

**REPORT ON THE
FEDERALLY QUALIFIED HEALTH CENTER
RATE SETTING COST REPORT AUDIT**

**CENTRO MEDICO—COACHELLA
THERMAL, CALIFORNIA
PROVIDER NUMBER: FHC71175F
NATIONAL PROVIDER IDENTIFIER: 1730249947**

**FISCAL PERIOD ENDED
JUNE 30, 2008**

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

**Section Chief: Patricia M. Fox
Audit Supervisor: Woosung Lee
Auditors: Stacey Leon/Michelle Moreno/Kate Vvedenskaya/Elisa Diaz**



TOBY DOUGLAS
DIRECTOR

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



EDMUND G. BROWN JR.
GOVERNOR

November 1, 2012

Bruce Hebets, CEO
Centro Medico—Coachella
655 Palm Canyon Drive, Suites D and E
Borrego Springs, CA 92004

CENTRO MEDICO—COACHELLA
PROVIDER NUMBER FHC71175F
NATIONAL PROVIDER IDENTIFIER (NPI) 1730249947
FISCAL PERIOD ENDED JUNE 30, 2008

We have examined the Clinic's Federally Qualified Health Center (FQHC) Medi-Cal rate setting 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 rate setting cost report, accompanying financial statements, Medi-Cal Provider Claims Data Report, prior fiscal period's Medi-Cal program audit report, and Medicare audit report for the current fiscal period, if applicable and available.

The prospective payment system (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>
\$ 159.55	March 20, 2007 through September 30, 2008

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>
\$159.55	1.8%	\$162.42	October 1, 2008 through September 30, 2009
162.42	1.6	165.02	October 1, 2009 through September 30, 2010
165.02	1.2	167.00	October 1, 2010 through September 30, 2011
167.00	0.4	167.67	October 1, 2011 through September 30, 2012
167.67	0.6	168.67	October 1, 2012 through September 30, 2013

Your interim Managed Care rate (Code 18) and Medi-Cal Crossover rate (Code 02) will not be adjusted at this time.

This Audit Report includes the:

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

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. Excerpts of the statute and regulations are included for your information.

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

Original Signed by

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

Certified

SCHEDULE OF TRIAL BALANCE EXPENSES

Provider Legal Name:

Provider No. (NPI)

Fiscal Period Ended:

CENTRO MEDICO—COACHELLA

FHC71175F (1730249947)

JUNE 30, 2008

Cost Center

	REPORTED	ADJUSTMENTS (From Sch 2A)	AUDITED
FQHC/RHC Health Care Cost			
1. Physician	\$84,075	(\$1,425)	\$82,650
2. Physician Assistant	0	0	0
3. Nurse Practitioner	90,420	(1,532)	88,888
4. Other Nurse	0	0	0
5. Laboratory Technician	0	0	0
6. Education and Outreach	54,997	31,001	85,998
7. Case Management	0	0	0
8. Other Medical - CPHW	0	0	0
9. Medical Records	14,610	(247)	14,363
10. Support Staff	74,387	(1,261)	73,126
11.	0	0	0
12. Front Office	56,496	(957)	55,539
13. Subtotal-Health Care Costs	\$374,985	\$25,579	\$400,564
14. Physician Services Under Agreement	\$103	(\$103)	\$0
15. Physician Supervision	0	0	0
16.	0	0	0
17. Other Health Care Costs			
18. Pharmacy	\$1,337	\$0	\$1,337
19. Dental	0	0	0
20. Optometry	0	0	0
21. Medical Supplies	5,870	0	5,870
22. Depreciation-Medical Equipment	0	0	0
23. Professional Liability Insurance	1,770	(1,770)	0
24. Home Office Costs (from H.O. cost report-sch 6)	355	1,807	2,162
25. Laboratory	6,923	0	6,923
26. Radiology	0	0	0
27. Minor Medical Equipment and Rental / CME	3,413	(1,456)	1,957
28. Subtotal-Other Health Care Costs	\$19,668	(\$1,419)	\$18,249
29. Total Health Care Costs (Sum of Lines 13, 14, 15, 16, and 28)	\$394,756	\$24,057	\$418,813
FQHC/RHC Overhead-Facility Cost			
30. Rent	\$1,043	(\$1,043)	\$0
31. Insurance	1,575	(1,575)	0
32. Interest Expense	5,313	(5,313)	0
33. Utilities	1,516	(589)	927
34. Depreciation-Building	3,150	(900)	2,250
35. Depreciation-Equipment	9,798	(634)	9,164
36. Housekeeping And Maintenance	19,513	(827)	18,686
37. Property Tax	0	0	0
38. Minor Equipment	0	0	0
39. Home Office Costs (from H.O. cost report-sch 6)	0	7,067	7,067
40.	0	0	0
41. Subtotal-Facility Costs (Lines 30-40)	\$41,908	(\$3,814)	\$38,094
FQHC/RHC Overhead-Administrative Cost			
42. Office Salaries	\$180,036	(\$50,269)	\$129,767
43. Depreciation-Office Equipment	0	0	0
44. Office Supplies	11,037	(713)	10,324
45. Legal	0	0	0
46. Accounting	6,853	(2,219)	4,634
47. Insurance (Specify)	164	(164)	0
48. Telephone	5,696	(1,337)	4,359
49. Fringe Benefits And Payroll Taxes	0	0	0
50. Home Office Costs (from H.O. cost report-sch 6)	0	56,312	56,312
51. Other (Specify)	21,252	(12,312)	8,940
52. Subtotal-Administrative Costs (Lines 42-51)	\$225,038	(\$10,702)	\$214,336
53. Total Cost Subject To Allocation (Sum of Lines 41 and 52)	\$266,946	(\$14,516)	\$252,430
54. Nonreimbursable Costs (Specify)	\$0	\$0	\$0
55.	0	0	0
56.	0	0	0
57. Subtotal Nonreimbursable Costs	\$0	\$0	\$0
58. Total Costs (Sum of Lines 29, 53, and 57)	\$661,702	\$9,541	\$671,243

ADJUSTMENTS TO REPORTED COSTS

Provider Legal Name:

Provider No. (NPI)

Fiscal Period Ended:

CENTRO MEDICO—COACHELLA

FHC71175F (1730249947)

JUNE 30, 2008

Cost Center	Total	Adjustment (No. 1)	Adjustment (No. 2)	Adjustment (No. 3)	Adjustment (No.)	Adjustment (No.)	Adjustment (No.)
FQHC/RHC Health Care Cost							
1. Physician	(1,425)	(1,425)					
2. Physician Assistant	0						
3. Nurse Practitioner	(1,532)	(1,532)					
4. Other Nurse	0						
5. Laboratory Technician	0						
6. Education and Outreach	31,001	31,001					
7. Case Management	0						
8. Other Medical - CPHW	0						
9. Medical Records	(247)	(247)					
10. Support Staff	(1,261)	(1,261)					
11.	0						
12. Front Office	(957)	(957)					
13. Subtotal-Health Care Costs	25,579	25,579	0	0	0	0	0
14. Physician Services Under Agreement	(103)	(103)					
15. Physician Supervision	0						
16.	0						
17. Other Health Care Costs							
18. Pharmacy	0						
19. Dental	0						
20. Optometry	0						
21. Medical Supplies	0						
22. Depreciation-Medical Equipment	0						
23. Professional Liability Insurance	(1,770)	(1,770)					
24. Home Office Costs (from H.O. cost report-sch 6)	1,807	(355)		2,162			
25. Laboratory	0						
26. Radiology	0						
27. Minor Medical Equipment and Rental / CME	(1,456)	(1,456)					
28. Subtotal-Other Health Care Costs	(1,419)	(3,581)	0	2,162	0	0	0
29. Total Health Care Costs (Sum of Lines 13, 14, 15, 16, and 28)	24,057	21,895	0	2,162	0	0	0
FQHC/RHC Overhead-Facility Cost							
30. Rent	(1,043)	(1,043)					
31. Insurance	(1,575)	(1,575)					
32. Interest Expense	(5,313)	(5,313)					
33. Utilities	(589)	(589)					
34. Depreciation-Building	(900)	(900)					
35. Depreciation-Equipment	(634)	(634)					
36. Housekeeping And Maintenance	(827)	(827)					
37. Property Tax	0						
38. Minor Equipment	0						
39. Home Office Costs (from H.O. cost report-sch 6)	7,067			7,067			
40.	0						
41. Subtotal-Facility Costs (Lines 30-40)	(3,814)	(10,881)	0	7,067	0	0	0
FQHC/RHC Overhead-Administrative Cost							
42. Office Salaries	(50,269)	(59,642)	9,373				
43. Depreciation-Office Equipment	0						
44. Office Supplies	(713)	(713)					
45. Legal	0						
46. Accounting	(2,219)	(2,219)					
47. Insurance (Specify)	(164)	(164)					
48. Telephone	(1,337)	(1,337)					
49. Fringe Benefits And Payroll Taxes	0						
50. Home Office Costs (from H.O. cost report-sch 6)	56,312			56,312			
51. Other (Specify)	(12,312)	(12,312)					
52. Subtotal-Administrative Costs (Lines 42-51)	(10,702)	(76,387)	9,373	56,312	0	0	0
53. Total Cost Subject To Allocation (Sum of Lines 41 and 52)	(14,516)	(87,268)	9,373	63,379	0	0	0
54. Nonreimbursable Costs (Specify)	0						
55.	0						
56.	0						
57. Subtotal Nonreimbursable Costs	0	0	0	0	0	0	0
58. Total Costs (Sum of Lines 29, 53, and 57)	9,541	(65,373)	9,373	65,541	0	0	0

ADJUSTMENTS TO REPORTED COSTS

Provider Legal Name:

Provider No.

Fiscal Period Ended:

CENTRO MEDICO—COACHELLA

FHC71175F (1730249947)

JUNE 30, 2008

Cost Center	Adjustment (No.)						
FQHC/RHC Health Care Cost							
1. Physician							
2. Physician Assistant							
3. Nurse Practitioner							
4. Other Nurse							
5. Laboratory Technician							
6. Education and Outreach							
7. Case Management							
8. Other Medical - CPHW							
9. Medical Records							
10. Support Staff							
11.							
12. Front Office							
13. Subtotal-Health Care Costs	0	0	0	0	0	0	0
14. Physician Services Under Agreement							
15. Physician Supervision							
16.							
17. Other Health Care Costs							
18. Pharmacy							
19. Dental							
20. Optometry							
21. Medical Supplies							
22. Depreciation-Medical Equipment							
23. Professional Liability Insurance							
24. Home Office Costs (from H.O. cost report-sch 6)							
25. Laboratory							
26. Radiology							
27. Minor Medical Equipment and Rental / CME							
28. Subtotal-Other Health Care Costs	0	0	0	0	0	0	0
29. Total Health Care Costs (Sum of Lines 13, 14, 15, 16, and 28)	0	0	0	0	0	0	0
FQHC/RHC Overhead-Facility Cost							
30. Rent							
31. Insurance							
32. Interest Expense							
33. Utilities							
34. Depreciation-Building							
35. Depreciation-Equipment							
36. Housekeeping And Maintenance							
37. Property Tax							
38. Minor Equipment							
39. Home Office Costs (from H.O. cost report-sch 6)							
40.							
41. Subtotal-Facility Costs (Lines 30-40)	0	0	0	0	0	0	0
FQHC/RHC Overhead-Administrative Cost							
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 Costs (from H.O. cost report-sch 6)							
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.							
56.							
57. Subtotal Nonreimbursable Costs	0	0	0	0	0	0	0
58. Total Costs (Sum of Lines 29, 53, and 57)	0	0	0	0	0	0	0

Provider Legal Name					Fiscal Period	Provider Number, NPI		Adjustments
CENTRO MEDICO—COACHELLA					JULY 1, 2007 THROUGH JUNE 30, 2008	FHC71175F, 1730249947		4
Report References					Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted
Adj. No.	Audit Report		Cost Report					
	Schedule	Line	Worksheet	Line				
<u>ADJUSTMENTS TO REPORTED COSTS</u>								
1	2A	1	1	1	Physician	\$84,075	(\$1,425)	\$82,650
	2A	3	1	3	Nurse Practitioner	90,420	(1,532)	88,888
	2A	6	1	6	Education and Outreach	54,997	31,001	85,998
	2A	9	1	9	Medical Records	14,610	(247)	14,363
	2A	10	1	10	Support Staff	74,387	(1,261)	73,126
	2A	12	1	12	Other - Front Office	56,496	(957)	55,539
	2A	14	1	14	Physician Services Under Agreement	103	(103)	0
	2A	23	1	23	Professional Liability Insurance	1,770	(1,770)	0
	2A	24	1	24	Home Office Direct Cost	355	(355)	0 *
	2A	27	1	27	Minor Medical Equipment and Rental / CME	3,413	(1,456)	1,957
	2A	30	1	30	Rent	1,043	(1,043)	0
	2A	31	1	31	Insurance	1,575	(1,575)	0
	2A	32	1	32	Interest Expense	5,313	(5,313)	0
	2A	33	1	33	Utilities	1,516	(589)	927
	2A	34	1	34	Depreciation - Building	3,150	(900)	2,250
	2A	35	1	35	Depreciation - Equipment	9,798	(634)	9,164
	2A	36	1	36	Housekeeping and Maintenance	19,513	(827)	18,686
	2A	42	1	42	Office Salaries	180,036	(59,642)	120,394 *
	2A	44	1	44	Office Supplies	11,037	(713)	10,324
	2A	46	1	46	Accounting	6,853	(2,219)	4,634
	2A	47	1	47	Insurance	164	(164)	0
	2A	48	1	48	Telephone	5,696	(1,337)	4,359
	2A	51	1	51	Other	21,252	(12,312)	8,940
To eliminate provider's Home Office Allocation because the provider's method of allocation is not appropriate. 42 CFR 413.24 and 413.50 CMS Pub. 15-1, Sections 2304, 2306 and 2328								

Provider Legal Name				Fiscal Period		Provider Number, NPI		Adjustments	
CENTRO MEDICO—COACHELLA				JULY 1, 2007 THROUGH JUNE 30, 2008		FHC71175F, 1730249947		4	
Report References				Explanation of Audit Adjustments		As Reported	Increase (Decrease)	As Adjusted	
Adj. No.	Audit Report		Cost Report						
	Schedule	Line	Worksheet						Line
<u>ADJUSTMENTS TO REPORTED COSTS</u>									
2	2A	42	1	42	Office Salaries To include billing staff salaries directly allocated to the clinic from the home office. 42 CFR 413.17 / CMS Pub. 15-1, Sections 2150.2 and 2304	*	\$120,394	\$9,373	\$129,767
3	2A	24	1	24	Home Office Costs	*	\$0	\$2,162	\$2,162
	2A	39	1	39	Home Office Costs		0	7,067	7,067
	2A	50	1	50	Home Office Costs To include home office pooled costs. 42 CFR 413.17 / CMS Pub. 15-1, Sections 2150.2 and 2304		0	56,312	56,312

*Balance carried forward from prior/to subsequent adjustments

Provider Legal Name					Fiscal Period	Provider Number, NPI		Adjustments
CENTRO MEDICO—COACHELLA					JULY 1, 2007 THROUGH JUNE 30, 2008	FHC71175F, 1730249947		4
Report References					Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted
Adj. No.	Audit Report		Cost Report					
	Schedule	Line	Worksheet	Line				
<u>ADJUSTMENT TO REPORTED PATIENT VISITS</u>								
4	1	B2	3	25	Total FQHC/RHC Visits To adjust total visits, based on the sample review of El Cajon's May 2008 super bill count. 42 CFR 413.20 and 413.24 CMS Pub 15-1, Sections 2300 and 2304	4,157	50	4,207