

**REPORT  
ON THE  
FEDERALLY QUALIFIED HEALTH CENTER  
RATE SETTING COST REPORT REVIEW  
STANISLAUS HSA – PARADISE MEDICAL OFFICE  
NPI NUMBER: 1396941464**

**FISCAL PERIOD ENDED  
JUNE 30, 2009**

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

**Section Chief: Michael Harrold  
Auditor: Emilee Hogg**



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



EDMUND G. BROWN JR.  
GOVERNOR

January 14, 2014

Carol Dunbar, CPA  
Chief Financial Officer  
Stanislaus County Health Services Agency  
830 Scenic Drive  
P.O. Box 3271  
Modesto, CA 95350

PROVIDER: STANISLAUS HSA – PARADISE MEDICAL OFFICE  
PROVIDER NO.: FHC70074F  
NATIONAL PROVIDER IDENTIFIER: 1396941464  
FISCAL PERIOD ENDED: JUNE 30, 2009

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 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 Date</u>
\$ 192.21	September 20, 2007

In addition, your rate will be increased to \$195.29, effective October 1, 2009, \$197.63, effective October 1, 2010, \$198.42, effective October 1, 2011 and \$199.61, effective October 1, 2012 to reflect the MEI increases of 1.60%, 1.20%, .40% and .60% respectively.

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
3. Audited Allocation of Home Office Cost

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.

Carol Dunbar  
Page 3

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

Original Signed by

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

Certified

Provider Name			Fiscal Period			Provider NPI		Adjustments
STANISLAUS HSA - PARADISE MEDICAL OFFICE			JULY 1, 2008 THROUGH JUNE 30, 2009			1396941464		4
Report References					Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted
Adj. No.	Audit Report		Cost Report					
	Schedule	Line	Worksheet	Line				
<b>ADJUSTMENTS TO REPORTED COSTS</b>								
1	2	35	2	35	Depreciation - Equipment To adjust depreciation expense to the straight-line basis. 42 CFR 413.20, 413.24, 413.50 and 413.134 CMS Pub. 15-1, Sections 102, 116, 120, 2300, 2302.4 and 2304	\$22,999	(\$3,209)	\$19,790
2	2	47	2	47	Insurance To adjust liability insurance to agree with audited liability insurance costs. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2162.7, 2162.8, 2300 and 2304	\$274,691	(\$117,469)	\$157,222
3	2	51	2	51	Other To eliminate EMR expense for assets that should have been capitalized. 42 CFR 413.20 and 413.134 CMS Pub. 15-1, Sections 108, 108.1 and 2300	\$1,011,951	(\$66,199)	\$945,752 *
4	2	51	2	51	Other To include depreciation expense related to assets that were capitalized. 42 CFR 413.20 and 413.134 CMS Pub. 15-1, Sections 108, 108.1 and 2300	* \$945,752	\$1,839	\$947,591

\*Balance carried forward from prior/to subsequent adjustments

## COMPUTATION OF MEDI-CAL PROSPECTIVE PAYMENT SYSTEM RATE

Provider Name:  
STANISLAUS HSA - PARADISE MEDICAL  
OFFICE

Provider NPI  
1396941464

Fiscal Period Ended:  
JUNE 30, 2009

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

	REPORTED	AUDITED
1. Cost of FQHC Services Excluding Overhead (Sch 2, L 29)	\$ 4,737,424	\$ 4,737,424
2. Nonreimbursable FQHC Costs Excluding Overhead (Sch 2, L 57)	0	0
3. Cost of All Services Excluding Overhead (L A1 + L A2)	\$ 4,737,424	\$ 4,737,424
4. Percentage of Nonreimbursable FQHC Costs (L A2 / L A3)	0.000000	0.000000
5. Total Overhead (Sch 2, L 53)	\$ 4,753,825	\$ 4,568,787
6. Overhead Applicable to Nonreimbursable FQHC Costs (L A4 * L A5)	0	0
7. Overhead Applicable to FQHC Services (L A5 - L A6)	4,753,825	4,568,787
8. Total Cost of FQHC Services (L A1 + L A7)	\$ 9,491,249	\$ 9,306,211

## PART B - DETERMINATION OF FQHC RATE

1. Total FQHC Costs (L A8)	\$ 9,491,249	\$ 9,306,211
2. Total FQHC Visits (Adj No )	48,416	48,416
3. Total FQHC Nonreimbursable Services Visits (Adj No )	0	0
4. Total FQHC Adjusted Visits (L B2 - L B3)	48,416	48,416
5. FQHC PPS Rate Per Visit (L B1 / L B4)	\$ 196.04	\$ 192.21

## SCHEDULE OF TRIAL BALANCE EXPENSE

Provider Name:

Provider NPI

Fiscal Period Ended:

STANISLAUS HSA - PARADISE MEDICAL OFFICE

1396941464

JUNE 30, 2009

Cost Center	REPORTED	ADJUSTMENTS (From Sch 2A)	AUDITED
<b>FQHC Health Care Cost</b>			
1. Physician	\$938,333	\$0	\$938,333
2. Physician Assistant	137,713	0	137,713
3. Nurse Practitioner	66,924	0	66,924
4. Other Nurse	645,483	0	645,483
5. Laboratory Technician	0	0	0
6. Education & Outreach	0	0	0
7. Case Management	0	0	0
8. Other Medical	1,312,146	0	1,312,146
9. Medical Records	0	0	0
10. Support Staff	141,857	0	141,857
11. Mental Health	0	0	0
12. Other	1,200,178	0	1,200,178
13. Subtotal-FQHC Health Care Costs	\$4,442,634	\$0	\$4,442,634
14. Physician Services Under Agreement	\$26,170	\$0	\$26,170
15. Physician Supervision	0	0	0
16.	0	0	0
<b>17. Other Health Care Costs</b>			
18. Pharmacy	\$168,576	\$0	\$168,576
19. Dental	0	0	0
20. Optometry	80,945	0	80,945
21. Medical Supplies	0	0	0
22. Depreciation-Medical Equipment	0	0	0
23. Professional Liability Insurance	0	0	0
24. Home Office Direct Cost	0	0	0
25. Laboratory	0	0	0
26. Radiology	0	0	0
27. Minor Medical Equip. & Rental/CME	19,099	0	19,099
28. Subtotal-Other Health Care Costs	\$268,620	\$0	\$268,620
29. Total Cost of FQHC Services (Sum of Lines 13, 14, 15, 16, and 28)	\$4,737,424	\$0	\$4,737,424
<b>FQHC Overhead-Facility Cost</b>			
30. Rent	\$578,883	\$0	\$578,883
31. Insurance	0	0	0
32. Interest Expense	0	0	0
33. Utilities	39,967	0	39,967
34. Depreciation-Building	43,767	0	43,767
35. Depreciation-Equipment	22,999	(3,209)	19,790
36. Housekeeping And Maintenance	129,759	0	129,759
37. Property Tax	0	0	0
38. Minor Equipment	0	0	0
39. Home Office Pool Costs	0	0	0
40.	0	0	0
41. Subtotal-Facility Costs (Lines 30-40)	\$815,375	(\$3,209)	\$812,166
<b>FQHC Overhead-Administrative Cost</b>			
42. Office Salaries	\$1,279,478	\$0	\$1,279,478
43. Depreciation-Office Equipment	0	0	0
44. Office Supplies	79,651	0	79,651
45. Legal	0	0	0
46. Accounting	0	0	0
47. Insurance (Specify)	274,691	(117,469)	157,222
48. Telephone	34,412	0	34,412
49. Fringe Benefits And Payroll Taxes	0	0	0
50. Home Office Pool Costs	1,258,267	0	1,258,267
51. Other (Specify)	1,011,951	(64,360)	947,591
52. Subtotal-Administrative Costs (Lines 42-51)	\$3,938,450	(\$181,829)	\$3,756,621
53. Total Cost Subject To Allocation (Sum of Lines 41 and 52)	\$4,753,825	(\$185,038)	\$4,568,787
54. Nonreimbursable Costs (Specify)	\$0	\$0	\$0
55.	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)	\$9,491,249	(\$185,038)	\$9,306,211

ADJUSTMENTS TO REPORTED COSTS

Provider Name	Provider NPI	Fiscal Period Ended					
STANISLAUS HSA - PARADISE MEDICAL OFFICE	1396941464	JUNE 30, 2009					
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. Education & Outreach	0						
7. Case Management	0						
8. Other Medical	0						
9. Medical Records	0						
10. Support Staff	0						
11. Mental Health	0						
12. Other	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>Other Health Care Costs</b>							
17. Pharmacy	\$0						
18. Dental	0						
19. Optometry	0						
20. Medical Supplies	0						
21. Depreciation-Medical Equipment	0						
22. Professional Liability Insurance	0						
23. Home Office Direct Cost	0						
24. Laboratory	0						
25. Radiology	0						
26. Minor Medical Equip. & Rental/CME	0						
27. Subtotal-Other Health Care Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$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	\$0						
31. Insurance	0						
32. Interest Expense	0						
33. Utilities	0						
34. Depreciation-Building	0						
35. Depreciation-Equipment	(3,209)	(3,209)					
36. Housekeeping And Maintenance	0						
37. Property Tax	0						
38. Minor Equipment	0						
39. Home Office Pool Costs	0						
40.	0						
41. Subtotal-Facility Costs (Lines 30-40)	(\$3,209)	(\$3,209)	\$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)	(117,469)		(117,469)				
48. Telephone	0						
49. Fringe Benefits And Payroll Taxes	0						
50. Home Office Pool Costs	0						
51. Other (Specify)	(64,360)			(66,199)	1,839		
52. Subtotal-Administrative Costs (Lines 42-51)	(\$181,829)	\$0	(\$117,469)	(\$66,199)	\$1,839	\$0	\$0
53. Total Cost Subject To Allocation (Sum of Lines 41 and 52)	(\$185,038)	(\$3,209)	(\$117,469)	(\$66,199)	\$1,839	\$0	\$0
54. Nonreimbursable Costs (Specify)	\$0						
55.	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)	(\$185,038)	(\$3,209)	(\$117,469)	(\$66,199)	\$1,839	\$0	\$0

ADJUSTMENTS TO REPORTED COSTS

Provider Name	Provider No.		Fiscal Period Ended				
STANISLAUS HSA - PARADISE MEDICAL OFFICE	1396941464		JUNE 30, 2009				
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. Education & Outreach							
7. Case Management							
8. Other Medical							
9. Medical Records							
10. Support Staff							
11. Mental Health							
12. Other							
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							
21. Depreciation-Medical Equipment							
22. Professional Liability Insurance							
23. Home Office Direct Cost							
24. Laboratory							
25. Radiology							
26. Minor Medical Equip. & Rental/CME							
27. Subtotal-Other Health Care Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0
28.							
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. Minor Equipment							
39. Home Office Pool Costs							
40.							
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							
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 FQHC Costs (Sum of Lines 29, 53, and 57)	\$0	\$0	\$0	\$0	\$0	\$0	\$0