

**REPORT  
ON THE  
RATE SETTING AUDIT**

**EVERGREEN RESIDENCE  
CORONA, CALIFORNIA  
NATIONAL PROVIDER IDENTIFIER: 1285847301**

**FISCAL PERIOD ENDED  
DECEMBER 31, 2011**

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

**Section Chief: Margaret A. Varho  
Audit Supervisor: Henry Igboke  
Auditor: Rita Lopez**



TOBY DOUGLAS  
DIRECTOR

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



EDMUND G. BROWN JR.  
GOVERNOR

Date: July 11, 2013

Audrey Turner  
Executive Director  
Peppermint Ridge  
825 Magnolia Avenue  
Corona, CA 92879

EVERGREEN RESIDENCE  
NATIONAL PROVIDER IDENTIFIER (NPI) 1285847301  
FISCAL PERIOD ENDED DECEMBER 31, 2011

We have examined the facility's financial records/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 data presented in the accompanying audit report schedules represent a proper determination of the allowable costs and patient days for the above fiscal period in accordance with Medi-Cal reimbursement principles. The results of our examination are as follows:

<u>COST AND COST PER DAY</u>		<u>COST</u>	<u>COST PER DAY</u>
Reported Cost/Cost Per Day	\$	722,498	\$ 166.02
Net Audit Adjustment		(3,689)	(0.81)
Audited Cost/Cost Per Day	\$	<u>718,809</u>	\$ <u>165.21</u>

This audit report includes the:

1. Audit Report Schedules 1 and 2
2. Audit Adjustments Schedule

Future Medi-Cal long-term care prospective rates may be affected by this examination. The extent to which the rates change will be determined by the Department's Medi-Cal Benefits, Waiver Analysis and Rates Division.

Audrey Turner  
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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—Santa Ana at (714) 558-4434.

**(Original signed by Margaret Varho)**

Margaret A. Varho, Chief  
Audits Section—Santa Ana  
Financial Audits Branch

Certified

**SUMMARY OF AUDITED FACILITY CENSUS  
AND AUDITED CLIENT COST PER DAY**

**Provider:**  
EVERGREEN RESIDENCE

**Fiscal Period:**  
JANUARY 1, 2011 THROUGH DECEMBER 31, 2011

**Provider NPI:**  
1285847301

**SUMMARY OF AUDITED FACILITY CENSUS  
AND AUDITED CLIENT COST PER DAY**

	<b>AS REPORTED</b>	<b>AS AUDITED</b>
1. Medi-Cal Client Days (Adj 18)	4,352	4,351
2. Medi-Cal Managed Care Days (Adj )	0	0
3. Other Client Days (Adj )	0	0
4. Total Client Days	<u>4,352</u>	<u>4,351</u>
5. Total Client Care Expenses (From Sch. 2)	\$ <u>722,498</u>	\$ <u>718,809</u>
6. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>166.02</u>	\$ <u>165.21</u>

**SHARE OF COST**

1. Share of Cost Audit Adjustment (Adj )	\$ <u>NA</u>	\$ <u>0</u>
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**OVERPAYMENTS**

1. Duplicate Payments (Adj )	\$ <u>0</u>	\$ <u>0</u>
2. Credit Balances (Adj )	\$ <u>0</u>	\$ <u>0</u>
3. Total Overpayments	\$ <u>0</u>	\$ <u>0</u>

## SUMMARY OF AUDITED FACILITY EXPENSES

Provider:  
EVERGREEN RESIDENCE

Fiscal Period:  
JANUARY 1, 2011 THROUGH DECEMBER 31, 2011

Provider NPI:  
1285847301

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED Col. 1	AUDIT ADJUSTMENT Col. 2	AS AUDITED Col. 3
	<b>EXPENSES: CLIENT SERVICES</b>				
	<b>Basic Facility Cost - Property Expenses</b>				
045	Depreciation and Amortization		\$ 5,196	\$	\$ 5,196
050	Leases and Rentals		0		0
055	Real Property Taxes		0		0
060	Personal Property Taxes		159		159
065	Mortgage Interest		0		0
070	Property Insurance	2	140	(140)	0
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 5,495	\$ (140)	\$ 5,355
	<b>Basic Facility Cost - General Home Expenses</b>				
080	Home Operations and Maintenance	3	\$ 3,509	\$ (190)	\$ 3,319
085	Utilities	4	6,633	(515)	6,118
090	Client Transportation (excluding Adult Day Services)	5	4,439	(41)	4,398
095	Dietary	6	20,883	(529)	20,354
100	Personal Care and Laundry	7, 8, 9	19,622	(3,629)	15,993
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 55,086	\$ (4,904)	\$ 50,182
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 60,581	\$ (5,044)	\$ 55,537
	<b>EXPENSES: DIRECT CARE STAFF COSTS</b>				
115	QMRP Salaries		\$ 29,781	\$	\$ 29,781
120	QMRP Fringe Benefits		7,016		7,016
125	Lead Salaries		34,932		34,932
130	Lead Fringe Benefits		7,350		7,350
135	Aides Salaries		213,705		213,705
140	Aides Fringe Benefits		53,669		53,669
145	Other Salaries		15,271		15,271
150	Other Fringe Benefits		3,463		3,463
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 365,187	\$ 0	\$ 365,187

## SUMMARY OF AUDITED FACILITY EXPENSES

Provider:  
EVERGREEN RESIDENCE

Fiscal Period:  
JANUARY 1, 2011 THROUGH DECEMBER 31, 2011

Provider NPI:  
1285847301

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED Col. 1	AUDIT ADJUSTMENT Col. 2	AS AUDITED Col. 3
	<b>EXPENSES: CONSULTANT COSTS</b>				
160	Dietician Consultant	10	\$ 1,200	\$ (60)	\$ 1,140
165	Speech Pathology Consultant		0		0
170	Physical Therapy Consultant		664		664
175	Occupational Therapy Consultant		1,001		1,001
180	Pharmacist Consultant	11, 16	1,680	(373)	1,307
185	Nurse Consultant		0		0
190	Psychologist Consultant		0		0
195	Physician Consultant		0		0
200	Recreational Consultant		195		195
205	Social Service Consultant		0		0
210	Other Consultant	12, 17	1,959	(238)	1,721
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 6,699	\$ (671)	\$ 6,028
	<b>EXPENSES: ADMINISTRATIVE COSTS</b>				
220	Administrative Salaries **		\$ 36,324		\$ 36,324
225	Administrative Fringe Benefits		7,497		7,497
226	Quality Assurance Fees (excluding Adult Day Services)		57,133		57,133
230	Other General and Administrative*** (Excluding Adult Day Services)	2, 13, 14, 15	189,077	2,026	191,103
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)	1	\$ 290,031	\$ 2,026	\$ 292,057
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 722,498	\$ (3,689)	\$ 718,809
	<b>NON-CLIENT CARE EXPENSES</b>		(To Sch. 1)		(To Sch. 1)
240	Non-Program Services		\$ 0	\$	\$ 0
241	Adult Day Services and Related Transportation		0		0
245	TOTAL FACILITY EXPENSES (Lines 110, 155, 215, 235, 240 and 241)	1	\$ 722,498	\$ (3,689)	\$ 718,809

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\*\* List only direct administrative salaries incurred at the facility level

\*\*\* List allocated administrative costs on Line 230

Provider Name							Fiscal Period	Provider NPI		Adjustments
EVERGREEN RESIDENCE							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1285847301		18
Report References							Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted
Cost Report			Audit Report							
Adj. No.	DHS 3076 Page or Exhibit	Line	Col.	Sch.	Line	Col				
<u>MEMORANDUM ADJUSTMENT</u>										
1	4.1	235	4	2	235	3	Total Administrative Cos	\$289,991	\$40	\$290,031
	4.1	245	4	2	245	3	Total Facility Expense:	722,460	38	722,498
To correct reported total amounts that did not foot. 42 CFR 413.20 and 413.24/ CMS Pub. 15-1, Sections 2300 and 2304										

Provider Name							Fiscal Period	Provider NPI		Adjustments
EVERGREEN RESIDENCE							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1285847301		18
Report References							Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted
Cost Report			Audit Report							
Adj. No.	DHS 3076 Page or Exhibit	Line	Col.	Sch.	Line	Col				
<b><u>RECLASSIFICATION OF REPORTED COSTS</u></b>										
2	4	070	4	2	070	3	Property Insurance	\$140	(\$140)	\$0
	4.1	230	4	2	230	3	Other General and Administrative To reclassify surety bond insurance expense to the appropriate cost center for proper cost determination. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300, 2302.4 and 2302.8	189,077	140	189,217 *

\*Balance carried forward from prior/to subsequent adjustments

Provider Name							Fiscal Period	Provider NPI		Adjustments
EVERGREEN RESIDENCE							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1285847301		18
Report References							Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted
Adj. No.	Cost Report			Audit Report						
	DHS 3076 Page or Exhibit	Line	Col.	Sch.	Line	Col.				
<b><u>ADJUSTMENTS TO REPORTED COSTS</u></b>										
3	4	080	4	2	080	3	Home Operations and Maintenance To eliminate home operations expense due to insufficient documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	\$3,509	(\$190)	\$3,319
4	4	085	4	2	085	3	Utilities To reconcile the reported electricity expense to agree with the provider's utilities allocation for monthly invoices. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	\$6,633	(\$515)	\$6,118
5	4	090	4	2	090	3	Client Transportation To eliminate transportation expense not related to audited facility. 42 CFR 413.9(c)(3) / CMS Pub. 15-1, Sections 2102.3 and 2105	\$4,439	(\$41)	\$4,398
6	4	095	4	2	095	3	Dietary To eliminate dietary expense due to insufficient documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	\$20,883	(\$529)	\$20,354
7	4	100	4	2	100	3	Personal Care and Laundry To eliminate Personal Care and Laundry expense due to insufficient documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	\$19,622	(\$2,062)	\$17,560 *
8	4	100	4	2	100	3	Personal Care and Laundry To adjust supplies expense not applicable to the audit period. 42 CFR 413.5 and 413.24 CMS Pub. 15-1, Sections 2300, 2302.1, 2304 and 2306	* \$17,560	(\$226)	\$17,334 *

\*Balance carried forward from prior/to subsequent adjustments

Provider Name							Fiscal Period	Provider NPI		Adjustments	
EVERGREEN RESIDENCE							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1285847301		18	
Report References							Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted	
Adj. No.	Cost Report			Audit Report							
	DHS 3076 Page or Exhibit	Line	Col.	Sch.	Line	Col.					
<b><u>ADJUSTMENTS TO REPORTED COSTS</u></b>											
9	4	100	4	2	100	3	Personal Care and Laundry To adjust expense not belonging to audited facility for proper cost determination. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300, 2302.4 and 2302.8	*	\$17,334	(\$1,341)	\$15,993
10	4.1	160	4	2	160	3	Dietician Consultant To adjust Dietician consultant expense to agree with invoices for proper cost determination. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300, 2302.4 and 2302.8		\$1,200	(\$60)	\$1,140
11	4.1	180	4	2	180	3	Pharmacist Consultant To eliminate Consultant expense not applicable to the audit period. 42 CFR 413.5 and 413.24 CMS Pub. 15-1, Sections 2300, 2302.1, 2304 and 2306		\$1,680	(\$273)	\$1,407 *
12	4.1	210	4	2	210	3	Other Consultant To eliminate Other Consultant expense not applicable to the audit period. 42 CFR 413.5 and 413.24 CMS Pub. 15-1, Sections 2300, 2302.1, 2304 and 2306		\$1,959	(\$110)	\$1,849 *
13	4.1	230	4	2	230	3	Other General and Administrative To eliminate gift cards expense not related to patient care. 42 CFR 413.9(c)(3) / CMS Pub. 15-1, Sections 2102.3 and 2105	*	\$189,217	(\$353)	\$188,864 *
14	4.1	230	4	2	230	3	Other General and Administrative To reconcile the reported expense to agree with the provider's profit and loss statement. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	*	\$188,864	(\$40)	188,824 *

\*Balance carried forward from prior/to subsequent adjustments

Provider Name							Fiscal Period	Provider NPI		Adjustments	
EVERGREEN RESIDENCE							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1285847301		18	
Report References							Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted	
Cost Report			Audit Report								
Adj. No.	DHS 3076 Page or Exhibit	Line	Col.	Sch.	Line	Col					
<b><u>ADJUSTMENTS TO REPORTED COSTS</u></b>											
15	4.1	230	4	2	230	3	Other General and Administrative To adjust home office costs to agree with the filed Peppermint Ridge Home Office Cost Report for fiscal period ended December 31, 2011. 42 CFR 413.17 and 413.24 CMS Pub. 15-1, Sections 2150.2 and 2304	*	\$188,824	\$2,279	\$191,103
16	4.1	180	4	2	180	3	Pharmacist Consultant To reconcile reported expense to agree with the provider's invoices. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300, 2302.4.	*	\$1,407	(\$100)	\$1,307
17	4.1	174	4	2	210	3	Other Consultant To adjust Behavior Management's and Facilitator consultant expense to agree with provider's billing forms for proper cost determination. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300, 2302.4 and 2302.8	*	\$1,849	(\$128)	\$1,721

\*Balance carried forward from prior/to subsequent adjustments

Provider Name							Fiscal Period	Provider NPI	Adjustments	
EVERGREEN RESIDENCE							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1285847301	18	
Report References							Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted
Cost Report			Audit Report							
Adj. No.	DHS 3076 Page or Exhibit	Line	Col.	Sch.	Line	Col				
<b><u>ADJUSTMENT TO REPORTED PATIENT DAYS</u></b>										
18	2	3	N/A	1	4	N/A	Total Client Days To adjust total patient days to agree with the provider's patient census reports. 42 CFR 413.20, 413.24 and 413.50 CMS Pub. 15-1, Sections 2205, 2300 and 2304	4,352	(1)	4,351