



COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF PUBLIC WELFARE  
**BUREAU OF FINANCIAL OPERATIONS**  
Room 525 Health and Welfare Building  
Harrisburg, Pennsylvania 17105-2675

KEVIN M. FRIEL  
DIRECTOR

MAR 31 2010

TELEPHONE NUMBER  
(717) 772-2231  
FAX NUMBER  
(717) 705-9094

Mr. Marcus Freeman  
Chief Financial Officer  
Greater Philadelphia Health Action, Inc.  
432 North 6<sup>th</sup> Street  
Philadelphia, Pennsylvania 19123

Dear Mr. Freeman:

I am enclosing the final report of Greater Philadelphia Health Action, Inc.'s FQHC Cost Report for the year ended December 31, 2007 pursuant to the rate setting request that was recently completed by this office. Your response dated March 22, 2010 has been incorporated into the final report and labeled as an Appendix.

I would like to extend my appreciation for all the courtesy extended to my staff during the course of fieldwork. I understand that you were especially helpful to Timothy N. Rausch in completing the audit process.

The final report will be forwarded to the Office of Medical Assistance Programs (OMAP). The staff from OMAP may be in contact with you to follow-up on the action taken to comply with the report's recommendations.

If you have any questions concerning this matter, please contact Alexander Matolyak, Audit Resolution Section, at (717) 783-7786.

Sincerely,

A handwritten signature in cursive script that reads "Kevin M. Friel".

Kevin Friel

c: Mr. William Miller  
Ms. Jennifer Bertrand



COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF PUBLIC WELFARE  
BUREAU OF FINANCIAL OPERATIONS  
ROOM 525 HEALTH & WELFARE BUILDING  
HARRISBURG, PA 17105-2675

KEVIN M. FRIEL  
DIRECTOR

MAR 31 2010

TELEPHONE  
(717) 772-2231  
FAX  
(717) 705-9094

Mr. Michael Nardone  
Deputy Secretary for Medical Assistance Programs  
Health and Welfare Building, Room 515  
Harrisburg, Pennsylvania 17120

Dear Mr. Nardone:

In response to a request from the Office of Medical Assistance Programs (OMAP), the Bureau of Financial Operations (BFO) has completed an audit of Greater Philadelphia Health Action, Inc. (GPHA); a Federally Qualified Health Center (FQHC) who filed a Cost Report for the year ended December 31, 2007. The audit was made in response to a request to assess the periodic rate for encounters, including establishing a dental rate for new dental services. As such, the audit's goal was to determine medical and dental encounter rates which include only allowable program costs.

This report is in final form and contains GPHA's views on the reported findings, conclusions and recommendations. The data used to prepare the report findings was discussed with GPHA's management at a closing conference held on December 21, 2009.

The audit questions the eligibility of costs as stated on Exhibit A:

- Total related costs in the net amount of \$94,498 for the year ended December 31, 2007.

The application of these adjustments to allowable costs resulted in a medical per diem of \$129.04 and a dental per diem of \$146.85 for the year ended December 31, 2007 (Exhibit C).

**Greater Philadelphia Health Action, Inc. FQHC**  
**Executive Summary**

FQHCs are "safety net" providers whose main purpose is to enhance primary care services in underserved urban and rural communities. FQHCs are considered suppliers of Medicare services and are paid an all-inclusive per visit rate (Encounter Rate) based on reasonable costs incurred and reported on an annual Cost Report. The Encounter Rate is computed by dividing the FQHCs total allowable cost by the number of visits by all FQHC patients. Once established, the Encounter Rate increases annually by the Medicare Economic Index applicable to primary care physician services.

**Greater Philadelphia Health Action, Inc.  
FQHC Cost Report  
For the Year Ended December 31, 2007**

The report findings and recommendations for corrective action are summarized below:

FINDINGS	SUMMARY
<p><b><i>Finding No. 1 - The Medical Director's Compensation Was Incorrectly Allocated To Overhead And The Related Fringe Benefits Were Not Allocated At All.</i></b></p>	<p>The Medical Director's time is spent 25% on direct patient care and 75% on administrative duties. However, in allocating the Medical Director's salary, only 25% was applied to overhead. Similarly, 75% of fringe benefits should have been charged to overhead. The Cost Report made no allocation of fringe benefits to overhead with respect to the Medical Director. As such, a reclassification entry was made in the amount of \$155,587.</p>

HIGHLIGHTS OF RECOMMENDATIONS
<p>OMAP should:</p> <ul style="list-style-type: none"> <li>• Reduce Direct Costs, Line 1, Compensation, and increase Overhead, Line 50, Administrative Compensation by \$155,587 representing 50% of the Medical Director's compensation plus 75% of her fringe benefits.</li> </ul> <p>GPHA should:</p> <ul style="list-style-type: none"> <li>• Properly allocate the Medical Director's compensation and fringe benefits 25% - 75% to direct costs and overhead, respectively.</li> </ul>

FINDINGS	SUMMARY
<p><b><i>Finding No. 2 - Child Care Expenses Were Disallowed.</i></b></p>	<p>An examination of overhead costs found that supplies and travel expenses contained expenditures attributable to Child Care services. Child Care expenses are not allowable as FQHC expenses and the amounts were adjusted accordingly.</p>

HIGHLIGHTS OF RECOMMENDATIONS
<p>OMAP should:</p> <ul style="list-style-type: none"> <li>• Make the necessary adjustments to decrease Overhead, Lines 58 and 66 by \$14,204 and \$15,659, respectively, and to increase Line 47, Non FQHC expenses by \$29,863.</li> </ul> <p>GPHA should:</p> <ul style="list-style-type: none"> <li>• Not include any child day care costs in Direct Costs or Overhead Costs.</li> </ul>

**Greater Philadelphia Health Action, Inc.  
FQHC Cost Report  
For the Year Ended December 31, 2007**

FINDINGS	SUMMARY
<b><i>Finding No. 3 - The Cost Report Included All Payments For The Purchase Of A Pediatric Practice</i></b>	Expenses for Contracted Physician Services included installment payments for the purchase of a pediatric practice and patients' charts. These costs should have been capitalized and amortized. Costs were reduced by \$34,365 to correct this discrepancy. Overhead costs were increased by \$40,365 representing the amortization of patients' charts and records over 5 years.

HIGHLIGHTS OF RECOMMENDATIONS
<p>OMAP should:</p> <ul style="list-style-type: none"> <li>• Disallow Compensation, Line 1 in the amount of \$34,365.</li> <li>• Increase Overhead, Line 65, Depreciation by \$40,365.</li> </ul> <p>GPHA should:</p> <ul style="list-style-type: none"> <li>• Capitalize the cost of the pediatric practice and amortize it over 5 years.</li> </ul>

FINDINGS	SUMMARY
<b><i>Finding No. 4 - The Cost Report Overstated Interest Expense.</i></b>	Interest expense for the loans and notes payable was overstated by \$108,616. Management could not explain the variance.

HIGHLIGHTS OF RECOMMENDATIONS
<p>OMAP should:</p> <ul style="list-style-type: none"> <li>• Disallow a total of \$108,616 from Overhead, Line 67, Interest Expense.</li> </ul> <p>GPHA should:</p> <ul style="list-style-type: none"> <li>• Reconcile interest expense to the loan and note balances.</li> </ul>

FINDINGS	SUMMARY
<b><i>Finding No. 5 - Three Other Expenses Were Adjusted for a Net Increase of \$8,118 in Overhead Costs</i></b>	The audit testing identified a number of accounts where adjustments were necessary. After examining all supporting information presented, three addition adjustments were made to Overhead. The following adjustments were made: Insurance Expense was increased \$18,778; Rent Expense was decreased \$9,517; and Depreciation was decreased \$1,143. The net effect was to increase Overhead by \$8,118.

**Greater Philadelphia Health Action, Inc.  
FQHC Cost Report  
For the Year Ended December 31, 2007**

<b>HIGHLIGHTS OF RECOMMENDATIONS</b>	
<p>OMAP should:</p> <ul style="list-style-type: none"> <li>• Allow additional costs of \$18,778 for Line 60, Insurance Expense.</li> <li>• Disallow \$9,517 from Line 63, Rent Expense.</li> <li>• Disallow \$1,143 from Line 65, Depreciation Expense.</li> </ul> <p>GPHA should:</p> <ul style="list-style-type: none"> <li>• Be able to identify and to substantiate all costs.</li> </ul>	

<b>FINDINGS</b>	<b>SUMMARY</b>
<p><b><i>Finding No. 6 - A Representative Sample Found That 1.9% Of Case Managers' Time Was Devoted to Indirect FQHC Activities.</i></b></p>	<p>To the extent that Case Managers do not perform FQHC wellness activities, their corresponding compensation and fringe benefits should be reported as Overhead Costs. At the request of BFO, GPHA conducted a time study of two Case Managers, the result of which was that Case Managers were found to expend 1.9% of their collective time on indirect activities such as obtaining access to medical assistance or the enrollment of clients.</p>

<b>HIGHLIGHTS OF RECOMMENDATIONS</b>	
<p>OMAP should:</p> <ul style="list-style-type: none"> <li>• Decrease Direct Costs, line 21, Case Managers by \$18,654.</li> <li>• Increase Overhead, Line 69, Case Managers by \$18,654.</li> </ul> <p>GPHA should:</p> <ul style="list-style-type: none"> <li>• Be able to identify and to allocate Case Managers' compensation and fringe benefits to the extent they are engaged in Indirect FQHC activities.</li> </ul>	

<b>FINDINGS</b>	<b>SUMMARY</b>
<p><b><i>Finding No. 7- The Number Of Encounters That Could Be Substantiated Was Greater Than Stated On The Cost Report.</i></b></p>	<p>The electronic record of encounters identified an additional 395 medical and 142 dental encounters than were reported on the Cost Report. Management could not explain the variances.</p>

**Greater Philadelphia Health Action, Inc.  
FQHC Cost Report  
For the Year Ended December 31, 2007**

**HIGHLIGHTS OF RECOMMENDATIONS**

OMAP should:

- Increase the number of Medical encounters by 395.
- Increase the number of Dental encounters by 142.

GPHA should:

- Be able to identify and to substantiate all encounters.

**Background**

GPHA operates Health Care Centers located in the City of Philadelphia that provide a broad range of health services to a largely medically underserved population.

GPHA is a not for profit corporation with business offices at 432 North 6<sup>th</sup> Street, Philadelphia, PA 19123. GPHA began in 1970 with one health center in South Philadelphia. Its mission is to provide quality, comprehensive primary and behavioral health care, health education, human services and child development services to families and individuals throughout the Delaware Valley regardless of their ability to pay.

What began as one health center providing health services to its local community has expanded to 7 full service Health Centers, 2 behavioral Health Centers, a Child Development Academy and 4 dental locations providing care to over 70,000 patients. The dental locations were added in 2007.

As addressed in the instructions for preparation of the FQHC Cost Report, in the absence of specific regulations, allowable costs are determined based on the Medicare Provider Reimbursements Manual (HIM-15). In addition, FQHC Cost Report reporting instructions and OMAP policy derived from MA Bulletins may be used to determine allocable costs and procedures.

GPHA submitted Cost Reports for the year ended December 31, 2007 that included, for the first time, dental services. As such a new rate must be set for dental encounters and the existing rate for medical encounters needs to be revised.

**Objective, Scope and Methodology**

The audit objective, developed in concurrence with OMAP was:

- To determine the actual allowable cost of services to FQHC customers and to determine that the underlying expenditures are reasonable, consistent with Medical Assistance cost principals and attributable to GPHA.

**Greater Philadelphia Health Action, Inc.**  
**FQHC Cost Report**  
**For the Year Ended December 31, 2007**

In pursuing this objective, the BFO interviewed management and staff members from GPHA. We also reviewed accounting records, financial records, timesheets, records of encounters and other pertinent data necessary to complete our objective.

Government auditing standards require that we obtain an understanding of management controls that are relevant to the audit objective described above. The applicable controls were examined to the extent necessary to provide reasonable assurance of the effectiveness of these controls. Based on our understanding of the controls, no material deficiencies came to our attention. Areas where we noted an opportunity for improvement in management controls are addressed in the findings of this report.

We conducted this performance audit in accordance with generally accepted governmental auditing standards. Those standards require that we plan and perform the audit to obtain sufficient appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Fieldwork for this audit took place intermittently between February 17, 2009 and July 17, 2009 based on available records. The completion of the audit was delayed while select records were examined by the Bureau of Program Integrity in an attempt to resolve an outstanding issue. The audit was performed in accordance with General Instructions for Completion of the Medical Assistance Cost Report. The Report, when presented in its final form, is available for public inspection.

**Results of Fieldwork**

**Finding No. 1 – The Medical Director’s Compensation Was Incorrectly Allocated To Overhead And The Related Fringe Benefits Were Not Allocated At All.**

The Cost Report contained an allocation of the Medical Director’s compensation from direct costs to overhead. The compensation was allocated 25% to overhead and 75% to direct costs. However, 75% of the Medical Director’s time is spent on administrative functions. After discussing this matter with management it was determined that the allocation percentage was inadvertently reversed and a reclassification was appropriate.

It was also determined that the Medical Director’s fringe benefits were not allocated at all. As such, 75% of the related fringe benefits were also reclassified to overhead.

The adjustments decreased direct costs by \$155,587 and increased overhead by \$155,587.

**Greater Philadelphia Health Action, Inc.**  
**FQHC Cost Report**  
**For the Year Ended December 31, 2007**

**Recommendations**

The BFO recommends that the direct expense for compensation and fringe benefits be decreased by \$155,587 and that administrative overhead be increased by \$155,587 for the year ended December 31, 2007.

**Finding No. 2 – Child Care Expenditures Were Disallowed.**

An examination of overhead costs found that Line 58, Supplies and Line 66, Travel Expense contained expenditures attributable to Child Care services in the amount of \$14,204 and \$15,659, respectively. Since Child Care expenses are not allowable as FQHC expenses, the amounts were reclassified accordingly.

**Recommendation**

The BFO recommends that \$29,863 be reclassified from Overhead to Non FQHC Costs because travel expenses and supplies for Child Care purposes is not an allowed FQHC activity.

**Finding No. 3 –The Cost Report Included All Payments For The Purchase Of A Pediatric Practice.**

GPHA acquired a pediatric medical practice in 2006 for approximately \$200,000. The purchase agreement required a \$30,000 deposit to be followed by 60 monthly installment payments of \$2,864 each. The original acquisition price and installment note liability was not recorded. Instead, the installment payments were posted to Line 1, Direct Compensation, Column 3, Contracted Professional Services during 2007.

Generally accepted accounting principals require that the cost of an asset whose useful life will extend beyond one year to be capitalized and charged against revenue over the period of its useful life. GPHA acquired patient charts containing medical records and reports. The usual expected life of such assets is five years.

As such, the BFO made the following adjustments: The charges to direct costs for independent contractors for the monthly installment payments were reversed and disallowed. Second, the entire purchase price was deemed to have been capitalized at acquisition and one fifth was allowed as a charge to overhead for 2007. These adjustments had two effects: To reclassify the transactions from direct costs to overhead thereby decreasing Direct Costs by \$34,365 and to increase the annual depreciation and amortization provision by \$40,365, or one fifth of the cost of acquiring the medical practice.

**Recommendations**

The BFO recommends OMAP decrease Line 1, Direct Compensation for Contracted Services by \$34,365 and increase Line 65, Overhead for Depreciation and Amortization by \$40,365.

**Greater Philadelphia Health Action, Inc.**  
**FQHC Cost Report**  
**For the Year Ended December 31, 2007**

The BFO also recommends GPHA capitalize the purchase of the medical practice, record accumulated amortization to date, set up the unpaid balance of the installment agreement and record the balance as a prior period adjustment. GPHA should recover the cost of acquisition of the medical practice over 60 months.

**Finding No. 4 – The Cost Report Overstated Interest Expense.**

The BFO identified the loans and notes payable that were certified by GPHA's independent CPA and reported on GPHA's Statement of Financial position as of December 31, 2007. The BFO then examined source documents related to the loans to determine the correct amount of interest that should be paid or accrued on the outstanding loan and note liability balances. BFO's review assigned an appropriate amount of interest expense to each outstanding liability.

Based on the underlying loan documents, amortization schedules and other collaborating evidence, total interest expense paid or accrued for 2007 should be \$556,845 whereas the Cost Report identifies \$665,461. Management was unable to explain this \$108,616 overstatement.

**Recommendations**

The BFO recommends OMAP disallow \$108,616 from Line 67, Interest Expense.

The BFO also recommends GPHA identify and substantiate all expenses on the Cost Report.

**Finding No. 5 – Three Other Expenses Were Adjusted For A Net Increase Of \$8,118 In Overhead Costs.**

In the normal course of its examination, the audit testing identified a number of accounts where adjustments were necessary. After examining all supporting information presented, three additional adjustments were made to overhead. These adjustments restated certain overhead line items to agree with the amounts verified by BFO.

The first adjustment was to increase Line 60, Insurance Expense for \$18,778. The second adjustment was to decrease Line 63, Rent Expense by \$9,517. The third adjustment was to decrease line 65, Depreciation by \$1,143. The net effect of these adjustments was to increase Overhead Costs by \$8,118.

**Recommendation**

The BFO recommends that OMAP adjust Overhead Costs as presented above resulting in a net increase of \$8,118.

**Greater Philadelphia Health Action, Inc.**  
**FQHC Cost Report**  
**For the Year Ended December 31, 2007**

**Finding No. 6 – A Representative Sample Found That 1.9% Of Case Managers’ Time Was Devoted To Non FQHC Activities.**

Case Managers’ costs were reported on Line 21. Case Managers do not bill encounters. Rather, they provide ancillary services and oversight to clients such that the clients may receive comprehensive and appropriate medical and dental services. As such, certain of their daily activities may fall outside of direct Medical FQHC activities.

At BFO’s request, GPHA undertook a time and utility study of two Case Managers. GPHA found that 1.9% of their activities included obtaining medical assistance access for clients or plan enrollment activities. Since these activities are administrative, an adjustment was made to reclassify 1.9% of the Case Managers’ compensation and fringe benefits from Direct Costs, Line 21 to Overhead, Other Costs, Line 69.

**Recommendations**

The BFO recommends that OMAP reclassify from Line 21, Case Managers to Line 69, Overhead, Other Costs by \$18,654. The BFO also recommends that GPHA identify and allocate Case Managers’ compensation and fringe benefits to the extent they are engaged in non FQHC activities.

**Finding No. 7 – The Number Of Encounters That Could Be Substantiated Was Greater Than Stated On The Cost Report.**

The BFO requested a detailed listing of all encounters for the period and GPHA provided an electronic listing to BFO. After some consideration, OMAP opined that drug and alcohol encounters were to be included in FQHC eligible medical encounter count. Additional audit procedures focused on assuring that no encounters performed by case managers were included in the eligible encounter count. Minimum productivity standards were also taken into account.

Samples were selected and examined for both medical and dental encounters with the result that the accuracy of the sample was verified. By starting with the electronic listing of encounters and making the necessary adjustments the BFO concluded that the medical and dental encounters on the Cost Report were understated by 395 and 142, respectively.

**Recommendation**

The BFO recommends that OMAP increase the number of Medical Encounters and Dental Encounters used to compute the reimbursement rate by 395 and 142, respectively.

**Exit Conference/Summary**

GPHA did not request an Exit Conference. GPHA’s response is attached as an Appendix. A “draft” audit report was issued on January 29, 2010. After the draft report

**Greater Philadelphia Health Action, Inc.**  
**FQHC Cost Report**  
**For the Year Ended December 31, 2007**

was issued an administrative error related to the total direct costs as reported by GPHA was discovered. The per diem rates in this final audit report are being changed from \$128.29 to \$129.04 for medical encounters and from \$147.22 to \$146.85 for dental encounters in 2007.

In accordance with our established procedures, an audit response matrix will be provided to your office. Once received, please complete the matrix within 60 days and email the Excel file to the DPW Audit Resolution Section at:

[RA-pwauditresolution@state.pa.us](mailto:RA-pwauditresolution@state.pa.us)

The response to each recommendation should indicate your office's concurrence or non-concurrence, the corrective action to be taken, the staff from your office responsible for the corrective action, the expected date that the corrective action will be completed, and any related comments.

Sincerely,



Kevin M. Friel

Attachments

c: Mr. William Miller  
Ms. Jennifer Bertrand

**GREATER PHILADELPHIA HEALTH ACTION, INC'S  
RESPONSE TO THE DRAFT REPORT**

**APPENDIX**



## GREATER PHILADELPHIA HEALTH ACTION, INC.



432 NORTH 6TH STREET, PHILADELPHIA, PA 19123 • TEL: (215) 925-2400 • FAX: (215) 925-9166

March 22, 2010

Mr. Daniel Higgins, Audit Manager  
Division of Audit & Review  
Bureau of Financial Operations  
Department of Public Welfare  
5th Floor, Suite 5040  
801 Market Street  
Philadelphia, PA 19107

Dear Mr. Higgins:

SUBJECT: AUDIT - FQHC COST REPORT DEC. 2007

Greater Philadelphia Health Action, Inc has received and reviewed the findings of the audit of the FQHC Cost Report for the year ended December 31, 2007. We accept the recommendations and will ensure that these issues are addressed in all future cost reports.

Sincerely,

Marcus Freeman  
Chief Financial Officer  
Greater Philadelphia Health Action, Inc

WWW.GPHAINC.ORG

**GREATER PHILADELPHIA HEALTH ACTION, INC.  
BFO ADJUSTMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<b>Per Cost Report</b>	<b>BFO Adjustments</b>	<b>Final Allowable</b>
Total Direct FQHC Costs	\$13,895,358	(\$208,606)	\$13,686,752
Non FQHC Costs	950,203	29,863	980,066
Total Direct Costs	14,845,561	(178,743)	14,666,818
Overhead Costs	9,970,755	84,245	10,055,000
Total Costs	<u>\$24,816,316</u>	<u>(\$94,498)</u>	<u>\$24,721,818</u>

**BFO Adjustments**

**Direct Costs**

Line 1-Capitalize Acquisition of Medical Practice	(\$34,365)
Line 1-Reclass 50% of Medical Director's Salary & Fringes	(155,587)
Line 7-Reclass Case Managers' Administrative Time	<u>(18,654)</u>
Decrease in Direct Costs	<u>(208,606)</u>

**Non FQHC Costs**

Line 47-Reclass Day Care Expenses as Non FQHC Costs	<u>29,863</u>
Increase in Non FQHC Costs	<u>29,863</u>

**GREATER PHILADELPHIA HEALTH ACTION, INC.**  
**BFO ADJUSTMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2007**  
**(Continued)**

**Overhead Costs**

Line 50-Reclass 50% of Medical Director's Salary & Fringes	155,587
Line 58-Reclass Day Care Supplies to Non FQHC Costs	(14,204)
Line 60-To Increase Insurance to Verified Amount	18,778
Line 63-To Decrease Rent to Verified Amount	(9,517)
Line 65-To Record Amortization of Medical Practice	40,365
Line 65-To Decrease Depreciation to Verified Amount	(1,143)
Line 66-Reclass Day Care Travel to Non FQHC Costs	(15,659)
Line 67- To Adjust Mortgage Interest to Actual	(108,616)
Line 69-To Reclass Case Managers' Administrative Time	<u>18,654</u>
Decrease in Overhead Costs	<u>84,245</u>
 NET DECREASE IN COSTS	 <u><u>(\$94,498)</u></u>

**GREATER PHILADELPHIA HEALTH ACTION  
 DETERMINATION OF OVERHEAD APPLICABLE TO FQHC SERVICES  
 FOR THE YEAR ENDED DECEMBER 31, 2007**

	<b>MEDICAL</b>	<b>DENTAL</b>	<b>TOTAL</b>
1 Total Direct FQHC Health Care Costs	12,971,588	715,164	13,686,752
	94.7748%	5.2252%	
2 Total Direct Costs	13,900,447	766,371	14,666,818
3 Percentage of Direct Cost Applicable to FQHC Health Services (Line 1 Divided by Line 2)	93.3178%	93.3183%	
4 Total Overhead Costs (Page 3, Column 11, Line 79)	9,529,603	525,397	10,055,000
5 Overhead Costs Applicable to FQHC Health Services Line 4 Multiplied by Line 3	8,892,814	490,291	9,383,105

**GREATER PHILADELPHIA HEALTH ACTION, INC.  
SCHEDULE OF REIMBURSEABLE RATES  
FOR THE YEAR ENDED DECEMBER 31 2007**

	<b>MEDICAL</b>	<b>DENTAL</b>	<b>TOTAL</b>
1 Total Direct FQHC Health Care Costs	\$12,971,588	715,164	\$13,686,752
Percentage of Distribution	94.7748%	5.2252%	100%
3 Overhead Costs Applicable To FQHC Services	8,892,814	490,291	9,383,105
4 Total Cost Applicable To FQHC Services (Line 1 + Line 3)	\$21,864,402	1,205,455	\$23,069,857
5 Total Provider Encounters	169,439	8,209	
6 Reimbursable Rates ( Line 4/ Line 5)	\$129.04	\$146.85	
Less: Interim Reimbursable Rates	\$130.34	\$148.20	
DECREASES IN RATES	\$1.30	\$1.35	

\* Actual decimal carried to seven places.