

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

**CENTRO MEDICO—OASIS  
THERMAL, CALIFORNIA  
PROVIDER NUMBER: FHC71174F  
NATIONAL PROVIDER IDENTIFIER: 1255490819**

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

CENTRO MEDICO—OASIS  
PROVIDER NUMBER FHC71174F  
NATIONAL PROVIDER IDENTIFIER (NPI) 1255490819  
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>
\$ 141.57	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>
\$141.57	1.8%	\$144.12	October 1, 2008 through September 30, 2009
144.12	1.6	146.42	October 1, 2009 through September 30, 2010
146.42	1.2	148.18	October 1, 2010 through September 30, 2011
148.18	0.4	148.77	October 1, 2011 through September 30, 2012
148.77	0.6	149.67	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

## COMPUTATION OF MEDI-CAL PROSPECTIVE PAYMENT SYSTEM RATE

Provider Legal Name:

Provider No. (NPI)

Fiscal Period Ended:

CENTRO MEDICO—OASIS

FHC71174F (1255490819)

JUNE 30, 2008

## PART A - DETERMINATION OF OVERHEAD APPLICABLE TO MEDICAL SERVICES

	REPORTED	AUDITED
1. Cost of Services Excluding Overhead (Sch 2, L 29)	\$ 453,949	\$ 407,541
2. Nonreimbursable Costs Excluding Overhead (Sch 2, L 57)	0	33,917
3. Cost of All Services Excluding Overhead (L A1 + L A2)	\$ 453,949	\$ 441,458
4. Percentage of Nonreimbursable Costs (L A2 / L A3)	0.000000	0.076830
5. Total Overhead (Sch 2, L 53)	\$ 231,407	\$ 224,224
6. Overhead Applicable to Nonreimbursable Costs (L A4 * L A5)	0	17,227
7. Overhead Applicable to Medical Services (L A5 - L A6)	231,407	206,997
8. Total Cost of Medical Services (L A1 + L A7)	\$ 685,356	\$ 614,538

## PART B - DETERMINATION OF PPS RATE

1. Total Medical Costs (L A8)	\$ 685,356	\$ 614,538
2. Total FQHC/RHC Visits (Adj No 5)	4,290	4,341
3. Total Nonreimbursable Services Visits (Adj No )	0	0
4. FQHC/RHC Adjusted Visits (L B2 - L B3)	4,290	4,341
5. FQHC/RHC PPS Rate Per Visit (L B1 / L B4)	\$ 159.76	\$ 141.57

## SCHEDULE OF TRIAL BALANCE EXPENSES

Provider Legal Name:

Provider No. (NPI)

Fiscal Period Ended:

CENTRO MEDICO—OASIS

FHC71174F (1255490819)

JUNE 30, 2008

Cost Center	REPORTED	ADJUSTMENTS (From Sch 2A)	AUDITED
<b>FQHC/RHC Health Care Cost</b>			
1. Physician	\$131,615	(\$2,515)	\$129,100
2. Physician Assistant	31,205	(596)	30,609
3. Nurse Practitioner	62,841	(1,201)	61,640
4. Other Nurse	0	0	0
5. Laboratory Technician	0	0	0
6. Education and Outreach	3,366	(64)	3,302
7. Case Management	43,395	(37,994)	5,401
8.	0	0	0
9.	0	0	0
10. Support Staff	59,796	(1,142)	58,654
11.	0	0	0
12. Other - Front Office	59,245	(1,132)	58,113
13. Subtotal-Health Care Costs	\$391,463	(\$44,644)	\$346,819
14. Physician Services Under Agreement	\$38,956	(\$106)	\$38,850
15. Physician Supervision	0	0	0
16.	0	0	0
<b>17. Other Health Care Costs</b>			
18. Pharmacy	\$1,954	\$0	\$1,954
19. Dental	0	0	0
20. Optometry	0	0	0
21. Medical Supplies	5,054	0	5,054
22. Depreciation-Medical Equipment	4,883	0	4,883
23. Professional Liability Insurance	1,826	(1,826)	0
24. Home Office Costs (from H.O. cost report-sch 6)	338	1,669	2,007
25. Laboratory	5,833	0	5,833
26.	0	0	0
27. Minor Medical Equipment and Rental / CME	3,642	(1,501)	2,141
28. Subtotal-Other Health Care Costs	\$23,530	(\$1,658)	\$21,872
29. Total Health Care Costs (Sum of Lines 13, 14, 15, 16, and 28)	\$453,949	(\$46,408)	\$407,541
<b>FQHC/RHC Overhead-Facility Cost</b>			
30. Rent	\$1,076	(\$1,076)	\$0
31. Insurance	1,624	(1,624)	0
32. Interest Expense	5,481	(5,481)	0
33. Utilities	5,892	(608)	5,284
34. Depreciation-Building	3,010	(928)	2,082
35. Depreciation-Equipment	653	(653)	0
36. Housekeeping And Maintenance	0	(856)	(856)
37. Property Tax	24,090	0	24,090
38. Minor Equipment	0	0	0
39. Home Office Costs (from H.O. cost report-sch 6)	0	21,200	21,200
40.	0	0	0
41. Subtotal-Facility Costs (Lines 30-40)	\$41,826	\$9,974	\$51,800
<b>FQHC/RHC Overhead-Administrative Cost</b>			
42. Office Salaries	\$149,084	(\$51,558)	\$97,526
43. Depreciation-Office Equipment	0	0	0
44. Office Supplies	3,840	(736)	3,104
45. Legal	0	0	0
46. Accounting	2,291	(2,291)	0
47. Insurance (Specify)	169	(169)	0
48. Telephone	15,941	(1,379)	14,562
49. Fringe Benefits And Payroll Taxes	0	0	0
50. Home Office Costs (from H.O. cost report-sch 6)	0	51,674	51,674
51. Other (Specify)	18,256	(12,698)	5,558
52. Subtotal-Administrative Costs (Lines 42-51)	\$189,581	(\$17,157)	\$172,424
53. Total Cost Subject To Allocation (Sum of Lines 41 and 52)	\$231,407	(\$7,183)	\$224,224
54. Nonreimbursable Costs (Specify)	\$0	\$33,917	\$33,917
55.	0	0	0
56.	0	0	0
57. Subtotal Nonreimbursable Costs	\$0	\$33,917	\$33,917
58. Total Costs (Sum of Lines 29, 53, and 57)	\$685,356	(\$19,674)	\$665,682

ADJUSTMENTS TO REPORTED COSTS

Provider Legal Name:

Provider No. (NPI)

Fiscal Period Ended:

CENTRO MEDICO—OASIS

FHC71174F (1255490819)

JUNE 30, 2008

Cost Center	Total	Adjustment (No. 1)	Adjustment (No. 2)	Adjustment (No. 3)	Adjustment (No. 4)	Adjustment (No. )	Adjustment (No. )
<b>FQHC/RHC Health Care Cost</b>							
1. Physician	(2,515)		(2,515)				
2. Physician Assistant	(596)		(596)				
3. Nurse Practitioner	(1,201)		(1,201)				
4. Other Nurse	0						
5. Laboratory Technician	0						
6. Education and Outreach	(64)		(64)				
7. Case Management	(37,994)	(33,917)	(4,077)				
8.	0						
9.	0						
10. Support Staff	(1,142)		(1,142)				
11.	0						
12. Other - Front Office	(1,132)		(1,132)				
13. Subtotal-Health Care Costs	(44,644)	(33,917)	(10,727)	0	0	0	0
14. Physician Services Under Agreement	(106)		(106)				
15. Physician Supervision	0						
16.	0						
<b>17. Other Health Care Costs</b>							
18. Pharmacy	0						
19. Dental	0						
20. Optometry	0						
21. Medical Supplies	0						
22. Depreciation-Medical Equipment	0						
23. Professional Liability Insurance	(1,826)		(1,826)				
24. Home Office Costs (from H.O. cost report-sch 6)	1,669		(338)		2,007		
25. Laboratory	0						
26.	0						
27. Minor Medical Equipment and Rental / CME	(1,501)		(1,501)				
28. Subtotal-Other Health Care Costs	(1,658)	0	(3,665)	0	2,007	0	0
29. Total Health Care Costs (Sum of Lines 13, 14, 15, 16, and 28)	(46,408)	(33,917)	(14,498)	0	2,007	0	0
<b>FQHC/RHC Overhead-Facility Cost</b>							
30. Rent	(1,076)		(1,076)				
31. Insurance	(1,624)		(1,624)				
32. Interest Expense	(5,481)		(5,481)				
33. Utilities	(608)		(608)				
34. Depreciation-Building	(928)		(928)				
35. Depreciation-Equipment	(653)		(653)				
36. Housekeeping And Maintenance	(856)		(856)				
37. Property Tax	0						
38. Minor Equipment	0						
39. Home Office Costs (from H.O. cost report-sch 6)	21,200				21,200		
40.	0						
41. Subtotal-Facility Costs (Lines 30-40)	9,974	0	(11,226)	0	21,200	0	0
<b>FQHC/RHC Overhead-Administrative Cost</b>							
42. Office Salaries	(51,558)		(61,228)	9,670			
43. Depreciation-Office Equipment	0						
44. Office Supplies	(736)		(736)				
45. Legal	0						
46. Accounting	(2,291)		(2,291)				
47. Insurance (Specify)	(169)		(169)				
48. Telephone	(1,379)		(1,379)				
49. Fringe Benefits And Payroll Taxes	0						
50. Home Office Costs (from H.O. cost report-sch 6)	51,674				51,674		
51. Other (Specify)	(12,698)		(12,698)				
52. Subtotal-Administrative Costs (Lines 42-51)	(17,157)	0	(78,501)	9,670	51,674	0	0
53. Total Cost Subject To Allocation (Sum of Lines 41 and 52)	(7,183)	0	(89,727)	9,670	72,874	0	0
54. Nonreimbursable Costs (Specify)	33,917	33,917					
55.	0						
56.	0						
57. Subtotal Nonreimbursable Costs	33,917	33,917	0	0	0	0	0
58. Total Costs (Sum of Lines 29, 53, and 57)	(19,674)	0	(104,225)	9,670	74,881	0	0

ADJUSTMENTS TO REPORTED COSTS

Provider Legal Name:

Provider No.

Fiscal Period Ended:

CENTRO MEDICO—OASIS

FHC71174F (1255490819)

JUNE 30, 2008

Cost Center	Adjustment (No. )						
<b>FQHC/RHC Health Care Cost</b>							
1. Physician							
2. Physician Assistant							
3. Nurse Practitioner							
4. Other Nurse							
5. Laboratory Technician							
6. Education and Outreach							
7. Case Management							
8.							
9.							
10. Support Staff							
11.							
12. Other - Front Office							
13. Subtotal-Health Care Costs	0	0	0	0	0	0	0
14. Physician Services Under Agreement							
15. Physician Supervision							
16.							
<b>17. Other Health Care Costs</b>							
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.							
27. Minor Medical Equipuiment 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
<b>FQHC/RHC 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. 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
<b>FQHC/RHC 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 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—OASIS					JULY 1, 2007 THROUGH JUNE 30, 2008		FHC71174F, 1255490819		5
Report References					Explanation of Audit Adjustments		As Reported	Increase (Decrease)	As Adjusted
Adj. No.	Audit Report		Cost Report						
	Schedule	Line	Worksheet	Line					
<b><u>RECLASSIFICATION TO REPORTED COSTS</u></b>									
1	2A	7	1	7	Case Management	\$43,395	(\$33,917)	\$9,478 *	
	2A	54	1	54	Nonreimbursable Costs	0	33,917	33,917	
					To reclassify the cost of outreach staff due to insufficient documentation. 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—OASIS					JULY 1, 2007 THROUGH JUNE 30, 2008	FHC71174F, 1255490819		5
Report References					Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted
Adj. No.	Audit Report		Cost Report					
	Schedule	Line	Worksheet	Line				
<b><u>ADJUSTMENTS TO REPORTED COSTS</u></b>								
2	2A	1	1	1	Physician	\$131,615	(\$2,515)	\$129,100
	2A	2	1	2	Physician Assistant	31,205	(596)	30,609
	2A	3	1	3	Nurse Practitioner	62,841	(1,201)	61,640
	2A	6	1	6	Education and Outreach	3,366	(64)	3,302
	2A	7	1	7	Case Management	9,478	(4,077)	5,401
	2A	10	1	10	Support Staff	59,796	(1,142)	58,654
	2A	12	1	12	Other - Front Office	59,245	(1,132)	58,113
	2A	14	1	14	Physician Services Under Agreement	38,956	(106)	38,850
	2A	23	1	23	Professional Liability Insurance	1,826	(1,826)	0
	2A	24	1	24	Home Office Direct Cost	338	(338)	0 *
	2A	27	1	27	Minor Medical Equipment and Rental / CME	3,642	(1,501)	2,141
	2A	30	1	30	Rent	1,076	(1,076)	0
	2A	31	1	31	Insurance	1,624	(1,624)	0
	2A	32	1	32	Interest Expense	5,481	(5,481)	0
	2A	33	1	33	Utilities	5,892	(608)	5,284
	2A	34	1	34	Depreciation - Building	3,010	(928)	2,082
	2A	35	1	35	Depreciation - Equipment	653	(653)	0
	2A	36	1	36	Housekeeping and Maintenance	24,090	(856)	23,234
	2A	42	1	42	Office Salaries	149,084	(61,228)	87,856 *
	2A	44	1	44	Office Supplies	3,840	(736)	3,104
	2A	46	1	46	Accounting	2,291	(2,291)	0
	2A	47	1	47	Insurance	169	(169)	0
	2A	48	1	48	Telephone	15,941	(1,379)	14,562
	2A	51	1	51	Other	18,256	(12,698)	5,558
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								

\*Balance carried forward from prior/to subsequent adjustments

Provider Name				Fiscal Period		Provider Number, NPI		Adjustments		
CENTRO MEDICO—OASIS				JULY 1, 2007 THROUGH JUNE 30, 2008		FHC71174F, 1255490819		5		
Report References				Explanation of Audit Adjustments		As Reported	Increase (Decrease)	As Adjusted		
Adj. No.	Audit Report		Cost Report							
	Schedule	Line	Worksheet							Line
<b><u>ADJUSTMENTS TO REPORTED COSTS</u></b>										
3	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	*	\$87,856	\$9,670	\$97,526	
4	2A	24	1	24	Home Office Costs	*	\$0	\$2,007	\$2,007	
	2A	39	1	39	Home Office Costs		0	21,200	21,200	
	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	51,674	51,674	

\*Balance carried forward from prior/to subsequent adjustments

Provider Name					Fiscal Period		Provider Number, NPI		Adjustments			
CENTRO MEDICO—OASIS					JULY 1, 2007 THROUGH JUNE 30, 2008		FHC71174F, 1255490819		5			
Report References					Explanation of Audit Adjustments							
Adj. No.	Audit Report		Cost Report							As Reported	Increase (Decrease)	As Adjusted
	Schedule	Line	Worksheet	Line								
<u>ADJUSTMENT TO REPORTED PATIENT VISITS</u>												
5	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	4,290	51	4,341				