



Dave Yost • Auditor of State

**COLUMBUS CENTER FOR HUMAN SERVICES, INC. DBA PARK WEST COURT APARTMENTS
FRANKLIN COUNTY**

TABLE OF CONTENTS

Title	Page
Independent Accountants' Report.....	1
Recommendation: Salvage Value and Recognition of Depreciation Expense	5
Appendix A: Medicaid ICF Cost Report Adjustments – 2013	9
Appendix B: Officials' Response	11
Appendix C: Auditor of State's Conclusion	15

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Dave Yost • Auditor of State

Independent Accountants' Report on Applying Agreed-Upon Procedures

Mr. John Maynard, Program Integrity Director
Ohio Department of Medicaid
50 West Town Street, Suite 400
Columbus, Ohio 43215

Dear Mr. Maynard:

As required by Ohio Rev. Code § 5124.108 and Ohio Admin. Code § 5123:2-7-12 the Auditor of State's Office (AOS) performed the procedures enumerated below to which the Ohio Department of Medicaid (ODM) also agreed. These procedures are designed to assist you in evaluating whether Columbus Center for Human Services, Inc dba Park West Court Apartments (hereafter referred to as the Provider) prepared its JFS 02524 ICF-MR Medicaid Cost Report for the period January 1, 2013 through December 31, 2013 in accordance with the Ohio Admin. Code § 5123:2-7 and to assist you in evaluating whether reported transactions complied with CMS Publication 15-1 (Provider Reimbursement Manual) and other compliance requirements described in the procedures below. Note that all rules and code sections relied upon in this report were those in effect during the Cost Report period and may be different from those currently in effect. The Provider's management is responsible for preparing these reports. This agreed-upon procedures engagement was conducted in accordance with the American Institute of Certified Public Accountants' attestation standards. The sufficiency of these procedures is solely the responsibility of ODM. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Occupancy and Usage

1. ODM requested that we report variances if the Provider's patient days were greater than those reported on *Schedule A-1, Summary of Inpatient Days*.

We compared the Provider's patient days on the monthly census summary report for the number of patient days for Medicaid and non-Medicaid patients to those reported on *Schedule A-1*. We also footed the reports for accuracy.

We found no variances where patient days were greater than reported.

2. ODM requested that we report variances to *Schedule A-1, Summary of Inpatient Days* if total patient days for at least five individuals or ten percent of individuals were greater than those reported for one month. For the selected individuals we also determined if the Provider included any waiver respite days as Medicaid or Medicare days and if bed hold days in excess of 30 in a calendar year received the proper authorization on form JFS 09402 in accordance with Ohio Admin. Code § 5123:2-7-08.

We haphazardly selected seven residents' medical records and compared the total days the resident was in the Provider's care for December 2013 with the total inpatient days reported on the daily census reports and *Schedule A-1*.

We found no variances where inpatient days were greater than days reported for the month and no misclassified waiver respite days or unauthorized bed hold days.

Occupancy and Usage (Continued)

3. ODM requested that we report variances if the Provider had reimbursed Medicaid days in excess of total Medicaid days reported on *Schedule A-1, Summary of Inpatient Days*.

We compared the number of reimbursed Medicaid days per the Medicaid Information Technology System (MITS) with the total Medicaid days reported on *Schedule A-1*.

We found that total Medicaid days reported exceeded Medicaid reimbursed days per MITS.

Medicaid Paid Claims

1. ODM requested that we select paid claims for five residents in one month and report any variances if the claims did not meet the applicable documentation requirements.

We selected all paid claims for five residents for December 2013 from MITS and compared the reimbursed Medicaid days to the days documented per the resident's medical records. We determined if the Provider's documentation met the general requirements of CMS Publication 15-1, Chapter 23, Ohio Admin. Code § 5123:2-7-12 and if the days billed met the specific requirements of Ohio Admin. Code § 5123:2-7-08 (C) to (I) as an occupied or bed hold day and Ohio Admin. Code § 5123:2-7-15 for the payment adjustment requirements for resident's admission, discharge or death.

We found no instances of non-compliance.

Revenue

1. ODM requested that we compare all revenues on the Provider's Revenue Ledger with those revenues reported on *Attachment 1, Revenue Trial Balance* and report any variances exceeding \$500.

We compared all revenues on the Provider's Historical Detailed Trial Balance By Period For 2013 report with those revenues reported on *Attachment 1* to determine if all revenues were reported in accordance with the Appendix to Ohio Admin. Code § 5123:2-7-16 and CMS Publication 15-1.

We found no differences.

2. ODM requested we scan the Provider's Revenue Ledger to identify any revenue offsets/applicable credits which the Provider did not record on *Attachment 2, Adjustments to Trial Balance* or were not offset against expenses on *Schedule B-1, Other Protected Costs; Schedule B-2, Direct Care Cost Center; or Schedule C, Indirect Care Cost Center*. ODM also asked us to report any reclassifications between schedules and adjustments exceeding \$500 resulting in decreased costs on any schedule.

We scanned the Provider's Historical Detailed Trial Balance By Period For 2013 for revenues which roll up to *Attachment 1* and expenses on *Schedule B-1, Schedule B-2, and Schedule C* to identify any revenue offsets or applicable credits which were not reported on *Attachment 2* or *Schedule B-1, Schedule B-2, or Schedule C* to offset corresponding expenses in accordance with CMS Publication 15-1, Chapters 1, 6, and 8.

Revenue (Continued)

We noted the Provider reported worker's compensation rebates exceeding \$500 on *Attachment 1*. However, in accordance with CMS Publication 15-1, §§ 804, 805 and 2302.5 and the Code of Federal Regulations, Title 42 C.F.R. § 413.98 (3)(c) we are additionally reporting these amounts as applicable credits/revenue offsets in Appendix A.

Non-Payroll Expenses

1. ODM requested that we compare the Provider's non-payroll expenses to the amounts reported on *Schedule B-1, Other Protected Costs; Schedule B-2, Direct Care Cost Center; and Schedule C, Indirect Cost Care Center* to the Provider's Historical Detailed Trial Balance by Period For 2013 and 12/31/2013 Medicaid Cost Report Trial Balance reports. ODM asked us to report any variances exceeding five percent and resulting in decreased costs on any schedule.

We compared all non-payroll expenses reported on *Schedule B-1, Schedule B-2, and Schedule C* to the Provider's Historical Detailed Trial Balance by Period for 2013 and 12/31/2013 Medicaid Cost Report Trial Balance reports.

We found no differences.

2. ODM requested that we select 20 non-payroll disbursements on *Schedule B-1, Other Protected Costs; Schedule B-2, Direct Care Cost Center; Schedule C, Indirect Cost Center; and Exhibit 3, Home Office Trial Balance* and determine if these expenses had supporting documentation, were properly allocated and classified and were allowable expenses per Ohio Admin. Code § 5123:2-7 and CMS Publication 15-1. ODM asked us to report any reclassifications between schedules and adjustments exceeding \$500 resulting in decreased costs on any schedule.

We selected 20 non-payroll expenses from *Schedule B-1, Schedule B-2, Schedule C* and *Exhibit 3* and determined if these expenses had supporting documentation, were properly allocated and classified and were allowable expenses per Ohio Admin. Code § 5123:2-7 and CMS Publication 15-1.

We found no differences exceeding \$500 which resulted in decreased costs on any schedule.

3. ODM requested that we review the allocation methodology used in the Provider's Home Office Allocation schedule allocating costs on *Schedule B-1, Other Protected Costs; Schedule B-2, Direct Care Cost Center; and Schedule C, Indirect Cost Care Center* and determine if it was reasonable, allowable, related to residential care, and properly classified in accordance with Ohio Admin. Code § 5123:2-7 and CMS Publication 15-1, Section 2150. ODM asked that we report any reclassifications between schedules and adjustments resulting in decreased Home Office costs exceeding five percent of Home Office costs reported on any schedule.

We reviewed the Provider's CCHS Corporate Expense Allocation for 2013 report for allocating Home Office costs between unlike facilities and we could not determine the reasonableness of the allocated costs in accordance with Ohio Admin. Code § 5123:2-7 and CMS Publication 15-1, Section 2150. Therefore, we obtained the Provider's Divisional Revenues over Expenses report to calculate Home Office costs using a total cost methodology and found this did not result in decreased costs on *Schedule B-1, B-2* or *C*. However, we noted decreased costs exceeding five percent on *Schedule D, Capital Cost Center*.

We reported these differences in Appendix A.

Non-Payroll Expenses (Continued)

4. ODM requested that we scan the Provider's non-payroll expenses reported on *Schedule B-1, Other Protected Costs; Schedule B-2, Direct Care Cost Center; and Schedule C, Indirect Cost Center* for non-federal reimbursable costs or costs not properly classified. ODM asked us to report any reclassifications between schedules and adjustments exceeding \$500 resulting in decreased costs on any schedule or contractor costs over \$10,000 that should have been reported on *Schedule C-3, Costs of Services from Related Parties*.

We scanned the Provider's Historical Detailed Trial Balance by Period For 2013 report for non-payroll expenses exceeding \$500 reported on *Schedule B-1, Schedule B-2, and Schedule C* for non-federal reimbursable costs or costs not classified in accordance with Ohio Admin. Code § 5123:2-7 and CMS Publication 15-1. We also scanned for any contractors which would require reporting on *Schedule C-3*.

We found no differences exceeding \$500 or additional contractors which required reporting on *Schedule C-3*.

5. ODM requested that we compare the 2013 non-payroll costs reported on *Schedule B-1, Other Protected Costs; Schedule B-2, Direct Care Cost Center; and Schedule C, Indirect Cost Care Center* by chart of account code to non-payroll costs reported by chart of account code in 2012 and obtain the Provider's explanation for non-payroll variances that increased by more than five percent and \$500 from the prior year's schedules and report adjustments exceeding \$500 and five percent of non-payroll costs on any schedule.

We compared the 2013 non-payroll costs reported on *Schedule B-1, Schedule B-2, and Schedule C* by chart of account code to non-payroll costs reported by chart of account code in 2012 and obtained the Provider's explanation for five non-payroll variances.

The Provider stated that the increase in Real Estate Taxes cost on *Schedule B-1* was due to property taxes being charged to Park West. The Provider also stated that the increase in Physical Therapist costs on *Schedule B-2* was due to the requirement of having a Physical Therapist review all Physical Therapist Assistant's work and conducting assessments for individuals and the increase in Staff Development - Direct Care costs on *Schedule B-2* was due to increased training for staff and increased medical needs. Lastly, the Provider stated that the increase in Housekeeping costs on *Schedule C* was due to increased costs as there was a need for a full-time housekeeper and the increase in Payroll Taxes - Indirect Care costs on *Schedule C* was due to increased indirect needs.

We reported no differences.

Property

1. ODM requested that we compare the Provider's procedures regarding capitalization of fixed assets used for preparing *Schedule D, Capital Cost Center; Schedule D-1, Analysis of Property, Plant and Equipment; and Schedule D-2, Capital Additions/Deletions* with Ohio Admin. Code § 5123:2-7 and CMS Publication 15-1 and report any variances.

We compared the Provider's procedures regarding capitalization of fixed assets used for preparing *Schedule D, Schedule D-1, and Schedule D-2* with Ohio Admin. Code § 5123:2-7 and CMS Publication 15-1.

Property (Continued)

We found inconsistencies as the Provider did not determine a salvage value when calculating depreciation as required by CMS Publication 15-1, 104.19, which states "Virtually all assets have a salvage value substantial enough to be included in calculating depreciation, and only in rare instance is salvage value so negligible that it may be ignored."

We also noted the Provider took depreciation in the month that the asset was placed into service, and not the month after the asset was placed into service. This is inconsistent with Ohio Admin. Code § 5123:2-7-18(E)(1) which states "In the month that a capital asset is placed into service, no depreciation expense is recognized as an allowable expense. A full month's depreciation expense is recognized in the month following the month the asset is placed into service."

Recommendation:

We recommend the Provider calculate a salvage value equal to 10 percent of historical cost when determining the initial net book value to be depreciated for each new capital asset purchase and the Provider begin depreciating assets after the month of acquisition.

2. ODM requested that we compare capital assets and corresponding depreciation listed on *Schedule D, Capital Cost Center, Schedule D-1, Analysis of Property, Plant and Equipment, and Schedule D-2, Capital Additions/Deletions* to the Provider's Asset Depreciation Report and Monthly Abbreviated Depreciation Report, and report any reclassifications and adjustments exceeding \$500 resulting in decreased costs on any schedule.

We compared capital assets and corresponding depreciation listed on *Schedule D, Schedule D-1, and Schedule D-2* to the Provider's Depreciation Expense, Detailed Trial Balance, Journal Inquiry and CCHS Corporate Expense Allocation reports.

We found no differences.

3. ODM requested that we select a total of three additions, renovations, and/or deletions reported on *Schedule D-1, Analysis of Property, Plant and Equipment* and *Schedule D-2, Capital Additions/Deletions* and determine if the cost basis, useful life and depreciation expense were in accordance with Ohio Admin. Code § 5123:2-7 and report differences resulting in any reclassifications and adjustments exceeding \$500 which result in decreased costs on any schedule.

We selected three additions and renovations reported on *Schedule D-1 and Schedule D-2* and determined if the cost basis, useful life and depreciation expense were reported in accordance with Ohio Admin. Code § 5123:2-7. We also determined if assets were used in residential care or should be reclassified as the Costs of Ownership in accordance with Ohio Admin Code § 5123:2-7 and CMS Publication 15-1.

We found no differences exceeding \$500 on any schedule.

4. ODM requested that we review the rent and lease agreements to determine if any related party lease costs were recorded in accordance CMS Publication 15-1, Section 1011.5, and Ohio Admin. Code § 5123:2-7-24(D) and that non-related leases meet the requirements of FASB 13 and Ohio Admin. Code § 5123:2-7-24(B) and related FASB guidance on leasehold improvements, if costs were recorded in *Schedule D, Analysis of Property, Plant and Equipment* in Lease and Rent Accounts 8060 or 8065. ODM asked that we report any reclassifications and adjustments exceeding \$500 which result in decreased costs on any schedule.

Property (Continued)

We reviewed rent and lease agreements and found no differences.

5. ODM requested that we compare the renovation and financing costs in the Non-extensive Renovation Letter to *Schedule D-1, Analysis of Property, Plant and Equipment*, if costs were recorded in *Schedule E, Balance Sheet, Account 1300, Renovations*, and report reclassifications and adjustments exceeding \$500 which result in decreased costs on any schedule.

We compared the renovation and financing costs in the non-extensive Renovation Letter to *Schedule D-1* and found that 436,702 of the \$934,339 in renovation costs reported on *Schedule E* were approved as non-extensive renovations. Therefore, as reported in Appendix A, we removed the remainder of renovation costs reported on *Schedule D* and *Schedule D-1* and reclassified corresponding depreciation and interest expense as costs of ownership on *Schedule D*.

6. ODM requested that we review the Depreciation Expense report to ensure transportation expenses were reasonable, allowable and related to patient care as defined in CMS Publication 15-1. ODM also requested we review the W-2s to determine if any corporate officers and owners who exclusively used vehicles reported additional compensation or were adjusted from allowable expenses pursuant to CMS Publication 15-1, Chapter 9, if transportation costs are recorded in *Schedule D-1, Analysis of Property, Plant and Equipment*. ODM asked us to report any reclassifications and adjustments exceeding \$500 which result in decreased costs on any schedule.

We reviewed the vehicle mileage logs to ensure transportation expenses were reasonable, allowable and related to patient care as defined in CMS Publication 15-1. We also reviewed the Historical Detail Trial Balance by Period for 2013 report and found no expenditures related to any corporate officers or owners who exclusively used vehicles reported additional compensation or were adjusted from allowable expenses pursuant to CMS Publication 15-1, Chapter 9.

We found no differences.

Payroll

1. ODM requested that we compare the Provider's payroll expenses to the amounts reported on *Schedule B-1, Other Protected Costs; Schedule B-2, Direct Care Cost Center; Schedule C, Indirect Cost Care Center; Schedule C-1, Administrator's Compensation; and Schedule C-2, Owner's Relatives Compensation*. ODM asked us to report any variances exceeding \$500 resulting in decreased costs on any schedule.

We compared all salary, fringe benefits and payroll tax entries and hours worked reported on *Schedule B-1, Schedule B-2, Schedule C, Schedule C-1 and Schedule C-2* to the Provider's Historical Detailed Trial Balance by Period For 2013 and Employee Pay History and Year End Employee Wage Reports.

We found no differences exceeding \$500 resulting in decreased costs on any schedule.

Payroll (Continued)

2. ODM requested that we select a sample of five employees reported on *Schedule B-1, Other Protected Costs; Schedule B-2, Direct Care Cost Center; Schedule C, Indirect Cost Center; and Exhibit 3, Home Office Trial Balance* and determine if any salaries and fringe benefit expenses exceeding \$500 were not properly allocated and classified or were unallowable per Ohio Admin. Code § 5123:2-7 and CMS Publication 15-1. ODM asked us to report any reclassifications between schedules and adjustments exceeding \$500 resulting in decreased costs on any schedule.

We selected five employees (including all Administrators and Owners) and compared the Provider's employee's personnel file, job descriptions and Historical Detailed Trial Balance by Period For 2013 report to the schedule in which each employee's salary and fringe benefit expenses were reported and determined if the payroll costs were allowable under CMS Publication 15-1, were properly classified, allocated and allowable in accordance with Ohio Admin. Code § 5123:2-7 and CMS Publication 15-1, Chapter 9 and Section 2150.

We found no differences exceeding \$500 resulting in decreased costs on any schedule.

3. ODM requested that we compare the 2013 payroll costs reported on *Schedule B-1, Other Protected Costs; Schedule B-2, Direct Care Cost Center; Schedule C, Indirect Cost Care Center; Schedule C-1, Administrator's Compensation; and Schedule C-2, Owner's Relatives Compensation* by chart of account code to payroll costs reported by chart of account code in 2012 and obtain the Provider's explanation for five payroll variances that increased by more than five percent from the prior year's schedules. ODM asked us to report adjustments exceeding \$500 and five percent of payroll costs on any schedule.

We compared the 2013 payroll costs reported on *Schedule B-1, Schedule B-2, Schedule C, Schedule C-1, and Schedule C-2* by chart of account code to payroll costs reported by chart of account code in 2012 and found five payroll variances that increased by more than \$500 and five percent from the prior year's schedules.

The Provider stated that the increase in Quality Assurance payroll costs on *Schedule B-2* was due to the addition a full-time Quality Assurance position after the retirement of the Assistant Director and the increase in Occupational Therapy Assistant payroll costs on *Schedule B-2* was due to the addition of a full-time Occupational Therapist position due to the needs of the individuals. The Provider also stated that the increase in Speech Therapist payroll costs on *Schedule B-2* was due to the Speech Therapist becoming an employee of Park West rather than a contracted employee and the increase in Housekeeping payroll costs on *Schedule C* was due to the creation of a part-time position implemented at Park West. Lastly, the Provider stated that the increase in Plant Operations and Maintenance payroll costs on *Schedule C* was due to Park West's specific maintenance department having increased needs.

We reported no adjustments.

The Provider submitted an official response to the results of these agreed upon procedures which is presented in Appendix B. The response refers to a memo from the Ohio Department of Developmental Disabilities which can be obtained from the Provider at the contact information included in the response. We did not examine the Provider's response and, accordingly, we express no opinion on it. Our conclusion is presented in Appendix C.

Columbus Center for Human Services, Inc. DBA Park West Court Apartments
Independent Accountants' Report on
Applying Agreed-Upon Procedures

We were not engaged to and did not conduct an audit, the objective of which would be the expression of an opinion on the Provider's Cost Report. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of the managements of the Provider, the Ohio Department of Medicaid, and the Centers for Medicare and Medicaid Services and is not intended to be, and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

January 20, 2016

Appendix A

**Columbus Center for Human Services, Inc. DBA Park West Court Apartments
2013 Income and Expenditure Adjustments**

	Reported Amount	Correction	Corrected Amount	Explanation of Correction
Schedule B-1 Summary of Inpatient Days				
12. December - Hospital Leave Days (3)	57	(1)	56	To correct unauthorized bed hold days
Schedule D Capital Cost Center				
1. Depreciation - Building - 8010 - Total (3)	\$ 62,580	\$ 8,437	\$ 71,017	To reclassify renovation depreciation with no prior approval
8. Interest Exp. - Prop., Plant and Equip. - 8070 - Total (3)	\$ 14,690	\$ 8,401	\$ 23,091	To reclassify renovation interest with no prior approval
10. Home Office Costs/Capital Cost - 8090 - Total (3)	\$ 188,326	\$ (38,352)	\$ 149,974	To correct allocation of Home Office costs
12. Depreciation/Amoritization and Interest - 8500,8570,8580 - Total (3)	\$ 51,470	\$ (16,838)	\$ 34,632	To remove renovation depreciation and interest with no prior approval
Schedule D-1 Analysis of Property, Plant and Equipment				
2. Buildings - Cost at Beginning of Period (2)	\$ 2,577,388	\$ 497,637	\$ 3,075,025	To reclassify renovation costs with no prior approval
2. Buildings - Accumulated Depreciation End of Period (5)	\$ 1,965,361	\$ 485,531	\$ 2,450,892	To reclassify renovation costs with no prior approval
2. Buildings - Depreciation this Period (7)	\$ 62,580	\$ 8,437	\$ 71,017	To reclassify renovation depreciation with no prior approval
7. Financing Costs - Depreciation this Period (7)	\$ 6,753	\$ 8,401	\$ 15,154	To reclassify renovation interest with no prior approval
9. Depreciation/Amoritization and Interest - Cost at Beginning of Period (1)	\$ 934,339	\$ (497,637)	\$ 436,702	To reclassify renovation costs with no prior approval
9. Depreciation/Amoritization and Interest - Accumulated Depreciation End of Period (4)	\$ 832,795	\$ (485,531)	\$ 347,264	To reclassify renovation costs with no prior approval
9. Depreciation/Amoritization and Interest - Depreciation/Amoritization this Period (6)	\$ 35,696	\$ (8,437)	\$ 27,259	To reclassify renovation depreciation with no prior approval
9. Depreciation/Amoritization and Interest - Interest this Period (7)	\$ 15,774	\$ (8,401)	\$ 7,373	To reclassify renovation interest with no prior approval
Attachment 2 Adjustment to Trial Balance				
3. Workers Compensation Refund (1) Revenue Chart of Account #		5400	5400	To record revenue offset
3. Workers Compensation Refund (3) Other Increase (Decrease)	\$ -	\$ 50,642	\$ 50,642	To record revenue offset
3. Workers Compensation Refund (5) Expense Chart of Account #		6520	6520	To record revenue offset
3. Workers Compensation Refund (6) Revenue Reference Attachment 1 Line		59	59	To record revenue offset
4. Workers Compensation Refund (1) Revenue Chart of Account #		5400	5400	To record revenue offset
4. Workers Compensation Refund (3) Other Increase (Decrease)	\$ -	\$ 1,192	\$ 1,192	To record revenue offset
4. Workers Compensation Refund (5) Expense Chart of Account #		7510	7510	To record revenue offset
4. Workers Compensation Refund (6) Revenue Reference Attachment 1 Line		59	59	To record revenue offset

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Appendix B

The letter that follows is the Provider's official response to the agreed upon procedures.

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Mr. John Maynard, Program Integrity Director
Ohio Department of Medicaid
50 W. Town St., Suite 400
Columbus, Ohio, 43215

Dave Yost, Auditor of State
88 E. Broad St., Ninth Floor
Columbus Ohio, 43215-3506

February 2, 2016

To Whom It May Concern:

The purpose of this letter is to provide official response to the Independent Accountants' Report on Applying Agreed-Upon Procedures conducted by the Auditor of the State of Ohio-Dave Yost's office for Columbus Center for Human Services, Inc. (fka CCHS, Inc.) for the Medicaid Cost Report period January 1, 2013-December 31, 2013.

The first area to further address is the Worker's Compensation rebate for 2013. CCHS received official memorandums and notices from Ohio Department of Developmental Disabilities outlining how the "A Billion Dollar Back" Worker's Compensation rebate should be handled for that particular cost report year. The memo clearly stated, "For calendar year 2013 cost reporting purposes, any reimbursement received should be included in Attachment 1 "Revenue Trial Balance" in account 5400, Other Services. The amount will need to be detailed in the section below and should be titled "BWC Payout". Since the amount will reported in account 5400, it should not be reported in any other account or cost center." Additionally, DODD issued a follow-up memorandum further confirming this. Please refer to attachment A and B. CCHS, Inc. reported the BWC Payout strictly according to the guidelines issued by the Ohio Department of Developmental Disabilities, therefore, is asking that this be noted and no further actions taken regarding the BWC suggested adjustments in the above listed report.

Furthermore, the Report indicates adjustments related to renovations/depreciation costs based on not prior approval. According to 5123:2-7-16 Page 43 of 50:

Renovations Cost Center

Renovation and extensive renovation mean any betterment, improvement, or restoration of intermediate care facility started before July 1, 1993, that meets the definition of a renovation or extensive renovation established in rules adopted by the Ohio department of job and family services in effect on December 22, 1992. In the case of betterments, improvements, and restorations of intermediate care facilities started on or after July 1, 1993:

(A) Renovation means the betterment, improvement, or restoration of an intermediate care facility for the mentally retarded beyond its current functional capacity through a structural change that costs at

least five hundred dollars per bed. A renovation may include betterment, improvement, restoration, or replacement of assets that are affixed to the building and have a useful life of at least five years. A renovation may include costs that otherwise would be considered maintenance and repair expenses if they are an integral part of the structural change that makes up the renovation project. Renovation does not mean construction of additional space for beds that will be added to a facility's licensed or certified capacity beyond its current functional capacity through a structural change.

(B) Extensive renovation means a renovation that costs more than sixty-five per cent and no more than eighty-five per cent of the cost of constructing a new bed and that extends the useful life of the assets for at least ten years.

The assets still being depreciated as of 2013 were as follows:

Utility Building(att. main bldg.)	1989	\$83,350	25 year life
Roof Replacement	1990	\$65,032	25 year life
Roof Replacement	1991	\$62,552	25 year life

CCHS, Inc. believes that these all fit the definition of renovations outlined in red above as all occurred prior to 1993.

CCHS, Inc. could not locate the letters due to them being archived in paper storage. CCHS further contacted DODD to obtain approval letters who responded in writing that, "DODD only began approving those a few years ago when we took over administration of the ICF program. Prior to that, approvals were done by ODM. As far as I am aware, they have information back to the late 90s but apparently not back as far as these go." CCHS also contacted ODM who stated that they do not have letters dating back to the years 1989-1991. These entries have been consistent for all years and no previous desk review or audit has indicated any issue related to these renovation and depreciation categories. CCHS, Inc. requests further evaluation of this determination.

Additionally, CCHS, Inc. respectfully requests review of the recommendation for adjustments related to home office allocation based on the additional records for home office allocation which were provided to reviewers.

Thank you for your consideration in this matter. If you need any further information, please feel free to contact me at 614-641-2901 or via email at bsharp@cchsohio.org.

Sincerely,



Rebecca Sharp
Executive Director

(Sent via email to Amanda Grubb and additional copy via regular mail on 2/2/16)
cc: CCHS Board of Directors

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Appendix C

Auditor of State's Conclusion:

Revenue:

CMS Publication 15-1, §§ 804, 805 and 2302.5 cited in the report require refunds and rebates to be a reduction of specific costs rather than reported as income. The Code of Federal Regulations, Title 42 C.F.R. § 413.98 (3)(c) states in pertinent part, "All discounts, allowances, and refunds of expenses are reductions in the cost of goods or services purchased and are not income...However, if they are received in a later accounting period, they will reduce the comparable purchases or expenses in the period in which they are received."

Property:

The Provider could not provide supporting documentation showing approval of costs by ODM as nonextensive renovations; therefore, we are reclassifying these as costs of ownership in accordance with Ohio Admin. Code § 5123:2-7-25(A), which states in pertinent part, "...Allowable nonextensive renovations are not considered cost of ownership" and (B) which also states, "In order for costs to qualify for cost of nonextensive renovation, the following circumstances must be met...(1) The desk-reviewed actual, allowable, per diem cost of nonextensive renovation is based upon certified beds for property costs and assets affixed to the building for the calendar year preceding the fiscal year in which the rate will be paid."



Dave Yost • Auditor of State

COLUMBUS CENTER FOR HUMAN SERVICES PARKWEST

FRANKLIN COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
FEBRUARY 16, 2016**