

**REPORT  
ON THE  
HOME OFFICE AUDIT**

**EVERGREEN HEALTHCARE MANAGEMENT, LLC  
VANCOUVER, WASHINGTON**

**FISCAL PERIOD ENDED  
DECEMBER 31, 2011**

**Audits Section—Sacramento  
Financial Audits Branch  
Audits and Investigations  
Department of Health Care Services**

**Section Chief: Robert G. Kwick  
Audit Supervisor: Gary Diffenderffer  
Auditor: Jennifer A. White**



TOBY DOUGLAS  
DIRECTOR

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



EDMUND G. BROWN JR.  
GOVERNOR

July 30, 2013

Terri L. Roche  
Reimbursement Manager  
Evergreen Healthcare Management, LLC  
4601 NE 77<sup>th</sup> Avenue, Suite 300  
Vancouver, WA 98662

EVERGREEN HEALTHCARE MANAGEMENT, LLC  
FISCAL PERIOD ENDED DECEMBER 31, 2011

We have examined the Medi-Cal Home Office Cost Report for the fiscal period ended December 31, 2011. 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 data presented in the Summary of Audited Home Office Costs to Health Care Facilities represents a proper determination of home office allowable costs for the above fiscal period in accordance with Medi-Cal reimbursement principles. The audited home office cost will be incorporated, by separate adjustment, into each applicable facility audit report.

This audit report includes the:

1. Summary of Audited Home Office Costs to Health Care Facilities and Supporting Schedules
2. Audit Adjustments Schedule

If you disagree with the decision of the Department, the results of the home office audit may only be appealed through each individual facility's audit report. Please refer to the appeal instructions in each facility's audit report.

Terri Roche  
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If you have questions regarding this report, you may call the Audits Section—  
Sacramento at (916) 650-6994.

**Original Signed By**

Robert G. Kwick, Chief  
Audits Section—Sacramento  
Financial Audits Branch

Certified

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## TRIAL BALANCE OF EXPENSES

HOME OFFICE NAME:  
EVERGREEN HEALTHCARE MANAGEMENT, LLC

FISCAL PERIOD ENDED:  
DECEMBER 31, 2011

LINE NO.	COST CENTER DESCRIPTION	REPORTED POOLED ALLOC. (SCH. B, COL 8)	ADJ. NO.	ADJUSTMENT AMOUNT(S)	AUDITED POOLED COSTS
<b>CAPITAL-RELATED COSTS - OLD</b>					
1.00	Old Cap. Related-Buildings & Fixtures	\$0		\$0	\$0
1.01		0		0	0
2.00	Old Cap. Related-Movable Equipment	0		0	0
2.01		0		0	0
3.00	SUBTOTAL (sum of lines 1 through 2.01)	\$0		\$0	\$0
<b>CAPITAL-RELATED COSTS - NEW</b>					
4.00	New Cap. Related-Buildings & Fixtures	\$204,599		\$0	\$204,599
4.01		0		0	0
5.00	New Cap. Related-Movable Equipment	975,112		0	975,112
5.01		0		0	0
6.00	SUBTOTAL (sum of lines 4 through 5.01)	\$1,179,711		\$0	\$1,179,711
<b>OTHER CAPITAL-RELATED COSTS</b>					
7.00	Insurance Premiums	\$0		\$0	\$0
8.00	Taxes and Licenses - Not INCM	0		0	0
9.00	Other	0		0	0
10.00	SUBTOTAL (sum of lines 7 through 9)	\$0		\$0	\$0
<b>NON CAPITAL-RELATED COSTS</b>					
11.00	Salaries of Officers	\$0		\$0	\$0
12.00	Salaries & Wages of Others	7,975,898		0	7,975,898
13.00	Payroll Taxes	101,269		0	101,269
14.00	Employee Benefits-Payroll Related	58,775		0	58,775
15.00	Employee Benefits-Nonpayroll Related	1,400,035	2,3,4	(42,554)	1,357,481
16.00	Profit Sharing/Pension Plans	0		0	0
17.00	Legal Fees	82,408		0	82,408
18.00	Auditing & Accounting Fees	28,121		0	28,121
19.00	Utilities	0		0	0
20.00	Communications	434,498		0	434,498
21.00	Travel & Entertainment	750,602	1	(27,586)	723,016
22.00	Transportation	1,787		0	1,787
23.00	Cleaning Office & Admin Supplies	139,149		0	139,149
24.00	Minor Equipment Expensed	29,349		0	29,349
25.00	Repairs & Maintenance	47,531		0	47,531
26.00	Dues & Subscriptions	55,172		0	55,172
27.00	Contributions	0		0	0
28.00	Insurance Premium-Non Capital Related	76,043		0	76,043
29.00	Taxes & Licenses - Non Capital Related	448,073		0	448,073
30.00	Interest Expense	35,732		0	35,732
31.00	Purchased Services	468,522		0	468,522
32.00	Education Training Lease Exp	116,387		0	116,387
33.00	Lease Acq & Amort Loan Fees	0		0	0
34.00	Marketing & Public Relations	11,585		0	11,585
35.00	Fines, Penalties, Late Fees	(11,246)		0	(11,246)
35.01	Regional Therapy Managers	0		0	0
35.02	Health Medx MIS	0		0	0
35.03	Dietary Consultant	0		0	0
35.04	Nursing Consultant	0		0	0
35.05		0		0	0
35.06		0		0	0
35.07		0		0	0
35.08		0		0	0
36.00	SUBTOTAL (sum of lines 11 through 35.08)	\$12,249,690		(\$70,140)	\$12,179,550
37.00	TOTAL ALLOWABLE EXPENSES	\$13,429,401		(\$70,140)	\$13,359,261
					(To Sch. 4)
38.00	NONREIMBURSABLE EXPENSES	\$0		\$0	\$0
	<b>TOTAL EXPENSES</b>	<b>\$13,429,401</b>		<b>(\$70,140)</b>	<b>\$13,359,261</b>

## TRIAL BALANCE OF EXPENSES

HOME OFFICE NAME:  
EVERGREEN HEALTHCARE MANAGEMENT, LLC

FISCAL PERIOD ENDED:  
DECEMBER 31, 2011

LINE NO.	COST CENTER DESCRIPTION	REPORTED DIRECT ALLOC. (SCH. B, COL 6)	ADJ. NO.	ADJUSTMENT AMOUNT(S)	AUDITED DIRECT COSTS
<b>CAPITAL-RELATED COSTS - OLD</b>					
1.00	Old Cap. Related-Buildings & Fixtures	\$0		\$0	\$0
1.01		0		0	0
2.00	Old Cap. Related-Movable Equipment	0		0	0
2.01		0		0	0
3.00	SUBTOTAL (sum of lines 1 through 2.01)	<u>\$0</u>		<u>\$0</u>	<u>\$0</u>
<b>CAPITAL-RELATED COSTS - NEW</b>					
4.00	New Cap. Related-Buildings & Fixtures	\$0		\$0	\$0
4.01		0		0	0
5.00	New Cap. Related-Movable Equipment	0		0	0
5.01		0		0	0
6.00	SUBTOTAL (sum of lines 4 through 5.01)	<u>\$0</u>		<u>\$0</u>	<u>\$0</u>
<b>OTHER CAPITAL-RELATED COSTS</b>					
7.00	Insurance Premiums	\$0		\$0	\$0
8.00	Taxes and Licenses - Not INCM	0		0	0
9.00	Other	0		0	0
10.00	SUBTOTAL (sum of lines 7 through 9)	<u>\$0</u>		<u>\$0</u>	<u>\$0</u>
<b>NON CAPITAL-RELATED COSTS</b>					
11.00	Salaries of Officers	\$0		\$0	\$0
12.00	Salaries & Wages of Others	0		0	0
13.00	Payroll Taxes	0		0	0
14.00	Employee Benefits-Payroll Related	0		0	0
15.00	Employee Benefits-Nonpayroll Related	0		0	0
16.00	Profit Sharing/Pension Plans	0		0	0
17.00	Legal Fees	0		0	0
18.00	Auditing & Accounting Fees	0		0	0
19.00	Utilities	0		0	0
20.00	Communications	0		0	0
21.00	Travel & Entertainment	0	1	27,586	27,586
22.00	Transportation	0		0	0
23.00	Cleaning Office & Admin Supplies	0		0	0
24.00	Minor Equipment Expensed	0		0	0
25.00	Repairs & Maintenance	0		0	0
26.00	Dues & Subscriptions	0		0	0
27.00	Contributions	0		0	0
28.00	Insurance Premium-Non Capital Related	0		0	0
29.00	Taxes & Licenses - Non Capital Related	0		0	0
30.00	Interest Expense	0		0	0
31.00	Purchased Services	0		0	0
32.00	Education Training Lease Exp	0		0	0
33.00	Lease Acq & Amort Loan Fees	0		0	0
34.00	Marketing & Public Relations	0		0	0
35.00	Fines, Penalties, Late Fees	0		0	0
35.01	Regional Therapy Managers	0		0	0
35.02	Health Medx MIS	0		0	0
35.03	Dietary Consultant	0		0	0
35.04	Nursing Consultant	0		0	0
35.05		0		0	0
35.06		0		0	0
35.07		0		0	0
35.08		0		0	0
36.00	SUBTOTAL (sum of lines 11 through 35.08)	<u>\$0</u>		<u>\$27,586</u>	<u>\$27,586</u>
37.00	TOTAL ALLOWABLE EXPENSES	<u>\$0</u>		<u>\$27,586</u>	<u>\$27,586</u>
(To Sch. 7, 7-1)					
38.00	NONREIMBURSABLE EXPENSES	<u>\$0</u>		<u>\$0</u>	<u>\$0</u>
<b>TOTAL EXPENSES</b>		<u>\$0</u>		<u>\$27,586</u>	<u>\$27,586</u>

## TRIAL BALANCE OF EXPENSES

HOME OFFICE NAME:  
EVERGREEN HEALTHCARE MANAGEMENT, LLC

FISCAL PERIOD ENDED:  
DECEMBER 31, 2011

LINE NO.	COST CENTER DESCRIPTION	REPORTED FUNCTIONAL COSTS (SCH. B, COL 7)	ADJ. NO.	ADJUSTMENT AMOUNT(S)	AUDITED FUNCTIONAL COSTS
<b>CAPITAL-RELATED COSTS - OLD</b>					
1.00	Old Cap. Related-Buildings & Fixtures	\$0		\$0	\$0
1.01		0		0	0
2.00	Old Cap. Related-Movable Equipment	0		0	0
2.01		0		0	0
3.00	SUBTOTAL (sum of lines 1 through 2.01)	<u>\$0</u>		<u>\$0</u>	<u>\$0</u>
<b>CAPITAL-RELATED COSTS - NEW</b>					
4.00	New Cap. Related-Buildings & Fixtures	\$0		\$0	\$0
4.01		0		0	0
5.00	New Cap. Related-Movable Equipment	0		0	0
5.01		0		0	0
6.00	SUBTOTAL (sum of lines 4 through 5.01)	<u>\$0</u>		<u>\$0</u>	<u>\$0</u>
<b>OTHER CAPITAL-RELATED COSTS</b>					
7.00	Insurance Premiums	\$0		\$0	\$0
8.00	Taxes and Licenses - Not INCM	0		0	0
9.00	Other	0		0	0
10.00	SUBTOTAL (sum of lines 7 through 9)	<u>\$0</u>		<u>\$0</u>	<u>\$0</u>
<b>NON CAPITAL-RELATED COSTS</b>					
11.00	Salaries of Officers	\$0		\$0	\$0
12.00	Salaries & Wages of Others	0		0	0
13.00	Payroll Taxes	0		0	0
14.00	Employee Benefits-Payroll Related	0		0	0
15.00	Employee Benefits-Nonpayroll Related	0		0	0
16.00	Profit Sharing/Pension Plans	0		0	0
17.00	Legal Fees	0		0	0
18.00	Auditing & Accounting Fees	0		0	0
19.00	Utilities	0		0	0
20.00	Communications	0		0	0
21.00	Travel & Entertainment	0		0	0
22.00	Transportation	0		0	0
23.00	Cleaning Office & Admin Supplies	0		0	0
24.00	Minor Equipment Expensed	0		0	0
25.00	Repairs & Maintenance	0		0	0
26.00	Dues & Subscriptions	0		0	0
27.00	Contributions	0		0	0
28.00	Insurance Premium-Non Capital Related	0		0	0
29.00	Taxes & Licenses - Non Capital Related	0		0	0
30.00	Interest Expense	0		0	0
31.00	Purchased Services	0		0	0
32.00	Education Training Lease Exp	0		0	0
33.00	Lease Acq & Amort Loan Fees	0		0	0
34.00	Marketing & Public Relations	0		0	0
35.00	Fines, Penalties, Late Fees	0		0	0
35.01	Regional Therapy Managers	521,328		0	521,328
35.02	Health Medx MIS	327,549		0	327,549
35.03	Dietary Consultant	43,078		0	43,078
35.04	Nursing Consultant	379,664		0	379,664
35.05		0		0	0
35.06		0		0	0
35.07		0		0	0
35.08		0		0	0
36.00	SUBTOTAL (sum of lines 11 through 35.08)	<u>\$1,271,619</u>		<u>\$0</u>	<u>\$1,271,619</u>
37.00	TOTAL ALLOWABLE EXPENSES	<u>\$1,271,619</u>		<u>\$0</u>	<u>\$1,271,619</u>
(To Sch. 6, 6-1)					
38.00	NONREIMBURSABLE EXPENSES	<u>\$0</u>		<u>\$0</u>	<u>\$0</u>
<b>TOTAL EXPENSES</b>		<u>\$1,271,619</u>		<u>\$0</u>	<u>\$1,271,619</u>



Provider Name							Fiscal Period			Provider NPI		Adjustments
EVERGREEN HEALTHCARE MANAGEMENT, LLC							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011			N/A		4
Report References												
Adj. No.	Audit Report	Cost Report					Explanation of Audit Adjustments	As Reportec	Increase (Decrease)	As Adjusted		
		Work Sheet	Part	Title	Line	Col.						
<b>RECLASSIFICATION OF REPORTED COSTS</b>												
1	7-1	Not Reportec			21.00	6	Travel and Entertainment - All Other Healthcare Facilitie	\$0	\$27,586	\$27,586		
	8	B			21.00	6	Travel and Entertainment	0	27,586	27,586		
	8	B			21.00	8	Travel and Entertainment	750,602	(27,586)	723,016		
							To directly assign travel expense to the using cost center 42 CFR 413.17 and 413.24 CMS Pub. 15-1, Sections 2150.3B, 2300, and 230.					

Provider Name							Fiscal Period			Provider NPI		Adjustments
EVERGREEN HEALTHCARE MANAGEMENT, LLC							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011			N/A		4
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>ADJUSTMENTS TO REPORTED POOLED COSTS</b>												
2	8	B			15.00	8	Employee Benefits - Non-Payroll		\$1,400,035			
							To eliminate self insured pooled costs in conjunction with adjustments 3 and 4. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2161, 2162.2, 2162.5, 2162.7, 2162.9, 2300, and 2304			(\$130,821)		
3							To eliminate health insurance expense for the self insurance plan reported in account 7-62-8707-0-1 in conjunction with adjustments 2 and 4. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2161, 2162.2, 2162.5, 2162.7, 2162.9, 2300, and 2304			(449,342)		
4							To include self insurance health paid claims and administrative fees to agree with provider's records in conjunction with adjustments 2 and 3 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304			<u>537,609</u> (\$42,554)	\$1,357,481	