



OHIO AUDITOR OF STATE  
**KEITH FABER**





# OHIO AUDITOR OF STATE KEITH FABER



Medicaid Contract Audit  
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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 on the intermediate care facility for individuals with intellectual disabilities, Midwest Health Services, Inc. DBA Midwest Health Services #1's (the ICF-IID) Medicaid ICF-IID Cost Report and Medicaid payments for the year ended December 31, 2019 and certain compliance requirements related to the Cost Report and Medicaid services, included in the information provided to us by the management of the ICF-IID. The ICF-IID is responsible for the Medicaid ICF-IID Cost Report for the year ended December 31, 2019 and certain compliance requirements related to the Cost Report and Medicaid services included in the information provided to us by the ICF-IID.

The Department of Medicaid and the Department of Developmental Disabilities have agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of providing assistance in the evaluation of the ICF-IID's Cost Report for the year ended December 31, 2019, and certain compliance requirements related to the Cost Report and Medicaid services. No other party acknowledged the appropriateness of the procedures. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of the report and may not meet the needs of all users of the report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes. The sufficiency of the procedures is solely the responsibility of the parties specified in the report. 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.

The procedures and the associated findings are as follows:

### Occupancy and Usage

1. We footed the Monthly Census Reports. There were no computational errors.

We compared the number of Medicaid and non-Medicaid patient days from the Monthly Census Reports to *Schedule A-1, Summary of Inpatient Days*. There was a variance for an omitted day as reported in the Appendix.

2. We selected eight residents' medical records for December 2019 and compared the total days of care with inpatient days reported on the Monthly Census report and *Schedule A-1*. There were no omitted days.

### 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 and compared the reimbursed days to the days documented per the resident's medical records and to the payment adjustment requirements for resident's admission, discharge or death in the Ohio Admin. Code § 5123:2-7-15. There were no unsupported or unallowable reimbursed days.

### Medicaid Paid Claims (Continued)

We compared the medical records and documentation of authorization for any bed hold days in excess of 30 in a calendar year and waiver respite days to the paid claims data. There were no bed hold days in excess of 30 days and no improperly reported waiver respite days on *Schedule A-1*.

2. We compared the total number of reimbursed days per Quality Decision Support System (QDSS) with the total Medicaid days on *Schedule A-1*. The reported days exceeded the paid days.

### Revenue

1. We compared the General Ledger with *Attachment 1, Revenue Trial Balance* and the Appendix to Ohio Admin. Code § 5123-7-12, and CMS Publication 15-1. There were variances as reported in the Appendix.
2. We scanned the General 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 in accordance with CMS Publication 15-1, Chapters 1, 6, and 8.

We found worker's compensation rebates exceeding \$500 on *Attachment 1* and reported these amounts in the Appendix as applicable credits/revenue offsets in accordance with CMS Publication 15-1, §§ 804.

### Non-Payroll Expenses

1. We compared all non-payroll expenses on the General Ledger and Home Office Allocation worksheet to the Income Statement and from the Income Statement to *Schedule B-1, B-2 and C*. There were no reclassifications between schedules exceeding \$500 or decreases in costs.
2. We scanned the General Ledger and Home Office General Ledger report and selected 30 non-payroll expenses and 10 home office expenses from *Schedules B-1; B-2; and C* and compared supporting documentation to Ohio Admin. Code § 5123-7-12, the Cost Report Instructions for ICF-IID and CMS Publication 15-1 to determine if costs were properly allocated, classified, and allowable. There were no reclassifications between schedules exceeding \$500; however, there were adjustments resulting in decreased costs as reported in the Appendix. We scanned the corresponding invoice and found no similar errors or misclassifications.
3. We compared the cost methodology used in the Home Office Allocation Worksheet for *Schedules B-1 and C* and to Ohio Admin. Code § 5123-7-12 and CMS Publication 15-1, Section 2150. There were no differences.

### Property

1. We compared the initial square footage and year of construction of the 5650 Township Highway 332, Millersburg facility from the Holmes County Auditor's Property records and floor plans to *Attachment 9, Fair Rental Value Survey*. There were no differences.
2. We compared the project year and cost for five recent renovations from the invoices to *Attachment 9, Log 2: Renovations Projects*. We also compared the type and cost of the addition to the Cost Report Instructions for ICF-IID and Ohio Admin. Code § 5123-7-12. There were no variances in the year. The ICF could not find supporting documentation for one renovation; however, it was outside the seven year records retention period.

### Property (Continued)

3. We compared the square footage and year of construction of the secondary building facility at 107 Tommy Henrich Drive NW from the Stark County Property tax records to *Attachment 9: Log 3: Secondary Buildings*. There was no variance in the square footage; however, there was a variance in the year of construction as reported in the Appendix.

We also compared the utilization percentage from the Home Office Allocation worksheet to *Attachment 9*, the Cost Report Instructions and CMS Publication 15-1. There was no variance.

4. We compared equipment depreciation from the Book Asset Detail report, Home Office Equipment and Vehicle Allocation worksheet, and the Income Statement to *Schedule D, Capital Cost Center*, the Cost Report Instructions and CMS Publication 15-1. There were no variances.

We selected one capital asset from account 8040 which was being depreciated in the first year. We recalculated the first year's depreciation for the one asset selected, based on the Cost Report instructions and useful lives prescribed in the 2018 American Hospital Association (AHA) Asset Guide and Appendix A of Ohio Admin. Code § 5123:2-7-18.

We compared the recalculated depreciation to the reported depreciation. There was a variance resulting in decreased costs as reported in the Appendix.

### Payroll

1. We compared all salary, fringe benefits, payroll tax entries from the General Ledger and Home Office Allocation worksheet to the Income Statement and from the Income statement to *Schedule B-2 and Schedule C*. We also compared hours worked and salaries from the Home Office Allocations worksheet and Income Statement to *Schedule C-1, Administrator's Compensation and Schedule C-2, Owner's Relatives Compensation*. There were no variances.
2. We selected a sample of five employees and two contracted individuals reported on *Schedule B-2, Schedule C, C-1 and C-2*. We compared the job descriptions, one month of employee Timecard and Payrate worksheets and contractor invoices to the General Ledger and Home Office Allocation Worksheet and then to the schedule in which each individual's salary and fringe benefit and contract costs were reported. We compared the payroll costs to Ohio Admin. Code § 5123:2-7 and to CMS Publication 15-1, Chapter 9 and Section 2150. There were no variances.

We were engaged by the Ohio Department of Medicaid to perform this agreed-upon procedures engagement and conducted our engagement in accordance with the attestation standards established by the AICPA. We were not engaged to, and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the ICF-IID's Medicaid ICF-IID Cost Report and compliance with certain laws and regulations. Accordingly, we do not express an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

Midwest Health Services, Inc. DBA Midwest Health Services #1  
Holmes County  
Independent Accountants' Report On  
Applying Agreed Upon Procedures  
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We are required to be independent of the ICF-IID and to meet our ethical responsibilities, in accordance with the ethical requirements established by the AICPA related to our agreed upon procedures engagement.

A handwritten signature in black ink that reads "Keith Faber". The signature is written in a cursive style with a large initial "K".

Keith Faber  
Auditor of State  
Columbus, Ohio

December 1, 2021

**Appendix A**  
**Midwest Health Services, Inc. DBA Midwest Health Services # 1**  
**Medicaid ICF-IID Cost Report Adjustments**

	Reported Amount		Correction		Corrected Amount	Explanation of Correction
<b>Schedule A-1, Summary of Inpatient Days</b>						
9. September - Private Days (7)	53		1		54	To add an omitted day
<b>Schedule B-2, Direct Care Cost Center</b>						
39. Worker's Compensation - Direct Care - 6520 - Adjustments Increases/Decreases (4)	-	\$	(14,892)	\$	(14,892)	To record worker's compensation rebate as an offset on Schedule B-2.
<b>Schedule C, Indirect Care Cost Center</b>						
10. Enterals: Medicare Billable - 7055 - Other/Contract Wages (2)	\$ 5,310	\$	(162)	\$	5,148	To remove unsupported amount
32. Travel and Entertainment - 7235 - Other/Contract Wages (2)	\$ 13,929	\$	(94)	\$	13,835	To remove unsupported amount
57. Worker's Compensation - Indirect Care - 7510 - Adjustments Increases/Decreases (4)	-	\$	(172)	\$	(172)	To record worker's compensation rebate as an offset on Schedule C
<b>Schedule D Capital Cost Center</b>						
Account 8040 (Depreciation - Equipment), Line 4, Column 4	\$ 1,809	\$	(12)	\$	1,797	To reduce for depreciation expense in the month of acquisition
<b>Attachment 1, Revenue Trial Balance</b>						
<b>Routine Service - Room and Board</b>						
2. Medicare (Account 5011)	\$ 73,352	\$	(73,352)	\$	-	To remove waiver respite revenue not recorded in General Ledger
3. Medicaid (Account Code 5012)	\$ 966,382	\$	163,585	\$	1,129,967	To adjust Room & Board Medicaid to Gross Revenue
5. Other (Account Code 5014)	\$ 17,136	\$	(17,386)	\$	(250)	To agree to General Ledger
8. Contractual Allowance - Medicaid (Account Code 5720)	\$ -	\$	(144,588)	\$	(144,588)	To add contractual allowance amount
<b>Attachment 2, Adjustments to Trial Balance</b>						
Line 13, Description			Worker's Comp Refund		Worker's Comp Refund	To add BWC Rebate
Line 13, Column 1 - Revenue Chart of Account	-		5400		5400	To add BWC Rebate
Line 13, Column 3 - Other Increase (Decrease)	\$ -	\$	(14,892)	\$	(14,892)	To add BWC Rebate
Line 13, Column 5 - Expense Chart of Account	-		6520		6520	To add BWC Rebate
Line 13, Description			Worker's Comp Refund		Worker's Comp Refund	To add BWC Rebate
Line 14, Column 1 - Revenue Chart of Account	-		5400		5400	To add BWC Rebate
Line 14, Column 3 - Other Increase (Decrease)	\$ -	\$	(172)	\$	(172)	To add BWC Rebate
Line 14, Column 5 - Expense Chart of Account	-		7510		7510	To add BWC Rebate
<b>Attachment 9, Fair Rental Value Survey</b>						
<b>Fair Rental Value Log 3: Secondary Buildings</b>						
Line 1, Home Office/Record Storage, Column 1 (Year of Construction)	2015		2014		1	To update to the year of construction and not the year of occupancy

# OHIO AUDITOR OF STATE KEITH FABER



**MIDWEST HEALTH SERVICES INC., DBA MIDWEST HEALTH SERVICES #1**

**HOLMES COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



**Certified for Release 12/28/2021**

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This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)