



OHIO AUDITOR OF STATE
KEITH FABER



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Medicaid Contract Audit
88 East Broad Street
Columbus, Ohio 43215
(614) 466-3340
ContactUs@ohioauditor.gov

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 Res-Care of Ohio, Inc. DBA Hendrickson #2's Medicaid Intermediate Care Facility for Individuals with Intellectual Disabilities (ICF-IID) Cost Report and Medicaid payments for the year ended December 31, 2021 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 Cost Report for the year ended December 31, 2021 and certain compliance requirements related to the Cost Report and Medicaid services included in the information provided to us by the ICF-IID.

The Ohio Department of Medicaid and the Ohio 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, 2021, 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:

Census Data and Medicaid Paid Claims

1. We footed the Census by Location report. There were no computational errors. We compared the total of inpatient and leave days from the census report to *Schedule A-1, Summary of Inpatient Days*. We found no omitted days.
2. We selected eight residents from the Census by Location report and included residents with leave days in the selection. We obtained the medical records for the selected individuals for one month. We confirmed the ICF-IID maintained service documentation for each selected date as required by Ohio Admin. Code §§ 5123-7-12(H) and 5123:2-3-04(I). We found no omitted days.

For any reimbursed leave days, we totaled leave days for each resident for the year from the Census by Location report. For any days over 30, we confirmed that the days were prior authorized as required by Ohio Admin. Code § 5123-7-08(E).

3. We compared the number of reimbursed Medicaid days with the total Medicaid days reported on *Schedule A-1*. We found that total reported days are equal to net Medicaid reimbursed days.

Revenue

1. We compared the revenue reported on *Attachment 1, Revenue Trial Balance* to the Detailed Revenue report and Trial Balance and with the chart of account classifications in the Appendix to Ohio Admin. Code § 5123-7-12. We found variances exceeding \$500 as reported in the Appendix.
2. We scanned the description in the General Ledger Detail and Detailed Revenue report for any discounts, allowances or refunds or rebates and compared these entries to the chart of account codes 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*. We found no unreported offsets or reclassifications between schedules exceeding \$500.

Non-Payroll Expenses

1. We compared all non-payroll expenses from the Mapping Trial Balance, Home Office, Core and Residential Allocation worksheets to *Schedule B-1, B-2 and C*. We found no variances.
2. We scanned the General Ledger Detail for potentially unallowable or improperly allocated costs and costs with no business purpose associated with the ICF-IID per CMS Publication 15-1, § 2102 to 2139 and § 2302.4.

We selected 30 non-payroll expenses and 10 home office expenses from *Schedules B-1, B-2, and C* that exceed \$500 and obtained the invoice and/or contract for each expense, and, if the purpose of the expense was unclear, we inquired with the ICF-IID. Using this documentation and any additional explanations, we performed the following procedures on each expense:

- We determined if the documentation for the full cost was maintained as required by Ohio Admin. Code § 5123-7-12(H). We found unsupported expenses as reported in the Appendix.
- We footed the invoice/documentation for accuracy. We found no computational differences resulting in decreased costs. We compared the invoice rate to the contracted rate. We found no variances within the rates.
- We compared the documentation for each expense to the unallowable categories listed in CMS Publication 15-1, § 2102 to 2139. We found non-federal reimbursable costs as reported in the Appendix. For these errors, we scanned the corresponding invoices to identify any additional similar errors or misclassifications and found none.
- We compared the documented type of non-payroll expense to the schedule and chart of account classification reported on the Cost Report and to the chart of account classifications in the Appendix to Ohio Admin. Code § 5123-7-12 and the Instructions for completing the Ohio Department of Developmental Disabilities calendar year cost report for Intermediate Care Facilities for Individuals with Intellectual Disabilities Cost Report (Cost Report Instructions). We found no variances between schedules exceeding \$500.
- We documented the name and type of expense and inquired with ICF-IID to confirm that the business purpose of the expense benefitted the ICF-IID in accordance with CMS Publication 15-1 § 2302.4. We found costs that did not benefit the ICF-IID as reported in the Appendix. For these errors, we scanned the corresponding invoices to identify any additional similar errors or misclassifications and found none.
- We compared the cost and type of expense on the documentation to Ohio Admin. Code § 5123-7-18 and the ICF's Depreciation/ Capitalization Policy to confirm that the expense was not a capital asset. We found no unidentified capital assets.

Non-Payroll Expenses (Continued)

- We compared the cost methodology and allocation statistics for each expense to the allowable methods per CMS Publication 15-1 § 2302.4. We found variances resulting in decreased costs as reported in the Appendix. We confirmed each amount was expensed during 2021 and used the proper accounting basis in accordance with the Cost Report instructions.
3. We compared the cost methodology used in the Home Office, Core and Residential Allocation worksheets for *Schedules B-1, B-2 and C* and to Ohio Admin. Code § 5123-7-12 and CMS Publication 15-1, § 2150. There were no reclassifications or adjustments resulting in decreased costs.

Property

1. We compared the initial square footage and year of construction of the 4911 Hendrickson Road facility from the Butler County Auditor's Property records to *Attachment 9, Fair Rental Value Survey*. There were differences in the year and square footage variances exceeding 10 percent as reported in the Appendix.
2. We compared the project year, type and cost for the one recent renovation from the invoice and other supporting documentation to *Attachment 9, Log 2: Renovations Projects*. We also compared the type and cost of the renovation to the Cost Report Instructions. There were no year or type variances or decreases in costs.
3. We compared the square footage and year of construction of the 805 N Whittington Parkway home office and 5099 Camelot Drive core office from the Butler County Property tax records, Home Office square footage summary, property lease documentation to *Attachment 9: Log 3: Secondary Buildings* and the Cost Report instructions. We found no variances.

We also compared the utilization percentage from the Home and Core Office Utilization worksheet to *Attachment 9* and the Cost Report Instructions and CMS Publication 15-1 §§ 2150 and 2302.4. We found no decreases in the utilization percentage.

4. We compared equipment depreciation and lease costs from the Fixed Asset/Depreciation Schedules, Home Office, Residential and Core Office Allocation worksheets, and General Ledger Detail to *Schedule D, Capital Cost Center*, the Cost Report Instructions. There were no variances.

We scanned the Fixed Asset/Depreciation Schedules and General Ledger Detail to identify any reported loss on *Schedule D* not in accordance with CMS Publication 15-1, § 104.10(E). We found no reported capital loss.

We selected one capital asset from account 8090 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 and found no variances resulting in decreased costs.

Payroll

1. We compared all salary and fringe benefits on the Mapping Trial Balance to *Schedules B-2 and C*. We found no variances.

We also compared hours and percentage of time worked and salaries from the Administrative Wage Allocation report to *Schedule C-1, Administrator's Compensation*. We found no variances resulting in decreased costs.

Payroll (Continued)

2. We obtained the Payroll Disbursement Journal and selected five employees reported on *Schedules B-2, C, and C-1* and obtained the job descriptions and Mapping Trial Balance (payroll documentation) and if the programs with benefit from the employees' work is unclear, we inquired with the ICF-IID We performed the following procedures on each selected employee:
 - We compared the employee payroll documentation to the Cost Report and determined if documentation for the full cost was maintained as required by Ohio Admin. Code § 5123-7-12(H). We found no variances for unsupported expenses.
 - We compared the employee payroll documentation for each expense to the unallowable categories listed in CMS Publication 15-1, § 2102 to 2139 and determined if the cost benefitted the Medicaid program in accordance with CMS Publication 15-1 § 2302.4. We found no non-reimbursable costs.
 - We compared the employee payroll documentation to the schedule and account classification reported on the Cost Report and to the chart of account classification in the Appendix to Ohio Admin. Code § 5123-7-12 and to the Cost Report instructions. We found no reclassifications between schedules exceeding \$500.
 - We compared the cost methodology and allocation statistics for each expense to the allowable methods per CMS Publication 15-1 § 2302.4 and determined if each amount was expensed during 2021 and used the proper accounting basis in accordance with the Cost Report instructions. We found no variances resulting in decreased costs.

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 American Institute of Certified Public Accountants (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 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.

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.



Keith Faber
Auditor of State
Columbus, Ohio

April 26, 2023

Appendix
Res-Care of Ohio, Inc. DBA Hendrickson #2
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)	\$ 37,715	\$ (1,205)		To reclassify expenses to non-reimbursable without supporting documentation
		\$ (673)		To reclassify expenses to non-reimbursable costs for resident no longer at ICF and costs without support for allocation methodology
		\$ (488)		To reclassify expenses to non-reimbursable costs for resident no longer at ICF and costs without support for allocation methodology
		\$ (327)		To reclassify expenses to non-reimbursable costs for resident no longer at ICF
		\$ (86)		To reclassify expenses to non-reimbursable costs for resident incorrectly allocated to ICF
		\$ (529)		To reclassify expenses to non-reimbursable costs for incorrectly paying an invoice twice
		\$ (327)	\$ 34,080	To reclassify expenses to non-reimbursable costs for resident no longer at ICF
18. Home Office Costs/Other Protected - 6095 - Other/Contract Wages (2)	\$ 4,974	\$ (2)	\$ 4,972	To reclassify late fees to non-reimbursable costs
Schedule C Indirect Care Cost Center				
68. Other Non-Reimbursable - Specify Below - 9725 - Other/Contract Wages (2)	\$ -	\$ 1,205		To reclassify expenses to non-reimbursable without supporting documentation
		\$ 673		To reclassify expenses to non-reimbursable costs for resident no longer at ICF and costs without support for allocation methodology
		\$ 488		To reclassify expenses to non-reimbursable costs for resident no longer at ICF and costs without support for allocation methodology
		\$ 327		To reclassify expenses to non-reimbursable costs for resident no longer at ICF

Appendix
Res-Care of Ohio, Inc. DBA Hendrickson #2
Medicaid ICF-IID Cost Report Adjustments

	Reported Amount	Correction	Corrected Amount	Explanation of Correction
Schedule C Indirect Care Cost Center (Continued)				
68. Other Non-Reimbursable - Specify Below - 9725 - Other/Contract Wages (2)		\$ 86		To reclassify expenses to non-reimbursable costs for resident incorrectly allocated to ICF
		\$ 529		To reclassify expenses to non-reimbursable costs for incorrectly paying an invoice twice
		\$ 327	\$ 3,635	To reclassify expenses to non-reimbursable costs for resident no longer at ICF
69. Late Fees, Fines or Penalties - 9730 - Other/Contract Wages (2)	\$ -	\$ 2	\$ 2	To reclassify costs for late fee to non-reimbursable costs
Attachment 1, Revenue Trial Balance				
Routine Service - Room and Board				
5. Other	\$ 4,196	\$ (4,196)	\$ -	To reclassify Covid grant from Room and Board to Other revenues
Other Services				
59. Other - Specify Below	\$ -	\$ 4,196	\$ 4,196	To reclassify Covid grant from Room and Board to Other revenues
Attachment 9, Fair Rental Value Survey				
Initial Construction				
Year of initial construction	2016	2	2018	To correct the year of initial construction to match County Auditor's property records
Initial square footage (building total):	4,704	(723)	3,981	To correct square footage for the initial year of construction to match County Auditor's property records

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RES-CARE OF OHIO, INC. DBA HENDRICKSON #2

BUTLER 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 5/11/2023

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
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