

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

**CENTRO MEDICO—EL CAJON
EL CAJON, CALIFORNIA
PROVIDER NUMBER: FHC71169F
NATIONAL PROVIDER IDENTIFIER: 1154480069**

**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—El Cajon
655 Palm Canyon Drive Suites D and E
Borrego Springs, CA 92004

CENTRO MEDICO—EL CAJON
PROVIDER NUMBER FHC71169F
NATIONAL PROVIDER IDENTIFIER (NPI) 1154480069
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>
\$ 223.10	March 2, 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>
\$223.10	1.8	\$227.12	October 1, 2008 through September 30, 2009
227.12	1.6	230.75	October 1, 2009 through September 30, 2010
230.75	1.2	233.52	October 1, 2010 through September 30, 2011
233.52	0.4	234.45	October 1, 2011 through September 30, 2012
239.45	0.6	235.86	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

COMPUTATION OF MEDI-CAL PROSPECTIVE PAYMENT SYSTEM RATE

Provider Legal Name:	Provider No. (NPI)	Fiscal Period Ended:
CENTRO MEDICO—EL CAJON	FHC71169F (1154480069)	JUNE 30, 2008

PART A - DETERMINATION OF OVERHEAD APPLICABLE TO MEDICAL SERVICES	REPORTED	AUDITED
1. Cost of Services Excluding Overhead (Sch 2, L 29)	\$ 1,590,593	\$ 1,561,112
2. Nonreimbursable Costs Excluding Overhead (Sch 2, L 57)	0	183,990
3. Cost of All Services Excluding Overhead (L A1 + L A2)	\$ 1,590,593	\$ 1,745,102
4. Percentage of Nonreimbursable Costs (L A2 / L A3)	0.000000	0.105432
5. Total Overhead (Sch 2, L 53)	\$ 1,373,201	\$ 1,239,877
6. Overhead Applicable to Nonreimbursable Costs (L A4 * L A5)	0	130,723
7. Overhead Applicable to Medical Services (L A5 - L A6)	1,373,201	1,109,154
8. Total Cost of Medical Services (L A1 + L A7)	\$ 2,963,794	\$ 2,670,266
 PART B - DETERMINATION OF PPS RATE		
1. Total Medical Costs (L A8)	\$ 2,963,794	\$ 2,670,266
2. Total FQHC/RHC Visits (Adj No. 6)	11,827	11,969
3. Total Nonreimbursable Services Visits (Adj No)	0	0
4. FQHC/RHC Adjusted Visits (L B2 - L B3)	11,827	11,969
5. FQHC/RHC PPS Rate Per Visit (L B1 / L B4)	\$ 250.60	\$ 223.10

SCHEDULE OF TRIAL BALANCE EXPENSES

Provider Legal Name:

Provider No. (NPI)

Fiscal Period Ended:

CENTRO MEDICO—EL CAJON

FHC71169F (1154480069)

JUNE 30, 2008

Cost Center

	REPORTED	ADJUSTMENTS (From Sch 2A)	AUDITED
FQHC/RHC Health Care Cost			
1. Physician	\$392,853	(\$4,889)	\$387,964
2. Physician Assistant	225,157	(2,803)	222,354
3. Nurse Practitioner	226,095	(2,810)	223,285
4. Other Nurse	135,967	(1,691)	134,276
5. Laboratory Technician	9,609	(401)	9,208
6. Education and Outreach	12,085	(10,496)	1,589
7. Case Management	93,148	(33,597)	59,551
8. Other Medical - CPHW	69,091	(860)	68,231
9. Medical Records	25,674	(319)	25,355
10. Support Staff	96,725	32,904	129,629
11. Mental Health	84,324	(1,051)	83,273
12. Front Office	86,049	(1,071)	84,978
13. Subtotal-Health Care Costs	\$1,456,777	(\$27,084)	\$1,429,693
14. Physician Services Under Agreement	\$63,408	(\$292)	\$63,116
15. Physician Supervision	0	0	0
16.	0	0	0
17. Other Health Care Costs			
18. Pharmacy	\$7,543	\$0	\$7,543
19. Dental	0	0	0
20. Optometry	0	0	0
21. Medical Supplies	30,283	0	30,283
22. Depreciation-Medical Equipment	0	0	0
23. Professional Liability Insurance	5,036	(5,036)	0
24. Home Office Costs (from H.O. cost report-sch 6)	1,258	7,070	8,328
25. Laboratory	8,067	0	8,067
26. Radiology	428	0	428
27. Minor Medical Equipment and Rental / CME	17,793	(4,139)	13,654
28. Subtotal-Other Health Care Costs	\$70,408	(\$2,105)	\$68,303
29. Total Health Care Costs (Sum of Lines 13, 14, 15, 16, and 28)	\$1,590,593	(\$29,481)	\$1,561,112
FQHC/RHC Overhead-Facility Cost			
30. Rent	\$139,166	(\$2,968)	\$136,198
31. Insurance	5,449	(4,478)	971
32. Interest Expense	61,529	(57,432)	4,097
33. Utilities	13,980	(1,675)	12,305
34. Depreciation-Building	19,341	(2,560)	16,781
35. Depreciation-Equipment	1,801	(1,801)	0
36. Housekeeping And Maintenance	105,365	(3,202)	102,163
37. Property Tax	0	0	0
38. Minor Equipment	0	0	0
39. Home Office Costs (from H.O. cost report-sch 6)	0	38,557	38,557
40.	0	0	0
41. Subtotal-Facility Costs (Lines 30-40)	\$346,631	(\$35,559)	\$311,072
FQHC/RHC Overhead-Administrative Cost			
42. Office Salaries	\$763,251	(\$143,800)	\$619,451
43. Depreciation-Office Equipment	0	0	0
44. Office Supplies	25,915	(2,030)	23,885
45. Legal	0	0	0
46. Accounting	6,876	(6,314)	562
47. Insurance (Specify)	466	(466)	0
48. Telephone	13,163	(3,803)	9,360
49. Fringe Benefits And Payroll Taxes	0	0	0
50. Home Office Costs (from H.O. cost report-sch 6)	0	235,333	235,333
51. Other (Specify)	216,899	(176,685)	40,214
52. Subtotal-Administrative Costs (Lines 42-51)	\$1,026,570	(\$97,765)	\$928,805
53. Total Cost Subject To Allocation (Sum of Lines 41 and 52)	\$1,373,201	(\$133,324)	\$1,239,877
54. Nonreimbursable Costs (Specify)	\$0	\$183,990	\$183,990
55.	0	0	0
56.	0	0	0
57. Subtotal Nonreimbursable Costs	\$0	\$183,990	\$183,990
58. Total Costs (Sum of Lines 29, 53, and 57)	\$2,963,794	\$21,185	\$2,984,979

ADJUSTMENTS TO REPORTED COSTS

Provider Legal Name:

Provider No. (NPI)

Fiscal Period Ended:

CENTRO MEDICO—EL CAJON

FHC71169F (1154480069)

JUNE 30, 2008

Cost Center	Total	Adjustment (No. 1)	Adjustment (No. 2)	Adjustment (No. 3)	Adjustment (No. 4)	Adjustment (No. 5)	Adjustment (No.)
FQHC/RHC Health Care Cost							
1. Physician	(4,889)			(4,889)			
2. Physician Assistant	(2,803)			(2,803)			
3. Nurse Practitioner	(2,810)			(2,810)			
4. Other Nurse	(1,691)			(1,691)			
5. Laboratory Technician	(401)			(401)			
6. Education and Outreach	(10,496)			(10,496)			
7. Case Management	(33,597)			(33,597)			
8. Other Medical - CPHW	(860)			(860)			
9. Medical Records	(319)			(319)			
10. Support Staff	32,904			32,904			
11. Mental Health	(1,051)			(1,051)			
12. Front Office	(1,071)			(1,071)			
13. Subtotal-Health Care Costs	(27,084)	0	0	(27,084)	0	0	0
14. Physician Services Under Agreement	(292)			(292)			
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	(5,036)			(5,036)			
24. Home Office Costs (from H.O. cost report-sch 6)	7,070			(1,258)		8,328	
25. Laboratory	0						
26. Radiology	0						
27. Minor Medical Equipment and Rental / CME	(4,139)			(4,139)			
28. Subtotal-Other Health Care Costs	(2,105)	0	0	(10,433)	0	8,328	0
29. Total Health Care Costs (Sum of Lines 13, 14, 15, 16, and 28)	(29,481)	0	0	(37,809)	0	8,328	0
FQHC/RHC Overhead-Facility Cost							
30. Rent	(2,968)			(2,968)			
31. Insurance	(4,478)			(4,478)			
32. Interest Expense	(57,432)	(42,318)		(15,114)			
33. Utilities	(1,675)			(1,675)			
34. Depreciation-Building	(2,560)			(2,560)			
35. Depreciation-Equipment	(1,801)			(1,801)			
36. Housekeeping And Maintenance	(3,202)			(3,202)			
37. Property Tax	0						
38. Minor Equipment	0						
39. Home Office Costs (from H.O. cost report-sch 6)	38,557					38,557	
40.	0						
41. Subtotal-Facility Costs (Lines 30-40)	(35,559)	(42,318)	0	(31,798)	0	38,557	0
FQHC/RHC Overhead-Administrative Cost							
42. Office Salaries	(143,800)			(170,460)	26,660		
43. Depreciation-Office Equipment	0						
44. Office Supplies	(2,030)			(2,030)			
45. Legal	0						
46. Accounting	(6,314)			(6,314)			
47. Insurance (Specify)	(466)			(466)			
48. Telephone	(3,803)			(3,803)			
49. Fringe Benefits And Payroll Taxes	0						
50. Home Office Costs (from H.O. cost report-sch 6)	235,333					235,333	
51. Other (Specify)	(176,685)		(141,672)	(35,013)			
52. Subtotal-Administrative Costs (Lines 42-51)	(97,765)	0	(141,672)	(218,086)	26,660	235,333	0
53. Total Cost Subject To Allocation (Sum of Lines 41 and 52)	(133,324)	(42,318)	(141,672)	(249,884)	26,660	273,890	0
54. Nonreimbursable Costs (Specify)	183,990	42,318	141,672				
55.	0						
56.	0						
57. Subtotal Nonreimbursable Costs	183,990	42,318	141,672	0	0	0	0
58. Total Costs (Sum of Lines 29, 53, and 57)	21,185	0	0	(287,693)	26,660	282,218	0

ADJUSTMENTS TO REPORTED COSTS

Provider Legal Name:

Provider No.

Fiscal Period Ended:

CENTRO MEDICO—EL CAJON

FHC71169F (1154480069)

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. Mental Health							
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 Name				Fiscal Period		Provider Number, NPI		Adjustments		
CENTRO MEDICO—EL CAJON				JULY 1, 2007 THROUGH JUNE 30, 2008		FHC71169F, 1154480069		6		
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	32	1	32	Interest Expense	\$61,529	(\$42,318)	\$19,211	*	
	2A	54	1	54	Nonreimbursable Costs	0	42,318	42,318	*	
					To reclassify the interest cost to A. Ratniewski not related to patient care. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections, 2100, 2102, 2300, and 2304					
2	2A	51	1	51	Other	\$216,899	(\$141,672)	\$75,227	*	
	2A	54	1	54	Nonreimbursable Cost	42,318	141,672	183,990	*	
					To reclassify the amortization of medical records costs not related to patient care. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections, 2100, 2102, 2300, and 2304					

*Balance carried forward from prior/to subsequent adjustments

Provider Name					Fiscal Period	Provider Number, NPI		Adjustments
CENTRO MEDICO—EL CAJON					JULY 1, 2007 THROUGH JUNE 30, 2008	FHC71169F, 1154480069		6
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								
3	2A	1	1	1	Physician	\$392,853	(\$4,889)	\$387,964
	2A	2	1	2	Physician Assistant	225,157	(2,803)	222,354
	2A	3	1	3	Nurse Practitioner	226,095	(2,810)	223,285
	2A	4	1	4	Other Nurse	135,967	(1,691)	134,276
	2A	5	1	5	Laboratory Technician	9,609	(401)	9,208
	2A	6	1	6	Education and Outreach	12,085	(10,496)	1,589
	2A	7	1	7	Case Management	93,148	(33,597)	59,551
	2A	8	1	8	Other Medical - CPHW	69,091	(860)	68,231
	2A	9	1	9	Medical Records	25,674	(319)	25,355
	2A	10	1	10	Support Staff	96,725	32,904	129,629
	2A	11	1	11	Mental Health	84,324	(1,051)	83,273
	2A	12	1	12	Other - Front Office	86,049	(1,071)	84,978
	2A	14	1	14	Physician Services Under Agreement	63,408	(292)	63,116
	2A	23	1	23	Professional Liability Insurance	5,036	(5,036)	0
	2A	24	1	24	Home Office Direct Cost	1,258	(1,258)	0 *
	2A	27	1	27	Minor Medical Equipment and Rental / CME	17,793	(4,139)	13,654
	2A	30	1	30	Rent	139,166	(2,968)	136,198
	2A	31	1	31	Insurance	5,449	(4,478)	971
	2A	32	1	32	Interest Expense	* 19,211	(15,114)	4,097
	2A	33	1	33	Utilities	13,980	(1,675)	12,305
	2A	34	1	34	Depreciation - Building	19,341	(2,560)	16,781
	2A	35	1	35	Depreciation - Equipment	1,801	(1,801)	0
	2A	36	1	36	Housekeeping and Maintenance	105,365	(3,202)	102,163
	2A	42	1	42	Office Salaries	763,251	(170,460)	592,791 *
	2A	44	1	44	Office Supplies	25,915	(2,030)	23,885
	2A	46	1	46	Accounting	6,876	(6,314)	562
	2A	47	1	47	Insurance	466	(466)	0
	2A	48	1	48	Telephone	13,163	(3,803)	9,360
	2A	51	1	51	Other	* 75,227	(35,013)	40,214
					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 Name				Fiscal Period		Provider Number, NPI		Adjustments	
CENTRO MEDICO—EL CAJON				JULY 1, 2007 THROUGH JUNE 30, 2008		FHC71169F, 1154480069		6	
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>									
4	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	*	\$592,791	\$26,660	\$619,451
5	2A	24	1	24	Home Office Costs	*	\$0	\$8,328	\$8,328
	2A	39	1	39	Home Office Costs		0	38,557	38,557
	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	235,333	235,333

*Balance carried forward from prior/to subsequent adjustments

Provider Name					Fiscal Period		Provider Number, NPI		Adjustments
CENTRO MEDICO—EL CAJON					JULY 1, 2007 THROUGH JUNE 30, 2008		FHC71169F, 1154480069		6
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>									
6	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	11,827	142	11,969	