

**REPORT  
ON THE  
COST BASED REIMBURSEMENT CLINIC**

**LAC – MARTIN LUTHER KING, JR. - MACC  
LOS ANGELES, CALIFORNIA  
NATIONAL PROVIDER IDENTIFIER: 1245343052**

**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: Deborah Lee  
Auditor: Devin Miyake**



TOBY DOUGLAS  
DIRECTOR

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



EDMUND G. BROWN JR.  
GOVERNOR

November 19, 2013

Judy Wong, Manager  
State Reimbursement Section  
Program Reimbursement Division  
County of Los Angeles  
Department of Health Services  
313 North Figueroa Street, Room 426  
Los Angeles, CA 90012

LAC – MARTIN LUTHER KING, JR. - MACC  
NATIONAL PROVIDER IDENTIFIER: 1245343052  
FISCAL PERIOD ENDED: JUNE 30, 2010

We have examined the provider's Cost Based Reimbursement Clinics (CBRC) 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.

In our opinion, the audited settlement for the fiscal period due the provider in the amount of \$7,157,980 represents a proper determination in accordance with Medi-Cal Program reimbursement principles. The audited amount represents the final settlement of Medi-Cal Program costs.

This audit report includes the:

1. Computation of Audited CBRC Settlement
2. Audit Adjustments Schedule

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

Judy Wong  
Page 2

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.

If you have questions regarding this report, you may call the Audits Section—Gardena at (310) 516-4757.

**Original Signed By:**

Maria Delgado, Chief  
Audits Section—Gardena  
Financial Audits Branch

Certified

County of Los Angeles - Department of Health Services  
 Services Total Costs  
 Facility: Martin Luther King, Jr. - MACC / NPI: 1245343052  
 Fiscal Period: July 1, 2009 Through June 30, 2010

CBRC  
FORM 1

CMS Line No.	Cost Centers	1 Direct Costs Supplemental Supporting Schedule	2 Allocated Costs	3 Off-site Ancillary/ Indigent Costs	4 Total Allowable CBRC Costs Col. 1 + Col. 2 - Col. 3
1.00	MACC A&G Overhead Costs (Adjs 1,2,3,6-10,13-17)	\$ 81,517,658		\$ 117,780	81,399,878
2.00	MACC Reimb. Patient Care Costs (Adjs 1,4,5,11,12,14)	72,591,548		882,772	71,708,776
5.00	Old Capital - Related Costs - Bldg.and Fixtures		\$ 0		
6.00	Old Capital - Related Costs - Movable Equipment		0		
7.00	New Capital - Related Costs - Bldg. And Fixtures		0		
8.00	New Capital Related Costs - Movable Equipment		0		
9.00	Employee Benefits		0		
10.00	Administrative and General		0		
11.00	Maintenance and Repairs		0		
12.00	Operation of Plant		0		
13.00	Laundry & Linen Service		0		
14.00	Housekeeping		0		
15.00	Dietary		0		
16.00	Cafeteria		0		
17.00	Nursing Administration		0		
18.00	Central Services and Supplies		0		
19.00	Pharmacy		0		
20.00	Medical Records & Medical Records Library		0		
21.00	Social Services		0		
22.00	PFSW Provider/Eligibility		0		
23.00	PFSW Provider		NA		
24.00	Physicians		0		
25.00	Nonphysician Anesthetists		0		
26.00	Nonphysician Practitioner		0		
27.00	Nursing School		0		
28.00	I & R Services - Salaries & Fringe B. Approved		0		
29.00	I & R Other Program Costs Approved		0		
30.00	Physicians Teaching Program Costs		0		
31.00	Paramedic Education Program		0		
	<b>Total</b>	\$ 154,109,207	\$ 0	\$ 1,000,553	\$ 153,108,654

This total to  
Worksheet 2, Line 1

**CBRC  
FORM 2**

**County of Los Angeles - Department of Health Services  
Determination of CBRC Settlement  
Facility: Martin Luther King, Jr. - MACC / NPI: 1245343052  
Fiscal Period: July 1, 2009 Through June 30, 2010**

1.	Total Costs <b>(Worksheet 1, Col. 4)</b>	\$	153,108,654
2.	Determination of Overhead Costs Applicable to non-reimbursable MACC Health Care Services		
	a. MACC Health Care Services Costs		71,708,776
	<b>(Form 1, Col. 4, Line 2)</b>		
	b. Non-Reimbursable MACC Costs (Adjs 2,3,4,5)		1,677,523
	c. Cost of all MACC Costs - Excluding Overhead Costs		73,386,299
	<b>(Line 2a + Line 2b)</b>		
	d. Percentage of Non-Reimbursable MACC Costs		0.0229
	<b>(Line 2b / Line 2c)</b>		
	e. Total MACC General Overhead Costs		81,399,878
	<b>(CBRC Form 1, Col. 4, Line 1)</b>		
	f. Overhead Applicable to Non-Reimbursable MACC Costs	\$	1,860,704
	<b>(Line 2d X Line 2e)</b>		
3.	Total Cost of Reimbursable MACC Services <b>(Line 1 - Line 2f)</b>	\$	151,247,950
4.	<b>Total Visits (Billable CBRC Visits)</b> (Adj 18)		169,300
5.	Average Cost Per Visit <b>(Line 3 divided by Line 4)</b>		893.37
6.	<b>Medi-Cal Visits</b> (Adjs 19,23,24,25,26)		27,943
7.	Total Medi-Cal Cost <b>(Line 5 X Line 6)</b>	\$	24,963,438
8.	<u>Less Payments:</u>		
	a. Medi-Cal <b>(Billing Code 01 &amp; 03)</b> (Adj 20)		17,427,810
	b. Medicare/Medi-Cal Crossover Over Payments (Adj 21)		226,808
	<b>(Medi-Cal Payments less Coinsurance and Deductable)</b>		0
	c. Patient Share of Cost (Adj 22)		73,392
	d. Total Payments		17,728,010
8.1	Medi-Cal Credit Balance (Adj 27)	\$	77,448
9.	Balance Due Provider/(State) Before Protested Items	\$	7,157,980
	<b>(Line 7 - Line 8c - Line 8.1)</b>		
10.	Protested Items (Adj )	\$	0
11.	Balance Due Provider/(State) After Protested Items	\$	7,157,980

Provider Name							Fiscal Period	Provider NPI		Adjustments
LAC - MARTIN LUTHER KING, JR. - MACC							JULY 1, 2009 THROUGH JUNE 30, 2010	1245343052		27
Report References							Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted
Adj. No.	Audit Report	Cost Report								
		Work Sheet	Part	Title	Line	Col.				
<b><u>RECLASSIFICATIONS OF REPORTED COSTS</u></b>										
1	Form 1 Form 1	Form 1 Form 1			1.00 2.00	1 1	MACC A&G Overhead Costs MACC Reimbursable Patient Care Costs To reclassify employee benefits to the appropriate cost report line number. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300, 2302.4, 2302.8, and 2304	\$97,456,560 72,542,554	\$14,743 (14,743)	\$97,471,303 * 72,527,811 *
2	Form 1 Form 2	Form 1 Form 2			1.00 2b	1 1	MACC A&G Overhead Costs Non-Reimbursable MACC Costs To reclassify non-allowable dietary expenses to a non-reimbursable cost center. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300, 2304, and 2328	* \$97,471,303 323,222	(\$1,340,251) 1,340,251	\$96,131,052 * 1,663,473 *
3	Form 1 Form 2	Form 1 Form 2			1.00 2b	1 1	MACC A&G Overhead Costs Non-Reimbursable MACC Costs To reclassify non-allowable public relation expenses to a non-reimbursable cost center. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300, 2304, and 2328	* \$96,131,052 * 1,663,473	(\$62,670) 62,670	\$96,068,382 * 1,726,143 *
4	Form 1 Form 2	Form 1 Form 2			2.00 2b	1 1	MACC Reimbursable Patient Care Costs Non-Reimbursable MACC Costs To reclassify allowable speech pathology expenses to the appropriate audit report line number. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300, 2304, and 2328	* \$72,527,811 * 1,726,143	\$43,198 (43,198)	\$72,571,009 * 1,682,945 *
5	Form 1 Form 2	Form 1 Form 2			2.00 2b	1 1	MACC Reimbursable Patient Care Costs Non-Reimbursable MACC Costs To reclassify allowable speech pathology expenses to the appropriate audit report line number. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300, 2304, and 2328	* \$72,571,009 * 1,682,945	\$5,422 (5,422)	\$72,576,431 * 1,677,523

\*Balance carried forward from prior/to subsequent adjustments

Provider Name							Fiscal Period	Provider NPI		Adjustments
LAC - MARTIN LUTHER KING, JR. - MACC							JULY 1, 2009 THROUGH JUNE 30, 2010	1245343052		27
Report References							Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted
Adj. No.	Audit Report	Cost Report								
		Work Sheet	Part	Title	Line	Col.				
<b><u>ADJUSTMENTS TO REPORTED COSTS</u></b>										
6	Form 1	Form 1			1.00	3	MACC A&G Overhead Costs To adjust the reported offsite ancillary/indigent overhead cost for proper cost determination. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	\$71,135	\$46,645	\$117,780
7	Form 1	Form 1			1.00	1	MACC A&G Overhead Costs To adjust movable equipment depreciation expenses to agree with the provider's documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	* \$96,068,382	(\$474,449)	\$95,593,933 *
8	Form 1	Form 1			1.00	1	MACC A&G Overhead Costs To adjust equipment depreciation expenses to agree with the provider's documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	* \$95,593,933	(\$460,601)	\$95,133,332 *
9	Form 1	Form 1			1.00	1	MACC A&G Overhead Costs To adjust the CCAP step down allocation adjustment based on the provider's CCAP detail support. 42 CFR 413.24 / CMS Pub. 15-1, Sections 2304 and 2306	* \$95,133,332	\$602,992	\$95,736,324 *
10	Form 1	Form 1			1.00	1	MACC A&G Overhead Costs To adjust reported home office costs to agree with the Health Administrative Services Home Office Audit Report for fiscal period ended June 30, 2010. 42 CFR 413.17 and 413.24 CMS Pub. 15-1, Sections 2150.2 and 2304	* \$95,736,324	(\$471,389)	\$95,264,935 *

\*Balance carried forward from prior/to subsequent adjustments

Provider Name							Fiscal Period		Provider NPI		Adjustments	
LAC - MARTIN LUTHER KING, JR. - MACC							JULY 1, 2009 THROUGH JUNE 30, 2010		1245343052		27	
Report References												
Adj. No.	Audit Report	Cost Report					Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted		
		Work Sheet	Part	Title	Line	Col.						
<b>ADJUSTMENTS TO REPORTED COSTS</b>												
11	Form 1	Form 1			2.00	1	MACC Reimbursable Patient Care Costs To adjust estimated accrued rebates to agree with the provider's actual rebates. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	*	\$72,576,431	(\$8,871)	\$72,567,560	*
12	Form 1	Form 1			2.00	1	MACC Reimbursable Patient Care Costs To adjust UHC rebates for proper cost determination. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	*	\$72,567,560	(\$89,095)	\$72,478,465	*
13	Form 1	Form 1			1.00	1	MACC A&G Overhead Costs To adjust the provider's past pension cost adjustment for proper cost determination. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	*	\$95,264,935	(\$365,758)	\$94,899,177	*
14	Form 1 Form 1	Form 1 Form 1			1.00 2.00	1 1	MACC A&G Overhead Costs MACC Reimbursable Patient Care Costs To reverse the provider's abatement of revenue for proper cost determination. 42 CFR 413.9, 413.20 and 413.24 CMS Pub. 15-1, Section 2328	*	\$94,899,177 72,478,465	\$3,137,249 113,083	\$98,036,426 72,591,548	*
15	Form 1	Form 1			1.00	1	MACC A&G Overhead Costs To eliminate overhead expenses related to non-reimbursable areas. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300, 2304, and 2328	*	\$98,036,426	(\$16,616,283)	\$81,420,143	*

\*Balance carried forward from prior/to subsequent adjustments

Provider Name							Fiscal Period			Provider NPI		Adjustments
LAC - MARTIN LUTHER KING, JR. - MACC							JULY 1, 2009 THROUGH JUNE 30, 2010			1245343052		27
Report References												
Adj. No.	Audit Report	Cost Report					Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted		
		Work Sheet	Part	Title	Line	Col.						
<b><u>ADJUSTMENTS TO REPORTED COSTS</u></b>												
16	Form 1	Form 1			1.00	1	MACC A&G Overhead Costs To reconcile metrocare administrative expenses to agree with the LAC - Harbor UCLA Medical Center Audit Report for fiscal period ended June 30, 2010. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	*	\$81,420,143	\$37,613	\$81,457,756 *	
17	Form 1	Form 1			1.00	1	MACC A&G Overhead Costs To reverse the provider's abatement of dietary revenue for proper cost determination. 42 CFR 413.9, 413.20, and 413.24 CMS Pub. 15-1, Sections 2300, 2304, and 2328 CMS Pub. 15-2, Section 3613	*	\$81,457,756	\$59,902	\$81,517,658	

\*Balance carried forward from prior/to subsequent adjustments

Provider Name							Fiscal Period			Provider NPI		Adjustments
LAC - MARTIN LUTHER KING, JR. - MACC							JULY 1, 2009 THROUGH JUNE 30, 2010			1245343052		27
Report References												
Cost Report												
Adj. No.	Audit Report	Work Sheet	Part	Title	Line	Col.	Explanation of Audit Adjustments			As Reported	Increase (Decrease)	As Adjusted
<u>ADJUSTMENT TO REPORTED VISITS</u>												
18	Form 2	Form 2			4.00	2	Total Visits To adjust total visits to agree with provider's records. 42 CFR 405.2465 and 405.2470 CMS Pub. 15-1, Sections 2300 and 2304			170,935	(1,635)	169,300

Provider Name							Fiscal Period	Provider NPI		Adjustments
LAC - MARTIN LUTHER KING, JR. - MACC							JULY 1, 2009 THROUGH JUNE 30, 2010	1245343052		27
Report References							Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted
Adj. No.	Audit Report	Cost Report			Col.					
		Work Sheet	Part	Title	Line					
<b>ADJUSTMENTS TO REPORTED MEDI-CAL SETTLEMENT DATA</b>										
19	Form 2	Form 2			6.00	2	Medi-Cal Visits	28,409	140	28,549 *
20	Form 2	Form 2			8a	2	Medi-Cal (Billing Code 01 & 03)	\$17,400,089	\$27,721	\$17,427,810
21	Form 2	Form 2			8b	2	Medicare/Medi-Cal Cross Over Payments	\$59,484	\$167,324	\$226,808
22	Form 2	Form 2			8c	2	Patient Share of Costs	\$1,564	\$71,828	\$73,392
							To adjust Medi-Cal Settlement Data to agree with the following Fiscal Intermediary Payment Data: Service Period: July 01, 2009 through June 30, 2010 Payment Period: July 01, 2009 through March 22, 2013 Report Date: September 04, 2013 42 CFR 413.20, 413.24, 413.53, and 433.139 CMS Pub. 15-1, Sections 2304, 2404, and 2408 CCR, Title 22, Section 51541			
23	Form 2	Form 2			6.00	2	Medi-Cal Visits To disallow duplicate Medi-Cal visits. 42 CFR 405.2463, 405.2470, and 405.2448 CMS Pub. 15-1, Section 2304	* 28,549	(15)	28,534 *
24	Form 2	Form 2			6.00	2	Medi-Cal Visits To disallow non-allowable Medi-Cal Dental visits. 42 CFR 405.2463, 405.2470, and 405.2448 CMS Pub. 15-1, Section 2304	* 28,534	(121)	28,413 *
25	Form 2	Form 2			6.00	2	Medi-Cal Visits To disallow Medi-Cal Dental visits due to insufficient documentation. 42 CFR 405.2463, 405.2470, and 405.2448 CMS Pub. 15-1, Sections 2300 and 2304	* 28,413	(370)	28,043 *
*Balance carried forward from prior/to subsequent adjustments										

Provider Name							Fiscal Period			Provider NPI		Adjustments
LAC - MARTIN LUTHER KING, JR. - MACC							JULY 1, 2009 THROUGH JUNE 30, 2010			1245343052		27
Report References							Explanation of Audit Adjustments			As Reported	Increase (Decrease)	As Adjusted
Cost Report												
Adj. No.	Audit Report	Work Sheet	Part	Title	Line	Col.						
<b>ADJUSTMENTS TO REPORTED MEDI-CAL SETTLEMENT DATA</b>												
26	Form 2	Form 2			6.00	2	Medi-Cal Visits To disallow Medi-Cal billable visits corresponding to non-billable Medi-Cal audiology visits due to insufficient documentation. 42 CFR 405.2463, 405.2470, and 405.2448 CMS Pub. 15-1, Sections 2300 and 2304	*	28,043	(100)	27,943	

\*Balance carried forward from prior/to subsequent adjustments

Provider Name			Fiscal Period				Provider NPI		Adjustments
LAC - MARTIN LUTHER KING, JR. - MACC			JULY 1, 2009 THROUGH JUNE 30, 2010				1245343052		27
Report References			Explanation of Audit Adjustments				As Reported	Increase (Decrease)	As Adjusted
Adj. No.	Audit Report	Work Sheet							
		Part	Title	Line	Col.				
<b><u>ADJUSTMENT TO OTHER MATTERS</u></b>									
27	Form 2	Not Reported	Medi-Cal Credit Balance 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	\$77,448	\$77,448