

**REPORT  
ON THE  
FEDERALLY QUALIFIED HEALTH CENTER  
RATE SETTING COST REPORT AUDIT  
EASTON COMMUNITY HEALTH CENTER  
NPI: 1336398908**

**FISCAL PERIOD ENDED  
MARCH 31, 2010**

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

**Section Chief: Michael Harrold  
Audit Supervisor: Kristina Nacino  
Auditor: Svetlana Lysenko**



TOBY DOUGLAS  
DIRECTOR

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: EASTON COMMUNITY HEALTH CENTER  
NATIONAL PROVIDER IDENTIFIER: 1336398908  
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 represents a proper determination in accordance with the reimbursement principles of the program. Your rates and effective dates are as follows:

<u>PPS Rate</u>	<u>Effective Date</u>
\$ 209.16	October 15, 2008

In addition, your rate will be increased to:	\$211.67, effective October 1, 2010
	\$212.52, effective October 1, 2011
	\$213.79, effective October 1, 2012

To reflect the MEI increases of 1.2%, .4%, .6% 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 Legal Services, Administrative Appeals, Hearing and Appeals, 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, Department of Health Care Services, Office of Legal Services, 1501 Capitol Avenue, Suite 71.5001, P.O. Box 997413, Sacramento, California 95814. 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.

Sincerely,

Original Signed by

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

Certified

## COMPUTATION OF MEDI-CAL PROSPECTIVE PAYMENT SYSTEM RATE

**Provider Name:** EASTON COMMUNITY HEALTH CENTER     
**Provider No.:** 1336398908     
**Fiscal Period Ended:** 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)	\$ 239,204	\$ 226,599
2. Nonreimbursable FQHC Costs Excluding Overhead (Sch 2, L 57)	20	20
3. Cost of All Services Excluding Overhead (L A1 + L A2)	\$ 239,224	\$ 226,619
4. Percentage of Nonreimbursable FQHC Costs (L A2 / L A3)	0.000084	0.000088
5. Total Overhead (Sch 2, L 53)	\$ 89,598	\$ 60,577
6. Overhead Applicable to Nonreimbursable FQHC Costs (L A4 * L A5)	7	5
7. Overhead Applicable to FQHC Services (L A5 - L A6)	89,591	60,572
8. Total Cost of FQHC Services (L A1 + L A7)	\$ 328,795	\$ 287,171
<b>PART B - DETERMINATION OF FQHC RATE</b>		
1. Total FQHC Costs (L A8)	\$ 328,795	\$ 287,171
2. Total FQHC Visits (Adj No. 8)	1,263	1,373
3. Total FQHC Nonreimbursable Services Visits (Adj No )	0	0
4. Total FQHC Adjusted Visits (L B2 - L B3)	1,263	1,373
5. FQHC PPS Rate Per Visit (L B1 / L B4)	\$ 260.33	\$ 209.16
<b>PART C - OVERPAYMENTS</b>		
1. Duplicate Payments (Adj No )	\$ 0	\$ 0
2. Credit Balances	0	0
3. Total Overpayments	\$ 0	\$ 0

## SCHEDULE OF TRIAL BALANCE EXPENSE

Provider Name:

Provider No.

Fiscal Period Ended:

EASTON COMMUNITY HEALTH CENTER

1336398908

MARCH 31, 2010

Cost Center	REPORTED	ADJUSTMENTS (From Sch 2A)	AUDITED
<b>FQHC Health Care Cost</b>			
1. Physician	\$2,179	\$0	\$2,179
2. Physician Assistant	2,880	0	2,880
3. Nurse Practitioner	0	0	0
4. Other Nurse	21,322	0	21,322
5. Laboratory Technician	0	0	0
6. Education and Outreach	0	0	0
7. Case Management	0	0	0
8. Other Medical-Medical Fringes	7,299	0	7,299
9. Medical Records	45,579	(5,526)	40,053
10. CPSP	1,155	(425)	730
11. Mental Health	0	0	0
12.	0	0	0
13. Subtotal-FQHC Health Care Costs	\$80,414	(\$5,951)	\$74,463
14. Physician Services Under Agreement	\$129,884	(\$925)	\$128,959
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	9,426	(151)	9,275
22. Depreciation-Medical Equipment	0	0	0
23. Professional Liability Insurance	252	0	252
24. Home Office Direct Cost (from HO Cost Report-Sch 6)	282	(104)	178
25. Laboratory	5,651	(1,017)	4,634
26. Radiology	0	0	0
27. Minor Medical Equipment and Rental/CME	13,295	(4,457)	8,838
28. Subtotal-Other Health Care Costs	\$28,906	(\$5,729)	\$23,177
29. Total Cost of FQHC Services (Sum of Lines 13, 14, 15, 16, and 28)	\$239,204	(\$12,605)	\$226,599
<b>FQHC Overhead-Facility Cost</b>			
30. Rent	\$9,720	(\$3,578)	\$6,142
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	13,267	(890)	12,377
37. Property Tax	0	0	0
38. Minor Equipment	0	0	0
39. Home Office Pool Costs (from HO Cost Report-Sch 6)	5,644	(2,427)	3,217
40.	0	0	0
41. Subtotal-Facility Costs (Lines 30-40)	\$28,631	(\$6,895)	\$21,736
<b>FQHC Overhead-Administrative Cost</b>			
42. Office Salaries	\$0	\$0	\$0
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	4,270	(876)	3,394
49. Fringe Benefits and Payroll Taxes	0	0	0
50. Home Office Pool Costs (from HO Cost Report-Sch 6)	39,290	(16,317)	22,973
51. Other-OH in Medical Department	17,407	(4,933)	12,474
52. Subtotal-Administrative Costs (Lines 42-51)	\$60,967	(\$22,126)	\$38,841
53. Total Cost Subject To Allocation (Sum of Lines 41 and 52)	\$89,598	(\$29,021)	\$60,577
54. Nonreimbursable Costs (Specify)	\$20	\$0	\$20
55.	0	0	0
56.	0	0	0
57. Subtotal Nonreimbursable Costs	\$20	\$0	\$20
58. Total FQHC Costs (Sum of Lines 29, 53, and 57)	\$328,822	(\$41,626)	\$287,196

ADJUSTMENTS TO REPORTED COSTS

Provider Name	Provider No.	Fiscal Period Ended					
EASTON COMMUNITY HEALTH CENTER	1336398908	MARCH 31, 2010					
Cost Center	Total	Adjustment (No. 1)	Adjustment (No. 2)	Adjustment (No. 3)	Adjustment (No. 4)	Adjustment (No. 5)	Adjustment (No. 6)
<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 and Outreach	0						
7. Case Management	0						
8. Other Medical-Medical Fringes	0						
9. Medical Records	(5,526)	(4,901)					(625)
10. CPSP	(425)	(425)					
11. Mental Health	0						
12.	0						
13. Subtotal-FQHC Health Care Costs	(5,951)	(5,326)	0	0	0	0	(625)
14. Physician Services Under Agreement	(925)				(925)		
15. Physician Supervision	0						
16.	0						
<b>17. Other Health Care Costs</b>							
18. Pharmacy	0						
19. Dental	0						
20. Optometry	0						
21. Medical Supplies	(151)	(151)					
22. Depreciation-Medical Equipment	0						
23. Professional Liability Insurance	0						
24. Home Office Direct Cost (from HO Cost Report-Sch 6)	(104)						
25. Laboratory	(1,017)	(920)		(97)			
26. Radiology	0						
27. Minor Medical Equipment and Rental/CME	(4,457)	(3,828)				(225)	(404)
28. Subtotal-Other Health Care Costs	(5,729)	(4,899)	0	(97)	0	(225)	(404)
29. Total Cost of FQHC Services (Sum of Lines 13, 14, 15, 16, and 28)	(12,605)	(10,225)	0	(97)	(925)	(225)	(1,029)
<b>FQHC Overhead-Facility Cost</b>							
30. Rent	(3,578)	(3,578)					
31. Insurance	0						
32. Interest Expense	0						
33. Utilities	0						
34. Depreciation-Building	0						
35. Depreciation-Equipment	0						
36. Housekeeping and Maintenance	(890)	(890)					
37. Property Tax	0						
38. Minor Equipment	0						
39. Home Office Pool Costs (from HO Cost Report-Sch 6)	(2,427)						
40.	0						
41. Subtotal-Facility Costs (Lines 30-40)	(6,895)	(4,468)	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	(876)	(876)					
49. Fringe Benefits and Payroll Taxes	0						
50. Home Office Pool Costs (from HO Cost Report-Sch 6)	(16,317)						
51. Other-OH in Medical Department	(4,933)	(3,600)	(549)	(784)			
52. Subtotal-Administrative Costs (Lines 42-51)	(22,126)	(4,476)	(549)	(784)	0	0	0
53. Total Cost Subject To Allocation (Sum of Lines 41 and 52)	(29,021)	(8,944)	(549)	(784)	0	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)	(41,626)	(19,169)	(549)	(881)	(925)	(225)	(1,029)

ADJUSTMENTS TO REPORTED COSTS

Provider Name	Provider No.	Fiscal Period Ended					
EASTON COMMUNITY HEALTH CENTER	1336398908	MARCH 31, 2010					
Cost Center	Adjustment (No. 7)	Adjustment (No. )	Adjustment (No. )	Adjustment (No. )	Adjustment (No. )	Adjustment (No. )	Adjustment (No. )
<b>FQHC 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-Medical Fringes							
9. Medical Records							
10. CPSP							
11. Mental Health							
12.							
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 (from HO Cost Report-Sch 6)	(104)						
24. Laboratory							
25. Radiology							
26. Minor Medical Equipment and Rental/CME							
27. Subtotal-Other Health Care Costs	(104)	0	0	0	0	0	0
28. Total Cost of FQHC Services (Sum of Lines 13, 14, 15, 16, and 28)	(104)	0	0	0	0	0	0
<b>FQHC 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 HO Cost Report-Sch 6)	(2,427)						
39.							
40. Subtotal-Facility Costs (Lines 30-40)	(2,427)	0	0	0	0	0	0
<b>FQHC 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 HO Cost Report-Sch 6)	(16,317)						
50. Other-OH in Medical Department							
51. Subtotal-Administrative Costs (Lines 42-51)	(16,317)	0	0	0	0	0	0
52. Total Cost Subject To Allocation (Sum of Lines 41 and 52)	(18,744)	0	0	0	0	0	0
53. Nonreimbursable Costs (Specify)							
54.							
55.							
56. Subtotal Nonreimbursable Costs	0	0	0	0	0	0	0
57. Total FQHC Costs (Sum of Lines 29, 53, and 57)	(18,848)	0	0	0	0	0	0

Provider Legal Name					Fiscal Period	Provider Number (NPI)		Adjustments	
EASTON COMMUNITY HEALTH CENTER					APRIL 1, 2009 THROUGH MARCH 31, 2010	1336398908		8	
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>									
6	2A	9	1	9	Medical Records	*	\$40,678	(\$625)	\$40,053
	2A	27	1	27	Minor Medical Equipment and Rental/CME	*	9,242	(404)	8,838
					To adjust maintenance agreement expenses from the facility's cost report for inclusion with audited home office costs for proper costs allocation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304				
7	2A	24	1	24	Home Office Direct Costs (Other Health Care Costs)		\$282	(\$104)	\$178
	2A	39	1	39	Home Office Pool Costs (Overhead - Facility Costs)		5,644	(2,427)	3,217
	2A	50	1	50	Home Office Pool Costs (Overhead - Administrative Costs)		39,290	(16,317)	22,973
					To adjust reported home office costs to agree with the prorated Clinica Sierra Vista - Truxton/Fresno Home Office Audit Report for fiscal period ended March 31, 2010. 42 CFR 413.17, 413.20 and 413.24 CMS Pub. 15-1, Sections 2132, 2150.2, 2300 and 2304				