

**REPORT
ON THE
FEDERALLY QUALIFIED HEALTH CENTER
RATE SETTING COST REPORT REVIEW
QUEENSCARE FAMILY CLINICS - EASTSIDE
NATIONAL PROVIDER IDENTIFIER: 1104075282
FISCAL PERIOD ENDED
JUNE 30, 2010**

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

**Section Chief: Daniel J. Giardinelli
Audit Supervisor: Henry Kwan
Auditor: Peter Scollan**



TOBY DOUGLAS
DIRECTOR

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



EDMUND G. BROWN JR.
GOVERNOR

August 7, 2013

Barbara B. Hines
President and CEO
QueensCare Family Clinics
1300 North Vermont Avenue, Suite 1002
Los Angeles, California 90027

QUEENSCARE FAMILY CLINICS – EASTSIDE
NATIONAL PROVIDER IDENTIFIER (NPI) 1104075282
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(s) as presented in Schedule 1 represent(s) 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>
\$198.45	April 1, 2009 through September 30, 2010

In addition, your rate will be increased to \$200.83, effective October 1, 2010, \$201.63, effective October 1, 2011, and \$202.84, effective October 1, 2012, to reflect the MEI increases of 1.2%, 0.4%, and 0.6%, respectively.

We have instructed the Provider Enrollment Division to adjust your interim Managed Care rate (Code 18) to \$121.74, and your interim Medi-Cal Crossover rate (Code 02) to \$39.46, effective August 1, 2013.

This Audit Report includes the:

1. Computation of Medi-Cal Prospective Payment System Rate (Schedule 1) and supporting schedules
2. Audit Adjustments

Barbara B. Hines
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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
Office of Administrative Appeals and Hearings
1029 J Street, Suite 200
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
PO 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
(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 – Burbank at (818) 295-2620.

Original Signed By

Daniel J. Giardinelli, Chief
Audits Section – Burbank
Financial Audits Branch

Certified

COMPUTATION OF MEDI-CAL PROSPECTIVE PAYMENT SYSTEM RATE

Provider Name: QUEENSCARE FAMILY CLINICS - EASTSIDE
Provider NPI: 1104075282
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)	\$ 244,441	\$ 260,196
2. Nonreimbursable FQHC Costs Excluding Overhead (Sch 2, L 57)	1,943	5,788
3. Cost of All Services Excluding Overhead (L A1 + L A2)	\$ 246,384	\$ 265,984
4. Percentage of Nonreimbursable FQHC Costs (L A2 / L A3)	0.007886	0.021761
5. Total Overhead (Sch 2, L 53)	\$ 632,721	\$ 405,908
6. Overhead Applicable to Nonreimbursable FQHC Costs (L A4 * L A5)	4,990	8,833
7. Overhead Applicable to FQHC Services (L A5 - L A6)	627,731	397,075
8. Total Cost of FQHC Services (L A1 + L A7)	\$ 872,172	\$ 657,271

PART B - DETERMINATION OF FQHC RATE

1. Total FQHC Costs (L A8)	\$ 872,172	\$ 657,271
2. Total FQHC Visits (Adj No)	3,312	3,312
3. Total FQHC Nonreimbursable Services Visits (Adj No)	0	0
4. Total FQHC Adjusted Visits (L B2 - L B3)	3,312	3,312
5. FQHC PPS Rate Per Visit (L B1 / L B4)	\$ <u>263.34</u>	\$ <u>198.45</u>

SCHEDULE OF TRIAL BALANCE EXPENSE

Provider Name:

Provider NPI:

Fiscal Period Ended:

QUEENSCARE FAMILY CLINICS - EASTSIDE

1104075282

JUNE 30, 2010

Cost Center

	REPORTED	ADJUSTMENTS (From Sch 2A)	AUDITED
FQHC Health Care Cost			
1. Physician	\$11,980	\$0	\$11,980
2. Physician Assistant	0	0	0
3. Nurse Practitioner	81,050	15,860	96,910
4. Other Nurse	0	0	0
5. Laboratory Technician	0	0	0
6. Education and Outreach	105	(105)	0
7. Case Management	0	0	0
8. Other Medical	0	0	0
9. Medical Records	1,108	0	1,108
10. Support Staff	1,890	0	1,890
11. Mental Health	0	0	0
12. Other (specify)	210	0	210
13. Subtotal-FQHC Health Care Costs	\$96,343	\$15,755	\$112,098
14. Physician Services Under Agreement	\$124,734	\$0	\$124,734
15. Physician Supervision	0	0	0
16.	0	0	0
17. Other Health Care Costs			
18. Pharmacy	\$0	\$0	\$0
19. Dental	0	0	0
20. Optometry	0	0	0
21. Medical Supplies	8,990	0	8,990
22. Depreciation-Medical Equipment	0	0	0
23. Professional Liability Insurance	5,019	0	5,019
24. Home Office Direct Cost (from home off. cost report-sch 6)	8,281	0	8,281
25. Other (Specify)	0	0	0
26. Radiology	0	0	0
27. Minor Medical Equip. and Rental / CME	1,074	0	1,074
28. Subtotal-Other Health Care Costs	\$23,364	\$0	\$23,364
29. Total Cost of FQHC Services (Sum of Lines 13, 14, 15, 16, and 28)	\$244,441	\$15,755	\$260,196
FQHC Overhead-Facility Cost			
30. Rent	\$134,985	(\$35,771)	\$99,214
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	15,618	(4,139)	11,479
36. Housekeeping And Maintenance	18,234	(1,240)	16,994
37. Property Tax	0	0	0
38. Minor Equipment	0	0	0
39. Home Office Pool Costs	86,415	(73,770)	12,645
40. Security Guards	36,493	(9,680)	26,813
41. Subtotal-Facility Costs (Lines 30-40)	\$291,745	(\$124,600)	\$167,145
FQHC Overhead-Administrative Cost			
42. Office Salaries	\$46,501	\$0	\$46,501
43. Depreciation-Office Equipment	0	0	0
44. Office Supplies	4,406	0	4,406
45. Legal	4,523	0	4,523
46. Accounting	13,075	0	13,075
47. Insurance (Specify)	0	0	0
48. Telephone	23,452	(10,506)	12,946
49. Fringe Benefits And Payroll Taxes	25,336	3,489	28,825
50. Home Office Pool Costs (from home off. cost report-sch 6)	201,741	(95,196)	106,545
51. Other	21,942	0	21,942
52. Subtotal-Administrative Costs (Lines 42-51)	\$340,976	(\$102,213)	\$238,763
53. Total Cost Subject To Allocation (Sum of Lines 41 and 52)	\$632,721	(\$226,813)	\$405,908
54. Nonreimbursable Costs (Specify)	\$0	\$0	\$0
55. Home Office Pool Costs	1,943	3,845	5,788
56. Grant Writing	0	0	0
57. Subtotal Nonreimbursable Costs	\$1,943	\$3,845	\$5,788
58. Total FQHC Costs (Sum of Lines 29, 53, and 57)	\$879,105	(\$207,213)	\$671,892

ADJUSTMENTS TO REPORTED COSTS

Provider Name:

Provider NPI:

Fiscal Period Ended:

QUEENSCARE FAMILY CLINICS - EASTSIDE

1104075282

JUNE 30, 2010

Cost Center	Total	Adjustment (No. 1)	Adjustment (No. 2)	Adjustment (No. 3)	Adjustment (No. 4)	Adjustment (No. 5)	Adjustment (No.)
FQHC Health Care Cost							
1. Physician	0						
2. Physician Assistant	0						
3. Nurse Practitioner	15,860				15,860		
4. Other Nurse	0						
5. Laboratory Technician	0						
6. Education and Outreach	(105)			(105)			
7. Case Management	0						
8. Other Medical	0						
9. Medical Records	0						
10. Support Staff	0						
11. Mental Health	0						
12. Other (specify)	0						
13. Subtotal-FQHC Health Care Costs	15,755	0	0	(105)	15,860	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 Direct Cost (from home off. cost report-)	0						
25. Other (Specify)	0						
26. Radiology	0						
27. Minor Medical Equip. and Rental / CME	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)	15,755	0	0	(105)	15,860	0	0
FQHC Overhead-Facility Cost							
30. Rent	(35,771)		(35,771)				
31. Insurance	0						
32. Interest Expense	0						
33. Utilities	0						
34. Depreciation-Building	0						
35. Depreciation-Equipment	(4,139)		(4,139)				
36. Housekeeping And Maintenance	(1,240)		(1,240)				
37. Property Tax	0						
38. Minor Equipment	0						
39. Home Office Pool Costs	(73,770)					(73,770)	
40. Security Guards	(9,680)		(9,680)				
41. Subtotal-Facility Costs (Lines 30-40)	(124,600)	0	(50,830)	0	0	(73,770)	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	(10,506)	(10,506)					
49. Fringe Benefits And Payroll Taxes	3,489				3,489		
50. Home Office Pool Costs (from home off. cost report-)	(95,196)					(95,196)	
51. Other	0						
52. Subtotal-Administrative Costs (Lines 42-51)	(102,213)	(10,506)	0	0	3,489	(95,196)	0
53. Total Cost Subject To Allocation (Sum of Lines 41 and 52)	(226,813)	(10,506)	(50,830)	0	3,489	(168,966)	0
54. Nonreimbursable Costs (Specify)	0						
55. Home Office Pool Costs	3,845					3,845	
56. Grant Writing	0						
57. Subtotal Nonreimbursable Costs	3,845	0	0	0	0	3,845	0
58. Total FQHC Costs (Sum of Lines 29, 53, and 57)	(207,213)	(10,506)	(50,830)	(105)	19,349	(165,121)	0

ADJUSTMENTS TO REPORTED COSTS

Provider Name:

Provider NPI:

Fiscal Period Ended:

QUEENSCARE FAMILY CLINICS - EASTSIDE

1104075282

JUNE 30, 2010

Cost Center	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							
9. Medical Records							
10. Support Staff							
11. Mental Health							
12. Other (specify)							
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							
23. Professional Liability Insurance							
24. Home Office Direct Cost (from home off. cost report-s							
25. Other (Specify)							
26. Radiology							
27. Minor Medical Equip. and 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, 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. Home Office Pool Costs							
40. Security Guards							
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							
49. Fringe Benefits And Payroll Taxes							
50. Home Office Pool Costs (from home off. cost report-s							
51. Other							
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. Home Office Pool Costs							
56. Grant Writing							
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
QUEENSCARE FAMILY CLINICS - EASTSIDE					JULY 1, 2009 THROUGH JUNE 30, 2010	1104075282		5
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								
1	2A	48	2	48	Telephone To adjust telephone expense to reflect the change in cost allocation basis (from equally among various clinics to the number of visits). 42 CFR 413.17, 413.20, and 413.24 CMS Pub. 15-1, Sections 2150.3, 2300, and 2304	\$23,452	(\$10,506)	\$12,946
2	2A	30	2	30	Rent	\$134,985	(\$35,771)	\$99,214
	2A	35	2	35	Depreciation - Equipment	15,618	(4,139)	11,479
	2A	36	2	36	Housekeeping and Maintenance	18,234	(1,240)	16,994
	2A	40	2	40	Security Guards To eliminate fixed overhead facility costs for the days the clinic was closed for proper matching of costs/visits and cost not related to patient care. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2102.3, 2300, and 2304	36,493	(9,680)	26,813
3	2A	6	1	6	Education and Outreach To eliminate marketing, education, and outreach expense not paid for by the Medi-Cal program. 42 CFR 413.9(b)(2) / CMS Pub. 15-1, Sections 2102.3, 2136.2, and 2328	\$105	(\$105)	\$0
4	2A	3	1	3	Nurse Practitioner	\$81,050	\$15,860	\$96,910
	2A	49	2	49	Fringe Benefits and Payroll Taxes To include salary and fringe benefits expense for a nurse practitioner that was mistakenly recorded in another clinic. 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2304	25,336	3,489	28,825
5	2A	39	2	39	Home Office Pool Costs - Facility	\$86,415	(\$73,770)	\$12,645
	2A	50	2	50	Home Office Pool Costs - Administrative	201,741	(95,196)	106,545
	2A	55	2	55	Home Office Pool Costs - Nonreimbursable To adjust reported home office costs to agree with the QueensCare Family Clinics home office audit report for the fiscal period ended June 30, 2010. 42 CFR 413.17 / CMS Pub. 15-1, Sections 2150.2 and 2304	1,943	3,845	5,788