

**REPORT  
ON THE  
FEDERALLY QUALIFIED HEALTH CENTER  
CHANGE IN SCOPE-OF-SERVICE REQUEST  
TRI-CITY HEALTH CENTER  
FQHC PROVIDER NUMBER (NPI):  
1942387188 & 1033296272**

**FISCAL PERIOD ENDED  
JUNE 30, 2012**

**Audit Review and Analysis Section  
Financial Audits Branch  
Audits and Investigations  
Department of Health Care Services**

**Section Chief: Evie Correa  
Audit Supervisor: Ralph R. Zavala  
Auditor: Prabal Guha**



TOBY DOUGLAS  
DIRECTOR

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



EDMUND G. BROWN JR.  
GOVERNOR

February 28, 2013

Dr. Zettie Page, CEO  
Chief Executive Officer  
Tri-City Health Center  
39465 Paseo Padre Parkway, Suite 3400  
Fremont, CA 94538

PROVIDER LEGAL NAME: TRI-CITY HEALTH CENTER  
DBA: TRI-CITY HEALTH CENTER  
FQHC PROVIDER NO. (NPI): (11942387188) & (1033296272)  
FISCAL PERIOD ENDED JUNE 30, 2012

SUBJECT: CHANGE IN SCOPE-OF-SERVICE REQUEST

We have examined the Clinic's Federally Qualified Health Center (FQHC) Change in Scope-of-Service Request for the above-referenced fiscal period. Our examination was made under the authority of Section 14170 of the Welfare and Institutions Code. The review was limited to the Change in Scope-of-Service Request and the supporting documentation.

The prospective payment system (PPS) rate(s) as presented in Schedule 1 represent(s) 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>
\$172.68	July 1, 2012 through September 30, 2012

In addition, your rate will be increased to \$173.72, effective October 1, 2012.

We have instructed the Provider Enrollment Division to adjust your interim Managed Care rate (Code 18) to \$139.25 and your interim Medi-Cal Crossover rate (Code 02) to \$70.43, effective March 1, 2013

Dr. Zettie Page, CEO  
Page 2

This determination includes:

1. Computation of Audited PPS Rate (Schedule 1) and supporting schedules
2. Audit Adjustments

If you disagree with the decision of the Department, you may appeal by writing to Chief, Administrative Appeals, Office of Legal Services, Department of Health Care Services, 1029 J Street, Suite 200, Sacramento, California 95814. This 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 the Assistant Chief Counsel, Appeals and Suspension Section, Office of Legal Services, Department of Health Care Services, 1501 Capitol Avenue, P.O. Box 942732, Sacramento, California 94234-7320. 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 further questions regarding this report, please contact Prabal Guha Auditor, at (916) 650-6696.

Sincerely,

**Original Signed By**

Evie Correa, Chief  
Audit Review and Analysis Section  
Financial Audits Branch

Enclosure(s)  
Certified

## COMPUTATION OF CHANGE IN SCOPE-OF-SERVICE REQUEST

Provider Legal Name:

Provider No. (NPI)

Fiscal Period Ended:

TRI-CITY HEALTH CENTER

1033296272 &amp; 1942387188

June 30, 2012

**PART A - DETERMINATION OF OVERHEAD APPLICABLE TO FQHC/RHC SERVICES**

	REPORTED	AUDITED
1. Total FQHC/RHC Health Care Services Cost (Sch 2, Ln 29)	\$ 10,850,186	\$ 9,549,690
2. Nonreimbursable FQHC/RHC Costs Excluding Overhead (Sch 2, Ln 57)	\$ 285,545	\$ 310,309
3. Cost of All Services Excluding Overhead (Ln 1 + Ln 2)	\$ 11,135,731	\$ 9,859,999
4. Percentage of Nonreimbursable FQHC/RHC Costs (Ln 2 / Ln 3)	0.025642	0.031472
5. Total Overhead -(Sch 2, Ln 53)	\$ 5,169,563	\$ 5,169,563
6. Overhead Applicable to Non-Reimbursable FQHC/RHC Costs (Ln 5 x Ln 4)	\$ 132,559	\$ 162,694
7. Overhead Applicable to FQHC/RHC Services (Ln 5 - Ln 6)	\$ 5,037,004	\$ 5,006,869
8. Total Cost of FQHC/RHC Services (Ln 1 + Ln 7)	\$ 15,887,190	\$ 14,556,559

**PART B - DETERMINATION OF FQHC/RHC RATE**

1. Total FQHC/RHC Cost (PART A, Ln 8)	\$ 15,887,190	\$ 14,556,559
2. Total FQHC/RHC Visits (From Provider Records) (Adj. )	83,312	83,312
3. Total FQHC/RHC Nonreimbursable Services Visits (From Provider Records) (Adj. )		-
4. Total FQHC/RHC Adjusted Visits (Ln 2 - Ln 3)	83,312	83,312
5. FQHC/RHC Cost Per Visit (Ln 1 / Ln 4)	\$ 190.70	\$ 174.72

**PART C - DETERMINATION OF PPS RATE ADJUSTMENT**

1. FQHC/RHC Cost Per Visit (PART B, Ln 5)	\$ 190.70	\$ 174.72
2. Current PPS rate per visit	\$ 164.52	\$ 164.52
3. Net Increase or Decrease in FQHC/RHC Rate (Ln 1 - Ln 2) Show decrease in parenthesis	\$ 26.18	\$ 10.20

**If line 3 is greater than zero (Line 1 is greater than Line 2) , proceed to line 4.****If line 3 is less than zero ( Line 1 is less than line 2), proceed to line 5.**

4. Threshold Amount: Line 2 x 1.75% ( Complete Part D if an increase on Line 3 is <b>equal</b> to or <b>greater</b> than this amount)	\$ 2.88	\$ 2.88
5. Threshold Amount: Line 2 x 2.50% ( Complete Part D if a decrease on Line 3 is <b>greater</b> than this amount) <b>See note 2</b>	\$ 4.11	\$ 4.11

**PART D - FQHC/RHC RATE CHANGE**

1. FQHC/RHC Rate increase or decrease (PART C, Ln 3) Show decrease in parenthesis	\$ 26.18	\$ 10.20
2. FQHC/RHC Rate increase or decrease adjustment of 20% (Ln 1 x 20%)	\$ 5.24	\$ 2.04
3. FQHC/RHC Rate increase or decrease after adjustment of 20% (Ln 1 - Ln 2)	\$ 20.94	\$ 8.16
4. Current PPS rate per visit (from Line C2)	\$ 164.52	\$ 164.52
5. New PPS Rate (Ln 3 plus Ln 4)	\$ 185.46	\$ 172.68

**Notes:**

(1) The current PPS rate per visit means the PPS rate per visit in effect on the last day of the reporting period during which the scope-of-service change occurred.

(2) Reporting an increase that meets or exceeds the threshold of 1.75% is optional. If your rate decreased more than 2.5% AND you have experienced a decrease in the scope-of-services, filing is mandatory.

CHANGE IN SCOPE-OF-SERVICE REQUEST  
SCHEDULE OF TRIAL BALANCE EXPENSE

Provider Legal Name:

Provider No. (NPI)

Fiscal Period Ended:

TRI-CITY HEALTH CENTER

1942387188 &amp; 1033296272

June 30, 2012

Cost Center	REPORTED	ADJUSTMENTS (From Sch 2A)	AUDITED
<b>FQHC Health Care Cost</b>			
1. Physician	\$1,349,608	\$0	\$1,349,608
2. Physician Assistant	310,025	0	310,025
3. Nurse Practitioner	976,682	0	976,682
4. Other Nurse	127,440	0	127,440
5. Laboratory Technician	0	0	0
6 Other (Specify)	3,534,287	0	3,534,287
7.	1,446,674	0	1,446,674
8.		0	0
9.		0	0
10.		0	0
11.		0	0
12.	0	0	0
<b>13. Subtotal-FQHC Health Care Costs</b>	<b>\$7,744,716</b>	<b>\$0</b>	<b>\$7,744,716</b>
14. Physician Services Under Agreement	\$0	\$0	\$0
15. Physician Supervision	0	0	0
16.	0	0	0
<b>17. Other Health Care Costs</b>			
18. Pharmacy	\$1,022,187	(\$1,022,187)	\$0
19. Dental	955,682	0	955,682
20. Optometry	0	0	0
21. Medical Supplies	137,389	73,311	210,700
22. Depreciation-Medical Equipment	0	0	0
23. Professional Liability Insurance	21,620	0	21,620
24. Home Office Direct Cost (from home ofc. cost report-sch 6)	199,494	0	199,494
25. Other (Specify)	417,478	0	417,478
26. Laboratory Fees and Consumables	351,620	(351,620)	0
27.	0	0	0
<b>28. Subtotal-Other Health Care Costs</b>	<b>\$3,105,470</b>	<b>(\$1,300,496)</b>	<b>\$1,804,974</b>
29. Total Cost of FQHC Services (Sum of Lines 13, 14, 15, 16, and 28)	<b>\$10,850,186</b>	<b>(\$1,300,496)</b>	<b>\$9,549,690</b>
<b>FQHC Overhead-Facility Cost</b>			
30. Rent	\$58,800	0	\$58,800
31. Insurance	1,679	0	1,679
32. Interest Expense	0	0	0
33. Utilities	57,407	0	57,407
34. Depreciation-Building	167,755	0	167,755
35. Depreciation-Equipment	0	0	0
36. Housekeeping And Maintenance	159,358	0	159,358
37. Property Tax	4,760	0	4,760
38. Other (Specify)	7,634	0	7,634
39. Home Facility Costs	486,499	0	486,499
40.	0	0	0
<b>41. Subtotal-Facility Costs (Lines 30-40)</b>	<b>\$943,892</b>	<b>\$0</b>	<b>\$943,892</b>
<b>FQHC Overhead-Administrative Cost</b>			
42. Office Salaries	\$111,481	\$0	111,481
43. Depreciation-Office Equipment	0	0	0
44. Office Supplies	64,563	0	64,563
45. Legal	2,525	0	2,525
46. Accounting	0	0	0
47. Insurance (Specify)	1,297	0	1,297
48. Telephone	12,373	0	12,373
49. Fringe Benefits And Payroll Taxes	56,249	0	56,249
50. Home Office Pool Costs (from home ofc. cost report-sch 6)	4,085,607	0	4,085,607
51. Other (Specify)	(108,424)	0	(108,424)
<b>52. Subtotal-Administrative Costs (Lines 42-51)</b>	<b>\$4,225,671</b>	<b>\$0</b>	<b>\$4,225,671</b>
53. Total Cost Subject To Allocation (Sum of Lines 41 and 52)	<b>\$5,169,563</b>	<b>\$0</b>	<b>\$5,169,563</b>
54. Nonreimbursable Costs (Specify)	\$5,794	\$0	\$5,794
55. Incentive Non-Employess	7,202	24,764	31,966
56. Home Office Non-Reimbursable Costs	272,549	0	272,549
57. Subtotal Nonreimbursable Costs	\$285,545	\$24,764	\$310,309
58. Total FQHC Costs (Sum of Lines 29, 53, and 57)	<b>\$16,305,294</b>	<b>(\$1,275,732)</b>	<b>\$15,029,562</b>

ADJUSTMENTS TO CHANGE IN SCOPE-OF-SERVICE REQUEST

Provider Legal Name:

Provider No. (NPI)

Fiscal Period Ended:

TRI-CITY HEALTH CENTER

1942387188 & 1033296272

June 30, 2012

Cost Center	Total	Adjustment (No. 1)	Adjustment (No.2 )	Adjustment (No. 3)	Adjustment (No. 4)	Adjustment (No. )	Adjustment (No. )
<b>FQHC Health Care Cost</b>							
1. Physician	0						
2. Physician Assistant	0						
3. Nurse Practitioner	0						
4. Other Nurse	0						
5. Laboratory Technician	0						
6 Other (Specify)	0						
7. 0	0						
8. 0	0						
9. 0	0						
10. 0	0						
11. 0	0						
12. 0	0						
13. Subtotal-FQHC Health Care Costs	0	0	0	0	0	0	0
14. Physician Services Under Agreement	0						
15. Physician Supervision	0						
16.	0						
<b>17. Other Health Care Costs</b>							
18. Pharmacy	(1,022,187)		(1,022,187)				
19. Dental	0						
20. Optometry	0						
21. Medical Supplies	73,311				73,311	0	
22. Depreciation-Medical Equipment	0						
23. Professional Liability Insurance	0						
24. Home Office Direct Cost (from home ofc. cost report	0						
25. Other (Specify)	0						
26. Laboratory Fees and Consumables	(351,620)			(351,620)			
27. 0	0						
28. Subtotal-Other Health Care Costs	(1,300,496)	0	(1,022,187)	(351,620)	73,311	0	0
29. Total Cost of FQHC Services (Sum of Lines 13, 14, 15, 16, and 28)	(1,300,496)	0	(1,022,187)	(351,620)	73,311	0	0
<b>FQHC Overhead-Facility Cost</b>							
30. Rent	0						
31. Insurance	0						
32. Interest Expense	0						
33. Utilities	0						
34. Depreciation-Building	0						
35. Depreciation-Equipment	0						
36. Housekeeping And Maintenance	0						
37. Property Tax	0						
38. Other (Specify)	0						
39. Home Facility Costs	0						
40. 0	0						
41. Subtotal-Facility Costs (Lines 30-40)	0	0	0	0	0	0	0
<b>FQHC Overhead-Administrative Cost</b>							
42. Office Salaries	0						
43. Depreciation-Office Equipment	0						
44. Office Supplies	0						
45. Legal	0						
46. Accounting	0						
47. Insurance (Specify)	0						
48. Telephone	0						
49. Fringe Benefits And Payroll Taxes	0						
50. Home Office Pool Costs (from home ofc. cost report-	0						
51. Other (Specify)	0						
52. Subtotal-Administrative Costs (Lines 42-51)	0	0	0	0	0	0	0
53. Total Cost Subject To Allocation (Sum of Lines 41 and 52)	0	0	0	0	0	0	0
54. Nonreimbursable Costs (Specify)	0			0	0	0	
55. Incentive Non-Employess	24,764	24,764					
56. Home Office Non-Reimbursable Costs	0						
57. Subtotal Nonreimbursable Costs	24,764	24,764	0	0	0	0	0
58. Total FQHC Costs (Sum of Lines 29, 53, and 57)	(1,275,732)	24,764	(1,022,187)	(351,620)	73,311	0	0

ADJUSTMENTS TO CHANGE IN SCOPE-OF-SERVICE REQUEST

Provider Legal Name:

Provider No.

Fiscal Period Ended:

TRI-CITY HEALTH CENTER

1942387188 & 1033296272

June 30, 2012

Cost Center	Adjustment (No. )						
<b>FQHC Health Care Cost</b>							
1. Physician							
2. Physician Assistant							
3. Nurse Practitioner							
4. Other Nurse							
5. Laboratory Technician							
6 Other (Specify)							
7. 0							
8. 0							
9. 0							
10. 0							
11. 0							
12. 0							
13. Subtotal-FQHC Health Care Costs	0	0	0	0	0	0	0
14. Physician Services Under Agreement							
15. Physician Supervision							
16.							
<b>Other Health Care Costs</b>							
17. Pharmacy							
18. Dental							
19. Optometry							
20. Medical Supplies							
22. Depreciation-Medical Equipment							
23. Professional Liability Insurance							
24. Home Office Direct Cost (from home ofc. cost report							
25. Other (Specify)							
26. Laboratory Fees and Consumables							
27. 0							
28. Subtotal-Other Health Care Costs	0	0	0	0	0	0	0
29. Total Cost of FQHC Services (Sum of Lines 13, 14, 15, 16, and 28)	0	0	0	0	0	0	0
<b>FQHC Overhead-Facility Cost</b>							
30. Rent							
31. Insurance							
32. Interest Expense							
33. Utilities							
34. Depreciation-Building							
35. Depreciation-Equipment							
36. Housekeeping And Maintenance							
37. Property Tax							
38. Other (Specify)							
39. Home Facility Costs							
40. 0							
41. Subtotal-Facility Costs (Lines 30-40)	0	0	0	0	0	0	0
<b>FQHC Overhead-Administrative Cost</b>							
42. Office Salaries							
43. Depreciation-Office Equipment							
44. Office Supplies							
45. Legal							
46. Accounting							
47. Insurance (Specify)							
48. Telephone							
49. Fringe Benefits And Payroll Taxes							
50. Home Office Pool Costs (from home ofc. cost report-							
51. Other (Specify)							
52. Subtotal-Administrative Costs (Lines 42-51)	0	0	0	0	0	0	0
53. Total Cost Subject To Allocation (Sum of Lines 41 and 52)	0	0	0	0	0	0	0
54. Nonreimbursable Costs (Specify)							
55. Incentive Non-Employess							
56. Home Office Non-Reimbursable Costs							
57. Subtotal Nonreimbursable Costs	0	0	0	0	0	0	0
58. Total FQHC Costs (Sum of Lines 29, 53, and 57)	0	0	0	0	0	0	0

Provider Legal Name					Fiscal Period	Provider Number (NPI)		Adjustments
TRI-CITY HEALTH CENTER					JULY 1, 2011 THROUGH JUNE 30, 2012	1942387188 & 1033296272		4
Report References					Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted
Adj. No.	Change in Scope-of-Service Report		Change in Scope-of-Service Request					
	Schedule	Line	Worksheet	Line				
1	2A	77	2	55	Incentives Non-Employees To increase Incentives Non-Employees cost per GL and Trial Balance.	7,202	24,764	31,966
2	2A	18	2	18	Pharmacy To eliminate 340B Pharmaceutical Drug Expense for the uninsured indigent patient that were paid for by the patient. 42 CFR 405.2464, 413.20 and 413.24. CMS Pub. 15-1, Sec. 2102.1 2300 and 2304	\$1,022,187	(\$1,022,187)	\$0
3	2A	26	2	26	Laboratory Fees and Cosumables Laboratory Fees and Cosumables To eliminate Offsite Labrotary Fees and Consumables Costs and to reclass \$73,311 to Medical Supply. 42 CFR 405.2464, 413.20 and 413.24/CMS Pub.15-1, Sec.2102.1 and 2304	351,620 73,311	(278,309) (73,311)	73,311 \$0
4	2A	21	2	21	Medical Supplies To adjust reclassified cost of medical supplies from (Ln26) to Medical Supply (Ln 21). 42 CFR 413.24/ CMS Pub.15-1, Sec.2202.8 and 2203.2	137,389	73,311	210,700