

**REPORT
ON THE
FEDERALLY QUALIFIED HEALTH CENTER
RATE SETTING COST REPORT REVIEW
ANTELOPE VALLEY COMMUNITY CLINIC - LANCASTER
NATIONAL PROVIDER IDENTIFIER: 1609199934
FISCAL PERIOD ENDED
JUNE 30, 2011**

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

**Section Chief: Daniel J. Giardinelli
Audit Supervisor: Debra K. Blake
Auditor: Jeannette Liu**



TOBY DOUGLAS
DIRECTOR

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



EDMUND G. BROWN JR.
GOVERNOR

November 18, 2013

James A. Cook
Chief Executive Officer
Antelope Valley Community Clinic
45074 North 10th Street West, Suite 109
Lancaster, CA 93534

PROVIDER: ANTELOPE VALLEY COMMUNITY CLINIC - LANCASTER
NATIONAL PROVIDER IDENTIFIER (NPI) 1609199934
FISCAL PERIOD ENDED JUNE 30, 2011

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>
\$108.59	March 29, 2010 through September 30, 2011

In addition, your rate will be increased to \$109.02, effective October 1, 2011, \$109.68, effective October 1, 2012, and \$110.56, effective October 1, 2013 to reflect the MEI increases of .4%, .6% and .8%, respectively.

This Audit Report includes the:

1. Computation of Medi-Cal Prospective Payment System Rate (Schedule 1) and supporting schedules
2. Audit Adjustments that include a summary of the total due the State in the amount of \$20,424 which resulted from Medi-Cal overpayments

The audit settlement will be incorporated into a Statement(s) of Account Status, which may reflect tentative retroactive adjustment determinations, payments from the provider, and other financial transactions initiated by the Department. The Statement(s) of Account Status will be forwarded to the provider by the State's fiscal intermediary. Instructions regarding payment will be included with the Statement(s) of Account Status.

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: ANTELOPE VALLEY COMMUNITY CLINIC - LANCASTER
Provider NPI: 1609199934
Fiscal Period Ended: JUNE 30, 2011

PART A - DETERMINATION OF OVERHEAD APPLICABLE TO FQHC SERVICES	REPORTED	AUDITED
1. Cost of FQHC Services Excluding Overhead (Sch 2, L 29)	\$ 752,465	\$ 765,318
2. Nonreimbursable FQHC Costs Excluding Overhead (Sch 2, L 57)	2,201	19,648
3. Cost of All Services Excluding Overhead (L A1 + L A2)	\$ 754,666	\$ 784,966
4. Percentage of Nonreimbursable FQHC Costs (L A2 / L A3)	0.002917	0.025030
5. Total Overhead (Sch 2, L 53)	\$ 463,547	\$ 422,457
6. Overhead Applicable to Nonreimbursable FQHC Costs (L A4 * L A5)	1,352	10,574
7. Overhead Applicable to FQHC Services (L A5 - L A6)	462,195	411,883
8. Total Cost of FQHC Services (L A1 + L A7)	\$ 1,214,660	\$ 1,177,201
PART B - DETERMINATION OF FQHC RATE		
1. Total FQHC Costs (L A8)	\$ 1,214,660	\$ 1,177,201
2. Total FQHC Visits (Adjs 6, 7, 8)	10,478	10,841
3. Total FQHC Nonreimbursable Services Visits (Adj)	0	0
4. Total FQHC Adjusted Visits (L B2 - L B3)	10,478	10,841
5. FQHC PPS Rate Per Visit (L B1 / L B4)	\$ <u>115.92</u>	\$ <u>108.59</u>
PART C - OVERPAYMENTS		
1. Duplicate Payments (Adj 9)	\$ <u>0</u>	\$ <u>19,839</u>
2. Credit Balances (Adj 10)	\$ <u>0</u>	\$ <u>585</u>
3. Total Overpayments	\$ <u>0</u>	\$ <u>20,424</u>

SCHEDULE OF TRIAL BALANCE EXPENSE

Provider Name: ANTELOPE VALLEY COMMUNITY CLINIC - LANCASTER
 Provider NPI: 1609199934
 Fiscal Period End: JUNE 30, 2011

Cost Center	REPORTED	ADJUSTMENTS (From Sch 2A)	AUDITED
FQHC Health Care Cost			
1. Physician	\$69,302	\$18,035	\$87,337
2. Physician Assistant	78,477	0	78,477
3. Nurse Practitioner	221,777	0	221,777
4. Other Nurse	161,081	0	161,081
5. Laboratory Technician	0	0	0
6. Other (Specify)	0	0	0
7. Support Staff	115,530	(5,182)	110,348
8. Medical Records	8,119	0	8,119
9.	0	0	0
10.	0	0	0
11.	0	0	0
12. Other (specify)	0	0	0
13. Subtotal-FQHC Health Care Costs	\$654,286	\$12,853	\$667,139
14. Physician Services Under Agreement	\$37,024	\$0	\$37,024
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	8,184	0	8,184
22. Depreciation-Medical Equipment	0	0	0
23. Professional Liability Insurance	0	0	0
24. Home Office Direct Cost (from home off. cost report-sch 6)	52,471	0	52,471
25. Other (Specify)	0	0	0
26. Continuing Medical Education	500	0	500
27.	0	0	0
28. Subtotal-Other Health Care Costs	\$61,155	\$0	\$61,155
29. Total Cost of FQHC Services (Sum of Lines 13, 14, 15, 16, and 28)	\$752,465	\$12,853	\$765,318
FQHC Overhead-Facility Cost			
30. Rent	\$37,186	\$0	\$37,186
31. Insurance	0	0	0
32. Interest Expense	0	0	0
33. Utilities	8,971	0	8,971
34. Depreciation-Building	0	0	0
35. Depreciation-Equipment	0	0	0
36. Housekeeping And Maintenance	17,417	0	17,417
37. Property Tax	0	0	0
38. Minor Equipment	0	0	0
39. Home Office Pool Costs	30,183	0	30,183
40.	0	0	0
41. Subtotal-Facility Costs (Lines 30-40)	\$93,757	\$0	\$93,757
FQHC Overhead-Administrative Cost			
42. Office Salaries	\$62,396	\$0	\$62,396
43. Depreciation-Office Equipment	0	0	0
44. Office Supplies	27,450	(9,200)	18,250
45. Legal	0	0	0
46. Accounting	0	0	0
47. Insurance (Specify)	0	0	0
48. Telephone	12,655	0	12,655
49. Fringe Benefits And Payroll Taxes	0	0	0
50. Home Office Pool Costs (from home off. cost report-sch 6)	199,346	0	199,346
51. Other Administrative Costs	67,943	(31,890)	36,053
52. Subtotal-Administrative Costs (Lines 42-51)	\$369,790	(\$41,090)	\$328,700
53. Total Cost Subject To Allocation (Sum of Lines 41 and 52)	\$463,547	(\$41,090)	\$422,457
54. Nonreimbursable Costs (Specify)	\$0	\$17,447	\$17,447
55. Home Office Pool Costs (from home off. cost report-sch 6)	2,201	0	2,201
56.	0	0	0
57. Subtotal Nonreimbursable Costs	\$2,201	\$17,447	\$19,648
58. Total FQHC Costs (Sum of Lines 29, 53, and 57)	<u>\$1,218,213</u>	<u>(\$10,790)</u>	<u>\$1,207,423</u>

ADJUSTMENTS TO REPORTED COSTS

Provider Name:

Provider NPI:

Fiscal Period Ended:

ANTELOPE VALLEY COMMUNITY CLINIC - LANCASTER

1609199934

JUNE 30, 2011

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	18,035		(12,265)	30,300			
2. Physician Assistant	0						
3. Nurse Practitioner	0						
4. Other Nurse	0						
5. Laboratory Technician	0						
6. Other (Specify)	0						
7. Support Staff	(5,182)	(5,182)					
8. Medical Records	0						
9.	0						
10.	0						
11.	0						
12. Other (specify)	0						
13. Subtotal-FQHC Health Care Costs	12,853	(5,182)	(12,265)	30,300	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 Direct Cost (from home off. cost report-s	0						
25. Other (Specify)	0						
26. Continuing Medical Education	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)	12,853	(5,182)	(12,265)	30,300	0	0	0
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. Minor Equipment	0						
39. Home Office Pool Costs	0						
40.	0						
41. Subtotal-Facility Costs (Lines 30-40)	0	0	0	0	0	0	0
FQHC Overhead-Administrative Cost							
42. Office Salaries	0						
43. Depreciation-Office Equipment	0						
44. Office Supplies	(9,200)					(9,200)	
45. Legal	0						
46. Accounting	0						
47. Insurance (Specify)	0						
48. Telephone	0						
49. Fringe Benefits And Payroll Taxes	0						
50. Home Office Pool Costs (from home off. cost report-s	0						
51. Other Administrative Costs	(31,890)			(30,300)	(1,590)		
52. Subtotal-Administrative Costs (Lines 42-51)	(41,090)	0	0	(30,300)	(1,590)	(9,200)	0
53. Total Cost Subject To Allocation (Sum of Lines 41 and 52)	(41,090)	0	0	(30,300)	(1,590)	(9,200)	0
54. Nonreimbursable Costs (Specify)	17,447	5,182	12,265				
55. Home Office Pool Costs (from home off. cost report-s	0						
56.	0						
57. Subtotal Nonreimbursable Costs	17,447	5,182	12,265	0	0	0	0
58. Total FQHC Costs (Sum of Lines 29, 53, and 57)	(10,790)	0	0	0	(1,590)	(9,200)	0

ADJUSTMENTS TO REPORTED COSTS

Provider Name:

Provider NPI:

Fiscal Period Ended:

ANTELOPE VALLEY COMMUNITY CLINIC - LANCASTER

1609199934

JUNE 30, 2011

Cost Center	Adjustment (No.)						
FQHC Health Care Cost							
1. Physician							
2. Physician Assistant							
3. Nurse Practitioner							
4. Other Nurse							
5. Laboratory Technician							
6. Other (Specify)							
7. Support Staff							
8. Medical Records							
9.							
10.							
11.							
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. Continuing Medical Education							
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. Home Office Pool Costs							
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 off. cost report-s							
51. Other Administrative Costs							
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 (from home off. cost report-s							
56.							
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 Number		Adjustments
ANTELOPE VALLEY COMMUNITY CLINIC - LANCASTER			JULY 1, 2010 THROUGH JUNE 30, 2011			NPI 1609199934		10
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	7	1	7	Support Staff	\$115,530	(\$5,182)	\$110,348
	2A	54	1	54	Non-Covered Services	0	5,182	5,182 *
To reclassify nonallowable outreach costs to a nonreimbursable cost center. 42 CFR 413.5, 413.9, and 413.24 CMS Pub. 15-1, Sections 2300 and 2328 / CMS Pub. 27, Section 404.2								
2	2A	1	1	1	Physician	\$69,302	(\$12,265)	\$57,037 *
	2A	54	1	54	Non-Covered Services	5,182	12,265	17,447
To reclassify medical director salary and benefits, that are not covered cost in the rate, to a nonreimbursable cost center. 42 CFR 413.5, 413.9, and 413.24 CMS Pub. 15-1, Sections 2300 and 2328 / CMS Pub. 27, Section 404.2								
3	2A	51	1	51	Other Administrative Costs	\$67,943	(\$30,300)	\$37,643 *
	2A	1	1	1	Physician	57,037	30,300	87,337
To reclassify contract service costs to the appropriate cost center. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300, 2302.4, 2302.8, and 2304								

*Balance carried forward from prior/to subsequent adjustments

Provider Name			Fiscal Period			Provider Number		Adjustments	
ANTELOPE VALLEY COMMUNITY CLINIC - LANCASTER			JULY 1, 2010 THROUGH JUNE 30, 2011			NPI 1609199934		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									
4	2A	51	1	51	Other Administrative Costs To eliminate prior year contract service costs. 42 CFR 413.5, 413.20, 413.24, and 460.204 CMS Pub. 15-1, Sections 2300, 2302.1, and 2304	*	\$37,643	(\$1,590)	\$36,053
5	2A	44	1	44	Office Supplies To eliminate non allowable donated supplies expense. 42 CFR 413.5(c)(7) and 413.9 CMS Pub. 15-1, Sections 608, 610, and 2102.3		\$27,450	(\$9,200)	\$18,250

*Balance carried forward from prior/to subsequent adjustments

Provider Name				Fiscal Period		Provider Number		Adjustments	
ANTELOPE VALLEY COMMUNITY CLINIC - LANCASTER				JULY 1, 2010 THROUGH JUNE 30, 2011		NPI 1609199934		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 STATISTICS									
	1	2	2	2	Total FQHC Visits	10,478			
6					To adjust reported visits to agree with the Patient Visit Report. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304		356		
7					To include visits that are reflected on the Paid Claims Summary Report but not on the Patient Visit Report. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304		2		
8					To include visits that are reflected on the patient sign-in logs but not on the Patient Visit Report. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304		<u>5</u> <u>363</u>	10,841	

Provider Name				Fiscal Period		Provider Number		Adjustments	
ANTELOPE VALLEY COMMUNITY CLINIC - LANCASTER				JULY 1, 2010 THROUGH JUNE 30, 2011		NPI 1609199934		10	
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 OTHER MATTERS</u>									
9	1	1	N/A	Duplicate Payments To recover Medi-Cal duplicate payments. 42 CFR 433.139 / CMS Pub. 15-1, Section 2409 CCR, Title 22, Section 51458.1		\$0	\$19,839	\$19,839	
10	1	2	N/A	Credit Balances To recover outstanding Medi-Cal credit balances. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304 CCR, Title 22, Sections 50761 and 51458.1		\$0	\$585	\$585	