

**REPORT
ON THE
RATE SETTING AUDIT
EVERGREEN RESIDENCE
CORONA, CALIFORNIA
PROVIDER NUMBER: LTC60027F
FISCAL PERIOD ENDED
DECEMBER 31, 2008**

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

**Section Chief: Margaret A. Varho
Audit Supervisor: Stan Van Arsdale
Auditor: Janie Lee**



DAVID MAXWELL-JOLLY
Director

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



ARNOLD SCHWARZENEGGER
Governor

December 29, 2009

John Garrett, Executive Director
Peppermint Ridge
825 Magnolia Ave.
Corona, CA 92879

PROVIDER: EVERGREEN RESIDENCE
PROVIDER NO. LTC60027F
FISCAL PERIOD ENDED DECEMBER 31, 2008

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	\$	719,795	\$ 165.70
Net Audit Adjustment		<u>(6,379)</u>	<u>(1.47)</u>
Audited Cost/Cost Per Day	\$	<u>713,416</u>	\$ <u>164.23</u>

This audit report includes the:

1. Audit Report Schedules 1 through 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 Rate Development Branch.

John Garrett, Executive Director
Page 2

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
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 95899-7413

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 95814-5005
(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 Felipe Avila)

for

Margaret 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, 2008 THROUGH DECEMBER 31, 2008

Provider Number:
LTC60027F

Provider NPI:
1285847301

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

	AS REPORTED	AS AUDITED
1. Medi-Cal Client Days (Adj)	4,344	4,344
2. Other Client Days (Adj)		0
3. Total Client Days	<u>4,344</u>	<u>4,344</u>
4. Total Client Care Expenses (From Sch. 2)	\$ <u>719,795</u>	\$ <u>713,416</u>
5. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>165.70</u>	\$ <u>164.23</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> </u>	\$ <u>0</u>
2. Credit Balances (Adj)	\$ <u> </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, 2008 THROUGH DECEMBER 31, 2008

Provider Number:
LTC60027F

Provider NPI:
1285847301

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED	AUDIT ADJUSTMENT	AS AUDITED
	EXPENSES: CLIENT SERVICES				
	Basic Facility Cost - Property Expenses				
045	Depreciation and Amortization		\$ 6,330	\$	\$ 6,330
050	Leases and Rentals				0
055	Real Property Taxes				0
060	Personal Property Taxes		98		98
065	Mortgage Interest				0
070	Property Insurance		100		100
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 6,528	\$ 0	\$ 6,528
	Basic Facility Cost - General Home Expenses				
080	Home Operations and Maintenance	1, 2	\$ 4,694	\$ 5,698	\$ 10,392
085	Utilities		10,166		10,166
090	Client Transportation		5,947		5,947
095	Dietary		29,075		29,075
100	Personal Care and Laundry		14,671		14,671
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 64,553	\$ 5,698	\$ 70,251
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 71,081	\$ 5,698	\$ 76,779
	EXPENSES: DIRECT CARE STAFF COSTS				
115	QMRP Salaries		\$ 23,829	\$	\$ 23,829
120	QMRP Fringe Benefits		5,084		5,084
125	Lead Salaries		39,046		39,046
130	Lead Fringe Benefits		8,470		8,470
135	Aides Salaries		251,564		251,564
140	Aides Fringe Benefits		60,744		60,744
145	Other Salaries		20,696		20,696
150	Other Fringe Benefits		7,879		7,879
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 417,312	\$ 0	\$ 417,312

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
EVERGREEN RESIDENCE

Fiscal Period:
JANUARY 1, 2008 THROUGH DECEMBER 31, 2008

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Line No.	DESCRIPTION	ADJ NO.	AS REPORTED	AUDIT ADJUSTMENT	AS AUDITED
	EXPENSES: CONSULTANT COSTS				
160	Dietician Consultant	3	\$ 1,980	\$ (120)	\$ 1,860
165	Speech Pathology Consultant		225		225
170	Physical Therapy Consultant		518		518
175	Occupational Therapy Consultant	4	1,766	(214)	1,552
180	Pharmacist Consultant		1,375		1,375
185	Nurse Consultant				0
190	Psychologist Consultant				0
195	Physician Consultant				0
200	Recreational Consultant		1,610		1,610
205	Social Service Consultant				0
210	Other Consultant		2,714		2,714
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 10,188	\$ (334)	\$ 9,854
	EXPENSES: ADMINISTRATIVE COSTS				
220	Administrative Salaries	5	\$ 58,555	\$ (4,414)	\$ 54,141
225	Administrative Fringe Benefits		14,175		14,175
226	Quality Assurance Fees	6	35,636	(2,179)	33,457
230	Other General and Administrative	7	112,848	(5,150)	107,698
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 221,214	\$ (11,743)	\$ 209,471
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 719,795	\$ (6,379)	\$ 713,416
	NON-CLIENT CARE EXPENSES		(To Sch. 1)		(To Sch. 1)
240	Non-Program Services		\$	\$	\$ 0
245	TOTAL FACILITY EXPENSES (Lines 110, 155, 215, 235 and 240)		\$ 719,795	\$ (6,379)	\$ 713,416

Provider Name		Fiscal Period		Provider Number		Adjustments		
EVERGREEN RESIDENCE		JANUARY 1, 2008 THROUGH DECEMBER 31, 2008		LTC60027F		7		
Report References		AUDIT REPORT						
COST REPORT								
Adj. No.	MC530 Page or Exhibit	Line	Col.	Sch	Line	As Reported	Increase (Decrease)	As Adjusted
1A	4.1 of 6	245	4	2	245.00	\$725,656	(\$5,861)	\$719,795
		Total Expenses						
		The provider's Reported Total Expense, line 245, does not foot.						
		A memorandum adjustment has been made to correct the total amount.						
		42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2304						
		<u>MEMORANDUM ADJUSTMENT</u>						

Provider Name		Fiscal Period		Provider Number		Adjustments				
EVERGREEN RESIDENCE		JANUARY 1, 2008 THROUGH DECEMBER 31, 2008		LTC60027F		7				
Adj. No.	MC530 Page or Exhibit	Report References		Line	Sch	Col.	Line	As Reported	Increase (Decrease)	As Adjusted
		COST REPORT	AUDIT REPORT							
1	4 of 6	80	4	2	80.00	Home Operations and Maintenance To reconcile the reported expenses to agree with the provider's expense grouping schedule. 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2304		\$4,694	\$5,859	\$10,553 *
2	4 of 6	80	4	2	80.00	Home Operations and Maintenance To eliminate duplicate housekeeping supplies expense based on provider's accounts payable records. 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2304		\$10,553	(\$161)	\$10,392
3	4.1 of 6	160	4	2	160.00	Dietician Consultant To adjust dietitian consultant expense to agree with the service invoices. 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2304		\$1,980	(\$120)	\$1,860
4	4.1 of 6	175	4	2	175.00	Occupational Therapy Consultant To adjust occupational therapy consultant expense to agree with provider's May 2008 invoice. 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2304		\$1,766	(\$214)	\$1,552
5	4.1 of 6	220	4	2	220.00	Administrative Salaries To adjust indirect care salaries to reflect correct calculation of pooled payroll expense. 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2304		\$58,555	(\$4,414)	\$54,141
6	4.1 of 6	226	4	2	226.00	Quality Assurance Fee To adjust quality assurance fees to agree with provider's quarterly payment records. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300, 2302.4 and 2304		\$35,636	(\$2,179)	\$33,457

*Balance carried forward from prior/to subsequent adjustments

Provider Name		Fiscal Period		Provider Number		Adjustments	
EVERGREEN RESIDENCE		JANUARY 1, 2008 THROUGH DECEMBER 31, 2008		LTC60027F		7	
Report References		AUDIT REPORT					
COST REPORT		AUDIT REPORT					
MC530 Page or Exhibit	Line	Col.	Sch	Line	As Reported	Increase (Decrease)	As Adjusted
7	4.1 of 6	230	4	2	230.00	\$112,848	(\$5,150) \$107,698
<p>Other General and Administrative</p> <p>To reflect the proper accrual of facility licensing fee applicable to the audit period.</p> <p>42 CFR 413.20 and 413.24</p> <p>CMS Pub. 15-1, Sections 2300, 2302.1 and 2304</p>							
ADJUSTMENTS TO REPORTED COSTS							