



OHIO AUDITOR OF STATE  
**KEITH FABER**





# OHIO AUDITOR OF STATE KEITH FABER



## 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 Tremont 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 five residents' medical records and compared the total days of care for December 2016 with the inpatient days on the daily census records and *Schedule A-1*. We found no variance and that the Provider did not include any waiver respite days as Medicaid or Medicare.
3. We compared the number of reimbursed Medicaid days per the Quality Decision Support System (QDSS) with the total Medicaid days on *Schedule A-1*. We found that reimbursed Medicaid days were less than total Medicaid days reported.

### **Medicaid Paid Claims**

1. We selected paid claims from QDSS for the five residents selected in the Occupancy and Usage procedure for December 2016. We compared the reimbursed days to the days documented per the resident's medical records. We found no variances.

We also compared the Monthly Census Summary report 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 differences.

## Revenue

1. We compared the Revenue Ledger with *Attachment 1, Revenue Trial Balance* and Appendix to Ohio Admin. Code § 5123:2-7-12 and CMS Publication 15-1. We reported a variance in Appendix A.
2. We scanned the Revenue Detail for All Homes 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 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 reported on *Schedule B-1, Schedule B-2 and Schedule C* to the Detailed General Ledger and Trial Balance report. We found no variances exceeding \$500.
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 variances 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 reported on *Schedule B-1, Schedule B-2 and Schedule C* by chart of account code to similar reported costs in 2015. We obtained the following explanations for five non-payroll variances that increased by more than five percent and \$500:
  - Enterals: Medicare Non-Billable and Personal Care Supply costs increased on *Schedule C* due to the increased usage;
  - Security Service costs increased on *Schedule C* related to security issues in the surrounding area;
  - Home Office Costs for Indirect Care costs increased on *Schedule C* due to fewer ICF Homes receiving allocated costs; and
  - Repair & Maintenance costs increased on *Schedule C* due to additional repairs being required at the facility.

## 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 § 5123:2-7-18 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.

## Property (Continued)

### 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 Tremont 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. We also confirmed the assets were used in residential care.
4. We inspected the building, storage and vehicle lease agreements and compared the parties in the agreement with ownership of the Provider and determined they were non-related party 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 were no costs recorded in *Schedule E, Balance Sheet, Account 1300, Renovations*.
6. We did not compare transportation expenses to CMS Publication 15-1 as no transportation costs were reported in *Schedule D-1*.

### Payroll

1. We compared all salary, fringe benefits, payroll tax entries and hours worked on the Provider's Detailed General Ledger and Trial Balance report 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, and Payroll Detail and Administrator's Wage Allocation reports 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.
3. We compared the 2016 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 2015 and obtained the Provider's explanation for one payroll variance that increased by more than five percent and \$500. The Administrator costs increased on *Schedule C-1* due to the current Administrator working all of calendar year 2016 but only two-thirds of 2015.

Res-Care Ohio, Inc. DBA Tremont Group Home  
Independent Accountants' Report on  
Applying Agreed-Upon Procedures

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.



Keith Faber  
Auditor of State  
Columbus, Ohio

February 18, 2019

**Appendix A**  
**Res-Care Ohio, Inc. DBA Tremont Group Home**  
**2016 Medicaid ICF-IID Cost Report Adjustments**

	Reported Amount	Correction	Corrected Amount	Explanation of Correction
<b>Schedule C Indirect Care Cost Center</b>				
7. Food In-Facility - 7040 - Other/Contract Wages (2)	\$ 18,949	\$ (331)	\$ 18,618	To reclassify expenses lacking support documentation
29. Office and Administrative Supplies - 7220 -	\$ 1,760	\$ (391)	\$ 1,369	To reclassify expenses lacking support documentation
52. Repair and Maintenance - 7340 - Other/Contract Wages (2)	\$ 15,556	\$ (459)	\$ 15,097	To reclassify expenses lacking support documentation
68. Other Non-Reimbursable - Specify Below - 9725 - Other/Contract Wages (2)	\$ 390	\$ 1,181	\$ 1,571	To reclassify expenses lacking support documentation
<b>Schedule D Capital Cost Center</b>				
3. Amortization - Leasehold Improvements - 8030 - Total (3)	\$ 19,723	\$ (982)		To reduce depreciation related to new asset
		\$ (647)	\$ 18,094	To reduce depreciation related to new asset
4. Depreciation - Equipment - 8040 - Total (3)	\$ 1,549	\$ (547)	\$ 1,002	To reduce depreciation related to new asset
<b>Schedule D-1 Analysis of Property, Plant and</b>				
4. Leasehold Improvements - Accumulated Depreciation End of Period (5)	\$ 23,815	\$ (982)		To reduce depreciation related to new asset
		\$ (647)	\$ 22,186	To reduce depreciation related to new asset
4. Leasehold Improvements - Depreciation this Period (7)	\$ 19,723	\$ (982)		To reduce depreciation related to new asset
		\$ (647)	\$ 18,094	To reduce depreciation related to new asset
5. Equipment - Accumulated Depreciation End of Period (5)	\$ 2,086	\$ (547)	\$ 1,539	To reduce depreciation related to new asset
5. Equipment - Depreciation this Period (7)	\$ 1,549	\$ (547)	\$ 1,002	To reduce depreciation related to new asset
<b>Revenue Trial Balance</b>				
<b>Routine Service - Room and Board</b>				
3. Medicaid	\$ 783,487	\$ 505	\$ 783,992	To match the revenue journal

**This page intentionally left blank.**



# OHIO AUDITOR OF STATE KEITH FABER



**TREMONT GROUP HOME**

**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  
MARCH 12, 2019**