

**REPORT
ON THE
FEDERALLY QUALIFIED HEALTH CENTER
CHANGE IN SCOPE-OF-SERVICE REQUEST
ARROYO VISTA FAMILY HEALTH CENTER –
LINCOLN HEIGHTS
LOS ANGELES, CALIFORNIA
NATIONAL PROVIDER IDENTIFIER: 1174665905
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: William Zhu**



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 – LINCOLN HEIGHTS
NATIONAL PROVIDER IDENTIFIER (NPI): 1174665905
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>
\$154.03	April 1, 2013 through September 30, 2013

In addition, your rate increased to \$155.26, 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 -
 LINCOLN HEIGHTS**

Provider No. (NPI)
1174665905

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)	\$ 3,094,307	\$ 3,053,171
2. Nonreimbursable FQHC/RHC Costs Excluding Overhead (Sch 2, Ln 57)	\$ 1,439	\$ 1,439
3. Cost of All Services Excluding Overhead (Ln 1 + Ln 2)	\$ 3,095,746	\$ 3,054,610
4. Percentage of Nonreimbursable FQHC/RHC Costs (Ln 2 / Ln 3)	0.000465	0.000471
5. Total Overhead -(Sch 2, Ln 53)	\$ 1,744,585	\$ 1,784,799
6. Overhead Applicable to Non-Reimbursable FQHC/RHC Costs (Ln 5 x Ln 4)	\$ 811	\$ 841
7. Overhead Applicable to FQHC/RHC Services (Ln 5 - Ln 6)	\$ 1,743,774	\$ 1,783,958
8. Total Cost of FQHC/RHC Services (Ln 1 + Ln 7)	\$ 4,838,081	\$ 4,837,129

PART B - DETERMINATION OF FQHC/RHC RATE

1. Total FQHC/RHC Cost (PART A, Ln 8)	\$ 4,838,081	\$ 4,837,129
2. Total FQHC/RHC Visits (From Provider Records) (Adj. 4)	30,473	30,493
3. Total FQHC/RHC Nonreimbursable Services Visits (From Provider Records) (Adj.)	-	-
4. Total FQHC/RHC Adjusted Visits (Ln 2 - Ln 3)	30,473	30,493
5. FQHC/RHC Cost Per Visit (Ln 1 / Ln 4)	\$ 158.77	\$ 158.63

PART C - DETERMINATION OF PPS RATE ADJUSTMENT

1. FQHC/RHC Cost Per Visit (PART B, Ln 5)	\$ 158.77	\$ 158.63
2. Current PPS rate per visit	\$ 135.62	\$ 135.62
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.	\$ 23.15	\$ 23.01
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)	\$ 2.37	\$ 2.37
5. Threshold Amount: Line 2 x 2.50% (Complete Part D if a decrease on Line 3 is greater than this amount)	\$ 3.39	\$ 3.39

PART D - FQHC/RHC RATE CHANGE

1. FQHC/RHC Rate increase or decrease (PART C, Ln 3) Show decrease in parenthesis	\$ 23.15	\$ 23.01
2. FQHC/RHC Rate increase or decrease adjustment of 20% (Ln 1 x 20%)	\$ 4.63	\$ 4.60
3. FQHC/RHC Rate increase or decrease after adjustment of 20% (Ln 1 - Ln 2)	\$ 18.52	\$ 18.41
4. Current PPS rate per visit (from Line C2)	\$ 135.62	\$ 135.62
5. New PPS Rate (Ln 3 plus Ln 4)	\$ 154.14	\$ 154.03

CHANGE IN SCOPE-OF-SERVICE REQUEST
SCHEDULE OF TRIAL BALANCE EXPENSEProvider Legal Name:
ARROYO VISTA FAMILY HEALTH CENTER -
LINCOLN HEIGHTSProvider No. (NPI)
1174665905Fiscal Period Ended:
MARCH 31, 2013

Cost Center	REPORTED	ADJUSTMENTS (From Sch 2A)	AUDITED
FQHC Health Care Cost			
1. Physician	\$653,436	\$0	\$653,436
2. Physician Assistant	156,029	0	156,029
3. Nurse Practitioner	91,204	0	91,204
4. Other Nurse	280,955	0	280,955
5. Laboratory Technician	26,605	0	26,605
6. Other (Specify)	0	0	0
7. Medical Assistant	333,138	0	333,138
8. Medical Records	156,143	0	156,143
9. Support Staff	188,529	0	188,529
10. Mammography	108,695	0	108,695
11.	0	0	0
12.	0	0	0
13. Subtotal-FQHC Health Care Costs	\$1,994,734	\$0	\$1,994,734
14. Physician Services Under Agreement	\$13,314	\$0	\$13,314
15. Physician Supervision	0	0	0
16.	0	0	0
17. Other Health Care Costs			
18. Pharmacy	\$0	\$0	\$0
19. Dental	305,376	(8,531)	296,845
20. Optometry	142,540	(16,276)	126,264
21. Medical Supplies	374,943	0	374,943
22. Depreciation-Medical Equipment	108,997	(16,329)	92,668
23. Professional Liability Insurance	0	0	0
24. Home Office Direct Cost (from home ofc. cost report-sch 6)	38,457	0	38,457
25. Other (Specify)	0	0	0
26. Laboratory Radiology	63,323	0	63,323
27. Other Expenses	52,623	0	52,623
28. Subtotal-Other Health Care Costs	\$1,086,259	(\$41,136)	\$1,045,123
29. Total Cost of FQHC Services (Sum of Lines 13, 14, 15, 16, and 28)	\$3,094,307	(\$41,136)	\$3,053,171
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)	492,594	0	492,594
40.	0	0	0
41. Subtotal-Facility Costs (Lines 30-40)	\$492,594	\$0	\$492,594
FQHC Overhead-Administrative Cost			
42. Office Salaries	\$24,550	\$0	\$24,550
43. Depreciation-Office Equipment	11,293	(2,286)	9,007
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	2,701	0	2,701
50. Home Office Pool Costs (from home ofc. cost report-sch 6)	1,213,447	42,500	1,255,947
51. Other (Specify)	0	0	0
52. Subtotal-Administrative Costs (Lines 42-51)	\$1,251,991	\$40,214	\$1,292,205
53. Total Cost Subject To Allocation (Sum of Lines 41 and 52)	\$1,744,585	\$40,214	\$1,784,799
54. Nonreimbursable Costs (Specify)	\$0	\$0	\$0
55. Outreach & Health Fairs	1,439	0	1,439
56.	0	0	0
57. Subtotal Nonreimbursable Costs	\$1,439	\$0	\$1,439
58. Total FQHC Costs (Sum of Lines 29, 53, and 57)	<u>\$4,840,331</u>	<u>(\$922)</u>	<u>\$4,839,409</u>

ADJUSTMENTS TO CHANGE IN SCOPE-OF-SERVICE REQUEST

Provider Legal Name:
ARROYO VISTA FAMILY HEALTH CENTER - LINCOLN HEIGHTS

Provider No. (NPI)
1174665905

Fiscal Period Ended:
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	0						
12. 0	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	0						
17. Other Health Care Costs							
18. Pharmacy	0						
19. Dental	(8,531)		(8,531)				
20. Optometry	(16,276)	(15,198)	(1,078)				
21. Medical Supplies	0						
22. Depreciation-Medical Equipment	(16,329)		(16,329)				
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	(41,136)	(15,198)	(25,938)	0	0	0	0
29. Total Cost of FQHC Services (Sum of Lines 13, 14, 15, 16, and 28)	(41,136)	(15,198)	(25,938)	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	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	(2,286)		(2,286)				
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	42,500			42,500			
51. Other (Specify)	0						
52. Subtotal-Administrative Costs (Lines 42-51)	40,214	0	(2,286)	42,500	0	0	0
53. Total Cost Subject To Allocation (Sum of Lines 41 and 52)	40,214	0	(2,286)	42,500	0	0	0
54. Nonreimbursable Costs (Specify)	0						
55. Outreach & Health Fairs	0						
56. 0	0						
57. Subtotal Nonreimbursable Costs	0	0	0	0	0	0	0
58. Total FQHC Costs (Sum of Lines 29, 53, and 57)	(922)	(15,198)	(28,224)	42,500	0	0	0

ADJUSTMENTS TO CHANGE IN SCOPE-OF-SERVICE REQUEST

Provider Legal Name:
ARROYO VISTA FAMILY HEALTH CENTER - LINCOLN
HEIGHTS

Provider No. (NPI)
1174665905

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. 0							
12. 0							
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 & Health Fairs							
56. 0							
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 Legal Name				Fiscal Period		Provider Number (NPI)		Adjustments	
ARROYO VISTA FAMILY HEALTH CENTER - L.H.				APRIL 1, 2012 THROUGH MARCH 31, 2013		1174665905		4	
Report References				Explanation of Audit Adjustments		As Reported	Increase (Decrease)	As Adjusted	
Adj. No.	Change in Scope-of-Service Report		Change in Scope-of-Service Request						
	Schedule	Line	Worksheet						Line
ADJUSTMENTS TO REPORTED COSTS									
1	2A	20	2 (1 of 2)	20	Optometry To eliminate outside optometry 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 CCR, Title 22, Section 51501	\$142,540	(\$15,198)	\$127,342 *	
2	2A	19	2 (1 of 2)	19	Dental	\$305,376	(\$8,531)	\$296,845	
	2A	20	2 (1 of 2)	20	Optometry	* 127,342	(1,078)	126,264	
	2A	22	2 (1 of 2)	22	Depreciation - Medical Equipment	108,997	(16,329)	92,668	
	2A	43	2 (2 of 2)	43	Depreciation - Office Equipment To adjust for a change in useful life to agree with the American Hospital Association guidelines. 42 CFR 413.20 and 413.134(b)(7) CMS Pub. 15-1, Sections 104.17 and 104.18	11,293	(2,286)	9,007	
3	2A	50	2 (2 of 2)	50	Home Office Pool Costs To reverse the provider's EHR (Electronic Health Record) incentive payment abatement against the related costs. 42 CFR 413.5 and 413.9 / CMS Pub. 15-1, Section 600	\$1,213,447	\$42,500	\$1,255,947	

*Balance carried forward from prior/to subsequent adjustments

Provider Legal Name				Fiscal Period		Provider Number (NPI)		Adjustments
ARROYO VISTA FAMILY HEALTH CENTER - L.H.				APRIL 1, 2012 THROUGH MARCH 31, 2013		1174665905		4
Report References				Explanation of Audit Adjustments		As Reported	Increase (Decrease)	As Adjusted
Adj. No.	Change in Scope-of-Service Report		Change in Scope-of-Service Request					
	Schedule	Line	Worksheet	Line				
ADJUSTMENT TO REPORTED PATIENT VISITS								
4	1	B2	3	B2	Total FQHC/RHC Visits To adjust total visits to agree with the provider's records. 42 CFR 413.20 and 413.50 CMS Pub. 15-1, Sections 2205 and 2304	30,473	20	30,493