

**REPORT ON THE  
FEDERALLY QUALIFIED HEALTH CENTER  
PROSPECTIVE PAYMENT SYSTEM RATE AUDIT**

**SOUTH BAY FAMILY HEALTH CENTER  
CHULA VISTA, CALIFORNIA  
NATIONAL PROVIDER IDENTIFIER: 1184801433**

**FISCAL PERIOD ENDED  
DECEMBER 31, 2009**

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

**Section Chief: Patricia M. Fox  
Audit Supervisor: Sergio Gonzalez  
Auditor: Peter Rodriguez**



TOBY DOUGLAS  
DIRECTOR

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



EDMUND G. BROWN JR.  
GOVERNOR

April 5, 2013

Ed Martinez  
Chief Executive Officer  
San Ysidro Health Center, Inc.  
1275 30<sup>th</sup> Street  
San Diego, CA 92154

SOUTH BAY FAMILY HEALTH CENTER  
NATIONAL PROVIDER IDENTIFIER (NPI) 1184801433  
FISCAL PERIOD ENDED DECEMBER 31, 2009

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

The 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>
\$148.99	October 1, 2008 through September 30, 2009

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>
\$148.99	1.6%	\$151.37	October 1, 2009 through September 30, 2010
\$151.37	1.2%	\$153.19	October 1, 2010 through September 30, 2011
\$153.19	0.4%	\$153.80	October 1, 2011 through September 30, 2012
\$153.80	0.6%	\$154.72	October 1, 2012 through September 30, 2013

We have instructed the Provider Enrollment Division to adjust your interim Managed Care rate (Code 18) to \$144.73, your interim Health Families rate (Code 19) to \$38.42, and your interim Medicare Crossover rate (Code 02) to \$51.15 effective May 1, 2013. This Audit Report includes the:

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

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.

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

Originally signed by:

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

Certified

## COMPUTATION OF MEDI-CAL PROSPECTIVE PAYMENT SYSTEM RATE

**Provider Name:** SOUTH BAY FAMILY HEALTH CENTER      **NPI:** 1184801433      **Fiscal Period Ended:** DECEMBER 31, 2009

PART A—DETERMINATION OF OVERHEAD APPLICABLE TO MEDICAL SERVICES	REPORTED	AUDITED
1. Cost of Services Excluding Overhead (Sch 2, L 29)	\$ 877,571	\$ 877,571
2. Nonreimbursable Costs Excluding Overhead (Sch 2, L 57)	14,771	14,771
3. Cost of All Services Excluding Overhead (L A1 + L A2)	\$ 892,342	\$ 892,342
4. Percentage of Nonreimbursable Costs (L A2 / L A3)	0.016553	0.016553
5. Total Overhead (Sch 2, L 53)	\$ 880,551	\$ 676,750
6. Overhead Applicable to Nonreimbursable Costs (L A4 * L A5)	14,576	11,202
7. Overhead Applicable to Medical Services (L A5 - L A6)	865,975	665,548
8. Total Cost of Medical Services (L A1 + L A7)	\$ 1,743,546	\$ 1,543,119
<b>PART B—DETERMINATION OF PPS RATE</b>		
1. Total Medical Costs (L A8)	\$ 1,743,546	\$ 1,543,119
2. Total FQHC/RHC Visits (Adj 3)	10,866	10,868
3. Total FQHC/RHC Nonreimbursable Services Visits (Adj 4)	478	511
4. FQHC/RHC Adjusted Visits (L B2 - L B3)	10,388	10,357
5. FQHC/RHC PPS Rate Per Visit (L B1 / L B4)	\$ 167.84	\$ 148.99

## SCHEDULE OF TRIAL BALANCE EXPENSES

Provider Name:

NPI:

Fiscal Period Ended:

SOUTH BAY FAMILY HEALTH CENTER

1184801433

DECEMBER 31, 2009

## Cost Center

	REPORTED	ADJUSTMENTS (From Sch 2A)	AUDITED
<b>FQHC/RHC Health Care Cost</b>			
1. Physician	\$237,129	\$0	\$237,129
2. Physician Assistant	124,375	0	124,375
3. Nurse Practitioner	1,394	0	1,394
4. Other Nurse	147,340	0	147,340
5. Laboratory Technician	0	0	0
6. Education and Outreach	0	0	0
7. Case Management	36,981	0	36,981
8. Other Medical	0	0	0
9. Medical Records	65,633	0	65,633
10. Support Staff	208,348	0	208,348
11. Mental Health	0	0	0
12. Other (specify):	0	0	0
13. Subtotal-FQHC/RHC Health Care Costs (lines 1-12)	\$821,200	\$0	\$821,200
14. Physician Services Under Agreement	\$0	\$0	\$0
15. Physician Supervision	0	0	0
16.	0	0	0
<b>17. Other Health Care Costs</b>			
18. Pharmacy	\$0	\$0	\$0
19. Dental	0	0	0
20. Optometry	0	0	0
21. Medical Supplies	35,480	0	35,480
22. Depreciation—Medical Equipment	0	0	0
23. Professional Liability Insurance	0	0	0
24. Home Office Direct Cost (from Home Office Cost Report Schedule 6)	20,891	0	20,891
25. Laboratory	0	0	0
26. Radiology	0	0	0
27. Minor Medical Equipment and Rental/CME	0	0	0
28. Subtotal-Other Health Care Costs (lines 18-27)	\$56,371	\$0	\$56,371
29. Total Cost of FQHC/RHC Services (sum of lines 13, 14-16, and 28)	\$877,571	\$0	\$877,571
<b>FQHC/RHC Overhead-Facility Cost</b>			
30. Rent	\$105,349	\$0	\$105,349
31. Insurance	0	0	0
32. Interest Expense	0	0	0
33. Utilities	520	0	520
34. Depreciation—Building	16,718	0	16,718
35. Depreciation—Equipment	7,533	0	7,533
36. Housekeeping and Maintenance	7,301	0	7,301
37. Property Tax	3,052	0	3,052
38. Minor Equipment	1,265	0	1,265
39. Home Office Pool Costs (from Home Office Cost Report Schedule 6)	45,348	0	45,348
40.	0	0	0
41. Subtotal-Facility Costs (lines 30-40)	\$187,086	\$0	\$187,086
<b>FQHC/RHC Overhead-Administrative Cost</b>			
42. Office Salaries	\$117,745	\$0	\$117,745
43. Depreciation—Office Equipment	0	0	0
44. Office Supplies	35,236	0	35,236
45. Legal	0	0	0
46. Accounting	0	0	0
47. Insurance (specify):	0	0	0
48. Telephone	11,560	0	11,560
49. Fringe Benefits and Payroll Taxes	0	0	0
50. Home Office Pool Costs (from Home Office Cost Report Schedule 6)	315,478	0	315,478
51. Other (specify):	213,446	(203,801)	9,645
52. Subtotal-Administrative Costs (lines 42-51)	\$693,465	(\$203,801)	\$489,664
53. Total Cost Subject To Allocation (sum of lines 41 and 52)	\$880,551	(\$203,801)	\$676,750
54. Nonreimbursable Costs (specify):	\$4,208	\$0	\$4,208
55. Bad Debts	0	0	0
56. Fund Raising, other non-allowable	10,563	0	10,563
57. Subtotal Nonreimbursable Costs (lines 54-56)	\$14,771	\$0	\$14,771
58. Total FQHC/RHC Costs (sum of lines 29, 53, and 57)	\$1,772,893	(\$203,801)	\$1,569,092

ADJUSTMENTS TO REPORTED COSTS

Provider Name:

NPI:

Fiscal Period Ended:

SOUTH BAY FAMILY HEALTH CENTER

1184801433

DECEMBER 31, 2009

Cost Center	Total	Adjustment 1	Adjustment 2	Adjustment	Adjustment	Adjustment	Adjustment
<b>FQHC/RHC 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 and Outreach	0						
7. Case Management	0						
8. Other Medical	0						
9. Medical Records	0						
10. Support Staff	0						
11. Mental Health	0						
12. Other (specify):	0						
13. Subtotal-FQHC/RHC Health Care Costs (lines 1-12)	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 (from Home Office Cost Report Schedule 6)	0						
24. Laboratory	0						
25. Radiology	0						
26. Minor Medical Equipment and Rental/CME	0						
27. Subtotal-Other Health Care Costs (lines 18-27)	0	0	0	0	0	0	0
28. Subtotal-Other Health Care Costs (lines 18-27)	0	0	0	0	0	0	0
29. Total Cost of FQHC/RHC Services (sum of lines 13, 14-16, and 28)	0	0	0	0	0	0	0
<b>FQHC/RHC Overhead-Facility Cost</b>							
30. Rent	0						
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. Minor Equipment	0						
39. Home Office Pool Costs (from Home Office Cost Report Schedule 6)	0						
40.	0						
41. Subtotal-Facility Costs (lines 30-40)	0	0	0	0	0	0	0
<b>FQHC/RHC 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):	0						
48. Telephone	0						
49. Fringe Benefits and Payroll Taxes	0						
50. Home Office Pool Costs (from Home Office Cost Report Schedule 6)	0						
51. Other (specify):	(203,801)	(34,623)	(169,178)				
52. Subtotal-Administrative Costs (lines 42-51)	(203,801)	(34,623)	(169,178)	0	0	0	0
53. Total Cost Subject To Allocation (sum of lines 41 and 52)	(203,801)	(34,623)	(169,178)	0	0	0	0
54. Nonreimbursable Costs (specify):	0						
55. Bad Debts	0						
56. Fund Raising, other non-allowable	0						
57. Subtotal Nonreimbursable Costs (lines 54-56)	0	0	0	0	0	0	0
58. Total FQHC/RHC Costs (sum of lines 29, 53, and 57)	(203,801)	(34,623)	(169,178)	0	0	0	0

ADJUSTMENTS TO REPORTED COSTS

Provider Name:

NPI:

Fiscal Period Ended:

SOUTH BAY FAMILY HEALTH CENTER

1184801433

DECEMBER 31, 2009

Cost Center	Adjustment						
<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. Other Medical							
9. Medical Records							
10. Support Staff							
11. Mental Health							
12. Other (specify):							
13. Subtotal-FQHC/RHC Health Care Costs (lines 1-12)	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 (from Home Office Cost Report Schedule 6)							
24. Laboratory							
25. Radiology							
26. Minor Medical Equipment and Rental/CME							
27. Subtotal-Other Health Care Costs (lines 18-27)	0	0	0	0	0	0	0
28. Total Cost of FQHC/RHC Services (sum of lines 13, 14-16, and 28)	0	0	0	0	0	0	0
<b>FQHC/RHC Overhead-Facility Cost</b>							
29. Rent							
30. Insurance							
31. Interest Expense							
32. Utilities							
33. Depreciation—Building							
34. Depreciation—Equipment							
35. Housekeeping and Maintenance							
36. Property Tax							
37. Minor Equipment							
38. Home Office Pool Costs (from Home Office Cost Report Schedule 6)							
39.							
40. Subtotal-Facility Costs (lines 30-40)	0	0	0	0	0	0	0
<b>FQHC/RHC Overhead-Administrative Cost</b>							
41. Office Salaries							
42. Depreciation—Office Equipment							
43. Office Supplies							
44. Legal							
45. Accounting							
46. Insurance (specify):							
47. Telephone							
48. Fringe Benefits and Payroll Taxes							
49. Home Office Pool Costs (from Home Office Cost Report Schedule 6)							
50. Other (specify):							
51. Subtotal-Administrative Costs (lines 42-51)	0	0	0	0	0	0	0
52. Total Cost Subject To Allocation (sum of lines 41 and 52)	0	0	0	0	0	0	0
53. Nonreimbursable Costs (specify):							
54. Bad Debts							
55. Fund Raising, other non-allowable							
56. Subtotal Nonreimbursable Costs (lines 54-56)	0	0	0	0	0	0	0
57. Total FQHC/RHC Costs (sum of lines 29, 53, and 57)	0	0	0	0	0	0	0

Provider Name					Fiscal Period		NPI		Adjustments
SOUTH BAY FAMILY HEALTH CENTER					JANUARY 1, 2009 THROUGH DECEMBER 31, 2009		1184801433		4
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>									
1	2A	51	1	51	Other To eliminate consulting services expense that should have been a home office allocation. 42 CFR 405.2468 CMS Pub. 15-2, Section 1004	\$213,446	(\$34,623)	\$178,823	*
2	2A	51	1	51	Other To eliminate contracted services expense that should have been a home office allocation. 42 CFR 405.2468 CMS Pub. 15-2, Section 1004	* \$178,823	(\$169,178)	\$9,645	

\*Balance carried forward from prior/to subsequent adjustments

Provider Name					Fiscal Period		NPI		Adjustments
SOUTH BAY FAMILY HEALTH CENTER					JANUARY 1, 2009 THROUGH DECEMBER 31, 2009		1184801433		4
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 VISITS</u></b>									
3	1	B2	2	B2	Total FQHC/RHC Visits To adjust total FQHC visits to agree with the provider's records. 42 CFR 405.2463 and 405.2470 CMS Pub. 15-1, Sections 2300 and 2304	10,866	2	10,868	
4	1	B3	2	B3	Total FQHC/RHC Nonreimbursable Services Visits To adjust total FQHC nonreimbursable visits to agree with the provider's records. 42 CFR 405.2463 and 405.2470 CMS Pub. 15-1, Sections 2300 and 2304	478	33	511	