



Dave Yost • Auditor of State





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## Independent Accountant's 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 Echoing Hills Village, Inc. DBA Echoing Ridge Residential Center Medicaid ICF-IID Cost Report of (hereafter referred to as the Provider) for the period January 1, 2015 through December 31, 2015. 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 Total Facility Census 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 variances.

2. We selected five residents' medical records and compared the total days of care for December 2015 with the inpatient days reported on the Daily Census reports 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 as reported in Appendix A and recoverable finding in the Medicaid Paid Claims section.

3. 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* to identify if reimbursed Medicaid days were greater than total Medicaid days.

We found the Provider had reimbursed Medicaid days in excess of total Medicaid days reported on Schedule A-1.

### **Recoverable Finding: \$11,445**

We determined that the Provider was reimbursed for 45 dates of service between February to April after one recipient was discharged. We calculated a recoverable finding for these days in the amount of \$11,445 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 2015 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, 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: \$1,472.85

We determined the Provider was over reimbursed for five 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 General Ledger report 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 to identify variances exceeding \$500.

We found no differences.

2. We scanned the Provider's General Ledger 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; and Schedule C, Indirect Cost Care Center* to offset corresponding expenses exceeding \$500 in accordance with CMS Publication 15-1, Chapters 1, 6, and 8.

We found no variances.

### Non-Payroll Expenses

1. We compared all 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 report to identify any variances exceeding \$500 resulting in decreased costs on any schedule.

We found no variances.

2. We reviewed the allocation methodology used in the Provider's Corporate Office Allocation schedule allocating costs on *Schedule B-1, Schedule B-2 and Schedule C* and determined 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. We reported any reclassifications and adjustments resulting in decreased costs exceeding five percent of Home Office costs on any schedule.

We found no inconsistencies or improper allocation methodologies.

### Non-Payroll Expenses (Continued)

We scanned the Provider's General Ledger report and selected 20 non-payroll expenses that were reported on *Schedule B-1, Schedule B-2, Schedule C, and Exhibit 3, Home Office Trial Balance* to determine if supporting documentation was maintained, the costs were properly allocated, classified, and were allowable expenses per Ohio Admin. Code § 5123:2-7 and CMS Publication 15-1 to identify any reclassifications and adjustments exceeding \$500 resulting in decreased costs. We also scanned for any unreported contract costs which would require reporting on *Schedule C-3, Costs of Services from Related Parties*.

We found no variances or unreported contracts.

3. We compared the 2015 non-payroll costs reported on *Schedule B-1, Schedule B-2 and Schedule C* by chart of account code to similar reported costs in 2014 and obtained the Provider's explanations for five non-payroll variances that increased by more than five percent and \$500:
  - Physical Therapist costs increased on *Schedule B-2* due to annual evaluation payroll increases;
  - Staff Development - Direct Care costs increased on *Schedule B-2* due to high turnover and the implementation of tuition reimbursement for personnel;
  - Data Services costs increased on *Schedule C* due to the purchase of new computers;
  - Home Office Costs/Indirect Care costs increased on *Schedule C* due to the creation of a Vice President position, retirements and additional training for the replacements; and
  - Repair and Maintenance costs increased on *Schedule C* due to the large amount of snow removal and normal repairs.

### Property

1. We compared 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 found an inconsistency 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."

### 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.

2. We compared capital assets and corresponding depreciation listed on *Schedule D, , Schedule D-1, and Schedule D-2* to the Provider's Fixed Asset and Corporate Office Income to be Offset Against Expenses reportsto identify variances exceeding \$500 resulting in decreased costs on any schedule.

We found no variances.

3. We selected a total of three additions and deletions 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.

### Property (Continued)

We determined if the 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 found no variances exceeding \$500.

4. We reviewed the rent and lease agreements and determined if any related party lease costs were recorded in accordance with 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* in Lease and Rent Accounts 8060 or 8065 to identify any variances exceeding \$500 which result in decreased costs on any schedule.

We found no variances.

5. We compared 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 found no variances resulting in decreased costs.

6. ODM asked 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 asked us to review the W-2s and transportation logs to determine if any corporate officers and owners exclusively used vehicles and additional compensation exceeding \$500 was reported on *Schedule D-1* and should be removed pursuant to CMS Publication 15-1, Chapter 9.

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 report to the amounts reported on *Schedule B-1, Schedule B-2, Schedule C, Schedule C-1, Administrator's Compensation*; and *Schedule C-2, Owner's Relatives Compensation* to identify any variances exceeding \$500 which result in decreased costs on any schedule.

We reported variances in Appendix A.

2. We selected a sample of five employees reported on *Schedule B-1, Schedule B-2, Schedule C and Exhibit 3* and compared the Provider's Profile report to the schedule in which each employee's salary and fringe benefit expenses were reported. We 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 to identify any variances exceeding \$500 which results in decreased costs on any schedule.

We found no variances.

**Payroll (Continued)**

3. We compared the 2015 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 costs reported in 2014 and we obtained the Provider's explanation for three payroll variances that increased by more than five percent and \$500:
  - Registered Nurse costs increased on *Schedule B-2* due to market adjustment salary and an additional annual raise;
  - Housekeeping costs increased on *Schedule C* due to the additional cleaning involved in order to maintain a clean facility with reduced staffing; and
  - Administrator costs increased on *Schedule C-1, Section B* due to a reporting error, see Corresponding adjustments in Procedure 1.

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, 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 the specified parties.



**Dave Yost**  
Auditor of State

October 3, 2017

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**Appendix A**  
**Echoing Hills Village, INC. DBA Echoing Ridge Residential Center**  
**2015 Medicaid ICF-IID Cost Report Adjustments**

	<b>Reported Amount</b>	<b>Correction</b>	<b>Corrected Amount</b>	<b>Explanation of Correction</b>
<b>Schedule A-1 Summary of Inpatient Days</b>				
2. February - Authorized Days (2)	1,195	(5)	\$ 1,190	To correct billing error of inpatient days
3. March - Authorized Days (2)	1,313	(31)	\$ 1,282	To correct billing error of inpatient days
4. April - Authorized Days (2)	1,267	(9)	\$ 1,258	To correct billing error of inpatient days
11. November - Hospital Leave Days (3)	7	(5)	2	To remove unauthorized additional bed hold days
<b>Schedule C-1 Administrators Compensation</b>				
<b>Section B</b>				
Hours. (3)	40.96	(16.36)	24.6	To correct Administrators Compensation Allocation
Percentage (4)	102.4	(40.80)	61.6	To correct Administrators Compensation Allocation
Amount (7)	\$ 82,848	\$ (32,088)	\$ 50,760	To correct Administrators Compensation Allocation

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# Dave Yost • Auditor of State

**ECHOING RIDGE RESIDENTIAL CENTER**

**STARK 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  
NOVEMBER 9, 2017**