



OHIO AUDITOR OF STATE
KEITH FABER



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Independent Accountants' Report on Applying Agreed-Up Procedures

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

RE: Res-Care Ohio, Inc. DBA Canterbury Villa
Ohio Medicaid Number 0108973

We have performed the procedures enumerated below, which were agreed to by the Ohio Department of Medicaid (ODM) and the Ohio Department of Developmental Disabilities (DODD), on the Medicaid ICF-IID Cost Report of Res-Care Ohio, Inc. DBA Canterbury Villa (hereafter referred to as the Provider) for the period January 1, 2017 through December 31, 2017. The Provider's management is responsible for preparing the Medicaid ICF-IID Cost Report (Cost Report). The sufficiency of these procedures is solely the responsibility of ODM and DODD. 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.

Unless otherwise specified, Res-Care Ohio, Inc. provided all reports used in the procedures and this report only describes exceptions exceeding \$500 and resulting in decreased costs.

Occupancy and Usage

1. We compared the number of Medicaid and non-Medicaid patient days from the Monthly Census Summary Report to *Schedule A-1, Summary of Inpatient Days*. We found no unreported days.
2. We selected eight residents' medical records for one month during February, March, April, June and July 2017 and compared the total days in care with the inpatient days reported on the Monthly Census reports and *Schedule A-1*. We found no omitted days.

Revenue

1. We compared the Trial Balance with *Attachment 1, Revenue Trial Balance* and Appendix to Ohio Admin. Code § 5123-7, and CMS Publication 15-1. We found no differences.
2. We scanned the Detailed 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; or Schedule C, Indirect Cost Care Center* to offset corresponding expenses in accordance with CMS Publication 15-1, Chapters 1, 6, and 8.

We did not identify any revenue offsets/applicable credits exceeding \$500.

Medicaid Paid Claims

1. We selected paid claims from the Quality Decision Support System (QDSS) for the eight residents selected in the Occupancy and Usage procedure above and compared reimbursed days to the days documented per the residents' medical records.

We also compared the medical records to the general requirements of CMS Publication 15-1, Chapter 23; Ohio Admin. Code §§ 5123:2-7-12, 5123:2-3-04, 5160-1-17.2 and the payment adjustment requirements for resident's admission, discharge or death in Ohio Admin. Code § 5123:2-7-15. We found no exceptions.

We also compared the medical records and documentation of authorized bed hold days in excess of 30 in a calendar year to the paid claims data and calculated a finding for any unauthorized bed hold days not in compliance with Ohio Admin. Code § 5123:2-7-08. We did not find any waiver respite days which were not in compliance with Ohio Admin. Code § 5123:2-7-03.

Recoverable Finding: \$ 12,115.26

The Provider was reimbursed for four unauthorized bed hold days for one recipient and 36 unauthorized therapeutic leave days for another resident that had been transferred to another facility due to the downsizing of the Provider's facility. We calculated a recoverable finding based on the payments for these 40 days.

2. We compared the number of reimbursed Medicaid days per QDSS with the total Medicaid days reported on *Schedule A-1*. We found that reported days exceeded paid days.

Non-Payroll Expenses

1. We compared all non-payroll expenses on *Schedule B-1*, *Schedule B-2* and *Schedule C* to the Trial Balance and Detailed General Ledger. We found no variances.
2. We scanned the Detailed General Ledger and selected 20 non-payroll expenses and five home office expenses from *Schedules B-1; B-2; C; and Exhibit 3, Home Office Trial Balance* and compared supporting documentation to Ohio Admin. Code § 5123-7, Cost Report Instructions for ICF-IID and CMS Publication 15-1. We reported adjustments due to the lack of supporting documentation in the Appendix.
3. We scanned for any unreported contract costs which would require reporting on *Schedule C-3, Costs of Services from Related Parties*. We found no unreported contracts.
4. We compared the allocation methodology on the Home Office Allocation schedules to the Home Office costs on *Schedules B-1, B-2 and C* and to Ohio Admin. Code § 5123-7 and CMS Publication 15-1, Section 2150. We found no reclassifications or adjustments resulting in decreased costs exceeding five percent.

Non-Payroll Expenses, Continued:

5. We compared the 2017 non-payroll costs reported on *Schedule B-1, Schedule B-2 and Schedule C* by chart of account code to similar reported costs in 2016. We obtained explanations for five non-payroll variances that increased by more than five percent and \$500:
 - Licensed Practical Nurse costs increased on *Schedule B-2* due to decreases in LPN coverage from the Centerburg office;
 - Habilitation Staff costs increased on *Schedule B-2* due to in house habilitation staff coverage for four months;
 - Social Work/Counseling costs increased on *Schedule B-2* due to increase in meetings;
 - Other Direct Care costs increased on *Schedule B-2* due to change in the medical director; and
 - Universal Precaution Supplies costs increased on *Schedule C* due to being recorded as part of home office expense in prior year.

Property

1. We compared the initial square footage and year of construction of the 80 Miller Street facility from the Knox County Auditor's Property records to *Attachment 9, Fair Rental Value Survey*. We found no differences in the year or square footage variances exceeding 10 percent.

We also compared the square footage and year reported for one removal from the square footage summary to *Attachment 9, Log 1: Additional and Removals* and the Cost Report Instructions. We found a square footage variance exceeding 10 percent and a variance in year as reported in the Appendix.

2. We compared the project year and cost for the one renovation from the invoice to *Attachment 9, Fair Rental Value Log 2: Renovations Projects*. We also compared the type and cost of the addition to the Cost Report Instructions for ICF-IID. We found no variances.
3. We compared the square footage and year of construction of secondary buildings from *Attachment 9: Log 3: Secondary Buildings* to the Home Office List. We found square footage variances exceeding 10 percent as reported in the appendix.

We also compared the utilization percentage from the Home Office Allocation Schedules to *Attachment 9* and the allocation methodology to the Cost Report and CMS Publication 15-1. We found no variances.

4. We compared equipment depreciation and lease costs from *Schedule D, Analysis of Property, Plant, and Equipment* to the Depreciation Schedule, Trial Balance and Detailed General Ledger. We also compared these costs to the Cost Report Instructions and CMS Publication 15-1. We found no variances.

We did not select any capital assets from account 8040 or 8050 and recalculate depreciation because there were no assets being depreciated in their first year.

Payroll

1. We compared all salary, fringe benefits, payroll tax entries and hours worked on the Trial Balance, Detailed General Ledger and Administrator's Wage Allocation worksheet to *Schedule B-1; Schedule B-2; Schedule C; Schedule C-1, Administrator's Compensation; and Schedule C-2, Owner's Relatives Compensation*. We found no variances.

Payroll, Continued:

2. We selected a sample of five employees and two contracted individuals reported on *Schedule B-1, Schedule B-2, Schedule C and C-1* and compared the job descriptions, contracts, Payroll Detail report and invoices to the schedule in which each employee's salary and fringe benefit expenses were reported. We confirmed the payroll costs were properly classified, allocated and allowable in accordance with Ohio Admin. Code § 5123-7 and to CMS Publication 15-1, Chapter 9 and Section 2150. We found no variances
3. We compared the 2017 payroll costs on *Schedules B-1, B-2, C, and C-1* by chart of account code to similarly reported 2016 costs. We obtained explanations for two payroll variances that increased by more than five percent and \$500. The Provider stated that Registered Nurse costs increased on *Schedule B-2* due to increase in staff usage and Other Administrative Personnel costs increased on *Schedule C* due to normal staff fluctuations.

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, ODM and DODD, and is not intended to be, and should not be used by anyone other than the specified parties.



Keith Faber
Auditor of State
Columbus, Ohio

February 28, 2020

Appendix A
 Res-Care Ohio, Inc. DBA Canterbury Villa
 Medicaid ICF-IID Cost Report Adjustments

	Reported Amount	Correction	Corrected Amount	Explanation of Correction
Schedule B-1 Other Protected Costs				
2. Medical Supplies - Medicare non billable - 6001 - Other/Contract Wages (2)	\$ 14,457	\$ (768)	\$ 13,689	To remove unsupported expenses.
Schedule C Indirect Care Cost Center				
7. Food In-Facility - 7040 - Other/Contract Wages (2)	\$ 25,077	\$ (1,075)	\$ 24,002	To remove unsupported expenses.
11. Enterals: Medicare Non-Billable - 7056 - Other/Contract Wages (2)	\$ 6,743	\$ (623)	\$ 6,120	To remove unsupported expenses.
Attachment 9				
Fair Rental Value Log 1: Additions and Removals				
Line 1, Project Year	2016	\$ 1	2017	To correct to the year of downsizing
Line 1, Change in Square Footage	\$ -	\$ (6,113)		To remove square footage due to downsizing.
		\$ (1,367)	\$ (7,480)	To remove secondary building square footage
Fair Value Rental Log 3: Secondary Buildings				
Line 2, Home Office/Record storage, Total Square Footage	\$ 13,674	\$ (12,307)	\$ 1,367	To correct square footage

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OHIO AUDITOR OF STATE KEITH FABER



RESCARE OH IO DBA CANTERBURY VILLA

KNOX 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
MARCH 24, 2020**