



Dave Yost • Auditor of State

OHIO AUDITOR OF STATE KEITH FABER



January 24, 2019

The attached audit report was completed and prepared for release prior to the commencement of my term of office on January 14, 2019. Reports completed prior to that date contain the signature of my predecessor.

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio



Dave Yost • Auditor of State

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 Res-Care Ohio, Inc. DBA Pine View #1 Group Home (hereafter referred to as the Provider) for the period January 1, 2016 through December 31, 2016. 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. 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.

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 variances.
2. We selected seven residents' in December 2016 and one resident in March 2016 and compared the total days of care per the medical records with the inpatient days reported on the daily census records and *Schedule A-1*. We determined total patient days equaled days reported. We found the Provider did not include any waiver respite days as Medicaid or Medicare days.
3. We compared the number of reimbursed Medicaid days per the Quality Decision Support System (QDSS) with total Medicaid days on *Schedule A-1*. We found no variances.

Medicaid Paid Claims

1. We selected paid claims for the eight residents selected in the Occupancy and Usage procedure from QDSS and compared the reimbursed days to the days documented per the resident's medical records. We found no variances.

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 identified a total of 30 bed hold days for April through December 2016 across three recipients without the required authorization per Ohio Admin. Code § 5123:2-7-08. and calculated a recoverable finding.

Medicaid Paid Claims (Continued)

Recoverable Finding: \$7,170.89

We determined the Provider was over reimbursed for a total of 30 bed hold days for three recipients above the allowed limit. We reported corresponding adjustments to remove these days in Appendix A.

Revenue

1. We compared the Revenue Ledger with *Attachment 1, Revenue Trial Balance* and the Appendix to Ohio Admin. Code § 5123:2-7-12 and CMS Publication 15-1. We found no differences.
2. We scanned the Revenue Ledger 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 exceeding \$500 in accordance with CMS Publication 15-1, Chapters 1, 6, and 8. We did not identify any revenue offsets/applicable credits.

Non-Payroll Expenses

1. We compared all non-payroll expenses on *Schedule B-1, Schedule B-2 and Schedule C* to the Detailed General Ledger and Trial Balance reports. We found no variances.
2. We scanned the Detailed General Ledger 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 inspected supporting documentation and compared the allocation and cost classification to Ohio Admin. Code § 5123:2-7 and CMS Publication 15-1. We reported reclassifications in Appendix A.
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 Home Office Combined Trial Balance and allocation methodology for Home Office costs on *Schedule B-1, Schedule B-2 and Schedule C* to Ohio Admin. Code § 5123:2-7 and CMS Publication 15-1, Section 2150. We found no reclassifications or adjustments resulting in decreased costs exceeding five percent.
5. We compared the 2016 non-payroll costs on *Schedule B-1, Schedule B-2 and Schedule C* by chart of account code to similar reported costs in 2015 and obtained the Provider's explanations for five non-payroll variances that increased by more than five percent and \$500:
 - Active Treatment Off-site Day Programming costs increased on *Schedule B-2* due to rate increases;
 - Other Direct Care costs increased on *Schedule B-2* due to rate increases;
 - Food In-Facility costs increased on *Schedule C* due to price increases;
 - Office and Administrative Supplies costs increased on *Schedule C* due to increase in use of supplies; and
 - Housekeeping costs increased on *Schedule C* due to increase in use of supplies.

Property

1. We compared the 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 no inconsistencies.
2. We compared capital assets and corresponding depreciation on *Schedule D* and *Schedule D-1* to the Fixed Asset and Depreciation Listing. We found no variances.

Knowledge of Matters Outside Agreed-Upon Procedures

As a separate matter that came to our attention, we noted that Res-Care Ohio, Inc. purchased the bed license and other capital assets for Pineview #1 Group Home in 2013 and included the bed license cost and corresponding depreciation on its depreciation schedule and on *Schedule D* and *Schedule D-1* of the Cost Report. Our procedures did not determine if bed license costs should be included as a Cost of Ownership according to Ohio Admin. Code § 5123:2-7-24 or CMS Publication 15-1.

Recommendation:

We recommend ODM further review this issue and determine proper reporting of items.

3. We selected three additions reported on *Schedule D-1* and *Schedule D-2* and compared the cost basis, useful life and depreciation expense to Ohio Admin. Code § 5123:2-7-18. We reported variances in Appendix A to correct the useful life. We determined the additions were used in residential care.
4. We inspected two lease agreements (a building facility and a vehicle) and compared the parties in the agreement with ownership of the Provider and we determined they were non-related leases that met the requirements of FASB 13 and Ohio Admin. Code § 5123:2-7-24(B).
5. We did not compare the renovation and financing costs in the Non-extensive Renovation Letter to *Schedule D-1* as there was no renovation and financing costs reported on *Schedule E, Balance Sheet*.
6. We did not compare transportation expenses to CMS Publication 15-1 as no transportation costs were reported on *Schedule D-1*.

Payroll

1. We compared all salary, fringe benefits, payroll tax entries and hours worked on the Detailed General Ledger and Trial Balances reports to *Schedule B-1; Schedule B-2; Schedule C; and Schedule C-1, Administrator's Compensation*. We found no variances.
2. We selected five employees reported on *Schedule B-1, Schedule B-2, Schedule C and Exhibit 3* and compared the organizational chart and job descriptions 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 § 5123:2-7-12 and CMS Publication 15-1, Chapter 9 and Section 2150.

Payroll (Continued)

3. We compared the 2016 payroll costs 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 2015 and obtained the following Provider's explanation for two payroll variances that increased by more than five percent and \$500: Medical/Habilitation Records costs increased on *Schedule C* due to new position and Administrator costs increased on *Schedule B-2* due to salary increases.

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 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

January 9, 2019

Appendix A
Res-Care Ohio, Inc. dba Pine View #1 Group Home
2016 Medicaid ICF-IID Cost Report Adjustments

	Reported Amount	Correction	Corrected Amount	Explanation of Correction
Schedule A-1 Summary of Inpatient Days				
6. June - Hospital Leave Days (3)	57	(1)	56	To remove unauthorized bed hold days
7. July - Hospital Leave Days (3)	13	(10)	3	To remove unauthorized bed hold days
8. August - Hospital Leave Days (3)	3	(2)	1	To remove unauthorized bed hold days
9. September - Hospital Leave Days (3)	9	(9)	0	To remove unauthorized bed hold days
10. October - Hospital Leave Days (3)	3	(3)	0	To remove unauthorized bed hold days
11. November - Hospital Leave Days (3)	3	(3)	0	To remove unauthorized bed hold days
11. November - Therapeutic Leave Days (4)	1	(1)	0	To remove unauthorized bed hold days
12. December - Therapeutic Leave Days (4)	1	(1)	0	To remove unauthorized bed hold days
Schedule B-1 Other Protected Costs				
2. Medical Supplies - medicare non billable - 6001 - Other/Contract	\$ 7,082	\$ (603)	\$ 6,479	To reclassify incontinence supplies
Schedule C Indirect Care Cost Center				
22. Incontinence Supplies - 7115 - Other/Contract Wages (2)	\$ 12,808	\$ 603	\$ 13,411	To reclassify incontinence supplies
Schedule D-1 Analysis of Property, Plant and Equipment				
5. Equipment - Depreciation this Period (7)	\$ 2,114	\$ (578)	\$ 1,536	To correct depreciation expense

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OHIO AUDITOR OF STATE
KEITH FABER



RES-CAR OH DBA PINE VIEW #1

BELMONT 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
JANUARY 24, 2019**