

**REPORT
ON THE
FEDERALLY QUALIFIED HEALTH CENTER
RATE SETTING COST REPORT REVIEW
COMMUNITY HEALTH CENTER - CAMBRIA
PROVIDER NUMBER: 1881611705**

**FISCAL PERIOD ENDED
JUNE 30, 2011**

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

**Section Chief: Michael Harrold
Audit Supervisor: Kathy Atkins
Auditor: Susan Calvino**



TOBY DOUGLAS
DIRECTOR

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



EDMUND G. BROWN JR.
GOVERNOR

March 3, 2014

Bob Lotwala, CFO
Community Health Centers of the Central Coast, Inc.
150 Tejas Place
Nipomo, CA 98446

PROVIDER: COMMUNITY HEALTH CENTER – CAMBRIA
NATIONAL PROVIDER IDENTIFIER: 1881611705
FISCAL PERIOD ENDED: JUNE 30, 2011

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 as presented in Schedule 1 represents 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>
\$156.18	June 1, 2011

In addition, your rate will be increased to: \$156.80, effective October 1, 2011
\$157.75, effective October 1, 2012
\$159.01, effective October 1, 2013

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

Your interim Managed Care rate (Code 18) and Medi-Cal Crossover rate (Code 02) will not be adjusted at this time.

This Audit Report includes the:

1. Computation of Medi-Cal Prospective Payment System Rate (Schedule 1) and supporting schedules
2. Audit Adjustments
3. Audited Allocation of Home Office Cost

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
Department of Health Care Services
Office of Administrative Hearings and Appeals
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

Bob Lotwala
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If you have further questions regarding this report you may call the Audits Section – Fresno at (559) 446-2458.

Sincerely,

Original Signed by

Michael A. Harrold, Chief
Audits Section – Fresno
Financial Audits Branch

Certified

COMPUTATION OF MEDI-CAL PROSPECTIVE PAYMENT SYSTEM RATE

Provider Legal Name:
COMMUNITY HEALTH CENTER -
CAMBRIA

Provider No. (NPI)
1881611705

Fiscal Period Ended:
JUNE 30, 2011

PART A - DETERMINATION OF OVERHEAD APPLICABLE TO MEDICAL SERVICES	REPORTED	AUDITED
1. Cost of Services Excluding Overhead (Sch 2, L 29)	\$ 449,204	\$ 450,616
2. Nonreimbursable Costs Excluding Overhead (Sch 2, L 57)	4,210	4,210
3. Cost of All Services Excluding Overhead (L A1 + L A2)	\$ 453,414	\$ 454,826
4. Percentage of Nonreimbursable Costs (L A2 / L A3)	0.009285	0.009256
5. Total Overhead (Sch 2, L 53)	\$ 288,492	\$ 266,867
6. Overhead Applicable to Nonreimbursable Costs (L A4 * L A5)	2,679	2,470
7. Overhead Applicable to Medical Services (L A5 - L A6)	285,813	264,397
8. Total Cost of Medical Services (L A1 + L A7)	\$ 735,017	\$ 715,013
PART B - DETERMINATION OF PPS RATE		
1. Total Medical Costs (L A8)	\$ 735,017	\$ 715,013
2. Total FQHC/RHC Visits (Adj No 12)	4,555	4,578
3. Total Nonreimbursable Services Visits (Adj No)	0	0
4. FQHC/RHC Adjusted Visits (L B2 - L B3)	4,555	4,578
5. FQHC/RHC PPS Rate Per Visit (L B1 / L B4)	\$ 161.36	\$ 156.18

SCHEDULE OF TRIAL BALANCE EXPENSES

Provider Legal Name:

Provider No. (NPI)

Fiscal Period Ended:

COMMUNITY HEALTH CENTER - CAMBRIA

1881611705

JUNE 30, 2011

Cost Center	REPORTED	ADJUSTMENTS (From Sch 2A)	AUDITED
FQHC/RHC Health Care Cost			
1. Physician	\$175,063	\$0	\$175,063
2. Physician Assistant	16,050	0	16,050
3. Nurse Practitioner		0	0
4. Other Nurse	0	0	0
5. Laboratory Technician	0	0	0
6. Education and Outreach	1,612	0	1,612
7. Case Management		0	0
8. Other Medical	0	0	0
9. Medical Records	25,945	0	25,945
10. Support Staff	57,481	0	57,481
11. Mental Health	5,506	0	5,506
12. Other (Specify) Fringe Benefits	83,939	598	84,537
13. Subtotal-FQHC Health Care Costs	\$365,596	\$598	\$366,194
14. Physician Services Under Agreement	\$46,909	\$5,851	\$52,760
15. Physician Supervision	0	0	0
16.	0	0	0
17. Other Health Care Costs			
18. Pharmacy	\$12,744	(\$3,364)	\$9,380
19. Dental	147	0	147
20. Optometry	0	0	0
21. Medical Supplies	8,267	0	8,267
22. Depreciation-Medical Equipment	286	0	286
23. Professional Liability Insurance	5,829	0	5,829
24. Home Office Direct Cost (schedule 6)	3,403	0	3,403
25. Laboratory	4,351	0	4,351
26. Radiology	0	0	0
27. Other (Specify) Fringe Benefits	1,673	(1,673)	0
28. Subtotal-Other Health Care Costs	\$36,699	\$0	\$31,662
29. Total Cost of FQHC Services (Sum of Lines 13, 14, 15, 16, and 28)	\$449,204	\$6,449	\$450,616
FQHC Overhead-Facility Cost			
30. Rent	\$42,059	\$0	\$42,059
31. Insurance	0	0	0
32. Interest on Mortgage or Loans	0	0	0
33. Utilities	11,414	(3,285)	8,129
34. Depreciation-Building	417	0	417
35. Depreciation-Equipment	0	0	0
36. Housekeeping And Maintenance	9,929	0	9,929
37. Property Taxes	0	0	0
38. Minor Equipment	0	0	0
39. Home Office Direct Costs	0	0	0
40. Other (Specify) Schedule 1	6,205	(1,584)	4,621
41. Subtotal-Facility Costs (Lines 30-40)	\$70,024	(\$4,869)	\$65,155
FQHC Overhead-Administrative Cost			
42. Office Salaries	\$53,117	\$0	\$53,117
43. Depreciation-Office Equipment	0	0	0
44. Office Supplies	5,414	(2,533)	2,881
45. Legal	0	0	0
46. Accounting/Admin Consultants	0	0	0
47. Insurance (specify)	0	0	0
48. Telephone	8,573	(996)	7,577
49. Fringe Benefits And Payroll Taxes	16,138	(203)	15,935
50. Home Office Pool Costs (from home ofc. cost report-sch 6)	121,498	(12,577)	108,921
51. Other (Specify) Schedule 2	13,728	(447)	13,281
52. Subtotal-Administrative Costs (Lines 42-51)	\$218,468	\$0	\$201,712
53. Total Cost Subject To Allocation (Sum of Lines 41 and 52)	\$288,492	(\$4,869)	\$266,867
54. Nonreimbursable Costs (Specify)	\$0	\$0	\$0
55. Health Promotion	4,210	0	4,210
56.	0	0	0
57. Subtotal Nonreimbursable Costs	\$4,210	\$0	\$4,210
58. Total FQHC Costs (Sum of Lines 29, 53, and 57)	\$741,906	\$1,580	\$721,693

ADJUSTMENTS TO REPORTED COSTS

Provider Legal Name	Provider No. (NPI)	Fiscal Period Ended					
COMMUNITY HEALTH CENTER - CAMBRIA	1881611705	JUNE 30, 2011					
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 and Outreach	0						
7. Case Management	0						
8. Other Medical	0						
9. Medical Records	0						
10. Support Staff	0						
11. Mental Health	0						
12. Other (Specify) Fringe Benefits	598	1,673		(1,075)			
13. Subtotal-FQHC Health Care Costs	598	1,673	0	(1,075)	0	0	0
14. Physician Services Under Agreement	5,851						
15. Physician Supervision	0						
16.	0						
17. Other Health Care Costs							
18. Pharmacy	(3,364)		(3,364)				
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 (schedule 6)	0						
25. Laboratory	0						
26. Radiology	0						
27. Other (Specify) Fringe Benefits	(1,673)	(1,673)					
28. Subtotal-Other Health Care Costs	(5,037)	(1,673)	(3,364)	0	0	0	0
29. Total Cost of FQHC Services (Sum of Lines 13, 14, 15, 16, and 28)	1,412	0	(3,364)	(1,075)	0	0	0
FQHC Overhead-Facility Cost							
30. Rent	0						
31. Insurance	0						
32. Interest on Mortgage or Loans	0						
33. Utilities	(3,285)				(3,285)		
34. Depreciation-Building	0						
35. Depreciation-Equipment	0						
36. Housekeeping And Maintenance	0						
37. Property Taxes	0						
38. Minor Equipment	0						
39. Home Office Direct Costs	0						
40. Other (Specify) Schedule 1	(1,584)						
41. Subtotal-Facility Costs (Lines 30-40)	(4,869)	0	0	0	(3,285)	0	0
FQHC Overhead-Administrative Cost							
42. Office Salaries	0						
43. Depreciation-Office Equipment	0						
44. Office Supplies	(2,533)						(2,533)
45. Legal	0						
46. Accounting/Admin Consultants	0						
47. Insurance (specify)	0						
48. Telephone	(996)					(996)	
49. Fringe Benefits And Payroll Taxes	(203)			(203)			
50. Home Office Pool Costs (from home ofc. cost report)	(12,577)						
51. Other (Specify) Schedule 2	(447)						
52. Subtotal-Administrative Costs (Lines 42-51)	(16,756)	0	0	(203)	0	(996)	(2,533)
53. Total Cost Subject To Allocation (Sum of Lines 41 and 52)	(21,625)	0	0	(203)	(3,285)	(996)	(2,533)
54. Nonreimbursable Costs (Specify)	0						
55. Health Promotion	0						
56.	0						
57. Subtotal Nonreimbursable Costs	0	0	0	0	0	0	0
58. Total FQHC Costs (Sum of Lines 29, 53, and 57)	(20,213)	0	(3,364)	(1,278)	(3,285)	(996)	(2,533)

ADJUSTMENTS TO REPORTED COSTS

Provider Legal Name	Provider No.				Fiscal Period Ended		
COMMUNITY HEALTH CENTER - CAMBRIA	1881611705				JUNE 30, 2011		
Cost Center	Adjustment (No. 7)	Adjustment (No. 8-9)	Adjustment (No. 10)	Adjustment (No. 11)	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 and Outreach							
7. Case Management							
8. Other Medical							
9. Medical Records							
10. Support Staff							
11. Mental Health							
12. Other (Specify) Fringe Benefits							
13. Subtotal-FQHC Health Care Costs	0	0	0	0	0	0	0
14. Physician Services Under Agreement		5,851					
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 (schedule 6)							
25. Laboratory							
26. Radiology							
27. Other (Specify) Fringe Benefits							
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	5,851	0	0	0	0	0
FQHC Overhead-Facility Cost							
30. Rent							
31. Insurance							
32. Interest on Mortgage or Loans							
33. Utilities							
34. Depreciation-Building							
35. Depreciation-Equipment							
36. Housekeeping And Maintenance							
37. Property Taxes							
38. Minor Equipment							
39. Home Office Direct Costs							
40. Other (Specify) Schedule 1	(1,584)						
41. Subtotal-Facility Costs (Lines 30-40)	(1,584)	0	0	0	0	0	0
FQHC Overhead-Administrative Cost							
42. Office Salaries							
43. Depreciation-Office Equipment							
44. Office Supplies							
45. Legal							
46. Accounting/Admin Consultants							
47. Insurance (specify)							
48. Telephone							
49. Fringe Benefits And Payroll Taxes							
50. Home Office Pool Costs (from home ofc. cost report			(12,577)				
51. Other (Specify) Schedule 2				(447)			
52. Subtotal-Administrative Costs (Lines 42-51)	0	0	(12,577)	(447)	0	0	0
53. Total Cost Subject To Allocation (Sum of Lines 41 and 52)	(1,584)	0	(12,577)	(447)	0	0	0
54. Nonreimbursable Costs (Specify)							
55. Health Promotion							
56.							
57. Subtotal Nonreimbursable Costs	0	0	0	0	0	0	0
58. Total FQHC Costs (Sum of Lines 29, 53, and 57)	(1,584)	5,851	(12,577)	(447)	0	0	0

Provider Legal Name				Fiscal Period		Provider Number (NPI)		Adjustments	
COMMUNITY HEALTH CENTER - CAMBRIA				JULY 1, 2010 THROUGH JUNE 30, 2011		1881611705		12	
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	27	1	27	Fringe Benefits	\$1,673	(\$1,673)	\$0	
	2A	12	1	12	Fringe Benefits	83,939	1,673	85,612 *	
To reclassify fringe benefit expense for proper cost finding. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2302.4									

*Balance carried forward from prior/to subsequent adjustments

Provider Legal Name					Fiscal Period	Provider Number (NPI)		Adjustments
COMMUNITY HEALTH CENTER - CAMBRIA					JULY 1, 2010 THROUGH JUNE 30, 2011	1881611705		12
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>								
2	2A	18	1	18	Pharmacy To eliminate pneumococcal and influenza vaccines not included in the all-inclusive rate and to be reimbursed separately. 42 CFR 405.2464, 405.2468, 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304 CMS Pub. 100-02, Chapter 13, Section 210.2.2 CMS Pub. 100-04, Chapter 9, Section 40.4	\$12,744	(\$3,364)	\$9,380
3	2A	12	1	12	Fringe Benefits	\$85,612	(\$1,075)	\$84,537
	2A	49	1	49	Administrative Cost - Fringe Benefits/Payroll Taxes To adjust worker's compensation expense to agree with the premium invoices. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	16,138	(203)	15,935
4	2A	33	1	33	Utilities To eliminate utilities expense not related to patient care. 42 CFR 413.9(c)(3) CMS Pub. 15-1, Section 2102.3	\$11,414	(\$3,285)	\$8,129
5	2A	48	1	48	Telephone To eliminate duplicative telephone expense. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2102.1 and 2103	\$8,573	(\$996)	\$7,577
6	2A	44	1	44	Office Supplies To eliminate expense for assets that should have been capitalized. 42 CFR 413.20 and 413.134 CMS Pub. 15-1, Sections 104.8, 108.1, 108.2 and 2300	\$5,414	(\$2,533)	\$2,881

*Balance carried forward from prior/to subsequent adjustments

Provider Legal Name					Fiscal Period	Provider Number (NPI)		Adjustments
COMMUNITY HEALTH CENTER - CAMBRIA					JULY 1, 2010 THROUGH JUNE 30, 2011	1881611705		12
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>								
7	2A	40	1	40	Other Healthcare Costs To eliminate expense for assets that should have been capitalized. 42 CFR 413.20 and 413.134 CMS Pub. 15-1, Sections 104.8, 108.1, 108.2 and 2300	\$6,205	(\$1,584)	\$4,621
	2A	14	1	14	Physician Services Under Agreement	\$46,909		
8					To eliminate expense for EHR training that should have been capitalized. 42 CFR 413.20 and 413.134 CMS Pub. 15-1, Sections 104.8, 108.1, 108.2 and 2300		(\$229)	
9					To include contract physician compensation that was expensed to the incorrect facility. 42 CFR 405.2468, 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304		<u>6,080</u> \$5,851	\$52,760
10	2A	50	1	50	Home Office Pooled Cost To adjust reported home office costs to agree with the Community Health Centers of the Central Coast, Inc. Home Office Audit Report for fiscal period ended 6/30/2011. 42 CFR 413.17 CMS Pub. 15-1, Sections 2150.2 and 2304	\$121,498	(\$12,577)	\$108,921
11	2A	51	1	51	Other To eliminate postage expense due to insufficient documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	\$13,728	(\$447)	\$13,281

Provider Legal Name				Fiscal Period		Provider Number (NPI)		Adjustments	
COMMUNITY HEALTH CENTER - CAMBRIA				JULY 1, 2010 THROUGH JUNE 30, 2011		1881611705		12	
Report References				Explanation of Audit Adjustments		As Reported	Increase (Decrease)	As Adjusted	
Adj. No.	Audit Report		Cost Report						
	Schedule	Line	Worksheet						Line
<u>ADJUSTMENT TO REPORTED PATIENT DAYS</u>									
12	1	B2	2	B2	Total FQHC Visits To adjust total visits to agree with the provider's census records. 42 CFR 405.2465 and 405.2470 CMS Pub. 15-1, Sections 2300 and 2304	4,555	23	4,578	