



OHIO AUDITOR OF STATE
KEITH FABER



OHIO AUDITOR OF STATE KEITH FABER



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 New Avenues to Independence, Inc. DBA New Avenues/Zeve Home'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 Monthly Census reports. There were no computational errors. We compared the total of inpatient and leave days from the census reports to *Schedule A-1, Summary of Inpatient Days*. We found no omitted days.
2. We selected eight residents from the Monthly Census reports 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 obtained the remaining Monthly Census reports. We totaled the leave days per resident for the year and found no days over 30.

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

Revenue

1. We agreed the revenue reported on *Attachment 1, Revenue Trial Balance* to the Revenue Details report and with the chart of account classifications in the Appendix to Ohio Admin. Code § 5123-7-12. We found no variances exceeding \$500.
2. We scanned the description in the Revenue Details 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 Working Trial Balance and Home Office Allocation Worksheets to *Schedule B-1, B-2 and C*. We found no variances between schedules exceeding \$500.
2. We scanned the Detailed General Ledger 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 not maintained as required by Ohio Admin. Code § 5123-7-12(H). We found variances for unsupported expenses as reported in the Appendix.
- We footed the invoice/documentation for accuracy. We found no computational differences. 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-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 benefited the ICF-IID in accordance with CMS Publication 15-1 § 2302.4. We found no costs that did not benefit the ICF-IID.
- 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 no variances resulting in decreased costs. 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 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 17608 Euclid Avenue ICF-IID facility from the Cuyahoga County Auditor's Property records to *Attachment 9, Fair Rental Value Survey*. There were no differences in the year or square footage.
2. We compared the project year, type 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 renovations to the Cost Report Instructions. We found a year variance as reported in the Appendix. We found no type variances or decreases in costs.
3. We compared the square footage and year of construction of 17608 Euclid Avenue secondary building facility from the Cuyahoga County Property tax records 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 Office Allocation worksheet to *Attachment 9* and the Cost Report Instructions and CMS Publication 15-1 §§ 2150 and 2302.4. We found no variances resulting in a decrease in the utilization percentage.

4. We compared equipment depreciation and lease costs from the Depreciation Expense Detail and Home Office Allocation worksheet to *Schedule D, Capital Cost Center* and the Cost Report Instructions. We found no variances.

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

We selected one capital asset each from account 8040 and 8090 which were being depreciated in the first year. We recalculated the first year's depreciation for the two assets 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 Working Trial Balance and Payroll Cost Detail report to *Schedules B-1, B-2, and C*. We found no variances resulting in decreased costs.

We also compared hours and percentage of time worked and salaries from the Home Office Allocation worksheet to *Schedule C-1, Administrator's Compensation* and *Schedule C-2, Owner's Relatives Compensation*. There were no variances resulting in decreased costs.

Payroll (Continued)

2. We obtained the Payroll Cost Detail report and selected five employees reported on *Schedules B-2* and obtained the job descriptions (payroll documentation) and if the programs that 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 Reconciliation of Payroll Detail and the Cost Report and confirmed 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 variances.
 - 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.

Contracted Personnel

We selected two contracted personnel reported on *Schedule B-2* and *C* and obtained the corresponding contracts, contract invoices, and one month of timesheets/documentation of work performed by each contract employee, and if the purpose of the contract expense is unclear, we inquired with the ICF-IID (contract documentation). Using this documentation, we performed the following procedures on each selected contracted personnel:

- We compared contract documentation to the Detailed General Ledger and Cost Report instructions to confirm if documentation for the full cost was maintained as required by Ohio Admin. Code § 5123-7-12(H). We found no unsupported expenses.
- We footed the contract invoices and found no computational errors resulting in decreased costs. We compared the invoice rates to the contracted rate and found no variances within the rates.
- We compared the contract documentation to the unallowable categories listed in CMS Publication 15-1, § 2102 to 2139 and determined if the costs benefitted the ICF-IID in accordance with CMS Publication 15-1 § 2302.4. We found no variances resulting in decreased costs.
- We compared the documented contract cost and type of expense to the schedule and chart of account classification reported on the Cost Report and to the chart of account classification in the Appendix to Ohio Admin. Code § 5123-7-12. 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. We found no variances resulting in decreased costs.
- We confirmed 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 11, 2023

Appendix

**New Avenues to Independence, Inc. DBA New Avenues/Zeve Home
Medicaid ICF-IID Cost Report Adjustments**

| | Reported Amount | Correction | Corrected Amount | Explanation of Correction |
|--|----------------------------|-------------------|-----------------------------|--|
| Schedule C Indirect Care Cost Center | | | | |
| 7. Food In-Facility - 7040 - Other/Contract Wages (2) | \$ 55,429 | \$ (1,076) | \$ 54,353 | To reclassify expense without sufficient documentation |
| 24. Program Supplies - 7125 - Other/Contract Wages (2) | \$ 6,528 | \$ (716) | \$ 5,812 | To reclassify employee Christmas gifts to non-reimbursable costs |
| 68. Other Non-Reimbursable - Specify Below - 9725 - Other/Contract Wages (2) | \$ 4,492 | \$ 1,076 | | To reclassify expense without sufficient documentation |
| | | \$ 716 | \$ 6,284 | To reclassify employee Christmas gifts to non-reimbursable costs |
| Attachment 9, Fair Rental Value Survey | | | | |
| Fair Rental Value Log 2: Renovations Projects Log | 2020 | (1) | 2019 | To adjust the year of a renovation |

OHIO AUDITOR OF STATE KEITH FABER



NEW AVENUES TO INDEPENDENCE, INC. DBA NEW AVENUES/ZEVE HOME

CUYAHOGA 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 5/4/2023

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
www.ohioauditor.gov