

**REPORT
ON THE
FEDERALLY QUALIFIED HEALTH CENTER
CHANGE IN SCOPE-OF-SERVICE REQUEST
ARROYO VISTA FAMILY HEALTH CENTER –
HIGHLAND PARK
LOS ANGELES, CALIFORNIA
NATIONAL PROVIDER IDENTIFIER: 1447353701
FISCAL PERIOD ENDED
MARCH 31, 2013**

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

**Section Chief: Daniel J. Giardinelli
Audit Supervisor: Henry Kwan
Auditor: Peter Scollan**



TOBY DOUGLAS
DIRECTOR

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



EDMUND G. BROWN JR.
GOVERNOR

December 17, 2013

John L. Ansaldo
Chief Financial Officer
Arroyo Vista Family Health Center
6000 North Figueroa Street
Los Angeles, California 90042

ARROYO VISTA FAMILY HEALTH CENTER – HIGHLAND PARK
NATIONAL PROVIDER IDENTIFIER (NPI): 1447353701
FISCAL PERIOD ENDED MARCH 31, 2013

SUBJECT: CHANGE IN SCOPE-OF-SERVICE REQUEST

We have examined the clinic's Federally Qualified Health Center (FQHC) Change in Scope-of-Service Request for the above-referenced fiscal period. Our examination was made under the authority of Section 14170 of the Welfare and Institutions Code. The review was limited to the Change in Scope-of-Service Request and the supporting documentation.

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>
\$129.77	April 1, 2013 through September 30, 2013

In addition, your rate will be increased to \$130.81, effective October 1, 2013, to reflect the MEI increase of 0.8%.

This determination includes:

1. Computation of Audited PPS Rate (Schedule 1) and supporting schedules
2. Audit Adjustments

John L. Ansaldo
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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 95814-2825
(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 CHANGE IN SCOPE-OF-SERVICE REQUEST

Provider Legal Name:
**ARROYO VISTA FAMILY HEALTH CENTER -
 HIGHLAND PARK**

Provider No. (NPI)
1447353701

Fiscal Period Ended:
MARCH 31, 2013

PART A - DETERMINATION OF OVERHEAD APPLICABLE TO FQHC/RHC SERVICES

	REPORTED	AUDITED
1. Total FQHC/RHC Health Care Services Cost (Sch 2, Ln 29)	\$ 4,557,594	\$ 4,472,325
2. Nonreimbursable FQHC/RHC Costs Excluding Overhead (Sch 2, Ln 57)	\$ 201,027	\$ 201,027
3. Cost of All Services Excluding Overhead (Ln 1 + Ln 2)	\$ 4,758,621	\$ 4,673,352
4. Percentage of Nonreimbursable FQHC/RHC Costs (Ln 2 / Ln 3)	0.042245	0.043016
5. Total Overhead -(Sch 2, Ln 53)	\$ 2,010,683	\$ 2,060,683
6. Overhead Applicable to Non-Reimbursable FQHC/RHC Costs (Ln 5 x Ln 4)	\$ 84,941	\$ 88,641
7. Overhead Applicable to FQHC/RHC Services (Ln 5 - Ln 6)	\$ 1,925,742	\$ 1,972,042
8. Total Cost of FQHC/RHC Services (Ln 1 + Ln 7)	\$ 6,483,336	\$ 6,444,367

PART B - DETERMINATION OF FQHC/RHC RATE

1. Total FQHC/RHC Cost (PART A, Ln 8)	\$ 6,483,336	\$ 6,444,367
2. Total FQHC/RHC Visits (From Provider Records) (Adj.)	47,503	47,503
3. Total FQHC/RHC Nonreimbursable Services Visits (From Provider Records) (Adj.)	-	-
4. Total FQHC/RHC Adjusted Visits (Ln 2 - Ln 3)	47,503	47,503
5. FQHC/RHC Cost Per Visit (Ln 1 / Ln 4)	\$ 136.48	\$ 135.66

PART C - DETERMINATION OF PPS RATE ADJUSTMENT

1. FQHC/RHC Cost Per Visit (PART B, Ln 5)	\$ 136.48	\$ 135.66
2. Current PPS rate per visit	\$ 106.21	\$ 106.21
3. Net Increase or Decrease in FQHC/RHC Rate (Ln 1 - Ln 2) Show decrease in parenthesis If line 3 is greater than zero (Line 1 is greater than Line 2) , proceed to line 4. If line 3 is less than zero (Line 1 is less than line 2), proceed to line 5.	\$ 30.27	\$ 29.45
4. Threshold Amount: Line 2 x 1.75% (Complete Part D if an increase on Line 3 is equal to or greater than this amount)	\$ 1.86	\$ 1.86
5. Threshold Amount: Line 2 x 2.50% (Complete Part D if a decrease on Line 3 is greater than this amount)	\$ 2.66	\$ 2.66

PART D - FQHC/RHC RATE CHANGE

1. FQHC/RHC Rate increase or decrease (PART C, Ln 3) Show decrease in parenthesis	\$ 30.27	\$ 29.45
2. FQHC/RHC Rate increase or decrease adjustment of 20% (Ln 1 x 20%)	\$ 6.05	\$ 5.89
3. FQHC/RHC Rate increase or decrease after adjustment of 20% (Ln 1 - Ln 2)	\$ 24.22	\$ 23.56
4. Current PPS rate per visit (from Line C2)	\$ 106.21	\$ 106.21
5. New PPS Rate (Ln 3 plus Ln 4)	\$ 130.43	\$ 129.77

CHANGE IN SCOPE-OF-SERVICE REQUEST
SCHEDULE OF TRIAL BALANCE EXPENSEProvider Legal Name:
ARROYO VISTA FAMILY HEALTH CENTER -
HIGHLAND PARKProvider No. (NPI)
1447353701Fiscal Period Ended:
MARCH 31, 2013

Cost Center	REPORTED	ADJUSTMENTS (From Sch 2A)	AUDITED
FQHC Health Care Cost			
1. Physician	\$810,565	\$0	\$810,565
2. Physician Assistant	14,475	0	14,475
3. Nurse Practitioner	332,537	0	332,537
4. Other Nurse	363,633	0	363,633
5. Laboratory Technician	50,148	0	50,148
6. Other (Specify)	0	0	0
7. Medical Assistant	511,953	0	511,953
8. Medical Records	181,123	0	181,123
9. Support Staff	211,763	0	211,763
10. Mammography	208,881	0	208,881
11.	0	0	0
12.	0	0	0
13. Subtotal-FQHC Health Care Costs	\$2,685,078	\$0	\$2,685,078
14. Physician Services Under Agreement	\$20,273	\$0	\$20,273
15. Physician Supervision	0	0	0
16.	0	0	0
17. Other Health Care Costs			
18. Pharmacy	\$0	\$0	\$0
19. Dental	651,385	(48,754)	602,631
20. Optometry	244,678	(30,895)	213,783
21. Medical Supplies	419,286	(5,620)	413,666
22. Depreciation-Medical Equipment	3,300	0	3,300
23. Professional Liability Insurance	0	0	0
24. Home Office Direct Cost (from home ofc. cost report-sch 6)	229,080	0	229,080
25. Other (Specify)	0	0	0
26. Laboratory, Radiology	219,385	0	219,385
27. Other Expenses	85,129	0	85,129
28. Subtotal-Other Health Care Costs	\$1,852,243	(\$85,269)	\$1,766,974
29. Total Cost of FQHC Services (Sum of Lines 13, 14, 15, 16, and 28)	\$4,557,594	(\$85,269)	\$4,472,325
FQHC Overhead-Facility Cost			
30. Rent	\$0	\$0	\$0
31. Insurance	0	0	0
32. Interest Expense	0	0	0
33. Utilities	0	0	0
34. Depreciation-Building	0	0	0
35. Depreciation-Equipment	0	0	0
36. Housekeeping And Maintenance	0	0	0
37. Property Tax	0	0	0
38. Other (Specify)	0	0	0
39. Home Office Pool Costs (from home ofc. cost report-sch 6)	351,795	0	351,795
40.	0	0	0
41. Subtotal-Facility Costs (Lines 30-40)	\$351,795	\$0	\$351,795
FQHC Overhead-Administrative Cost			
42. Office Salaries	\$38,201	\$0	\$38,201
43. Depreciation-Office Equipment	8,528	0	8,528
44. Office Supplies	0	0	0
45. Legal	0	0	0
46. Accounting	0	0	0
47. Insurance (Specify)	0	0	0
48. Telephone	0	0	0
49. Fringe Benefits And Payroll Taxes	4,202	0	4,202
50. Home Office Pool Costs (from home ofc. cost report-sch 6)	1,607,957	50,000	1,657,957
51. Other (Specify)	0	0	0
52. Subtotal-Administrative Costs (Lines 42-51)	\$1,658,888	\$50,000	\$1,708,888
53. Total Cost Subject To Allocation (Sum of Lines 41 and 52)	\$2,010,683	\$50,000	\$2,060,683
54. Nonreimbursable Costs (Specify)	\$0	\$0	\$0
55. Outreach	45,355	0	45,355
56. Other Programs	155,672	0	155,672
57. Subtotal Nonreimbursable Costs	\$201,027	\$0	\$201,027
58. Total FQHC Costs (Sum of Lines 29, 53, and 57)	<u>\$6,769,304</u>	<u>(\$35,269)</u>	<u>\$6,734,035</u>

ADJUSTMENTS TO CHANGE IN SCOPE-OF-SERVICE REQUEST

Provider Legal Name:
**ARROYO VISTA FAMILY HEALTH CENTER -
 HIGHLAND PARK**

Provider No. (NPI)

Fiscal Period Ended:

1447353701

MARCH 31, 2013

Cost Center	Total	Adjustment (No. 1)	Adjustment (No. 2)	Adjustment (No. 3)	Adjustment (No.)	Adjustment (No.)	Adjustment (No.)
FQHC Health Care Cost							
1. Physician	0						
2. Physician Assistant	0						
3. Nurse Practitioner	0						
4. Other Nurse	0						
5. Laboratory Technician	0						
6. Other (Specify)	0						
7. Medical Assistant	0						
8. Medical Records	0						
9. Support Staff	0						
10. Mammography	0						
11.	0						
12.	0						
13. Subtotal-FQHC Health Care Costs	0	0	0	0	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	(48,754)		(48,754)				
20. Optometry	(30,895)		(30,895)				
21. Medical Supplies	(5,620)	(5,620)					
22. Depreciation-Medical Equipment	0						
23. Professional Liability Insurance	0						
24. Home Office Direct Cost (from home ofc. cost report-	0						
25. Other (Specify)	0						
26. Laboratory, Radiology	0						
27. Other Expenses	0						
28. Subtotal-Other Health Care Costs	(85,269)	(5,620)	(79,649)	0	0	0	0
29. Total Cost of FQHC Services (Sum of Lines 13, 14, 15, 16, and 28)	(85,269)	(5,620)	(79,649)	0	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. Other (Specify)	0						
39. Home Office Pool Costs (from home ofc. cost report-s	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	0						
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 ofc. cost report-s	50,000			50,000			
51. Other (Specify)	0						
52. Subtotal-Administrative Costs (Lines 42-51)	50,000	0	0	50,000	0	0	0
53. Total Cost Subject To Allocation (Sum of Lines 41 and 52)	50,000	0	0	50,000	0	0	0
54. Nonreimbursable Costs (Specify)	0						
55. Outreach	0						
56. Other Programs	0						
57. Subtotal Nonreimbursable Costs	0	0	0	0	0	0	0
58. Total FQHC Costs (Sum of Lines 29, 53, and 57)	(35,269)	(5,620)	(79,649)	50,000	0	0	0

ADJUSTMENTS TO CHANGE IN SCOPE-OF-SERVICE REQUEST

Provider Legal Name:
ARROYO VISTA FAMILY HEALTH CENTER -
HIGHLAND PARK

Provider No. (NPI)
1447353701

Fiscal Period Ended:
MARCH 31, 2013

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. Medical Assistant							
8. Medical Records							
9. Support Staff							
10. Mammography							
11.							
12.							
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 ofc. cost report-							
25. Other (Specify)							
26. Laboratory, Radiology							
27. Other Expenses							
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. Other (Specify)							
39. Home Office Pool Costs (from home ofc. cost report-s							
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-s							
51. Other (Specify)							
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. Outreach							
56. Other Programs							
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 NPI		Adjustments	
ARROYO VISTA FAMILY HEALTH CENTER - H.P.				APRIL 1, 2012 THROUGH MARCH 31, 2013		1447353701		3	
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>									
1	2A	21	2 (1 of 2)	21	Medical Supplies To eliminate imputed costs for donated influenza vaccines. 42 CFR 413.5(c)(7), 413.9, and 413.80 CMS Pub. 15-1, Sections 608, 610, 2102.3, and 2102.4	\$419,286	(\$5,620)	\$413,666	
2	2A	19	2 (1 of 2)	19	Dental	\$651,385	(\$48,754)	\$602,631	
	2A	20	2 (1 of 2)	20	Optometry 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 Title 22, CCR, Section 51501	244,678	(30,895)	213,783	
3	2A	50	2 (2 of 2)	50	Home Office Pool Costs To reverse the provider's EHR (Electronic Health Records) incentive payment abatements against the related costs. 42 CFR 413.5 and 413.9 / CMS Pub. 15-1, Section 600	\$1,607,957	\$50,000	\$1,657,957	