

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

**WESLEY HEALTH CENTER - LYNWOOD
LYNWOOD, CALIFORNIA
NATIONAL PROVIDER IDENTIFIER: 1124182977**

**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: Nancy Nguyen**



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: WESLEY HEALTH CENTER - LYNWOOD
NATIONAL PROVIDER IDENTIFIER (NPI): 1124182977
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>
\$ 118.47	June 29, 2009

In addition, your rate will be increased to:	\$119.89, effective October 1, 2010
	\$120.37, effective October 1, 2011
	\$121.09, effective October 1, 2012
	\$122.06, effective October 1, 2013

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

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.

If you have further questions regarding this report, please contact Audit Section – Gardena, at (310) 516-4757

Sincerely,

Original Signed By:

Maria Delgado, Chief
Audits Section—Gardena
Financial Audits Branch

Enclosure
Certified

Provider Legal Name:

Provider No. (NPI)

Fiscal Period Ended:

WESLEY HEALTH CENTER - LYNWOOD

1124182977

JUNE 30, 2010

Cost Center	REPORTED	ADJUSTMENTS (From Sch 2A)	AUDITED
FQHC/RHC Health Care Cost			
1. Physician	\$112,443	(\$2,685)	\$109,758
2. Physician Assistant	14,230	(44)	14,186
3. Nurse Practitioner	44,446	(139)	44,307
4. Other Nurse	66,693	(209)	66,484
5. Laboratory Technician	0	0	0
6. Education & Outreach	88,395	(277)	88,118
7. Case Management	3,437	(10)	3,427
8. Other medical	84,260	(264)	83,996
9. Medical Records	47,368	(149)	47,219
10. Support Staff	0	0	0
11. Mental Health	0	0	0
12. Other (Specify): Podiatrist	1,696	(5)	1,691
13. Subtotal-Health Care Costs	\$462,968	(\$3,782)	\$459,186
14. Physician Services Under Agreement	\$9,065	(\$785)	\$8,280
15. Physician Supervision	0	0	0
16.	0	0	0
17. Other Health Care Costs			
18. Pharmacy	\$15,697	(\$6)	\$15,691
19. Dental	0	0	0
20. Optometry	0	0	0
21. Medical Supplies	67,799	0	67,799
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	19,743	(19,743)	0
26. Radiology	0	0	0
27. Minor Medical Equipment & Rental /CME	0	0	0
28. Subtotal-Other Health Care Costs	\$103,239	(\$19,749)	\$83,490
29. Total Health Care Costs (Sum of Lines 13, 14, 15, 16, and 28)	\$575,272	(\$24,316)	\$550,956
FQHC/RHC Overhead-Facility Cost			
30. Rent	\$61,557	(\$2,162)	\$59,395
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	25,307	(24)	25,283
37. Property Tax	12,799	(12,799)	0
38. Minor Equipment	779	0	779
39. Home Office Pool Costs (from HO C/R-Schedule 6)	0	0	0
40.	0	0	0
41. Subtotal-Facility Costs (Lines 30-40)	\$100,442	(\$14,985)	\$85,457
FQHC/RHC Overhead-Administrative Cost			
42. Office Salaries	\$177,694	\$4,562	\$182,256
43. Depreciation-Office Equipment	0	0	0
44. Office Supplies	2,150	0	2,150
45. Legal	6,785	(1,100)	5,685
46. Accounting	46,305	(1,385)	44,920
47. Insurance (Specify)	6,083	0	6,083
48. Telephone	14,840	(1,800)	13,040
49. Fringe Benefits And Payroll Taxes	0	0	0
50. Home Office Costs (from H.O. cost report-sch 6)	128,061	0	128,061
51. Other (Specify)	39,135	(21,937)	17,198
52. Subtotal-Administrative Costs (Lines 42-51)	\$421,053	(\$21,660)	\$399,393
53. Total Cost Subject To Allocation (Sum of Lines 41 and 52)	\$521,495	(\$36,645)	\$484,850
54. Nonreimbursable Costs (Specify)	\$0	\$0	\$0
55. Advertising	524	4,997	5,521
56. Promotion	39	0	39
57. Subtotal Nonreimbursable Costs	\$563	\$4,997	\$5,560
58. Total Costs (Sum of Lines 29, 53, and 57)	\$1,097,330	(\$55,964)	\$1,041,366

FQHC/RHC
ADJUSTMENTS TO REPORTED COSTS

Provider Legal Name:

Provider No. (NPI)

Fiscal Period Ended:

WESLEY HEALTH CENTER - LYNWOOD

1124182977

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	(2,685)		(2,685)				
2. Physician Assistant	(44)		(44)				
3. Nurse Practitioner	(139)		(139)				
4. Other Nurse	(209)		(209)				
5. Laboratory Technician	0						
6. Education & Outreach	(277)		(277)				
7. Case Management	(10)		(10)				
8. Other medical	(264)		(264)				
9. Medical Records	(149)		(149)				
10. Support Staff	0						
11. Mental Health	0						
12. Other (Specify): Podiatrist	(5)		(5)				
13. Subtotal-Health Care Costs	(3,782)	0	(3,782)	0	0	0	0
14. Physician Services Under Agreement	(785)			(785)			
15. Physician Supervision	0						
16.	0						
Other Health Care Costs							
18. Pharmacy	(6)		(6)				
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	(19,743)				(19,743)		
26. Radiology	0						
27. Minor Medical Equipment & Rental /CME	0						
28. Subtotal-Other Health Care Costs	(19,749)	0	(6)	0	(19,743)	0	0
29. Total Health Care Costs (Sum of Lines 13, 14, 15, 16, and 28)	(24,316)	0	(3,788)	(785)	(19,743)	0	0
FQHC/RHC Overhead-Facility Cost							
30. Rent	(2,162)					(2,162)	
31. Insurance	0						
32. Interest Expense	0						
33. Utilities	0						
34. Depreciation-Building	0						
35. Depreciation-Equipment	0						
36. Housekeeping And Maintenance	(24)		(24)				
37. Property Tax	(12,799)						(12,799)
38. Minor Equipment	0						
39. Home Office Pool Costs (from HO C/R-Schedule 6)	0						
40.	0						
41. Subtotal-Facility Costs (Lines 30-40)	(14,985)	0	(24)	0	0	(2,162)	(12,799)
FQHC/RHC Overhead-Administrative Cost							
42. Office Salaries	4,562		4,562				
43. Depreciation-Office Equipment	0						
44. Office Supplies	0						
45. Legal	(1,100)	(1,100)					
46. Accounting	(1,385)						
47. Insurance (Specify)	0						
48. Telephone	(1,800)						
49. Fringe Benefits And Payroll Taxes	0						
50. Home Office Costs (from H.O. cost report-sch 6)	0						
51. Other (Specify)	(21,937)		(5)				
52. Subtotal-Administrative Costs (Lines 42-51)	(21,660)	(1,100)	4,557	0	0	0	0
53. Total Cost Subject To Allocation (Sum of Lines 41 and 52)	(36,645)	(1,100)	4,533	0	0	(2,162)	(12,799)
54. Nonreimbursable Costs (Specify)	0						
55. Advertising	4,997						
56. Promotion	0						
57. Subtotal Nonreimbursable Costs	4,997	0	0	0	0	0	0
58. Total Costs (Sum of Lines 29, 53, and 57)	(55,964)	(1,100)	745	(785)	(19,743)	(2,162)	(12,799)

ADJUSTMENTS TO REPORTED COSTS

Provider Legal Name:

Provider No.

Fiscal Period Ended:

WESLEY HEALTH CENTER - LYNWOOD

1124182977

JUNE 30, 2010

Cost Center	Adjustment (No. 7)	Adjustment (No. 8)	Adjustment (No. 9)	Adjustment (No. 10)	Adjustment (No.)	Adjustment (No.)	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. Case Management							
8. Other medical							
9. Medical Records							
10. Support Staff							
11. Mental Health							
12. Other (Specify): Podiatrist							
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. Radiology							
26. Minor Medical Equipment & Rental /CME							
27. Subtotal-Other Health Care Costs	0	0	0	0	0	0	0
28. 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							
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 C/R-Schedule 6)							
39.							
40. Subtotal-Facility Costs (Lines 30-40)	0	0	0	0	0	0	0
FQHC/RHC Overhead-Administrative Cost							
41. Office Salaries							
42. Depreciation-Office Equipment							
43. Office Supplies							
44. Legal							
45. Accounting	(1,385)						
46. Insurance (Specify)							
47. Telephone		(1,800)					
48. Fringe Benefits And Payroll Taxes							
49. Home Office Costs (from H.O. cost report-sch 6)							
50. Other (Specify)			(21,932)				
51. Subtotal-Administrative Costs (Lines 42-51)	(1,385)	(1,800)	(21,932)	0	0	0	0
52. Total Cost Subject To Allocation (Sum of Lines 41 and 52)	(1,385)	(1,800)	(21,932)	0	0	0	0
53. Nonreimbursable Costs (Specify)							
54. Advertising				4,997			
55. Promotion							
56. Subtotal Nonreimbursable Costs	0	0	0	4,997	0	0	0
57. Total Costs (Sum of Lines 29, 53, and 57)	(1,385)	(1,800)	(21,932)	4,997	0	0	0

Provider Name					Fiscal Period	Provider Number		Adjustments
WESLEY HEALTH CENTER - LYNWOOD					JULY 1, 2009 THROUGH JUNE 30, 2010	1124182977		10
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	45	1	45	Legal 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	\$6,785	(\$1,100)	\$5,685
2	2A	1	1	1	Physician	\$112,443	(\$2,685)	\$109,758
	2A	2	1	2	Physician Assistant	14,230	(44)	14,186
	2A	3	1	3	Nurse Practitioner	44,446	(139)	44,307
	2A	4	1	4	Other Nurse	66,693	(209)	66,484
	2A	6	1	6	Education & Outreach	88,395	(277)	88,118
	2A	7	1	7	Case Management	3,437	(10)	3,427
	2A	8	1	8	Other Medical	84,260	(264)	83,996
	2A	9	1	9	Medical Records	47,368	(149)	47,219
	2A	12	1	12	Other Podiatrists	1,696	(5)	1,691
	2A	18	1	18	Pharmacy	15,697	(6)	15,691
	2A	36	1	36	Housekeeping & Maintenance	25,307	(24)	25,283
	2A	42	1	42	Office Salary	177,694	4,562	182,256
	2A	51	1	51	Other Overhead Administrative To adjust the provider's reclassification of employee benefits to agree with the provider's general ledger and the calculation based on the employees' salaries. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	39,135	(5)	39,130 *

*Balance carried forward from prior/to subsequent adjustments

Provider Name					Fiscal Period	Provider Number		Adjustments
WESLEY HEALTH CENTER - LYNWOOD					JULY 1, 2009 THROUGH JUNE 30, 2010	1124182977		10
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	14	1	14	Physician Services Under Agreement To eliminate x-ray expenses separately billed/billable by the actual provider of service. 42 CFR 4405.2470 CMS Pub. 15-1, Sections 2300, 2302.7 and 2304 CCR, Title 22, Section 51501	\$9,065	(\$785)	\$8,280
4	2A	25	1	25	Laboratory To eliminate outside laboratory costs separately billed/billable by the actual provider of service. 42 CFR 4405.2470 CMS Pub. 15-1, Sections 2300, 2302.7 and 2304 CCR, Title 22, Section 51501	\$19,743	(\$19,743)	\$0
5	2A	30	1	30	Rent To adjust rental expense not related to patient care. 42 CFR 413.9 (c)(3) CMS Pub. 15-1, Section 2102.3	\$61,557	(\$2,162)	\$59,395
6	2A	37	1	37	Property Tax To eliminate property tax expenses not related to patient care. 42 CFR 413.9 (c)(3) CMS Pub. 15-1, Section 2102.3	\$12,799	(\$12,799)	\$0

Provider Name					Fiscal Period	Provider Number		Adjustments	
WESLEY HEALTH CENTER - LYNWOOD					JULY 1, 2009 THROUGH JUNE 30, 2010	1124182977		10	
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									
7	2A	46	1	46	Accounting To eliminate x-ray expenses separately billed/billable by the actual provider of service. 42 CFR 4405.2470 CMS Pub. 15-1, Sections 2300, 2302.7 and 2304 CCR, Title 22, Section 51501	\$46,305	(\$1,385)	\$44,920	
8	2A	48	1	48	Telephone To eliminate telephone expenses due to lack of documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304 W&I Code, Section 14124.2(b)	\$14,840	(\$1,800)	\$13,040	
9	2A	51	1	51	Other Overhead Administrative To eliminate other operating and interest expense not related to patient care. 42 CFR 413.9(c)(3) and 413.153 HCFA Pub. 15-1, Section 202.2	*	\$39,130	(\$21,932)	\$17,198
10	2A	55	1	55	Nonreimbursable Costs - Advertising To adjust home office costs to agree with the filed Home Office Cost Report. 42 CFR 413.17 / HCFA Pub. 15-1, Sections 2150.2 and 2304	\$524	\$4,997	\$5,521	

*Balance carried forward from prior/to subsequent adjustments