

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

**JWCH MEDICAL CLINIC
LOS ANGELES, CALIFORNIA
NATIONAL PROVIDER IDENTIFIER: 1598829350**

**FISCAL PERIOD ENDED
JUNE 30, 2010**

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

**Section Chief: Maria Delgado
Audit Supervisor: Cyrus Lam
Auditor: Ken Lo**



TOBY DOUGLAS
DIRECTOR

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



EDMUND G. BROWN JR.
GOVERNOR

October 30, 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 NAME: JWCH MEDICAL CLINIC
NATIONAL PROVIDER IDENTIFIER (NPI): 1598829350
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, 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(s) as presented in Schedule 1 represent(s) 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>
\$127.26	June 29, 2009

In addition, your rate will be increased to:	\$128.79, effective October 1, 2010
	\$129.30, effective October 1, 2011
	\$130.08, effective October 1, 2012
	\$131.12, effective October 1, 2013

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

Jeanne Lam
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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 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.

Sincerely,

Original Signed By:

Maria Delgado, Chief
Audits Section—Gardena
Financial Audits Branch

Enclosure
Certified

**FQHC/RHC
COMPUTATION OF MEDI-CAL PROSPECTIVE PAYMENT SYSTEM RATE**

Provider Legal Name:	Provider No. (NPI)	Fiscal Period Ended:
JWCH MEDICAL CLINIC	1598829350	JUNE 30, 2010

PART A - DETERMINATION OF OVERHEAD APPLICABLE TO MEDICAL SERVICES	REPORTED	AUDITED
1. Cost of Services Excluding Overhead (Sch 2, L 29)	\$ 278,875	\$ 272,565
2. Nonreimbursable Costs Excluding Overhead (Sch 2, L 57)	(250)	10,915
3. Cost of All Services Excluding Overhead (L A1 + L A2)	\$ 278,625	\$ 283,480
4. Percentage of Nonreimbursable Costs (L A2 / L A3)	(0.000897)	0.038504
5. Total Overhead (Sch 2, L 53)	\$ 134,037	\$ 129,338
6. Overhead Applicable to Nonreimbursable Costs (L A4 * L A5)	(120)	4,980
7. Overhead Applicable to Medical Services (L A5 - L A6)	134,157	124,358
8. Total Cost of Medical Services (L A1 + L A7)	\$ 413,032	\$ 396,923
PART B - DETERMINATION OF PPS RATE		
1. Total Medical Costs (L A8)	\$ 413,032	\$ 396,923
2. Total FQHC/RHC Visits (Adj No)	3,119	3,119
3. Total Nonreimbursable Services Visits (Adj No)	0	0
4. FQHC/RHC Adjusted Visits (L B2 - L B3)	3,119	3,119
5. FQHC/RHC PPS Rate Per Visit (L B1 / L B4)	\$ 132.42	\$ 127.26

**FQHC/RHC
SCHEDULE OF TRIAL BALANCE EXPENSES**

Provider Legal Name:

Provider No. (NPI)

Fiscal Period Ended:

JWCH MEDICAL CLINIC

1598829350

JUNE 30, 2010

Cost Center	REPORTED	ADJUSTMENTS (From Sch 2A)	AUDITED
FQHC/RHC Health Care Cost			
1. Physician	\$106,811	\$0	\$106,811
2. Physician Assistant	2,081	0	2,081
3. Nurse Practitioner	25,857	0	25,857
4. Other Nurse	27,670	0	27,670
5. Laboratory Technician	0	0	0
6. Education & Outreach	6,310	(6,310)	0
7.	0	0	0
8. Other Medical	18,839	0	18,839
9. Medical Records	58,607	0	58,607
10.	0	0	0
11.	0	0	0
12.	0	0	0
13. Subtotal-Health Care Costs	\$246,175	(\$6,310)	\$239,865
14. Physician Services Under Agreement	\$2,185	\$0	\$2,185
15. Physician Supervision	0	0	0
16.	0	0	0
17. Other Health Care Costs			
18. Pharmacy	\$10,757	\$0	\$10,757
19. Dental	0	0	0
20. Optometry	0	0	0
21. Medical Supplies	7,315	0	7,315
22. Depreciation-Medical Equipment	0	0	0
23. Professional Liability Insurance	0	0	0
24. Home Office Cost (from H.O. cost report-sch 6)	0	0	0
25. Laboratory	12,443	0	12,443
26.	0	0	0
27.	0	0	0
28. Subtotal-Other Health Care Costs	\$30,515	\$0	\$30,515
29. Total Health Care Costs (Sum of Lines 13, 14, 15, 16, and 28)	\$278,875	(\$6,310)	\$272,565
FQHC/RHC Overhead-Facility Cost			
30. Rent	\$2,206	\$0	\$2,206
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	7,581	0	7,581
37. Property Tax	0	0	0
38. Minor Equipment	565	0	565
39. Home Office Cost (from H.O. cost report-sch 6)	0	11,026	11,026
40.	0	0	0
41. Subtotal-Facility Costs (Lines 30-40)	\$10,352	\$11,026	\$21,378
FQHC/RHC Overhead-Administrative Cost			
42. Office Salaries	\$54,459	(\$5,566)	\$48,893
43. Depreciation-Office Equipment	0	0	0
44. Office Supplies	1,229	5,566	6,795
45. Legal	1,025	0	1,025
46. Accounting	8,652	0	8,652
47. Insurance (Specify)	569	0	569
48. Telephone	100	0	100
49. Fringe Benefits And Payroll Taxes	0	0	0
50. Home Office Costs (from H.O. cost report-sch 6)	50,689	(11,026)	39,663
51. Other (Specify)	6,962	(4,699)	2,263
52. Subtotal-Administrative Costs (Lines 42-51)	\$123,685	(\$15,725)	\$107,960
53. Total Cost Subject To Allocation (Sum of Lines 41 and 52)	\$134,037	(\$4,699)	\$129,338
54. Nonreimbursable Costs (Home Office Cost)	\$0	\$1,866	\$1,866
55. Incentives	(250)	250	0
56. Other Nonreimbursable Costs	0	9,049	9,049
57. Subtotal Nonreimbursable Costs	(\$250)	\$11,165	\$10,915
58. Total Costs (Sum of Lines 29, 53, and 57)	\$412,662	\$156	\$412,818

FQHC/RHC
ADJUSTMENTS TO REPORTED COSTS

Provider Legal Name:

Provider No. (NPI)

Fiscal Period Ended:

JWCH MEDICAL CLINIC

1598829350

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/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 & Outreach	(6,310)		(6,310)				
7.	0						
8. Other Medical	0						
9. Medical Records	0						
10.	0						
11.	0						
12.	0						
13. Subtotal-Health Care Costs	(6,310)	0	(6,310)	0	0	0	0
14. Physician Services Under Agreement	0						
15. Physician Supervision	0						
16.	0						
17. Other Health Care Costs							
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 Cost (from H.O. cost report-sch 6)	0						
25. Laboratory	0						
26.	0						
27.	0						
28. Subtotal-Other Health Care Costs	0	0	0	0	0	0	0
29. Total Health Care Costs (Sum of Lines 13, 14, 15, 16, and 28)	(6,310)	0	(6,310)	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 Cost (from H.O. cost report-sch 6)	11,026					11,026	
40.	0						
41. Subtotal-Facility Costs (Lines 30-40)	11,026	0	0	0	0	11,026	0
FQHC/RHC Overhead-Administrative Cost							
42. Office Salaries	(5,566)	(5,566)					
43. Depreciation-Office Equipment	0						
44. Office Supplies	5,566	5,566					
45. Legal	0						
46. Accounting	0						
47. Insurance (Specify)	0						
48. Telephone	0						
49. Fringe Benefits And Payroll Taxes	0						
50. Home Office Costs (from H.O. cost report-sch 6)	(11,026)					(11,026)	
51. Other (Specify)	(4,699)			(2,739)			(1,960)
52. Subtotal-Administrative Costs (Lines 42-51)	(15,725)	0	0	(2,739)	0	(11,026)	(1,960)
53. Total Cost Subject To Allocation (Sum of Lines 41 and 52)	(4,699)	0	0	(2,739)	0	0	(1,960)
54. Nonreimbursable Costs (Home Office Cost)	1,866					1,866	
55. Incentives	250				250		
56. Other Nonreimbursable Costs	9,049		6,310	2,739			
57. Subtotal Nonreimbursable Costs	11,165	0	6,310	2,739	250	1,866	0
58. Total Costs (Sum of Lines 29, 53, and 57)	156	0	0	0	250	1,866	(1,960)

ADJUSTMENTS TO REPORTED COSTS

Provider Legal Name:

Provider No.

Fiscal Period Ended:

JWCH MEDICAL CLINIC

1598829350

JUNE 30, 2010

Cost Center	Adjustment (No.)						
FQHC/RHC Health Care Cost							
1. Physician							
2. Physician Assistant							
3. Nurse Practitioner							
4. Other Nurse							
5. Laboratory Technician							
6. Education & Outreach							
7.							
8. Other Medical							
9. Medical Records							
10.							
11.							
12.							
13. Subtotal-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 Cost (from H.O. cost report-sch 6)							
24. Laboratory							
25.							
26.							
27.							
28. Subtotal-Other Health Care Costs	0	0	0	0	0	0	0
29. Total Health Care Costs (Sum of Lines 13, 14, 15, 16, and 28)	0	0	0	0	0	0	0
FQHC/RHC 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. Home Office Cost (from H.O. cost report-sch 6)							
40.							
41. Subtotal-Facility Costs (Lines 30-40)	0	0	0	0	0	0	0
FQHC/RHC 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 Costs (from H.O. cost report-sch 6)							
51. Other (Specify)							
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 (Home Office Cost)							
55. Incentives							
56. Other Nonreimbursable Costs							
57. Subtotal Nonreimbursable Costs	0	0	0	0	0	0	0
58. Total Costs (Sum of Lines 29, 53, and 57)	0	0	0	0	0	0	0

Provider Name					Fiscal Period	NPI		Adjustments
JWCH MEDICAL CLINIC					JULY 1, 2009 THROUGH JUNE 30, 2010	1598829350		6
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	42	1	42	Office Salaries	\$54,459	(\$5,566)	\$48,893
	2A	44	1	44	Office Supplies	1,229	5,566	6,795
	To reclassify 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							
2	2A	6	1	6	Education & Outreach	\$6,310	(\$6,310)	\$0
	2A	56	1	56	Other Nonreimbursable Costs	0	6,310	6,310 *
	To reclassify Education and Outreach expenses to a nonreimbursable cost center. 42 CFR 413.5, 413.9 and 413.24 CMS Pub. 15-1, Sections 2300 and 2328							
3	2A	51	1	51	Other	\$6,962	(\$2,739)	\$4,223 *
	2A	56	1	56	Other Nonreimbursable Costs	6,310	2,739	9,049
	To reclassify gasoline expenses due to insufficient documentation. 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2304							

*Balance carried forward from prior/to subsequent adjustments

Provider Name					Fiscal Period	NPI		Adjustments
JWCH MEDICAL CLINIC					JULY 1, 2009 THROUGH JUNE 30, 2010	1598829350		6
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>								
4	2A	55	1	55	Incentives To reverse the provider's abatement of revenue against a nonreimbursable cost center. 42 CFR 413.9, 413.20 and 413.24 CMS Pub. 15-1, Section 2328	(\$250)	\$250	\$0
5	2A	39	1	39	Home Office Pool Costs	\$0	\$11,026	\$11,026
	2A	50	1	50	Home Office Pool Costs	50,689	(11,026)	39,663
	2A	54	1	54	Nonreimbursable (Home Office Costs) To adjust home office costs to agree with the filed Home Office Cost Report. 42 CFR 413.17 / CMS Pub. 15-1, Sections 2150.2 and 2304	0	1,866	1,866
6	2A	51	1	51	Other To eliminate membership and subscriptions expenses not related to patient care. 42 CFR 413.9(c)(3) / CMS Pub. 15-1, Section 2102.3	* \$4,223	(\$1,960)	\$2,263

*Balance carried forward from prior/to subsequent adjustments