

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

**JWCH NORWALK REGIONAL HEALTH CENTER
NORWALK, CA 90650
NATIONAL PROVIDER IDENTIFIER: 1386708634**

**FISCAL PERIOD ENDED
JUNE 30, 2010**

**Audit Section – Gardena
Financial Audits Branch
Audits and Investigations
Department of Health Care Services**

**Section Chief: Maria Delgado
Audit Supervisor: Deborah Lee
Auditor: Xuan Wang**



TOBY DOUGLAS
DIRECTOR

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



EDMUND G. BROWN JR.
GOVERNOR

October 17, 2013

Jeanne Lam
Chief Financial Officer
JWCH Institute, Inc.
1910 West Sunset Boulevard, Suite 650
Los Angeles, CA 90026

PROVIDER LEGAL NAME: JWCH INSTITUTE, INC
DBA: JWCH NORWALK REGIONAL HEALTH CENTER
FQHC PROVIDER NO. (NPI): FHC71151F (1386708634)
FISCAL PERIOD ENDED: JUNE 30, 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, 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. The rates and effective dates are as follows:

<u>PPS Rate</u>	<u>Effective Date</u>
\$ 122.82	June 29, 2009

In addition, your rate will be increased to:	\$124.29, effective October 1, 2010
	\$124.79, effective October 1, 2011
	\$125.54, effective October 1, 2012
	\$126.54, effective October 1, 2013

To reflect the MEI increases of 1.2%, 0.4%, 0.6%, 0.8% respectively.

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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
Department of Health Care Services
1029 J Street, Suite 200
MS 0017
Sacramento, CA 95814
(916)322-5603

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:

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

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.

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If you have questions regarding this report, you may call the Audits Section—Gardena at (310) 516-4757.

Original Signed By:

Maria Delgado, Chief
Audits Section—Gardena
Financial Audits Branch

Certified

COMPUTATION OF MEDI-CAL PROSPECTIVE PAYMENT SYSTEM RATE

Provider Name:
**JWCH NORWALK REGIONAL HEALTH
 CENTER**

NPI
1386708634

Fiscal Period Ended:
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)	\$ 1,136,520	\$ 1,014,784
2. Nonreimbursable FQHC Costs Excluding Overhead (Sch 2, L 57)	26,440	155,456
3. Cost of All Services Excluding Overhead (L A1 + L A2)	\$ 1,162,960	\$ 1,170,240
4. Percentage of Nonreimbursable FQHC Costs (L A2 / L A3)	0.022735	0.132841
5. Total Overhead (Sch 2, L 53)	\$ 627,882	\$ 626,393
6. Overhead Applicable to Nonreimbursable FQHC Costs (L A4 * L A5)	14,275	83,211
7. Overhead Applicable to FQHC Services (L A5 - L A6)	613,607	543,182
8. Total Cost of FQHC Services (L A1 + L A7)	\$ 1,750,127	\$ 1,557,966

PART B - DETERMINATION OF FQHC RATE

1. Total FQHC Costs (L A8)	\$ 1,750,127	\$ 1,557,966
2. Total FQHC Visits (Adj No)	12,685	12,685
3. Total FQHC Nonreimbursable Services Visits (Adj No)	0	0
4. Total FQHC Adjusted Visits (L B2 - L B3)	12,685	12,685
5. FQHC PPS Rate Per Visit (L B1 / L B4)	\$ 137.97	\$ 122.82

SCHEDULE OF TRIAL BALANCE EXPENSE

Provider Name:

NPI

Fiscal Period Ended:

JWCH NORWALK REGIONAL HEALTH CENTER

1386708634

JUNE 30, 2010

Cost Center	REPORTED	ADJUSTMENTS (From Sch 2A)	AUDITED
FQHC Health Care Cost			
1. Physician	\$233,805	\$0	\$233,805
2. Physician Assistant	112,301	0	112,301
3. Nurse Practitioner	43,920	0	43,920
4. Other Nurse	73,006	0	73,006
5. Laboratory Technician	0	0	0
6. Education & Outreach	162,250	(121,736)	40,514
7. Case Management	20,304	0	20,304
8. Other Medical	186,246	0	186,246
9. Medical Record	86,765	0	86,765
10.	0	0	0
11.	0	0	0
12. Other - Podiatrist	17,940	0	17,940
13. Subtotal-FQHC Health Care Costs	\$936,537	(\$121,736)	\$814,801
14. Physician Services Under Agreement	\$54,589	\$0	\$54,589
15. Physician Supervision	0	0	0
16.	0	0	0
17. Other Health Care Costs			
18. Pharmacy	\$37,166	\$0	\$37,166
19. Dental	0	0	0
20. Optometry	0	0	0
21. Medical Supplies	38,167	0	38,167
22. Depreciation-Medical Equipment	0	0	0
23. Professional Liability Insurance	0	0	0
24. Home Office Direct Cost (from home ofc. cost report-sch 6)	0	0	0
25. Laboratory	70,061	0	70,061
26.	0	0	0
27.	0	0	0
28. Subtotal-Other Health Care Costs	\$145,394	\$0	\$145,394
29. Total Cost of FQHC Services (Sum of Lines 13, 14, 15, 16, and 28)	\$1,136,520	(\$121,736)	\$1,014,784
FQHC Overhead-Facility Cost			
30. Rent	\$4,426	(\$4,410)	\$16
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	25,628	378	26,006
37. Property Tax	832	813	1,645
38. Minor Equipment	1,464	0	1,464
39.	0	0	0
40.	0	0	0
41. Subtotal-Facility Costs (Lines 30-40)	\$32,350	(\$3,219)	\$29,131
FQHC Overhead-Administrative Cost			
42. Office Salaries	\$260,006	\$11,057	\$271,063
43. Depreciation-Office Equipment	0	0	0
44. Office Supplies	4,882	141	5,023
45. Legal	2,951	(832)	2,119
46. Accounting	51,228	(12,171)	39,057
47. Insurance (Specify)	1,497	2,635	4,132
48. Telephone	27,807	(86)	27,721
49. Fringe Benefits And Payroll Taxes	0	553	553
50. Home Office Pool Costs (from home ofc. cost report-sch 6)	223,102	0	223,102
51. Other - IT	24,059	433	24,492
52. Subtotal-Administrative Costs (Lines 42-51)	\$595,532	\$1,730	\$597,262
53. Total Cost Subject To Allocation (Sum of Lines 41 and 52)	\$627,882	(\$1,489)	\$626,393
54. Nonreimbursable Costs (Specify)	\$0	\$0	\$0
55. Advertising	(150)	150	0
56. Promotion, Food, Incentives & Stipend	26,590	128,866	155,456
57. Subtotal Nonreimbursable Costs	\$26,440	\$129,016	\$155,456
58. Total FQHC Costs (Sum of Lines 29, 53, and 57)	\$1,790,842	\$5,791	\$1,796,633

ADJUSTMENTS TO REPORTED COSTS

Provider Name:

NPI

Fiscal Period Ended:

JWCH NORWALK REGIONAL HEALTH CENTER

1386708634

JUNE 30, 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 & Outreach	(121,736)	(121,736)					
7. Case Management	0						
8. Other Medical	0						
9. Medical Record	0						
10.	0						
11.	0						
12. Other - Podiatrist	0						
13. Subtotal-FQHC Health Care Costs	(121,736)	(121,736)	0	0	0	0	0
14. Physician Services Under Agreement	0						
15. Physician Supervision	0						
16.	0						
Other Health Care Costs							
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 ofc. cost report-	0						
24. Laboratory	0						
25.	0						
26.	0						
27.	0						
28. Subtotal-Other Health Care Costs	0	0	0	0	0	0	0
29. Total Cost of FQHC Services (Sum of Lines 13, 14, 15, 16, and 28)	(121,736)	(121,736)	0	0	0	0	0
FQHC Overhead-Facility Cost							
30. Rent	(4,410)					(4,410)	
31. Insurance	0						
32. Interest Expense	0						
33. Utilities	0						
34. Depreciation-Building	0						
35. Depreciation-Equipment	0						
36. Housekeeping And Maintenance	378				378		
37. Property Tax	813				813		
38. Minor Equipment	0						
39.	0						
40.	0						
41. Subtotal-Facility Costs (Lines 30-40)	(3,219)	0	0	0	1,191	(4,410)	0
FQHC Overhead-Administrative Cost							
42. Office Salaries	11,057			(201)	11,258		
43. Depreciation-Office Equipment	0						
44. Office Supplies	141				141		
45. Legal	(832)				(832)		
46. Accounting	(12,171)		(7,121)				(5,050)
47. Insurance (Specify)	2,635				2,635		
48. Telephone	(86)						
49. Fringe Benefits And Payroll Taxes	553				553		
50. Home Office Pool Costs (from home ofc. cost report-	0						
51. Other - IT	433				433		
52. Subtotal-Administrative Costs (Lines 42-51)	1,730	0	(7,121)	(201)	14,188	0	(5,050)
53. Total Cost Subject To Allocation (Sum of Lines 41 and 52)	(1,489)	0	(7,121)	(201)	15,379	(4,410)	(5,050)
Nonreimbursable Costs (Specify)							
54. Advertising	150						
55. Promotion, Food, Incentives & Stipend	128,866	121,736	7,121		9		
56. Subtotal Nonreimbursable Costs	129,016	121,736	7,121	0	9	0	0
57. Subtotal Nonreimbursable Costs							
58. Total FQHC Costs (Sum of Lines 29, 53, and 57)	5,791	0	0	(201)	15,388	(4,410)	(5,050)

ADJUSTMENTS TO REPORTED COSTS

Provider Name:

Provider No.

Fiscal Period Ended:

JWCH NORWALK REGIONAL HEALTH CENTER

1386708634

JUNE 30, 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 & Outreach							
7. Case Management							
8. Other Medical							
9. Medical Record							
10.							
11.							
12. Other - Podiatrist							
13. Subtotal-FQHC Health Care Costs	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 ofc. cost report-							
24. Laboratory							
25.							
26.							
27.							
28. Subtotal-Other Health Care Costs	0	0	0	0	0	0	0
29. Total Cost of FQHC Services (Sum of Lines 13, 14, 15, 16, and 28)	0	0	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							
37. Property Tax							
38. Minor Equipment							
39.							
40.							
41. Subtotal-Facility Costs (Lines 30-40)	0	0	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	(86)						
49. Fringe Benefits And Payroll Taxes							
50. Home Office Pool Costs (from home ofc. cost report-							
51. Other - IT							
52. Subtotal-Administrative Costs (Lines 42-51)	(86)	0	0	0	0	0	0
53. Total Cost Subject To Allocation (Sum of Lines 41 and 52)	(86)	0	0	0	0	0	0
54. Nonreimbursable Costs (Specify)							
55. Advertising		150					
56. Promotion, Food, Incentives & Stipend							
57. Subtotal Nonreimbursable Costs	0	150	0	0	0	0	0
58. Total FQHC Costs (Sum of Lines 29, 53, and 57)	(86)	150	0	0	0	0	0

Provider Name					Fiscal Period	Provider Number		Adjustments
JWCH NORWALK REGIONAL HEALTH CENTER					JULY 1, 2009 THROUGH JUNE 30, 2010	1386708634		8
Report References					Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted
Adj. No.	Audit Report		Cost Report					
	Schedule	Line	Worksheet	Line				
<u>RECLASSIFICATIONS TO REPORTED COSTS</u>								
1	2A	6	1	6	Education and Outreach	\$162,250	(\$121,736)	\$40,514
	2A	56	1	56	Promotion, Food, Incentives and Stipend To reclassify outreach costs to a nonreimbursable cost center. 42 CFR 413.5, 413.9 and 413.24 CMS Pub. 15-1, Sections 2300 and 2328	26,590	121,736	148,326 *
2	2A	46	1	46	Accounting	\$51,228	(\$7,121)	\$44,107 *
	2A	56	1	56	Promotion, Food, Incentives and Stipend To reclassify transportation expenses to a nonreimbursable cost center. 42 CFR 413.9, 413.20 and 413.24 CMS Pub. 15-1, Section 2328	* 148,326	7,121	155,447 *

*Balance carried forward from prior/to subsequent adjustments

Provider Name					Fiscal Period	Provider Number		Adjustments
JWCH NORWALK REGIONAL HEALTH CENTER					JULY 1, 2009 THROUGH JUNE 30, 2010	1386708634		8
Report References					Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted
Adj. No.	Audit Report		Cost Report					
	Schedule	Line	Worksheet	Line				
ADJUSTMENTS TO REPORTED COSTS								
3	2A	42	1	42	Office Salaries To reflect the proper accrual of office supplies expenses applicable to the audit period. 42 CFR 413.5 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2302.1	\$260,006	(\$201)	\$259,805 *
4	2A	36	1	36	Housedeeing and Maintenance	\$25,628	\$378	\$26,006
	2A	37	1	37	Property Taxes	832	813	1,645
	2A	42	1	42	Office Salaries	* 259,805	11,258	271,063
	2A	44	1	44	Office Supplies	4,882	141	5,023
	2A	45	1	45	Legal	2,951	(832)	2,119
	2A	47	1	47	Insurance	1,497	2,635	4,132
	2A	49	1	49	Fringe Benefits and Payroll Taxes	0	553	553
	2A	51	1	51	Other	24,059	433	24,492
	2A	56	1	56	Promotion, Food, Incentives and Stipend To reconcile the reported expenses to agree with the provider's general ledger. 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2304	* 155,447	9	155,456
5	2A	30	1	30	Rent To abate miscellaneous revenue against related costs. 42 CFR 413.5 and 413.9 CMS Pub. 15-1, Sections 2328	\$4,426	(\$4,410)	\$16
6	2A	46	1	46	Accounting To eliminate professional services expense due to insufficient documentation. 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2304	* \$44,107	(\$5,050)	\$39,057

Provider Name					Fiscal Period	Provider Number		Adjustments
JWCH NORWALK REGIONAL HEALTH CENTER					JULY 1, 2009 THROUGH JUNE 30, 2010	1386708634		8
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 REPORTED COSTS</u>								
7	2A	48	1	48	Telephone To eliminate cell phone expense due to insufficient documentation. 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2304	\$27,807	(\$86)	\$27,721
8	2A	55	1	55	Advertising To adjust negative advertising expense for proper cost determination. 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2304	(\$150)	\$150	\$0