

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

**FAMILY HEALTHCARE NETWORK - PUTNAM DENTAL
PROVIDER NUMBER: FHC71182F
NPI NUMBER: 1558554519**

**FISCAL PERIOD ENDED
JUNE 30, 2008**

**Audits Section - Fresno
Financial Audits Branch
Audits and Investigations
Department of Health Care Services**

**Section Chief: Michael Harrold
Audit Supervisor: Linda King
Auditor: Adrian Peña**



TOBY DOUGLAS
DIRECTOR

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



EDMUND G. BROWN JR.
GOVERNOR

January 14, 2014

Tony Weber
Vice President of Finance
Family Healthcare Network
305 E. Center Avenue
Visalia, CA 93291

PROVIDER LEGAL NAME: FAMILY HEALTHCARE NETWORK
DBA: FAMILY HEALTHCARE NETWORK – PUTNAM DENTAL
FQHC PROVIDER NO. (NPI): FHC71182F (1558554519)
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 Paid Claims Summary 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(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>
\$ 166.95	May 10, 2007 to September 30, 2008

In addition, your rate will be increased to \$169.96, effective October 1, 2008, to \$172.68, effective October 1, 2009, \$174.75, effective October 1, 2010, to reflect the MEI increases of 1.8%, 1.6% and 1.2% respectively.

We have instructed the Payment Systems Division to adjust your interim Medi-Cal Crossover rate (Code 02) to \$34.95, effective November 1, 2011.

In our opinion, there is an overpayment for the above period due the State in the amount of \$1,838.

The Medi-Cal overpayment will be incorporated into a Statement of Account Status, which may reflect tentative retroactive adjustment determinations, payments from the provider, and other financial transactions initiated by the Department. The Statement of Account Status will be forwarded to the provider by the State's fiscal intermediary. Instructions regarding payment will be included with the Statement of Account Status.

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

Tony Weber
Page 3

If you have further questions regarding this report you may call the Audits Section – Fresno at (559) 446-2458.

Sincerely,

Original Signed by

Michael A. Harrold, Chief
Audits Section – Fresno
Financial Audits Branch

Enclosure
Certified

COMPUTATION OF MEDI-CAL PROSPECTIVE PAYMENT SYSTEM RATE

Provider Legal Name:
FAMILY HEALTHCARE NETWORK -
PUTNAM DENTAL

Provider No.
FHC71182F

Fiscal Period Ended:
JUNE 30, 2008

PART A - DETERMINATION OF OVERHEAD APPLICABLE TO FQHC SERVICES

	REPORTED	AUDITED
1. Cost of FQHC Services Excluding Overhead (Sch 2, L 29)	\$ 714,541	\$ 436,136
2. Nonreimbursable FQHC Costs Excluding Overhead (Sch 2, L 57)	0	0
3. Cost of All Services Excluding Overhead (L A1 + L A2)	\$ 714,541	\$ 436,136
4. Percentage of Nonreimbursable FQHC Costs (L A2 / L A3)	0.000000	0.000000
5. Total Overhead (Sch 2, L 53)	\$ 269,735	\$ 457,028
6. Overhead Applicable to Nonreimbursable FQHC Costs (L A4 * L A5)	0	0
7. Overhead Applicable to FQHC Services (L A5 - L A6)	269,735	457,028
8. Total Cost of FQHC Services (L A1 + L A7)	\$ 984,276	\$ 893,164

PART B - DETERMINATION OF FQHC RATE

1. Total FQHC Costs (L A8)	\$ 984,276	\$ 893,164
2. Total FQHC Visits (Adj No)	5,350	5,350
3. Total FQHC Nonreimbursable Services Visits (Adj No)	0	0
4. Total FQHC Adjusted Visits (L B2 - L B3)	5,350	5,350
5. FQHC PPS Rate Per Visit (L B1 / L B4)	\$ 183.98	\$ 166.95

PART C - OVERPAYMENTS

1. Medi-Cal Credit Balances / Overpayments (Adj No 9, 10)	\$ N/A	\$ (1,838)
---	--------	------------

SCHEDULE OF TRIAL BALANCE EXPENSE

Provider Legal Name:
FAMILY HEALTHCARE NETWORK - PUTNAM
DENTAL

Provider No.
FHC71182F

Fiscal Period Ended:
JUNE 30, 2008

Cost Center	REPORTED	ADJUSTMENTS (From Sch 2A)	AUDITED
FQHC Health Care Cost			
1. Physician	\$0	\$0	\$0
2. Physician Assistant	0	0	0
3. Nurse Practitioner	0	0	0
4. Other Nurse	0	0	0
5. Laboratory Technician	0	0	0
6. Other (Specify)	0	0	0
7. Equipment Lease, Provider Recruitmen	0	0	0
8.	0	0	0
9.	0	0	0
10.	0	0	0
11.	0	0	0
12.	0	0	0
13. Subtotal-FQHC Health Care Costs	\$0	\$0	\$0
14. Physician Services Under Agreement	\$4,500	\$0	\$4,500
15. Physician Supervision	0	0	0
16.	0	0	0
17. Other Health Care Costs			
18. Pharmacy	\$0	\$0	\$0
19. Dental	639,290	(278,405)	360,885
20. Optometry	0	0	0
21. Medical Supplies	59,513	0	59,513
22. Depreciation-Medical Equipment	134	0	134
23. Professional Liability Insurance	0	0	0
24. Home Office Direct Cost (from home ofc. cost report-sch 6)	9,447	0	9,447
25. Transportation (Health Care Staff)	0	0	0
26. Other: Lab, Cont Ed, Equip Lease	1,657	0	1,657
27.	0	0	0
28. Subtotal-Other Health Care Costs	\$710,041	(\$278,405)	\$431,636
29. Total Cost of FQHC Services (Sum of Lines 13, 14, 15, 16, and 28)	\$714,541	(\$278,405)	\$436,136
FQHC Overhead-Facility Cost			
30. Rent	\$48,000	(\$48,000)	\$0
31. Insurance	0	0	0
32. Interest Expense	0	0	0
33. Utilities	15,111	0	15,111
34. Depreciation-Building	626	0	626
35. Depreciation-Equipment	0	0	0
36. Housekeeping and Maintenance	7,782	0	7,782
37. Property Tax	0	0	0
38. Other (Specify)	0	0	0
39. Home Office Pool Cost (from home ofc. cost report-sch 6)	19,774	0	19,774
40.	0	0	0
41. Subtotal-Facility Costs (Lines 30-40)	\$91,293	(\$48,000)	\$43,293
FQHC Overhead-Administrative Cost			
42. Office Salaries	\$0	\$153,038	\$153,038
43. Depreciation-Office Equipment	348	0	348
44. Office Supplies	3,958	0	3,958
45. Legal	0	0	0
46. Accounting	0	0	0
47. Insurance (Specify)	0	0	0
48. Telephone	2,490	0	2,490
49. Fringe Benefits and Payroll Taxes	0	83,010	83,010
50. Home Office Pool Costs (from home ofc. cost report-sch 6)	151,028	0	151,028
51. Other (Specify)	20,618	(755)	19,863
52. Subtotal-Administrative Costs (Lines 42-51)	\$178,442	\$235,293	\$413,735
53. Total Cost Subject To Allocation (Sum of Lines 41 and 52)	\$269,735	\$187,293	\$457,028
54. Nonreimbursable Costs (Specify)			
55. Patient - Transportation	\$0	\$0	\$0
56.	0	0	0
57. Subtotal Nonreimbursable Costs	\$0	\$0	\$0
58. Total FQHC Costs (Sum of Lines 29, 53, and 57)	\$984,276	(\$91,112)	\$893,164

ADJUSTMENTS TO REPORTED COSTS

Provider Legal Name
FAMILY HEALTHCARE NETWORK - PUTNAM DENTAL

Provider No.
FHC71182F

Fiscal Period Ended
JUNE 30, 2008

Cost Center	Total	Adjustment (No. 1)	Adjustment (No. 2)	Adjustment (No. 3-5)	Adjustment (No. 6)	Adjustment (No. 7)	Adjustment (No. 8)
FQHC Health Care Cost							
1. Physician	0						
2. Physician Assistant	0						
3. Nurse Practitioner	0						
4. Other Nurse	0						
5. Laboratory Technician	0						
6. Other (Specify)	0						
7. Equipment Lease, Provider Recruitmen	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	0						
15. Physician Supervision	0						
16.	0						
17. Other Health Care Costs							
18. Pharmacy	0						
19. Dental	(278,405)	(88,361)	(149,172)	(40,377)			(495)
20. Optometry	0						
21. Medical Supplies	0						
22. Depreciation-Medical Equipment	0						
23. Professional Liability Insurance	0						
24. Home Office Direct Cost (from home ofc. cost report-sch 6)	0						
25. Transportation (Health Care Staff)	0						
26. Other: Lab, Cont Ed, Equip Lease	0						
27.	0						
28. Subtotal-Other Health Care Costs	(278,405)	(88,361)	(149,172)	(40,377)	0	0	(495)
29. Total Cost of FQHC Services (Sum of Lines 13, 14, 15, 16, and 28)	(278,405)	(88,361)	(149,172)	(40,377)	0	0	(495)
FQHC Overhead-Facility Cost							
30. Rent	(48,000)				(48,000)		
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 Office Pool Cost (from home ofc. cost report-sch 6)	0						
40.	0						
41. Subtotal-Facility Costs (Lines 30-40)	(48,000)	0	0	0	(48,000)	0	0
FQHC Overhead-Administrative Cost							
42. Office Salaries	153,038	55,538	97,500				
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	83,010	32,823	51,672				(1,485)
50. Home Office Pool Costs (from home ofc. cost report-sch 6)	0						
51. Other (Specify)	(755)					(755)	
52. Subtotal-Administrative Costs (Lines 42-51)	235,293	88,361	149,172	0	0	(755)	(1,485)
53. Total Cost Subject To Allocation (Sum of Lines 41 and 52)	187,293	88,361	149,172	0	(48,000)	(755)	(1,485)
54. Nonreimbursable Costs (Specify)	0						
55. Patient - Transportation	0						
56.	0						
57. Subtotal Nonreimbursable Costs	0	0	0	0	0	0	0
58. Total FQHC Costs (Sum of Lines 29, 53, and 57)	(91,112)	0	0	(40,377)	(48,000)	(755)	(1,980)

ADJUSTMENTS TO REPORTED COSTS

Provider Legal Name
FAMILY HEALTHCARE NETWORK - PUTNAM DENTAL

Provider No.
FHC71182F

Fiscal Period Ended
JUNE 30, 2008

Cost Center	Adjustment (No.)						
FQHC Health Care Cost							
1. Physician							
2. Physician Assistant							
3. Nurse Practitioner							
4. Other Nurse							
5. Laboratory Technician							
6. Other (Specify)							
7. Equipment Lease, Provider Recruitmen							
8.							
9.							
10.							
11.							
12.							
13. Subtotal-FQHC Health Care Costs	0	0	0	0	0	0	0
14. Physician Services Under Agreement							
15. Physician Supervision							
16.							
Other Health Care Costs							
17. Pharmacy							
18. Dental							
19. Optometry							
20. Medical Supplies							
21. Depreciation-Medical Equipment							
22. Professional Liability Insurance							
23. Home Office Direct Cost (from home ofc. cost report-sch 6)							
24. Transportation (Health Care Staff)							
25. Other: Lab, Cont Ed, Equip Lease							
26.							
27.							
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
FQHC 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. Other (Specify)							
39. Home Office Pool Cost (from home ofc. cost report-sch 6)							
40.							
41. Subtotal-Facility Costs (Lines 30-40)	0	0	0	0	0	0	0
FQHC 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 Pool Costs (from home ofc. 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. Patient - Transportation							
56.							
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 Name				Fiscal Period		Provider Number		Adjustments
FAMILY HEALTHCARE NETWORK - PUTNAM DENTAL				JULY 1, 2007 THROUGH JUNE 30, 2008		FHC71182F		10
Report References					Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted
Adj. No.	Audit Report		Cost Report					
	Schedule	Line	Worksheet	Line				
ADJUSTMENTS TO OTHER MATTERS								
	1C	1	N/A	Overpayments		\$0		
9				To recover outstanding Medi-Cal Credit Balances. CCR, Title 22, Sections 50761 and 51458.1			\$42	
10				To recover Medi-Cal overpayments because the other coverage amount was not properly deducted from the Medi-Cal payment. CCR, Title 22, Sections 50761 and 51458.1			<u>1,796</u> \$1,838	\$1,838