

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

**WESTSIDE FAMILY HEALTH CENTER
SANTA MONICA, CALIFORNIA
NATIONAL PROVIDER IDENTIFIER: 1831287978**

**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: Clara Yau**



TOBY DOUGLAS
DIRECTOR

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



EDMUND G. BROWN JR.
GOVERNOR

October 14, 2013

Debra A. Farmer, President
Westside Family Health Center
1711 Ocean Park Boulevard
Santa Monica, CA 90405

PROVIDER: WESTSIDE FAMILY HEALTH CENTER
NATIONAL PROVIDER IDENTIFIER (NPI): 1831287978
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>
\$ 134.12	May 21, 2009

In addition, your rate will be increased to:	\$135.73, effective October 1, 2010
	\$136.27, effective October 1, 2011
	\$137.09, effective October 1, 2012
	\$138.19, effective October 1, 2013

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

We have instructed the Provider Enrollment Division to adjust your interim Managed Care rate (Code 18) to \$65.51 and your interim Medi-Cal Crossover rate (Code 02) to \$35.79, effective November 1, 2013.

Debra A. Farmer
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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.

Sincerely,

Original Signed By:

Maria Delgado, Chief
Audits Section—Gardena
Financial Audits Branch

Certified
Enclosure

COMPUTATION OF MEDI-CAL PROSPECTIVE PAYMENT SYSTEM RATE

Provider Name:	Provider No.	Fiscal Period Ended:
Westside Family Health Center	1831287978	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)	\$ 2,240,810	\$ 2,150,858
2. Nonreimbursable FQHC Costs Excluding Overhead (Sch 2, L 57)	89,219	264,445
3. Cost of All Services Excluding Overhead (L A1 + L A2)	\$ 2,330,029	\$ 2,415,303
4. Percentage of Nonreimbursable FQHC Costs (L A2 / L A3)	0.038291	0.109487
5. Total Overhead (Sch 2, L 53)	\$ 1,415,838	\$ 1,286,479
6. Overhead Applicable to Nonreimbursable FQHC Costs (L A4 * L A5)	54,214	140,853
7. Overhead Applicable to FQHC Services (L A5 - L A6)	1,361,624	1,145,626
8. Total Cost of FQHC Services (L A1 + L A7)	\$ 3,602,434	\$ 3,296,484

PART B - DETERMINATION OF FQHC RATE

1. Total FQHC Costs (L A8)	\$ 3,602,434	\$ 3,296,484
2. Total FQHC Visits (Adj No)	26,696	26,696
3. Total FQHC Nonreimbursable Services Visits (Adj No)	2,117	2,117
4. Total FQHC Adjusted Visits (L B2 - L B3)	24,579	24,579
5. FQHC PPS Rate Per Visit (L B1 / L B4)	\$ 146.57	\$ 134.12

SCHEDULE OF TRIAL BALANCE EXPENSE

Provider Name:

National Provider Identifier

Fiscal Period Ended:

Westside Family Health Center

1831287978

June 30, 2010

Cost Center	REPORTED	ADJUSTMENTS (From Sch 2A)	AUDITED
FQHC Health Care Cost			
1. Physician	\$305,555	\$0	\$305,555
2. Physician Assistant	294,852	0	294,852
3. Nurse Practitioner	212,803	0	212,803
4. Other Nurse	104,911	0	104,911
5. Laboratory Technician	0	0	0
6. Education and Outreach	219,371	(30,497)	188,874
7. Case Management	89,382	0	89,382
8. Other Medical	627,718	(31,884)	595,834
9.	0	0	0
10.	0	0	0
11.	0	0	0
12.	0	0	0
13. Subtotal-FQHC Health Care Costs	\$1,854,592	(\$62,381)	\$1,792,211
14. Physician Services Under Agreement	\$76,666	\$0	\$76,666
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	252,882	0	252,882
22. Depreciation-Medical Equipment	0	0	0
23. Professional Liability Insurance	28,440	659	29,099
24. Home Office Direct Cost (from home ofc. cost report-sch 6)	0	0	0
25. Laboratory	28,230	(28,230)	0
26.	0	0	0
27.	0	0	0
28. Subtotal-Other Health Care Costs	\$309,552	(\$27,571)	\$281,981
29. Total Cost of FQHC Services (Sum of Lines 13, 14, 15, 16, and 28)	\$2,240,810	(\$89,952)	\$2,150,858
FQHC Overhead-Facility Cost			
30. Rent	\$212,050	\$0	\$212,050
31. Insurance	9,930	0	9,930
32. Interest Expense	0	0	0
33. Utilities	15,871	0	15,871
34. Depreciation-Building	0	0	0
35. Depreciation-Equipment	5,773	0	5,773
36. Housekeeping And Maintenance	28,564	0	28,564
37. Property Tax	167	0	167
38. Other (Specify)	53,948	0	53,948
39.	0	0	0
40.	0	0	0
41. Subtotal-Facility Costs (Lines 30-40)	\$326,303	\$0	\$326,303
FQHC Overhead-Administrative Cost			
42. Office Salaries	\$669,161	(\$89,596)	\$579,565
43. Depreciation-Office Equipment	34,380	0	34,380
44. Office Supplies	75,745	(2,234)	73,511
45. Legal	0	0	0
46. Accounting	22,000	0	22,000
47. Insurance (Specify)	0	0	0
48. Telephone	14,363	0	14,363
49. Fringe Benefits And Payroll Taxes	115,592	(15,477)	100,115
50. Home Office Pool Costs (from home ofc. cost report-sch 6)	0	0	0
51. Overhead / Administrative	158,294	(22,052)	136,242
52. Subtotal-Administrative Costs (Lines 42-51)	\$1,089,535	(\$129,359)	\$960,176
53. Total Cost Subject To Allocation (Sum of Lines 41 and 52)	\$1,415,838	(\$129,359)	\$1,286,479
54. Nonreimbursable Outreach Program	\$0	\$70,153	\$70,153
55. Advertising/Marketing	5,474	0	5,474
56. Fundraising Expense	83,745	105,073	188,818
57. Subtotal Nonreimbursable Costs	\$89,219	\$175,226	\$264,445
58. Total FQHC Costs (Sum of Lines 29, 53, and 57)	\$3,745,867	(\$44,085)	\$3,701,782

ADJUSTMENTS TO REPORTED COSTS

Provider Name:

Provider No.

Fiscal Period Ended:

Westside Family Health Center

1831287978

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 and Outreach	(30,497)	(30,497)					
7. Case Management	0						
8. Other Medical	(31,884)		(31,884)				
9.	0						
10.	0						
11.	0						
12.	0						
13. Subtotal-FQHC Health Care Costs	(62,381)	(30,497)	(31,884)	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	659						659
23. Home Office Direct Cost (from home ofc. cost report-sch 6)	0						
24. Laboratory	(28,230)						
25.	0						
26.	0						
27.	0						
28. Subtotal-Other Health Care Costs	(27,571)	0	0	0	0	0	659
29. Total Cost of FQHC Services (Sum of Lines 13, 14, 15, 16, and 28)	(89,952)	(30,497)	(31,884)	0	0	0	659
FQHC 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. Other (Specify)	0						
39.	0						
40.	0						
41. Subtotal-Facility Costs (Lines 30-40)	0	0	0	0	0	0	0
FQHC Overhead-Administrative Cost							
42. Office Salaries	(89,596)			(89,596)			
43. Depreciation-Office Equipment	0						
44. Office Supplies	(2,234)					(2,234)	
45. Legal	0						
46. Accounting	0						
47. Insurance (Specify)	0						
48. Telephone	0						
49. Fringe Benefits And Payroll Taxes	(15,477)			(15,477)			
50. Home Office Pool Costs (from home ofc. cost report-sch 6)	0						
51. Overhead / Administrative	(22,052)				(5,538)		
52. Subtotal-Administrative Costs (Lines 42-51)	(129,359)	0	0	(105,073)	(5,538)	(2,234)	0
53. Total Cost Subject To Allocation (Sum of Lines 41 and 52)	(129,359)	0	0	(105,073)	(5,538)	(2,234)	0
54. Nonreimbursable Outreach Program	70,153	30,497	31,884		5,538	2,234	
55. Advertising/Marketing	0						
56. Fundraising Expense	105,073			105,073			
57. Subtotal Nonreimbursable Costs	175,226	30,497	31,884	105,073	5,538	2,234	0
58. Total FQHC Costs (Sum of Lines 29, 53, and 57)	(44,085)	0	0	0	0	0	659

ADJUSTMENTS TO REPORTED COSTS

Provider Name:

Provider No.

Fiscal Period Ended:

Westside Family Health Center

1831287978

June 30, 2010

Cost Center	Adjustment (No. 7)	Adjustment (No. 8)	Adjustment (No. 9)	Adjustment (No. 10)	Adjustment (No. 11)	Adjustment (No.)	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.							
10.							
11.							
12.							
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-sch 6)							
24. Laboratory	(28,230)						
25.							
26.							
27.							
28. Subtotal-Other Health Care Costs	(28,230)	0	0	0	0	0	0
29. Total Cost of FQHC Services (Sum of Lines 13, 14, 15, 16, and 28)	(28,230)	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. Other (Specify)							
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							
49. Fringe Benefits And Payroll Taxes							
50. Home Office Pool Costs (from home ofc. cost report-sch 6)							
51. Overhead / Administrative		(380)	(8,134)	(3,000)	(5,000)		
52. Subtotal-Administrative Costs (Lines 42-51)	0	(380)	(8,134)	(3,000)	(5,000)	0	0
53. Total Cost Subject To Allocation (Sum of Lines 41 and 52)	0	(380)	(8,134)	(3,000)	(5,000)	0	0
54. Nonreimbursable Outreach Program							
55. Advertising/Marketing							
56. Fundraising Expense							
57. Subtotal Nonreimbursable Costs	0	0	0	0	0	0	0
58. Total FQHC Costs (Sum of Lines 29, 53, and 57)	(28,230)	(380)	(8,134)	(3,000)	(5,000)	0	0

Provider Name					Fiscal Period	Provider NPI		Adjustments
WESTSIDE FAMILY HEALTH CENTER					JULY 1, 2009 THROUGH JUNE 30, 2010	1831287978		11
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	\$219,371	(\$30,497)	\$188,874
	2A	54	1	54	Nonreimbursable Outreach Program 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	0	30,497	30,497 *
2	2A	8	1	8	Other Medical	\$627,718	(\$31,884)	\$595,834
	2A	54	1	54	Nonreimbursable Outreach Program 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	* 30,497	31,884	62,381 *
3	2A	42	1	42	Office Salaries	\$669,161	(\$89,596)	\$579,565
	2A	49	1	49	Fringe Benefits and Payroll Taxes	115,592	(15,477)	100,115
	2A	56	1	56	Fundraising Expense To reclassify the reported salaries and benefits of Director of Donor Relations and Director of Institutional Relations to a non-reimbursable cost center as they are not patient care related. 42 CFR 413.5, 413.9 and 413.24 CMS Pub. 15-1, Sections 2300 and 2328	83,745	105,073	188,818
4	2A	51	1	51	Overhead / Administrative	\$158,294	(\$5,538)	\$152,756 *
	2A	54	1	54	Nonreimbursable Outreach Program 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	* 62,381	5,538	67,919 *
5	2A	44	1	44	Office Supplies	\$75,745	(\$2,234)	\$73,511
	2A	54	1	54	Nonreimbursable Outreach Program 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	* 67,919	2,234	70,153

*Balance carried forward from prior/to subsequent adjustments

Provider Name					Fiscal Period	Provider NPI		Adjustments
WESTSIDE FAMILY HEALTH CENTER					JULY 1, 2009 THROUGH JUNE 30, 2010	1831287978		11
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								
6	2A	23	1	23	Professional Liability Insurance To adjust the reported liability insurance expense to agree with the insurance policy amount. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	\$28,440	\$659	\$29,099
7	2A	25	1	25	Laboratory To eliminate outside laboratory costs as these are separately billed/billable by the actual provider of service. 42 CFR 405.2470 CMS Pub, 15-1, Sections 2300, 2302.7 and 2304 CCR, Title 22, Section 51501	\$28,230	(\$28,230)	\$0
8	2A	51	1	51	Overhead / Administrative To reflect the proper accrual of membership dues applicable to the audit period. 42 CFR 413.5 and 413.24 CMS Pub. 15-1, Sections 2300 and 2302.1	* \$152,756	(\$380)	
9					To eliminate fund-raising costs not related to patient care. 42 CFR 413.9(c)(3) CMS Pub. 15-1, Section 2136.2		(8,134)	
10					To reconcile the reported administrative expenses to agree with the provider's invoices. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304		(3,000)	
11					To eliminate grant writing expense since it is not related to patient care. 42 CFR 413.9(c)(3) / CMS Pub. 15-1, Section 2102.3		<u>(5,000)</u> (\$16,514)	\$136,242
*Balance carried forward from prior/to subsequent adjustments								