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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 ICF-IID Cost Report of Richland County Board of Developmental Disabilities DBA Woodville Home (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.

Unless otherwise identified in the procedure, this report only describes exceptions exceeding \$500 and resulting in decreased costs.

Occupancy and Usage

1. We compared the number of patient days for Medicaid and non-Medicaid patients from the Provider's Facility Daily Census reports to those reported on *Schedule A-1, Summary of Inpatient Days*. We confirmed the Provider's patient days equaled the days reported. We also footed the Provider's census reports for accuracy. We found no variances or computational errors.
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* and determined total patient days equaled days reported. We also confirmed the Provider did not include any waiver respite days as Medicaid or Medicare days and, and there were no unauthorized bed hold days in excess of 30 in a calendar year as required by Ohio Admin. Code § 5123:2-7-08.
3. We compared the number of reimbursed Medicaid days per the Quality Decision Support System (QDSS) with the total Medicaid days reported on *Schedule A-1* and found that reimbursed Medicaid days equaled total Medicaid days reported.

Medicaid Paid Claims

1. We selected paid claims for five residents for December 2015 from QDSS and compared the reimbursed days to the days documented per the resident's medical records. We compared the Provider's documentation to the general requirements of CMS Publication 15-1, Chapter 23, and Ohio Admin. Code § 5123:2-7-12, 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. We compared all revenues on the Provider's Revenue Analysis report with those revenues reported on *Attachment 1, Revenue Trial Balance*. We found revenue which was not reported in accordance with the Appendix to Ohio Admin. Code § 5123:2-7-16 and/or CMS Publication 15-1 as reported in Appendix A.
2. We scanned the Provider's Summary 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; and Schedule C, Indirect Cost Care Center* to offset corresponding expenses in accordance with CMS Publication 15-1, Chapters 1, 6, and 8. The Provider did not submit a detailed revenue report; however, we scanned the Summary Revenue report and found no sources other than Medicaid.

Non-Payroll Expenses

1. We compared all non-payroll expenses reported on *Schedule B-1, Schedule B-2, and Schedule C* to the Provider's Invoice List by GL Account report. We found no variances.
2. We reviewed the allocation methodology used in the Provider's Home Office Allocation report allocating Home Office costs on *Schedule B-1, Schedule B-2 and Schedule C* and we confirmed that the costs were 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 no reclassifications or adjustments resulting in decreased costs exceeding five percent on any schedule. We found no inconsistencies or improper allocation methodologies used in the Home Office Trial Balances which allocated costs among multiple Intermediate Care Facilities.
3. We scanned the Provider's Invoice List by GL Account 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*. We confirmed that supporting documentation was maintained, the costs were properly allocated, classified, and allowable per Ohio Admin. Code § 5123:2-7 and CMS Publication 15-1.

We found no unreported contract costs which would require reporting on *Schedule C-3, Costs of Services from Related Parties*.

4. 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. We obtained the following Provider's explanations for five non-payroll variances that increased by more than five percent and \$500:
 - Heat, Light, & Power costs increased on *Schedule B-1* due to fluctuation in temperatures affecting monthly bills;
 - Employee Fringe Benefits costs increased on *Schedule B-2* due to Health and Dental insurance rates increasing;
 - Incontinence Supplies costs increased on *Schedule C* due to the cost increase of briefs, wipes and gloves;
 - Payroll Taxes costs increased on *Schedule C* due to salary increases which directly impact Medicare and OPERS; and
 - Legend Drug costs increased on *Schedule C* due to the cost of prescriptions increasing.

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 Depreciation Expense Report to identify variances. We found no variances.
3. We selected the only addition and deletion reported on *Schedule D-1 and Schedule D-2* and confirmed the cost basis, useful life and depreciation expense were reported in accordance with Ohio Admin. Code § 5123:2-7. We also confirmed that the assets were used in residential care. We found no assets should be reclassified as the Costs of Ownership in accordance with Ohio Admin. Code § 5123:2-7 and CMS Publication 15-1.
4. We reviewed the rent and lease agreements and confirmed that lease costs were not with related parties 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 for costs which were recorded on *Schedule D* in Lease and Rent Accounts 8060 or 8065. We found no variances resulting in decreased costs.
5. We compared the renovation and financing costs in the Non-extensive Renovation Letter to *Schedule D-1* as costs were recorded in *Schedule E, Balance Sheet (Account 1300, Renovations)*. We found no variances.
6. We reviewed the 2015 Depreciation Report and confirmed transportation expenses were reasonable, allowable and related to patient care as defined in CMS Publication 15-1. We also reviewed the W-2s and transportation logs of one corporate officer and found no additional compensation was reported and vehicles were not used exclusively by the corporate officer.

Payroll

1. We compared all salary, fringe benefits and payroll tax entries and hours worked reported on the Provider's Residential Salaries and Benefits report and corresponding departmental allocation reports 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*. We found no variances.
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 job descriptions to the schedule in which each employee's salary and fringe benefit expenses were reported.

Richland County Board of Developmental Disabilities DBA Woodville Home
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Payroll (Continued)

We confirmed that 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.

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 five payroll variances that increased by more than five percent and \$500:
 - Licensed Practical Nursing (LPN) costs increased on *Schedule B-2* due to the ICF having more LPN positions and less Registered Nurse positions;
 - Activity Director costs increased on *Schedule B-2* due to the Provider redefining this classification into a management position;
 - Habilitation Supervisor costs increased on *Schedule B-2* based on which supervisors are assigned to each facility operated by the Provider;
 - Dietary Personnel costs increased on *Schedule B-2* due to the Provider starting to allocate the Kitchen Supervisor position in 2015.; and
 - Other Administrative Personnel costs increased on *Schedule B-2* due to the addition of an Administrative Substitute.

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



Dave Yost
Auditor of State

March 19, 2018

Appendix A
Richland County Board of Developmental Disabilities, dba Woodville Home
2015 Medicaid ICF-IID Cost Report Adjustments

	Reported Amount	Correction	Corrected Amount	Explanation of Correction
Attachment 1 - Revenue Trial Balance				
3. Medicaid (Column 2)	\$ 524,927	\$ (88,423)	\$ 436,504	To remove revenue not posted to the Detailed Revenue Ledger

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RICHLAND COUNTY BOARD OF DEVELOPMENTAL DISABILITIES – WOODVILLE 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
APRIL 5, 2018**