

**REPORT ON THE
FEDERALLY QUALIFIED HEALTH CENTER
PROSPECTIVE PAYMENT SYSTEM RATE AUDIT**

**CHULA VISTA FAMILY HEALTH CENTER
CHULA VISTA, CALIFORNIA
NATIONAL PROVIDER IDENTIFIER: 1346480837**

**FISCAL PERIOD ENDED
JUNE 30, 2010**

**Audits Section—San Diego
Financial Audits Branch
Audits and Investigations
Department of Health Care Services**

**Section Chief: Patricia M. Fox
Audit Supervisor: Sergio Gonzalez
Auditor: Pasia M. Gutierrez**



TOBY DOUGLAS
DIRECTOR

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



EDMUND G. BROWN JR.
GOVERNOR

November 7, 2013

Fran Butler-Cohen
Chief Executive Officer
Family Health Centers of San Diego, Inc.
823 Gateway Center Way
San Diego, CA 92102

CHULA VISTA FAMILY HEALTH CENTER
NATIONAL PROVIDER IDENTIFIER (NPI) 1346480837
FISCAL PERIOD ENDED JUNE 30, 2010

We have examined the Clinic's Federally Qualified Health Center (FQHC) Medi-Cal Prospective Payment System (PPS) rate cost report for the above-referenced fiscal period. Our examination was made under the authority of Section 14170 of the Welfare and Institutions Code. It was limited to a review of the PPS rate cost report, accompanying financial statements, Medi-Cal Provider Claims Data Report, and Medicare audit report for the current fiscal period, if applicable and available.

The PPS rate as presented in Schedule 1 represents a proper determination in accordance with the reimbursement principles of the program.

The rates and effective dates are as follows:

<u>PPS Rate</u>	<u>Effective Dates</u>
\$144.80	February 4, 2009 through September 30, 2010

In addition, your rate will be increased as follows:

<u>PPS Rate</u>	<u>MEI</u>	<u>Adjusted PPS Rate</u>	<u>Effective Dates</u>
\$144.80	1.2%	\$146.54	October 1, 2010 through September 30, 2011
\$146.54	0.4%	\$147.13	October 1, 2011 through September 30, 2012
\$147.13	0.6%	\$148.01	October 1, 2012 through September 30, 2013
\$148.01	0.8%	\$149.19	October 1, 2013 through September 30, 2014

We have instructed the Provider Enrollment Division to adjust your interim Medicare Crossover rate (Code 02) to \$29.60, your interim Managed Care rate (Code 18) to

Fran Butler-Cohen
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\$83.35, and your interim Health Families rate (Code 19) to \$55.73 effective December 1, 2013.

This audit report includes the:

1. Computation of Medi-Cal Prospective Payment System Rate (Schedule 1) and supporting schedules
2. Audit Adjustments Schedule

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
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 Title 22, California Code of Regulations, Section 51016, et seq.

If you have questions regarding this report, you may call the Audits Section—San Diego at (619) 688-3200.

Originally signed by:

Patricia M. Fox, Chief
Audits Section—San Diego
Financial Audits Branch

Certified

COMPUTATION OF MEDI-CAL PROSPECTIVE PAYMENT SYSTEM RATE

Provider Name: CHULA VISTA FAMILY HEALTH CENTER NPI: 1346480837 Fiscal Period Ended: JUNE 30, 2010

PART A—DETERMINATION OF OVERHEAD APPLICABLE TO MEDICAL SERVICES

	REPORTED	AUDITED
1. Cost of Services Excluding Overhead (Sch 2, L 29)	\$ 595,846	\$ 574,898
2. Nonreimbursable Costs Excluding Overhead (Sch 2, L 57)	8,996	34,415
3. Cost of All Services Excluding Overhead (L A1 + L A2)	\$ 604,842	\$ 609,313
4. Percentage of Nonreimbursable Costs (L A2 / L A3)	0.014873	0.056482
5. Total Overhead (Sch 2, L 53)	\$ 695,357	\$ 490,438
6. Overhead Applicable to Nonreimbursable Costs (L A4 * L A5)	10,342	27,701
7. Overhead Applicable to Medical Services (L A5 - L A6)	685,015	462,737
8. Total Cost of Medical Services (L A1 + L A7)	\$ 1,280,861	\$ 1,037,635

PART B—DETERMINATION OF PPS RATE

1. Total Medical Costs (L A8)	\$ 1,280,861	\$ 1,037,635
2. Total FQHC/RHC Visits (Adj)	7,330	7,330
3. Total FQHC/RHC Nonreimbursable Services Visits (Adj)	164	164
4. FQHC/RHC Adjusted Visits (L B2 - L B3)	7,166	7,166
5. FQHC/RHC PPS Rate Per Visit (L B1 / L B4)	\$ 178.74	\$ 144.80

SCHEDULE OF TRIAL BALANCE EXPENSES

Provider Name:

NPI:

Fiscal Period Ended:

CHULA VISTA FAMILY HEALTH CENTER

1346480837

JUNE 30, 2010

Cost Center	REPORTED	ADJUSTMENTS (From Sch 2A)	AUDITED
FQHC/RHC Health Care Cost			
1. Physician	\$169,659	\$0	\$169,659
2. Physician Assistant	5,281	0	5,281
3. Nurse Practitioner	35,386	0	35,386
4. Other Nurse	40,482	0	40,482
5. Laboratory Technician	37,363	0	37,363
6.		0	0
7. Medical Support—CPSP Providers	4,773	0	4,773
8. Medical Support—MAs, Case Managers	100,421	(20,948)	79,473
9.		0	0
10. Medical Records	27,220	0	27,220
11. Medical Registration	9,418	0	9,418
12. Fringe Benefits	94,444	0	94,444
13. Subtotal FQHC/RHC Health Care Costs (lines 1-12)	\$524,447	(\$20,948)	\$503,499
14. Physician Services Under Agreement	\$1,179	\$0	\$1,179
15.		0	0
16.		0	0
17. Other Health Care Costs			
18.		\$0	\$0
19.		0	0
20.		0	0
21. Medical Supplies	29,918	0	29,918
22.		0	0
23.		0	0
24. Home Office Direct Cost (from Home Office cost report schedule 4)	35,650	0	35,650
25. Other (X-ray Fees)		0	0
26. Other (Other Medical Expenses)	4,652	0	4,652
27. Others—(Office and Educational Supplies, Postage, Printing/Duplication, Building/Equipment Expenses, Utilities, Telephone Other Medical Expenses, and Other Operating Expenses)		0	0
28. Subtotal-Other Health Care Costs (lines 18-27)	\$70,220	\$0	\$70,220
29. Total Cost of FQHC/RHC Services (sum of lines 13, 14-16, and 28)	\$595,846	(\$20,948)	\$574,898
FQHC/RHC Overhead-Facility Cost			
30.		\$0	\$0
31.		0	0
32.		0	0
33. Utilities	34,366	(576)	33,790
34. Depreciation—Building	47,890	(21,381)	26,509
35. Depreciation—Equipment	2,096	0	2,096
36.		0	0
37. Property Tax and Other Taxes	10,686	(4,541)	6,145
38. Other (Custodial Fees)	29,940	0	29,940
39.		0	0
40.		0	0
41. Subtotal-Facility Costs (lines 30-40)	\$124,978	(\$26,498)	\$98,480
FQHC/RHC Overhead-Administrative Cost			
42. Office Salaries	\$99,155	\$0	\$99,155
43.		0	0
44. Office Supplies	6,511	0	6,511
45.		0	0
46.		0	0
47. Insurance (General Liability, D&O, Fidelity Bond)	5,656	(82)	5,574
48. Telephone	14,663	0	14,663
49. Fringe Benefits and Payroll Taxes	21,985	0	21,985
50. Home Office Pool Costs (from Home Office cost report schedule 6)	213,564	0	213,564
51. Others—(Printing/Duplication, Postage, Building/Equipment Expenses, and Other Operating)	208,845	(178,339)	30,506
52. Subtotal-Administrative Costs (lines 42-51)	\$570,379	(\$178,421)	\$391,958
53. Total Cost Subject to Allocation (sum of lines 41 and 52)	\$695,357	(\$204,919)	\$490,438
54. Nonreimbursable Costs (Marketing/Community Incentives)	\$0	\$4,471	\$4,471
55. Nonreimbursable Costs (Salaries)	0	20,948	20,948
56. Nonreimbursable Costs (from Home Office cost report schedule 6)	8,996	0	8,996
57. Subtotal Nonreimbursable Costs (lines 54-56)	\$8,996	\$25,419	\$34,415
58. Total FQHC/RHC Costs (sum of lines 29, 53, and 57)	\$1,300,199	(\$200,448)	\$1,099,751

ADJUSTMENTS TO REPORTED COSTS

Provider Name:

NPI:

Fiscal Period Ended:

CHULA VISTA FAMILY HEALTH CENTER

1346480837

JUNE 30, 2010

Cost Center	Total	Adjustment 1	Adjustment 2	Adjustment 3	Adjustment 4	Adjustment 5	Adjustment 6
FQHC/RHC Health Care Cost							
1. Physician	0						
2. Physician Assistant	0						
3. Nurse Practitioner	0						
4. Other Nurse	0						
5. Laboratory Technician	0						
6.	0						
7. Medical Support—CPSP Providers	0						
8. Medical Support—MAs, Case Managers	(20,948)				(20,948)		
9.	0						
10. Medical Records	0						
11. Medical Registration	0						
12. Fringe Benefits	0						
13. Subtotal FQHC/RHC Health Care Costs (lines 1-12)	(20,948)	0	0	0	(20,948)	0	0
14. Physician Services Under Agreement	0						
15.	0						
16.	0						
Other Health Care Costs							
17.	0						
18.	0						
19.	0						
20.	0						
21. Medical Supplies	0						
22.	0						
23.	0						
24. Home Office Direct Cost (from Home Office cost report schedule 6)	0						
25. Other (X-ray Fees)	0						
26. Other (Other Medical Expenses)	0						
27. Others—(Office and Educational Supplies, Postage, Printing/Duplication, Building/Equipment Expenses, Utilities, Telephone Other Medical Expenses, and Other Operating Expenses)	0						
28. Subtotal-Other Health Care Costs (lines 18-27)	0	0	0	0	0	0	0
29. Total Cost of FQHC/RHC Services (sum of lines 13, 14-16, and 28)	(20,948)	0	0	0	(20,948)	0	0
FQHC/RHC Overhead-Facility Cost							
30.	0						
31.	0						
32.	0						
33. Utilities	(576)						(576)
34. Depreciation—Building	(21,381)						(21,241)
35. Depreciation—Equipment	0						
36.	0						
37. Property Tax and Other Taxes	(4,541)						(4,541)
38. Other (Custodial Fees)	0						
39. Home Office Pool Cost (from Home Office cost report schedule 6)	0						
40.	0						
41. Subtotal-Facility Costs (lines 30-40)	(26,498)	0	0	0	0	0	(26,358)
FQHC/RHC Overhead-Administrative Cost							
42. Office Salaries	0						
43.	0						
44. Office Supplies	0						
45.	0						
46.	0						
47. Insurance (General Liability, D&O, Fidelity Bond)	(82)						(82)
48. Telephone	0						
49. Fringe Benefits and Payroll Taxes	0						
50. Home Office Pool Cost (from Home Office cost report schedule 6)	0						
51. Others—(Printing/Duplication, Postage, Building/Equipment Expenses, and Other Operating)	(178,339)	(3,886)	(460)	(125)		(6,757)	(13,479)
52. Subtotal-Administrative Costs (lines 42-51)	(178,421)	(3,886)	(460)	(125)	0	(6,757)	(13,561)
53. Total Cost Subject to Allocation (sum of lines 41 and 52)	(204,919)	(3,886)	(460)	(125)	0	(6,757)	(39,919)
54. Nonreimbursable Costs (Marketing/Community Incentives)	4,471	3,886	460	125			
55. Nonreimbursable Costs (Salaries)	20,948				20,948		
56. Nonreimbursable Costs (from Home Office cost report schedule 6)	0						
57. Subtotal Nonreimbursable Costs (lines 54-56)	25,419	3,886	460	125	20,948	0	0
58. Total FQHC/RHC Costs (sum of lines 29, 53, and 57)	(200,448)	0	0	0	0	(6,757)	(39,919)

ADJUSTMENTS TO REPORTED COSTS

Provider Name:

NPI:

Fiscal Period Ended:

CHULA VISTA FAMILY HEALTH CENTER

1346480837

JUNE 30, 2010

Cost Center	Adjustment 7	Adjustment 8	Adjustment	Adjustment	Adjustment	Adjustment	Adjustment
FQHC/RHC Health Care Cost							
1. Physician							
2. Physician Assistant							
3. Nurse Practitioner							
4. Other Nurse							
5. Laboratory Technician							
6.							
7. Medical Support—CPSP Providers							
8. Medical Support—MAs, Case Managers							
9.							
10. Medical Records							
11. Medical Registration							
12. Fringe Benefits							
13. Subtotal FQHC/RHC Health Care Costs (lines 1-12)	0	0	0	0	0	0	0
14. Physician Services Under Agreement							
15.							
16.							
Other Health Care Costs							
17.							
18.							
19.							
20.							
21. Medical Supplies							
22.							
23.							
24. Home Office Direct Cost (from Home Office cost report schedule 6)							
25. Other (X-ray Fees)							
26. Other (Other Medical Expenses)							
27. Others—(Office and Educational Supplies, Postage, Printing/Duplication, Building/Equipment Expenses, Utilities, Telephone Other Medical Expenses, and Other Operating Expenses)							
28. Subtotal-Other Health Care Costs (lines 18-27)	0	0	0	0	0	0	0
29. Total Cost of FQHC/RHC Services (sum of lines 13, 14-16, and 28)	0	0	0	0	0	0	0
FQHC/RHC Overhead-Facility Cost							
30.							
31.							
32.							
33. Utilities							
34. Depreciation—Building	(140)						
35. Depreciation—Equipment							
36.							
37. Property Tax and Other Taxes							
38. Other (Custodial Fees)							
39. Home Office Pool Cost (from Home Office cost report schedule 6)							
40.							
41. Subtotal-Facility Costs (lines 30-40)	(140)	0	0	0	0	0	0
FQHC/RHC Overhead-Administrative Cost							
42. Office Salaries							
43.							
44. Office Supplies							
45.							
46.							
47. Insurance (General Liability, D&O, Fidelity Bond)							
48. Telephone							
49. Fringe Benefits and Payroll Taxes							
50. Home Office Pool Cost (from Home Office cost report schedule 6)							
51. Others—(Printing/Duplication, Postage, Building/Equipment Expenses, and Other Operating)		(153,632)					
52. Subtotal-Administrative Costs (lines 42-51)	0	(153,632)	0	0	0	0	0
53. Total Cost Subject to Allocation (sum of lines 41 and 52)	(140)	(153,632)	0	0	0	0	0
54. Nonreimbursable Costs (Marketing/Community Incentives)							
55. Nonreimbursable Costs (Salaries)							
56. Nonreimbursable Costs (from Home Office cost report schedule 6)							
57. Subtotal Nonreimbursable Costs (lines 54-56)	0	0	0	0	0	0	0
58. Total FQHC/RHC Costs (sum of lines 29, 53, and 57)	(140)	(153,632)	0	0	0	0	0

Provider Name					Fiscal Period		NPI		Adjustments
CHULA VISTA FAMILY HEALTH CENTER					JULY 1, 2009 THROUGH JUNE 30, 2010		1346480837		8
Report References					Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted	
Adj. No.	Audit Report		Cost Report						
	Schedule	Line	Worksheet	Line					
<u>RECLASSIFICATIONS TO REPORTED COSTS</u>									
1	2A	51	1	51	Others—(Printing/Duplication, Postage, Building/Equipment Expenses, and Other Operating)	\$208,845	(\$3,886)	\$204,959 *	
	2A	54	1	54	Nonreimbursable Costs (Marketing/Community Incentives)	0	3,886	3,886 *	
					To reclassify marketing expenses to a nonreimbursable cost center. 42 CFR 413.9 CMS Pub. 15-1, Sections 2102.3 and 2136.2				
2	2A	51	1	51	Others—(Printing/Duplication, Postage, Building/Equipment Expenses, and Other Operating) *	\$204,959	(\$460)	\$204,499 *	
	2A	54	1	54	Nonreimbursable Costs (Marketing/Community Incentives) *	3,886	460	4,346 *	
					To reclassify infant car seat expense not related to patient care. 42 CFR 413.9, 413.20, and 413.24 CMS Pub. 15-1, Sections 2102.3, 2136.2, 2300, and 2304				
3	2A	51	1	51	Others—(Printing/Duplication, Postage, Building/Equipment Expenses, and Other Operating) *	\$204,499	(\$125)	\$204,374 *	
	2A	54	1	54	Nonreimbursable Costs (Marketing/Community Incentives) *	4,346	125	4,471	
					To reclassify gift card expense not related to patient care. 42 CFR 413.9, 413.20, and 413.24 CMS Pub. 15-1, Sections 2102.3, 2136.2, 2300, and 2304				
4	2A	8	1	8	Medical Support—MAs, Case Managers	\$100,421	(\$20,948)	\$79,473	
	2A	55	1	55	Nonreimbursable Costs (Salaries)	0	20,948	20,948	
					To reclassify community outreach salary expense not related to patient care. 42 CFR 413.9, 413.20, and 413.24 CMS Pub. 15-1, Sections 2102.3, 2136.2, 2300, and 2304				

*Balance carried forward from prior/to subsequent adjustments

Provider Name					Fiscal Period	NPI	Adjustments		
CHULA VISTA FAMILY HEALTH CENTER					JULY 1, 2009 THROUGH JUNE 30, 2010	1346480837	8		
Report References					Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted	
Adj. No.	Audit Report		Cost Report						
	Schedule	Line	Worksheet	Line					
ADJUSTMENTS TO REPORTED COSTS									
5	2A	51	1	51	Others—(Printing/Duplication, Postage, Building/Equipment Expenses, and Other Operating) * To eliminate marketing expenses not applicable to the fiscal period under review. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300, 2302.1, and 2304	\$204,374	(\$6,757)	\$197,617 *	
6	2A	33	1	33	Utilities	\$34,366	(\$576)	\$33,790	
	2A	34	1	34	Depreciation—Building	47,890	(21,241)	26,649 *	
	2A	37	1	37	Property Tax and Other Taxes	10,686	(4,541)	6,145	
	2A	47	1	47	Insurance (General Liability, D&O, Fidelity Bond)	5,656	(82)	5,574	
	2A	51	1	51	Others—(Printing/Duplication, Postage, Building/Equipment Expenses, and Other Operating) * To adjust provider's adjustment for nonrelated business expenses for proper cost determination based on the provider's records. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300, 2304, and 2306	197,617	(13,479)	184,138 *	
7	2A	34	1	34	Depreciation—Building * To abate cooling system rebate against depreciation expenses for proper cost determination. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 802.41 and 804	\$26,649	(\$140)	\$26,509	
8	2A	51	1	51	Others—(Printing/Duplication, Postage, Building/Equipment Expenses, and Other Operating) * To eliminate indirect cost not applicable to the Medi-Cal program and for proper cost determination. 42 CFR 413.5, 413.20, and 413.24 CMS Pub. 15-1, Sections 2101.1, 2300, and 2304	\$184,138	(\$153,632)	\$30,506	

*Balance carried forward from prior/to subsequent adjustments