,618	21.57	75.01
14	Recreational	0	1,401	19.18	73.04
15	Social Service				0.00
16	Other	0	735	14.70	50.00
17	TOTAL CONSULTANT (Lines 6 through 16)	\$ 10,373	\$ 85,861	3,464.54	
	ADMINISTRATIVE STAFF				
18	Administrative Staff	\$ 3,492	\$ 26,094	852.30	\$ 30.62
19	TOTAL STAFF (Lines 5, 17, 18)	\$ 37,340	\$ 284,119	19,164.34	

Provider Name		Fiscal Period		Provider Number		Adjustments		
PATHWAYS ICF/DDN 1		JANUARY 1, 2007 THROUGH DECEMBER 31, 2007		LTC80067G		8		
Adj. No.	Report References		Line	Col.	Sch	Line	As Reported	As Adjusted
	COST REPORT	AUDIT REPORT						
1	4 of 6	070	4	2	070	Property Insurance To adjust reported Property Insurance expense to agree with the provider's records. CMS Pub. 15-1, Sections 2300 and 2304	\$9,118	\$9,570
2	4.1 of 6	165	4	2	165	Speech Pathology Consultant To adjust reported Speech Pathology Consultant expenses to agree with the provider's records. CMS Pub. 15-1, Sections 2300 and 2304	\$546	\$137
3	4.1 of 6	185	4	2	185	Nurse Consultant To adjust reported Nurse Consultant Expense to agree with the provider's records. CMS Pub. 15-1, Sections 2300 and 2304	\$36,505	\$37,505

ADJUSTMENTS TO REPORTED COSTS

Provider Name		Fiscal Period		Provider Number		Adjustments	
PATHWAYS ICF/DDN 1		JANUARY 1, 2007 THROUGH DECEMBER 31, 2007		LTC80067G		8	
Adj. No.	DHS 3076 Page or Exhibit	Report References		Line	Sch	Col.	Line
		COST REPORT	AUDIT REPORT				
Explanation of Audit Adjustments							
<u>ADJUSTMENTS TO THE LABOR REPORT</u>							
4	6 of 6	7	2	3	3	7	Speech Pathology Consultant (Productive Salaries)
	6 of 6	17	2	3	3	17	Total Consultant
	6 of 6	19	2	3	3	19	Total Staff
							To adjust productive salaries to agree with the provider's records. CMS Pub. 15-1, Section 2304
							As Reported
							Increase (Decrease)
							As Adjusted
							\$546
							85,388
							283,646
							(\$409)
							(409)
							(409)
							\$137
							84,979 *
							283,237 *
5	6 of 6	7	3	3	3	7	Speech Pathology Consultant (Total Hours)
	6 of 6	17	3	3	3	17	Total Consultant
	6 of 6	19	3	3	3	19	Total Staff
							To adjust total hours to agree with the provider's records. CMS Pub. 15-1, Section 2304
							As Reported
							Increase (Decrease)
							As Adjusted
							6.83
							3,431.56
							19,131
							(5.12)
							(5.12)
							(5.12)
							1.71
							3,426.44 *
							19,126.24 *
6	6 of 6	11	1	3	3	11	Nurse Consultant (Fringe Benefits)
	6 of 6	17	1	3	3	17	Total Consultant
	6 of 6	19	1	3	3	19	Total Staff
							To adjust fringe benefits to agree with the provider's records. CMS Pub. 15-1, Section 2304
							As Reported
							Increase (Decrease)
							As Adjusted
							\$10,255
							10,255
							37,222
							\$118
							118
							118
							\$10,373
							10,373
							37,340
7	6 of 6	11	2	3	3	11	Nurse Consultant (Productive Salaries)
	6 of 6	17	2	3	3	17	Total Consultant
	6 of 6	19	2	3	3	19	Total Staff
							To adjust productive salaries to agree with the provider's records. CMS Pub. 15-1, Section 2304
							As Reported
							Increase (Decrease)
							As Adjusted
							\$76,614
							84,979
							283,237
							\$882
							882
							882
							\$77,496
							85,861
							284,119
8	6 of 6	11	3	3	3	11	Nurse Consultant (Total Hours)
	6 of 6	17	3	3	3	17	Total Consultant
	6 of 6	19	3	3	3	19	Total Staff
							To adjust total hours to agree with the provider's records. CMS Pub. 15-1, Section 2304
							As Reported
							Increase (Decrease)
							As Adjusted
							3,309.80
							3,426.44
							19,126.24
							38.10
							38.10
							38.10
							3,347.90
							3,464.54
							19,164.34

*Balance carried forward from prior/to subsequent adjustments