

**REPORT
ON THE
COST BASED REIMBURSEMENT CLINICS**

**LAC – SOUTHWEST CLUSTER
LOS ANGELES, CALIFORNIA
NATIONAL PROVIDER IDENTIFIERS: 1982611919
AND 1235247578**

**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 – SOUTHWEST CLUSTER
NATIONAL PROVIDER IDENTIFIERS: 1982611919 AND 1235247578
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 \$2,864,057 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
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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: Southwest Cluster / NPI's 1982611919 and 1235247578
 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	CHC/HC A&G Overhead Costs (Adjs 2,4,5,6,7,8,9,11,12)	\$ 20,286,557		67,548 \$	20,219,008
2.00	CHC/HC Reimb. Patient Care Costs (Adjs 1,3,10)	26,303,514		204,306	26,099,208
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		0		
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		
	Total	\$ 46,590,071	\$ 0	271,854 \$	46,318,216
					This Total to Worksheet 2, Line 1

County of Los Angeles - Department of Health Services
 Determination of CBRC Settlement
 Facility: Southwest Cluster / NPI's 1982611919 and 1235247578
 Fiscal Period: July 1, 2009 Through June 30, 2010

1.	Total Costs (Worksheet 1, Col. 4)	\$	46,318,216
2.	Determination of Overhead Costs Applicable to non-reimbursable CHC/HC Health Care Services		
	a. CHC/HC Health Care Services Costs		26,099,208
	(Form 1, Col. 4, Line 2)		
	b. Non-Reimbursable CHC/HC Costs (Adj 1)		76,001
	c. Cost of all CHC/HC Costs - Excluding Overhead Costs		26,175,209
	(Line 2a + Line 2b)		
	d. Percentage of Non-Reimbursable CHC/HC Costs		0.0029
	(Line 2b / Line 2c)		
	e. Total CHC/HC General Overhead Costs		20,219,008
	(CBRC Form 1, Col. 4, Line 1)		
	f. Overhead Applicable to Non-Reimbursable CHC/HC Costs	\$	58,707
	(Line 2d X Line 2e)		
3.	Total Cost of Reimbursable CHC/HC Services (Line 1 - Line 2f)	\$	<u>46,259,509</u>
4.	Total Visits (Billable CBRC Visits) (Adj 13)		<u>97,647</u>
5.	Average Cost Per Visit (Line 3 divided by Line 4)		473.74
6.	Medi-Cal Visits (Adjs 14,18,19,20,21)		<u>11,719</u>
7.	Total Medi-Cal Cost (Line 5 X Line 6)	\$	<u>5,551,759</u>
8.	<u>Less Payments:</u>		
	a. Medi-Cal (Billing Code 01 & 03) (Adj 15)		2,659,196
	b. Medicare/Medi-Cal Crossover Over Payments (Adj 16)		8,155
	(Medi-Cal Payments less Coinsurance and Deductable)		
	c. Patient Share of Cost (Adj 17)		11,930
	d. Total Payments		<u>2,679,281</u>
8.1	Medi-Cal Credit Balance (Adj 22)		8,421
9.	Balance Due Provider/(State) Before Protested Items	\$	<u>2,864,057</u>
	(Line 7 - Line 8d - Line 8.1)		
10.	Protested Items (Adj)	\$	<u>0</u>
11.	Balance Due Provider/(State) After Protested Items	\$	<u>2,864,057</u>

Provider Name							Fiscal Period	Provider NPIs		Adjustments
LAC - SOUTHWEST CLUSTER							JULY 1, 2009 THROUGH JUNE 30, 2010	1982611919/1235247578		22
Report References							Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted
Adj. No.	Audit Report	Work Sheet		Cost Report						
		Part	Title	Line	Col.					
RECLASSIFICATION OF REPORTED COSTS										
1	Form 1	Form 1		2.00	1	CHC/HC Reimbursable Patient Care Costs	\$26,239,298	(\$20,702)	\$26,218,596	*
	Form 2	Form 2		2b	1	Non-Reimbursable CHC/HC Costs	55,299	20,702	76,001	
To reclassify outreach costs to a non-reimbursable cost center. 42 CFR 413.5, 413.9, and 413.24 CMS Pub. 15-1, Sections 2300 and 2328										

*Balance carried forward from prior/to subsequent adjustments

Provider Name							Fiscal Period	Provider NPIs		Adjustments
LAC - SOUTHWEST CLUSTER							JULY 1, 2009 THROUGH JUNE 30, 2010	1982611919/1235247578		22
Report References							Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted
Adj. No.	Audit Report	Cost Report								
		Work Sheet	Part	Title	Line	Col.				
ADJUSTMENTS TO REPORTED COSTS										
2	Form 1	Form 1			1.00	3	CHC/HC A&G Overhead Costs To adjust the reported off-site ancillary expenses for proper cost determination. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	\$68,984	(\$1,436)	\$67,548
3	Form 1	Form 1			2.00	1	CHC/HC 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	* \$26,218,596	\$89,095	\$26,307,691 *
4	Form 1	Form 1			1.00	1	CHC/HC A&G Overhead Costs To adjust reported home office costs to agree with the Los Angeles County 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	\$22,756,820	(\$93,130)	\$22,663,690 *
5	Form 1	Form 1			1.00	1	CHC/HC 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	* \$22,663,690	(\$602,994)	\$22,060,696 *
6	Form 1	Form 1			1.00	1	CHC/HC 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	* \$22,060,696	\$118,600	\$22,179,296 *

*Balance carried forward from prior/to subsequent adjustments

Provider Name							Fiscal Period	Provider NPIs		Adjustments	
LAC - SOUTHWEST CLUSTER							JULY 1, 2009 THROUGH JUNE 30, 2010	1982611919/1235247578		22	
Report References							Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted	
Adj. No.	Audit Report	Cost Report									
		Work Sheet	Part	Title	Line	Col.					
ADJUSTMENTS TO REPORTED COSTS											
7	Form 1	Form 1			1.00	1	CHC/HC 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	*	\$22,179,296	\$133,131	\$22,312,427 *
8	Form 1	Form 1			1.00	1	CHC/HC A&G Overhead Costs To adjust the provider's coverage initiative adjustment for proper cost determination. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	*	\$22,312,427	(\$1,873,103)	\$20,439,324 *
9	Form 1	Form 1			1.00	1	CHC/HC 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	*	\$20,439,324	(\$825)	\$20,438,499 *
10	Form 1	Form 1			2.00	1	CHC/HC 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	*	\$26,307,691	(\$4,177)	\$26,303,514
11	Form 1	Form 1			1.00	1	CHC/HC A&G Overhead Costs To eliminate cafeteria overhead expenses related to a non-reimbursable area. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300, 2304, and 2328	*	\$20,438,499	(\$137,640)	\$20,300,859 *
12	Form 1	Form 1			1.00	1	CHC/HC 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	*	\$20,300,859	(\$14,302)	\$20,286,557

*Balance carried forward from prior/to subsequent adjustments

Provider Name							Fiscal Period		Provider NPIs		Adjustments
LAC - SOUTHWEST CLUSTER							JULY 1, 2009 THROUGH JUNE 30, 2010		1982611919/1235247578		22
Report References							Explanation of Audit Adjustments		As Reported	Increase (Decrease)	As Adjusted
Cost Report											
Adj. No.	Audit Report	Work Sheet	Part	Title	Line	Col.					
<u>ADJUSTMENT TO REPORTED VISITS</u>											
13	Form 2	Form 2			4.00	2	Total Visits	95,658	1,989	97,647	
							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				

Provider Name							Fiscal Period	Provider NPIs		Adjustments
LAC - SOUTHWEST CLUSTER							JULY 1, 2009 THROUGH JUNE 30, 2010	1982611919/1235247578		22
Report References							Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted
Adj. No.	Audit Report	Cost Report								
		Work Sheet	Part	Title	Line	Col.				
ADJUSTMENTS TO REPORTED MEDI-CAL SETTLEMENT DATA										
14	Form 2	Form 2			6.00	2	Medi-Cal Visits	9,969	2,871	12,840 *
15	Form 2	Form 2			8a	2	Medi-Cal (Billing Code 01 & 03)	\$2,072,061	\$587,135	\$2,659,196
16	Form 2	Form 2			8b	2	Medicare/Medi-Cal Cross Over Payments	\$3,219	\$4,936	\$8,155
17	Form 2	Form 2			8c	2	Patient Share of Costs	\$0	\$11,930	\$11,930
							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			
18	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	* 12,840	(14)	12,826 *
19	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	* 12,826	(354)	12,472 *
20	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	* 12,472	(461)	12,011 *
*Balance carried forward from prior/to subsequent adjustments										

Provider Name							Fiscal Period			Provider NPIs		Adjustments
LAC - SOUTHWEST CLUSTER							JULY 1, 2009 THROUGH JUNE 30, 2010			1982611919/1235247578		22
Report References							Explanation of Audit Adjustments			As Reported	Increase (Decrease)	As Adjusted
Cost Report												
Adj. No.	Audit Report	Work Sheet	Part	Title	Line	Col.						
ADJUSTMENTS TO REPORTED MEDI-CAL SETTLEMENT DATA												
21	Form 2	Form 2			6.00	2	Medi-Cal Visits To disallow non-allowable Medi-Cal Podiatry visits. 42 CFR 405.2463, 405.2470, and 405.2448 CMS Pub. 15-1, Section 2304	*	12,011	(292)	11,719	

*Balance carried forward from prior/to subsequent adjustments

Provider Name			Fiscal Period				Provider NPIs		Adjustments	
LAC - SOUTHWEST CLUSTER			JULY 1, 2009 THROUGH JUNE 30, 2010				1982611919/1235247578		22	
Report References			Explanation of Audit Adjustments				As Reported	Increase (Decrease)	As Adjusted	
Adj. No.	Audit Report	Work Sheet								Part
Cost Report			<u>ADJUSTMENT TO OTHER MATTERS</u>							
22	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	\$8,421	\$8,421	