

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

**SAN DIEGO CHILDREN'S DENTAL CLINIC
SAN DIEGO, CALIFORNIA
NATIONAL PROVIDER IDENTIFIER: 1477730737**

**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 30th Street
San Diego, CA 92154

SAN DIEGO CHILDREN'S DENTAL CLINIC
NATIONAL PROVIDER IDENTIFIER (NPI) 1477730737
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>
\$317.59	April 8, 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>
\$317.59	1.6%	\$322.67	October 1, 2009 through September 30, 2010
\$322.67	1.2%	\$326.54	October 1, 2010 through September 30, 2011
\$326.54	0.4%	\$327.85	October 1, 2011 through September 30, 2012
\$327.85	0.6%	\$329.82	October 1, 2012 through September 30, 2013

We have instructed the Provider Enrollment Division to adjust your interim Health Families rate (Code 19) to \$142.57 and your interim Medicare Crossover rate (Code 02) to \$226.24 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: **NPI:** **Fiscal Period Ended:**
SAN DIEGO CHILDREN'S DENTAL CLINIC 1477730737 **DECEMBER 31, 2009**

PART A—DETERMINATION OF OVERHEAD APPLICABLE TO MEDICAL SERVICES	REPORTED	AUDITED
1. Cost of Services Excluding Overhead (Sch 2, L 29)	\$ 919,767	\$ 919,767
2. Nonreimbursable Costs Excluding Overhead (Sch 2, L 57)	9,953	9,953
3. Cost of All Services Excluding Overhead (L A1 + L A2)	\$ 929,720	\$ 929,720
4. Percentage of Nonreimbursable Costs (L A2 / L A3)	0.010705	0.010705
5. Total Overhead (Sch 2, L 53)	\$ 459,854	\$ 459,031
6. Overhead Applicable to Nonreimbursable Costs (L A4 * L A5)	4,923	4,914
7. Overhead Applicable to Medical Services (L A5 - L A6)	454,931	454,117
8. Total Cost of Medical Services (L A1 + L A7)	\$ 1,374,698	\$ 1,373,884
PART B—DETERMINATION OF PPS RATE		
1. Total Medical Costs (L A8)	\$ 1,374,698	\$ 1,373,884
2. Total FQHC/RHC Visits (Adj)	4,326	4,326
3. Total FQHC/RHC Nonreimbursable Services Visits (Adj)	0	0
4. FQHC/RHC Adjusted Visits (L B2 - L B3)	4,326	4,326
5. FQHC/RHC PPS Rate Per Visit (L B1 / L B4)	\$ 317.78	\$ 317.59

SCHEDULE OF TRIAL BALANCE EXPENSES

Provider Name:

NPI:

Fiscal Period Ended:

SAN DIEGO CHILDREN'S DENTAL CLINIC

1477730737

DECEMBER 31, 2009

Cost Center	REPORTED	ADJUSTMENTS (From Sch 2A)	AUDITED
FQHC/RHC 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. Education and Outreach	0	0	0
7. Case Management	0	0	0
8. Other Medical	0	0	0
9. Medical Records	0	0	0
10. Support Staff	162,329	0	162,329
11. Mental Health	0	0	0
12. Other (specify):	0	0	0
13. Subtotal FQHC/RHC Health Care Costs (lines 1-12)	\$162,329	\$0	\$162,329
14. Physician Services Under Agreement	\$0	\$404,327	\$404,327
15. Physician Supervision	0	0	0
16.	0	0	0
17. Other Health Care Costs			
18. Pharmacy	\$0	\$0	\$0
19. Dental	680,072	(404,327)	275,745
20. Optometry	0	0	0
21. Medical Supplies	77,366	0	77,366
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)	0	0	0
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)	\$757,438	(\$404,327)	\$353,111
29. Total Costs of FQHC/RHC Services (sum of lines 13, 14-16, and 28)	\$919,767	\$0	\$919,767
FQHC/RHC Overhead-Facility Cost			
30. Rent	\$55,859	\$0	\$55,859
31. Insurance	0	0	0
32. Interest Expense	0	0	0
33. Utilities	0	0	0
34. Depreciation—Building	7,013	0	7,013
35. Depreciation—Equipment	11,109	0	11,109
36. Housekeeping and Maintenance	8,196	0	8,196
37. Property Tax	715	0	715
38. Minor Equipment	21,945	0	21,945
39. Home Office Pool Costs (from Home Office Cost Report Schedule 6)	19,515	0	19,515
40.	0	0	0
41. Subtotal-Facility Costs (lines 30-40)	\$124,352	\$0	\$124,352
FQHC/RHC Overhead-Administrative Cost			
42. Office Salaries	\$63,287	\$0	\$63,287
43. Depreciation—Office Equipment	0	0	0
44. Office Supplies	8,756	0	8,756
45. Legal	0	0	0
46. Accounting	0	0	0
47. Insurance (specify):	0	0	0
48. Telephone	8,556	0	8,556
49. Fringe Benefits and Payroll Taxes	0	0	0
50. Home Office Pool Costs (from Home Office Cost Report Schedule 6)	243,081	0	243,081
51. Other (Consulting/Contracted/Misc. Admin)	11,822	(823)	10,999
52. Subtotal-Administrative Costs (lines 42-51)	\$335,502	(\$823)	\$334,679
53. Total Cost Subject To Allocation (sum of lines 41 and 52)	\$459,854	(\$823)	\$459,031
54. Nonreimbursable Costs (specify):	\$1,396	\$0	\$1,396
55. Bad Debts	0	0	0
56. Nonreimbursable Costs (Home Office Costs)	8,557	0	8,557
57. Subtotal Nonreimbursable Costs (lines 54-56)	\$9,953	\$0	\$9,953
58. Total FQHC/RHC Costs (sum of lines 29, 53, and 57)	\$1,389,574	(\$823)	\$1,388,751

ADJUSTMENTS TO REPORTED COSTS

Provider Name:

NPI:

Fiscal Period Ended:

SAN DIEGO CHILDREN'S DENTAL CLINIC

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DECEMBER 31, 2009

Cost Center	Total	Adjustment 1	Adjustment 2	Adjustment	Adjustment	Adjustment	Adjustment
FQHC/RHC Health Care Cost							
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	404,327	404,327					
15. Physician Supervision	0						
16.	0						
Other Health Care Costs							
17. Pharmacy	0						
19. Dental	(404,327)	(404,327)					
20. Optometry	0						
21. Medical Supplies	0						
22. Depreciation—Medical Equipment	0						
23. Professional Liability Insurance	0						
24. Home Office Direct Cost (from Home Office Cost Report Schedule 6)	0						
25. Laboratory	0						
26. Radiology	0						
27. Minor Medical Equipment and Rental/CME	0						
28. Subtotal-Other Health Care Costs (lines 18-27)	(404,327)	(404,327)	0	0	0	0	0
29. Total Costs of FQHC/RHC Services (sum of lines 13, 14-16, and 28)	0	0	0	0	0	0	0
FQHC/RHC Overhead-Facility Cost							
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
FQHC/RHC Overhead-Administrative Cost							
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 (Consulting/Contracted/Misc. Admin)	(823)		(823)				
52. Subtotal-Administrative Costs (lines 42-51)	(823)	0	(823)	0	0	0	0
53. Total Cost Subject To Allocation (sum of lines 41 and 52)	(823)	0	(823)	0	0	0	0
54. Nonreimbursable Costs (specify):	0						
55. Bad Debts	0						
56. Nonreimbursable Costs (Home Office Costs)	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)	(823)	0	(823)	0	0	0	0

ADJUSTMENTS TO REPORTED COSTS

Provider Name:

NPI:

Fiscal Period Ended:

SAN DIEGO CHILDREN'S DENTAL CLINIC

1477730737

DECEMBER 31, 2009

Cost Center	Adjustment						
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							
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.							
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 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 Costs of FQHC/RHC Services (sum of lines 13, 14-16, and 28)	0	0	0	0	0	0	0
FQHC/RHC Overhead-Facility Cost							
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
FQHC/RHC Overhead-Administrative Cost							
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 (Consulting/Contracted/Misc. Admin)							
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
Nonreimbursable Costs (specify):							
53. Bad Debts							
54. Nonreimbursable Costs (Home Office Costs)							
55. Subtotal Nonreimbursable Costs (lines 54-56)	0	0	0	0	0	0	0
56. Total FQHC/RHC Costs (sum of lines 29, 53, and 57)	0	0	0	0	0	0	0

Provider Name					Fiscal Period		NPI		Adjustments			
SAN DIEGO CHILDREN'S DENTAL CLINIC					JANUARY 1, 2009 THROUGH DECEMBER 31, 2009		1477730737		2			
Report References					Explanation of Audit Adjustments							
Adj. No.	Audit Report		Cost Report							As Reported	Increase (Decrease)	As Adjusted
	Schedule	Line	Worksheet	Line								
<u>RECLASSIFICATION TO REPORTED COSTS</u>												
1	2A	19	1	19	Dental	\$680,072	(\$404,327)	\$275,745				
	2A	14	1	14	Physician Services Under Agreement To reclassify physician services for proper cost finding. 42 CFR 405.2470 CMS Pub. 15-1, Sections 2300 and 2304	0	404,327	404,327				

Provider Name					Fiscal Period		NPI		Adjustments			
SAN DIEGO CHILDREN'S DENTAL CLINIC					JANUARY 1, 2009 THROUGH DECEMBER 31, 2009		1477730737		2			
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 COSTS</u>												
2	2A	51	1	51	Other	\$11,822	(\$823)	\$10,999				
					To eliminate contracted services expense due to lack of documentation.							
					42 CFR 405.2470							
					CMS Pub. 15-1, Sections 2300 and 2304							