

**REPORT
ON THE
FEDERALLY QUALIFIED HEALTH CENTER
RATE SETTING COST REPORT AUDIT
ELM COMMUNITY HEALTH CENTER
NPI: 1245489814**

**FISCAL PERIOD ENDED
MARCH 31, 2010**

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

**Section Chief: Michael Harrold
Audit Supervisor: Kristina Nacino
Auditor: Craig Brandon**



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



EDMUND G. BROWN JR.
GOVERNOR

January 14, 2014

Consuelo E. Cantu, CFO
Clinica Sierra Vista, Inc.
1430 Truxton Avenue, Suite 400
Bakersfield, CA 93302

PROVIDER: ELM COMMUNITY HEALTH CENTER
NATIONAL PROVIDER IDENTIFIER: 1245489814
FISCAL PERIOD ENDED: MARCH 31, 2010

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 represent 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>
\$92.61	October 15, 2008

In addition, your rate will be increased to: \$93.72, effective October 1, 2010
 \$94.10, effective October 1, 2011
 \$94.66, effective October 1, 2012

To reflect the MEI increases of 1.2%, .4% and .6% respectively.

Your interim Managed Care rate (Code 18) and Medi-Cal Crossover rate (Code 02) will not be adjusted at this time.

In our opinion, there is an overpayment for the above period due the State in the amount of \$5,203.

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

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.

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.

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

COMPUTATION OF MEDI-CAL PROSPECTIVE PAYMENT SYSTEM RATE

Provider Name:	Provider No.	Fiscal Period Ended:
ELM COMMUNITY HEALTH CENTER	1245489814	MARCH 31, 2010

PART A - DETERMINATION OF OVERHEAD APPLICABLE TO FQHC SERVICES	REPORTED	AUDITED
1. Cost of FQHC Services Excluding Overhead (Sch 2, L 29)	\$ 3,442,481	\$ 3,332,081
2. Nonreimbursable FQHC Costs Excluding Overhead (Sch 2, L 57)	93,659	92,417
3. Cost of All Services Excluding Overhead (L A1 + L A2)	\$ 3,536,140	\$ 3,424,498
4. Percentage of Nonreimbursable FQHC Costs (L A2 / L A3)	0.026486	0.026987
5. Total Overhead (Sch 2, L 53)	\$ 944,020	\$ 818,488
6. Overhead Applicable to Nonreimbursable FQHC Costs (L A4 * L A5)	25,004	22,089
7. Overhead Applicable to FQHC Services (L A5 - L A6)	919,016	796,399
8. Total Cost of FQHC Services (L A1 + L A7)	\$ 4,361,497	\$ 4,128,480
PART B - DETERMINATION OF FQHC RATE		
1. Total FQHC Costs (L A8)	\$ 4,361,497	\$ 4,128,480
2. Total FQHC Visits (Adj No 9)	38,077	44,578
3. Total FQHC Nonreimbursable Services Visits (Adj No)	0	0
4. Total FQHC Adjusted Visits (L B2 - L B3)	38,077	44,578
5. FQHC PPS Rate Per Visit (L B1 / L B4)	\$ 114.54	\$ 92.61
PART C - OVERPAYMENTS		
1. Overpayments (Adj 10)	\$ 0	\$ (1,673)
2. Credit Balances (Adj 11)	\$ 0	\$ (3,530)
3. Total Overpayments	\$ 0	\$ (5,203)

SCHEDULE OF TRIAL BALANCE EXPENSE

Provider Name: ELM COMMUNITY HEALTH CENTER Provider No. 1245489814 Fiscal Period Ended: MARCH 31, 2010

Cost Center	REPORTED	ADJUSTMENTS (From Sch 2A)	AUDITED
FQHC Health Care Cost			
1. Physician	\$323,467	\$0	\$323,467
2. Physician Assistant	147,906	0	147,906
3. Nurse Practitioner	85,390	0	85,390
4. Other Nurse	296,859	0	296,859
5. Laboratory Technician	0	0	0
6. Education and Outreach	0	0	0
7. Case Management	0	0	0
8. Other Medical - Medical Fringes	154,834	0	154,834
9. Medical Records	990,993	(22,192)	968,801
10. IDS Medical	380,582	0	380,582
11. Mental Health	5,381	(1,176)	4,205
12. Other - SAMW Inpatient	48,065	0	48,065
13. Subtotal-FQHC Health Care Costs	\$2,433,477	(\$23,368)	\$2,410,109
14. Physician Services Under Agreement	\$358,005	\$336	\$358,341
15. Physician Supervision	0	0	0
16.	0	0	0
17. Other Health Care Costs			
18. Pharmacy	\$87,553	(\$51,925)	\$35,628
19. Dental	0	0	0
20. Optometry	0	0	0
21. Medical Supplies	81,821	0	81,821
22. Depreciation-Medical Equipment	2,925	(2,419)	506
23. Professional Liability Insurance	5,081	0	5,081
24. Home Office Direct Cost (from home ofc. cost report-sch 6)	11,088	0	11,088
25. Laboratory	26,736	(1,961)	24,775
26. Radiology	239,783	(25,530)	214,253
27. Minor Medical Equip. & Rental CME	196,012	(5,533)	190,479
28. Subtotal-Other Health Care Costs	\$650,999	(\$87,368)	\$563,631
29. Total Cost of FQHC Services (Sum of Lines 13, 14, 15, 16, and 28)	\$3,442,481	(\$110,400)	\$3,332,081
FQHC Overhead-Facility Cost			
30. Rent	\$0	\$0	\$0
31. Insurance	0	0	0
32. Interest Expense	0	0	0
33. Utilities	0	0	0
34. Depreciation-Building	0	0	0
35. Depreciation-Equipment	0	0	0
36. Housekeeping and Maintenance	99,118	(41,057)	58,061
37. Property Tax	0	0	0
38. Other (Specify)	0	0	0
39. Home Office Pool Cost (from home ofc. cost report-sch 6)	67,071	(6,567)	60,504
40.	0	0	0
41. Subtotal-Facility Costs (Lines 30-40)	\$166,189	(\$47,624)	\$118,565
FQHC Overhead-Administrative Cost			
42. Office Salaries	\$19,982	\$0	\$19,982
43. Depreciation-Office Equipment	0	0	0
44. Office Supplies	0	0	0
45. Legal	0	0	0
46. Accounting	0	0	0
47. Insurance (Specify)	0	0	0
48. Telephone	0	0	0
49. Fringe Benefits and Payroll Taxes	0	0	0
50. Home Office Pool Costs (from home ofc. cost report-sch 6)	532,703	(39,802)	492,901
51. Other - OH in Med Dept	225,146	(38,106)	187,040
52. Subtotal-Administrative Costs (Lines 42-51)	\$777,831	(\$77,908)	\$699,923
53. Total Cost Subject To Allocation (Sum of Lines 41 and 52)	\$944,020	(\$125,532)	\$818,488
54. Nonreimbursable Costs (Specify)	\$93,659	(\$1,242)	\$92,417
55.	0	0	0
56.	0	0	0
57. Subtotal Nonreimbursable Costs	\$93,659	(\$1,242)	\$92,417
58. Total FQHC Costs (Sum of Lines 29, 53, and 57)	\$4,480,160	(\$237,174)	\$4,242,986

ADJUSTMENTS TO REPORTED COSTS

Provider Name	Provider No.	Fiscal Period Ended					
ELM COMMUNITY HEALTH CENTER	1245489814	MARCH 31, 2010					
Cost Center	Total	Adjustment (No. 1)	Adjustment (No. 2)	Adjustment (No. 3)	Adjustment (No. 4)	Adjustment (No. 5)	Adjustment (No. 6)
FQHC 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 - Medical Fringes	0						
9. Medical Records	(22,192)				(21,567)		(625)
10. DS Medical	0						
11. Mental Health	(1,176)				(1,176)		
12. Other - SAMW Inpatient	0						
13. Subtotal-FQHC Health Care Costs	(23,368)	0	0	0	(22,743)	0	(625)
14. Physician Services Under Agreement	336					336	
15. Physician Supervision	0						
16.	0						
Other Health Care Costs							
18. Pharmacy	(51,925)		(51,925)				
19. Dental	0						
20. Optometry	0						
21. Medical Supplies	0						
22. Depreciation-Medical Equipment	(2,419)						
23. Professional Liability Insurance	0						
24. Home Office Direct Cost (from home ofc. cost report-sch 6)	0						
25. Laboratory	(1,961)				(1,961)		
26. Radiology	(25,530)			(19,379)	(2,287)		
27. Minor Medical Equip. & Rental CME	(5,533)						(549)
28. Subtotal-Other Health Care Costs	(87,368)	0	(51,925)	(19,379)	(4,248)	0	(549)
29. Total Cost of FQHC Services (Sum of Lines 13, 14, 15, 16, and 28)	(110,400)	0	(51,925)	(19,379)	(26,991)	336	(1,174)
FQHC 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	(41,057)						
37. Property Tax	0						
38. Other (Specify)	0						
39. Home Office Pool Cost (from home ofc. cost report-sch 6)	(6,567)	(6,567)					
40.	0						
41. Subtotal-Facility Costs (Lines 30-40)	(47,624)	(6,567)	0	0	0	0	0
FQHC 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 ofc. cost report-sch 6)	(39,802)	(39,802)					
51. Other - OH in Med Dept	(38,106)				(37,121)		
52. Subtotal-Administrative Costs (Lines 42-51)	(77,908)	(39,802)	0	0	(37,121)	0	0
53. Total Cost Subject To Allocation (Sum of Lines 41 and 52)	(125,532)	(46,369)	0	0	(37,121)	0	0
54. Nonreimbursable Costs (Specify)	(1,242)				(1,242)		
55.	0						
56.	0						
57. Subtotal Nonreimbursable Costs	(1,242)	0	0	0	(1,242)	0	0
58. Total FQHC Costs (Sum of Lines 29, 53, and 57)	(237,174)	(46,369)	(51,925)	(19,379)	(65,354)	336	(1,174)

ADJUSTMENTS TO REPORTED COSTS

Provider Name	Provider No.	Fiscal Period Ended					
ELM COMMUNITY HEALTH CENTER	1245489814	MARCH 31, 2010					
Cost Center	Adjustment (No. 7)	Adjustment (No. 8)	Adjustment (No.)				
FQHC 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 - Medical Fringes							
9. Medical Records							
10. DS Medical							
11. Mental Health							
12. Other - SAMW Inpatient							
13. Subtotal-FQHC Health Care Costs	0	0	0	0	0	0	0
14. Physician Services Under Agreement							
15. Physician Supervision							
16.							
17. Other Health Care Costs							
18. Pharmacy							
19. Dental							
20. Optometry							
21. Medical Supplies							
22. Depreciation-Medical Equipment	(186)	(2,233)					
23. Professional Liability Insurance							
24. Home Office Direct Cost (from home ofc. cost report-sch 6)							
25. Laboratory							
26. Radiology	(297)	(3,567)					
27. Minor Medical Equip. & Rental CME	(383)	(4,601)					
28. Subtotal-Other Health Care Costs	(866)	(10,401)	0	0	0	0	0
29. Total Cost of FQHC Services (Sum of Lines 13, 14, 15, 16, and 28)	(866)	(10,401)	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	(3,159)	(37,898)					
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)	(3,159)	(37,898)	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 - OH in Med Dept	(76)	(909)					
52. Subtotal-Administrative Costs (Lines 42-51)	(76)	(909)	0	0	0	0	0
53. Total Cost Subject To Allocation (Sum of Lines 41 and 52)	(3,235)	(38,807)	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)	(4,101)	(49,208)	0	0	0	0	0

Provider Legal Name				Fiscal Period		Provider Number (NPI)		Adjustments	
ELM COMMUNITY HEALTH CENTER				APRIL 1, 2009 THROUGH MARCH 31, 2010		1245489814		11	
Report References				Explanation of Audit Adjustments		As Reported	Increase (Decrease)	As Adjusted	
Adj. No.	Audit Report		Cost Report						
	Schedule	Line	Worksheet						Line
<u>ADJUSTMENTS TO OTHER MATTERS</u>									
10	1	C1	N/A	Overpayments To recover Medi-Cal overpayments due to provider billing errors. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304 W&I Code, Section 14170(B) CCR, Title 22, Sections 50761, 51005 and 51458.1		\$0	\$1,673	\$1,673	
11	1	C2	N/A	Medi-Cal Credit Balances To recover outstanding Medi-Cal credit balances. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304 CCR, Title 22, Sections 50761 and 51458.1		\$0	\$3,530	\$3,530	