



Dave Yost • Auditor of State



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Independent Accountants' Report on Applying Agreed-Upon Procedures

Ohio Department of Medicaid
50 West Town Street, Suite 400
Columbus, Ohio 43215

We have performed the procedures enumerated below, which were agreed to by the Ohio Department of Medicaid (ODM), on the Medicaid ICF-IID Cost Report of WC – Chenita, LLC. DBA Chenita Group Home (hereafter referred to as the Provider) for the period January 1, 2014 through December 31, 2014. The Provider's management is responsible for preparing the Medicaid ICF-IID Cost Report. The sufficiency of these procedures is solely the responsibility of ODM. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

Occupancy and Usage

1. We compared the number of patient days for Medicaid and non-Medicaid patients from the Provider's Monthly Census Record reports to those reported on *Schedule A-1, Summary of Inpatient Days* to determine if the Provider's patient days were greater than those reported. We also footed the Provider's census report for accuracy.

We found no computational errors. We found variances as patient days were greater than days reported as reported in Appendix A.

2. We selected five residents' medical records and compared the total days of care for December 2014 with the total inpatient days reported on the Monthly Census Records and *Schedule A-1* to determine if total patient days were greater than those reported. 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 found no variances in tracing the five medical records. We found no misclassified waiver respite days but identified unauthorized bed hold days. We reported difference for the bed hold days in Appendix A and a recoverable finding in the Medicaid Paid Claims section.

3. We compared the number of reimbursed Medicaid days per MITS with the total Medicaid days reported on *Schedule A-1* to identify if reimbursed Medicaid days were greater than days reported.

Recoverable Finding: **\$7,423.66**

We determined the Provider was reimbursed for 28 dates of service in May and June after one recipient was discharged due to incarceration. We calculated a recoverable finding for these days in the amount of \$5,073.70 and reported corresponding adjustments to remove these days as reported in Appendix A.

We also determined the Provider was reimbursed for 12 days in April and December after another recipient was discharged due to incarceration. We calculated a recoverable finding for these days in the amount of \$2,349.96 and reported corresponding adjustments to remove these days as reported in Appendix A.

Medicaid Paid Claims

1. We selected paid claims for five residents for December 2014 from MITS and compared the reimbursed 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 and 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.

Recoverable Finding: \$1,633.44

We determined the Provider was over reimbursed for eight bed hold days for one recipient above the 30 bed hold days allowed. We reported corresponding adjustments to remove these days as reported in Appendix A.

Revenue

1. We compared all revenues on the Provider's Monthly Medicaid Accounts Receivable reports with those revenues reported on *Attachment 1, Revenue Trial Balance* 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 identified variances exceeding \$500.

We reported variances in Appendix A.

2. ODM asked us to scan the Provider's detailed revenue report for any revenue offsets or applicable credits which were not reported on *Attachment 2, Adjustments to Trial Balance, Schedule B-1, Other Protected Costs; Schedule B-2, Direct Care Cost Center; or Schedule C, Indirect Care Cost Center* to offset corresponding expenses in accordance with CMS Publication 15-1, Chapters 1, 6, and 8. We identified variances exceeding \$500.

We were unable to perform this procedure as the Provider did not provide a detailed revenue or general ledger report.

Non-Payroll Expenses

1. We compared non-payroll expenses 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 General Ledger Trial Balance report to identify any variances exceeding \$500 resulting in decreased costs on any schedule.

We found no variances; however, the Provider did not provide a detailed general ledger to support each expense total on the General Ledger Trial Balance report.

2. ODM asked us to select 20 non-payroll expenses from *Schedule B-1, Schedule B-2, and Schedule C* 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 that we identify any variances exceeding \$500 resulting in decreased costs on any schedule.

We did not perform this procedure, see Procedure 1 above.

Non-Payroll Expenses (Continued)

3. ODM asked that we review the allocation methodology used in the Provider's Home Office Allocation schedule allocating costs on *Schedule B-1*, *Schedule B-2*, and *Schedule C* to 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 variances resulting in decreased costs exceeding five percent of Home Office costs reported on any schedule.

We did not perform this procedure as the Provider did not report Home Office costs on *Schedules B-1, B-2 or C*.

4. ODM asked that we scan the Provider's general ledger report for non-payroll expenses 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. ODM also asked that we scan for any contract costs which would require reporting on *Schedule C-3, Costs of Services from Related Parties*. ODM asked that we identify any reclassifications between schedules and adjustments exceeding \$500 resulting in decreased costs on any schedule or unreported contractors.

We did not perform this procedure, see Procedure 1 above.

5. We compared the 2014 non-payroll costs reported on *Schedule B-1*, *Schedule B-2*, and *Schedule C* by chart of account code to similar reported costs in 2013 and obtained the Provider's explanation for five non-payroll variances that increased by more than five percent and \$500.

The Provider stated that the Social Work/Counseling and Quality Assurance costs on *Schedule B-2* and the Dietician, Other Administrative Personnel and Travel and Entertainment costs on *Schedule C* increased due to the closing of a second facility owned by the same person.

Property

1. ODM asked 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.

We did not perform this procedure as the Provider did not provide a capitalization policy.

2. ODM asked that we compare capital assets and corresponding depreciation listed on *Schedule D, Schedule D-1*, and *Schedule D-2* to the Provider's Fixed Asset and Depreciation reports to identify variances exceeding \$500 resulting in decreased costs on any schedule.

We did not perform this procedure as the Provider did not provide a Fixed Asset or Depreciation report.

3. ODM asked that we select three additions, renovations, and/or deletions reported on *Schedule D-1* and *Schedule D-2* and determine if the cost basis, useful life and depreciation expense were reported in accordance with Ohio Admin. Code § 5123:2-7. ODM asked that we determine if assets were used in residential care or should be reclassified as the Costs of Ownership in accordance with Ohio Admin § 5123:2-7 and CMS Publication 15-1 to identify variances exceeding \$500 which result in decreased costs on any schedule.

We did not perform this procedure, see Procedure 2.

Property (Continued)

4. ODM asked us to review the rent and lease agreements and 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 met 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* Lease and Rent Accounts 8060 or 8065 to identify any variances exceeding \$500 which result in decreased costs on any schedule.

We determined the lease agreements were with a related party; however, we could not fully perform this procedure as we did not receive a detailed general ledger or any other documentation supporting that the costs reported met the requirements above.

5. ODM asked that we compare the renovation and financing costs in the Non-extensive Renovation Letter to *Schedule D-1* if costs were recorded in *Schedule E, Balance Sheet* (Account 1300, Renovations), to identify variances exceeding \$500 which result in decreased costs on any schedule.

We did not perform this procedure as there was no renovation cost recorded on *Schedule E*.

6. ODM asked that we review the Depreciation Report to ensure transportation expenses were reasonable, allowable and related to patient care as defined in CMS Publication 15-1, Chapter 9 for transportation costs recorded on *Schedule D-1*. ODM also asked that we review the W-2s for all corporate officers to determine if they exclusively used vehicles and if they reported additional compensation and offset allowable expenses pursuant to CMS Publication 15-1 to identified any variances exceeding \$500.

We did not perform this procedure as no transportation costs were recorded on *Schedule D-1*.

Payroll

1. We compared all salary, fringe benefits and payroll tax entries and hours worked reported on the Provider's General Ledger Trial Balance report to the amounts reported on *Schedule B-1, Schedule B-2, Schedule C, Schedule C-1, and Schedule C-2*. We identified any variances exceeding \$500 which result in decreased costs on any schedule.

We found no variances; however, the Provider did not provide a detailed payroll ledger to support each expense total on the General Ledger Trial Balance report.

2. ODM asked that we select a sample of five employees reported on *Schedule B-1, Schedule B-2, and Schedule C* and compare to the Provider's job descriptions to the schedule in which each employee's salary and fringe benefit expenses were reported. ODM also asked that we determine 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 to identify any variances exceeding \$500 which result in decreased costs on any schedule.

We did not perform this procedure, see Procedure 1 above.

3. We compared the 2014 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 similar reported costs in 2013 and obtained the Provider's explanation for two payroll variances that increased by more than five percent and \$500.

Payroll (Continued)

The Provider stated that the Nurse Aides cost on *Schedule B-2* and Other Administrative Personnel cost increased on *Schedule C* due to the closing of a second facility owned by the same person.

Responsible Party's Written Representation

The Provider declined to submit a signed representation letter acknowledging responsibility for maintaining records and complying with applicable regulations; making available all documentation related to compliance; responding fully to our inquiries; reporting any non-compliance subsequent to the end of the engagement period; and disclosing all communications received from regulatory agencies alleging noncompliance with the applicable laws and regulations.

This agreed-upon procedures engagement was conducted in accordance with the American Institute of Certified Public Accountants' attestation standards. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the Medicaid ICF-IID Cost Report. Accordingly, we do not express such an opinion or conclusion. 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 information and use of the Provider and ODM, and is not intended to be, and should not be used by anyone other than the specified parties.



Dave Yost
Auditor of State

August 11, 2017

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Appendix A
 WC – Chenita, LLC. DBA Chenita Group Home
 2014 Income and Expenditure Report Adjustments

	Reported Amount	Correction	Corrected Amount	Explanation of Correction
Schedule A-1 Summary of Inpatient Days				
4. April - Authorized Days (2)	203	(2)	-	To remove days due to discharge
4. May - Authorized Days (2)	210	(4)	201	To remove days due to discharge
6. June - Authorized Days (2)	158	1		To agree to census reports
		(24)	135	To remove days due to discharge
7. July - Private Days (7)	-	22	22	To agree to census reports
8. August - Private Days (7)	-	6	6	To agree to census reports
12. December - Authorized Days (2)	193	1		To agree to census reports
		(10)	184	To remove days due to discharge
12. December - Therapeutic Leave Days (4)	14	(8)	6	To remove unauthorized bed hold days
Attachment 1 - Revenue Trail Balance				
3. Medicaid (2)	\$ 488,499	\$ 9,871	\$ 498,370	To agree to supporting documentation

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CHENITA GROUP HOME

RICHLAND 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
SEPTEMBER 19, 2017**