

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

**LIFELONG MEDICAL CARE –  
MARIN ADULT DAY HEALTH SERVICES  
NOVATO, CALIFORNIA  
NATIONAL PROVIDER IDENTIFIER: 1487814349**

**FISCAL PERIOD ENDED  
JUNE 30, 2010**

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

**Section Chief: Louise Wong  
Audit Supervisor: Diana Dong  
Auditor: Wenli Wei**



TOBY DOUGLAS  
Director

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



EDMUND G. BROWN JR  
Governor

July 11, 2012

Marty Lynch, PhD, MPA  
Executive Director/CEO  
Lifelong Medical Care  
2344 Sixth Street  
Berkeley, CA 94710

LIFELONG MEDICAL CARE – MARIN ADULT DAY HEALTH SERVICES  
NATIONAL PROVIDER IDENTIFIER (NPI) 1487814349  
FISCAL PERIOD ENDED JUNE 30, 2010

We have examined the Clinic's Federally Qualified Health Center (FQHC) Medi-Cal cost report for the above-referenced fiscal period. Our examination was made under the authority of Section 14170 of the Welfare and Institutions Code and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

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:

PPS Rate

Effective Dates

\$171.30

July 3, 2008 through September 30, 2010

In addition, your rate will be increased to \$173.36 effective October 1, 2010; \$174.05 effective October 1, 2011; and \$175.09 effective October 1, 2012; to reflect the MEI increase of 1.2%, 0.4%, and 0.6% respectively.

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:

John Melton, Chief  
Office of Administrative Appeals and Hearings  
1029 J Street, Suite 200  
MS 0017  
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  
P.O. Box 997413  
Sacramento, CA 95899-7413

**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 95814-5005  
(916) 440-7700

The procedures that govern an appeal are contained in Welfare and Institutions Code, Section 14171, and California Code of Regulations, Title 22, Section 51016, et seq.

If you have questions regarding this report, you may call the Audits Section—Richmond at (510) 620-3100.

Original Signed by

Louise Wong, Chief  
Audits Section—Richmond  
Financial Audits Branch

Certified

## COMPUTATION OF MEDI-CAL PROPECTIVE PAYMENT SYSTEM RATE

<b>Provider Name:</b>	<b>Provider NPI:</b>	<b>Fiscal Period Ended:</b>
LIFELONG MEDICAL CARE - MARIN ADULT DAY HEALTH SERVICES	1487814349	JUNE 30, 2010

PART A - DETERMINATION OF OVERHEAD APPLICABLE TO FQHC SERVICES	REPORTED	AUDITED
1. Cost of FQHC Services Excluding Overhead (Sch 2, L 29)	\$ 805,413	\$ 782,377
2. Nonreimbursable FQHC Costs Excluding Overhead (Sch 2, L 57)	22,129	22,129
3. Cost of All Services Excluding Overhead (L A1 + L A2)	\$ 827,542	\$ 804,506
4. Percentage of Nonreimbursable FQHC Costs (L A2 / L A3)	0.026741	0.027506
5. Total Overhead (Sch 2, L 53)	\$ 488,575	\$ 507,611
6. Overhead Applicable to Nonreimbursable FQHC Costs (L A4 * L A5)	13,065	13,963
7. Overhead Applicable to FQHC Services (L A5 - L A6)	475,510	493,648
8. Total Cost of FQHC Services (L A1 + L A7)	\$ 1,280,923	\$ 1,276,025
PART B - DETERMINATION OF FQHC RATE		
1. Total FQHC Costs (L A8)	\$ 1,280,923	\$ 1,276,025
2. Total FQHC Visits (Adj No. 4 )	7,420	7,449
3. Total FQHC Nonreimbursable Services Visits (Adj No )	0	0
4. Total FQHC Adjusted Visits (L B2 - L B3)	7,420	7,449
5. FQHC Rate Per Visit (L B1 / L B4)	\$ 172.63	\$ 171.30

## SCHEDULE OF TRIAL BALANCE EXPENSE

Provider Name:  
LIFELONG MEDICAL CARE - MARIN ADULT DAY HEALTH  
SERVICES

Provider NPI:  
1487814349

Fiscal Period Ended:  
JUNE 30, 2010

Cost Center	REPORTED	ADJUSTMENTS (From Sch 2A)	AUDITED
<b>FQHC Health Care Cost</b>			
1. Physician	\$0	\$0	\$0
2. Physician Assistant		0	0
3. Nurse Practitioner		0	0
4. Other Nurse	69,073	0	69,073
5. Laboratory Technician		0	0
6. Education & Outreach		0	0
7. Case Management		0	0
8. Other Medical (Activity Coor/Prog Asst etc)	266,394	0	266,394
9. Medical Records		0	0
10. Support Staff		0	0
11. Mental Health (LCSW)	76,121	0	76,121
12. Other (Specify) HC Benefits Reclass	104,502	0	104,502
13. Subtotal-FQHC Health Care Costs	\$516,090	\$0	\$516,090
14. Physician Services Under Agreement	\$0	\$0	\$0
15. Physician Supervision	0	0	0
16. Other Medical Services Under Agreement	65,825	0	65,825
<b>17. Other Health Care Costs</b>			
18. Pharmacy	36	0	36
19. Dental		0	0
20. Optometry		0	0
21. Medical Supplies	57,126	0	57,126
22. Depreciation - Medical Equipment		0	0
23. Professional Liability Insurance	5,174	0	5,174
24. Home Office Direct Cost (from Home Office Cost Report Sch. 6)	20,315	(20,036)	279
25. Laboratory		0	0
26. Radiology		0	0
27. Minor Medical Equipment & Rental / CME	140,847	(3,000)	137,847
28. Subtotal-Other Health Care Costs	\$223,498	(\$23,036)	\$200,462
29. Total Cost of FQHC Services (Sum of Lines 13, 14-16, and 28)	\$805,413	(\$23,036)	\$782,377
<b>FQHC Overhead-Facility Cost</b>			
30. Rent	\$59,293	\$0	\$59,293
31. Insurance		0	0
32. Interest Expense		0	0
33. Utilities	9,176	0	9,176
34. Depreciation - Building		0	0
35. Depreciation - Equipment		0	0
36. Housekeeping And Maintenance	33,649	0	33,649
37. Property Tax		0	0
38. Minor Equipment	14,830	0	14,830
39. Home Office Pool Costs (from Home Office Cost Report - Sch. 6)	83,301	0	83,301
40.		0	0
41. Subtotal - Facility Costs (Lines 30-40)	\$200,249	\$0	\$200,249
<b>FQHC Overhead-Administrative Cost</b>			
42. Office Salaries	\$42,825	\$0	\$42,825
43. Depreciation-Office Equipment		0	0
44. Office Supplies	14,345	0	14,345
45. Legal		0	0
46. Accounting		0	0
47. Insurance (Specify)		0	0
48. Telephone	4,254	0	4,254
49. Fringe Benefits And Payroll Taxes	10,893	0	10,893
50. Home Office Pool Costs (from Home Office Cost Report-Sch 6)	204,540	20,036	224,576
51. Other (Specify) Miscellaneous	11,469	(1,000)	10,469
52. Subtotal - Administrative Costs (Lines 42-51)	\$288,326	\$19,036	\$307,362
53. Total Cost Subject To Allocation (Sum of Lines 41 and 52)	\$488,575	\$19,036	\$507,611
54. Nonreimbursable Costs (Specify)	\$22,129	\$0	\$22,129
55. Outreat/Group Education		0	0
56. Home Office		0	0
57. Subtotal Nonreimbursable Costs	\$22,129	\$0	\$22,129
58. Total FQHC Costs (Sum of Lines 29, 53, and 57)	\$1,316,117	(\$4,000)	\$1,312,117

ADJUSTMENTS TO AUDITED COSTS

Provider Name:  
**LIFELONG MEDICAL CARE - MARIN ADULT DAY HEALTH SERVICES**

Provider No.  
**1487814349**

Fiscal Period Ended:  
**JUNE 30, 2010**

Cost Center	Total	Adjustment (No. 1)	Adjustment (No. 2)	Adjustment (No. 3)	Adjustment	Adjustment	Adjustment
<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 (Activity Coord/Prog Asst etc)	0						
9. Medical Records	0						
10. Support Staff	0						
11. Mental Health (LCSW)	0						
12. Other (Specify) HC Benefits Reclass	0						
13. Subtotal-FQHC Health Care Costs	0			0	0	0	0
14. Physician Services Under Agreement	0						
15. Physician Supervision	0						
16. Other Medical Services Under Agreement	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	0						
24. Home Office Direct Cost (from Home Office Cost Report Sch. 6)	(20,036)	(20,036)					
25. Laboratory	0						
26. Radiology	0						
27. Minor Medical Equipment & Rental / CME	(3,000)			(3,000)			
28. Subtotal-Other Health Care Costs	(23,036)	(20,036)	0	(3,000)	0	0	0
29. Total Cost of FQHC Services (Sum of Lines 13, 14-16, and 28)	(23,036)	(20,036)	0	(3,000)	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	0						
36. Housekeeping And Maintenance	0						
37. Property Tax	0						
38. Minor Equipment	0						
39. Home Office Pool Costs (from Home Office Cost Report - Sch. 6)	0						
40.	0						
41. Subtotal - Facility Costs (Lines 30-40)	0	0	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)	0						
48. Telephone	0						
49. Fringe Benefits And Payroll Taxes	0						
50. Home Office Pool Costs (from Home Office Cost Report-Sch 6)	20,036	20,036					
51. Other (Specify) Miscellaneous	(1,000)		(1,000)				
52. Subtotal - Administrative Costs (Lines 42-51)	19,036	20,036	(1,000)	0	0	0	0
53. Total Cost Subject To Allocation (Sum of Lines 41 and 52)	19,036	20,036	(1,000)	0	0	0	0
54. Nonreimbursable Costs (Specify)	0						
55. Outreat/Group Education	0						
56. Home Office	0						
57. Subtotal Nonreimbursable Costs	0	0	0	0	0	0	0
58. Total FQHC Costs (Sum of Lines 29, 53, and 57)	(4,000)	0	(1,000)	(3,000)	0	0	0

ADJUSTMENTS TO AUDITED COSTS

Provider Name:  
**LIFELONG MEDICAL CARE - MARIN ADULT DAY HEALTH SERVICES**

Provider NPI:  
**1487814349**

Fiscal Period Ended:  
**JUNE 30, 2010**

Cost Center	Adjustment						
<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 (Activity Coord/Prog Asst etc)							
9. Medical Records							
10. Support Staff							
11. Mental Health (LCSW)							
12. Other (Specify) HC Benefits Reclass							
13. Subtotal-FQHC Health Care Costs	0	0	0	0	0	0	0
14. Physician Services Under Agreement							
15. Physician Supervision							
16. Other Medical Services Under Agreement							
17. <b>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 Direct Cost (from Home Office Cost Report Sch. 6)							
25. Laboratory							
26. Radiology							
27. Minor Medical Equipment & Rental / CME							
28. Subtotal-Other Health Care Costs	0	0	0	0	0	0	0
29. Total Cost of FQHC Services (Sum of Lines 13, 14-16, 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 (from Home Office Cost Report - Sch. 6)							
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 (from Home Office Cost Report-Sch 6)							
51. Other (Specify) Miscellaneous							
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. Outreat/Group Education							
56. Home Office							
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 NPI		Adjustments	
LIFELONG MEDICAL CARE - MARIN ADULT DAY HEALTH SERVICES				JULY 1, 2009 THROUGH JUNE 30, 2010		1487814349		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>RECLASSIFICATION OF TO REPORTED COSTS</u></b>									
1	2A	24	1	24	Home Office Direct Costs - Health Care Cost	\$20,315	(\$20,036)	\$279	
	2A	50	1	50	Home Office Pool Costs - Administrative Cost	204,540	20,036	224,576	
					To reclassify medical director and other administrative staff's salaries and fringe benefits allocated from the home office to the appropriate cost center.				
					42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Section 2304				

Provider Name					Fiscal Period		Provider NPI		Adjustments
LIFELONG MEDICAL CARE - MARIN ADULT DAY HEALTH SERVICES					JULY 1, 2009 THROUGH JUNE 30, 2010		1487814349		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>									
2	2A	51	1	51	Other To eliminate Membership fees that belongs to another facility. 42 CFR 413.9 (c)(3) / CMS Pub. 15-1, Section 2102.3	\$11,469	(\$1,000)	\$10,469	
3	2A	27	1	27	Minor Medical Equipment and Rental / CME To eliminate Patient Transportation accrual expenses for lack of documentation. 42 CFR 413.20 / CMS Pub. 15-1, Section 2304	\$140,847	(\$3,000)	\$137,847	