



OHIO AUDITOR OF STATE
KEITH FABER



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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 Transitional Living Centers, Inc. DBA Josephine House'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 Daily Census Report - By Payer reports. 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*. There were no omitted days.
2. We selected all six residents from the Daily Census Report - By Payer 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 Daily Census reports and medical records. We totaled the leave days per resident for the year and found no total 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 equal to net Medicaid reimbursed days.

Revenue

1. We agreed the revenue reported on *Attachment 1, Revenue Trial Balance* to the General Ledger Detail and with the chart of account classifications in the Appendix to Ohio Admin. Code § 5123-7-12. There were no variances exceeding \$500.
2. We scanned the description in the General Ledger Detail and Posting report for any discounts, allowances, 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 General Ledger Detail to *Schedules B-1, B-2 and C*. We found no variances exceeding \$500 or resulting in decreased costs.
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 confirmed that the documentation for the full cost was maintained as required by Ohio Admin. Code § 5123-7-12(H). We found a variance resulting in decreased costs 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 a variance in the rate as reported in the procedure above.
- We compared the documentation for each expense to the unallowable categories listed in CMS Publication 15-1, § 2102 to 2139. We found no non-federal reimbursable costs.
- 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 the 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 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.
3. We compared the cost methodology used in the Home Office Allocation worksheet 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 2039 Josephine Boulevard facility from the Medina County Auditor's Property records and floor plans to *Attachment 9, Fair Rental Value Survey*. There were no square footage variances exceeding 10 percent. There was a variance in initial year of construction as reported in the Appendix.
2. We also compared the square footage, type and year of construction for the one recent addition from the floor plan and Asset Summary report to *Attachment 9, Log 1: Additions and Removals* and the Cost Report Instructions. We found no difference in the year, type and/or square footage variances exceeding 10 percent.
3. 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. There were no year or type variances or variances resulting in decreased costs.
4. We compared equipment depreciation and lease costs from the Asset Summary, invoices and Patient Day Allocation worksheet to *Schedule D, Capital Cost Center*, the Cost Report Instructions. There was a variance as reported in the Appendix.

We scanned the Asset Summary 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 loss.

Payroll

1. We compared all salary and fringe benefits on the General Ledger Detail to *Schedules B-1, B-2, and C*. We found no variances resulting in decreased costs.
2. We also compared hours and percentage of time worked and salaries from the TLC CR Related Allocations worksheet to *Schedule C-1, Administrator's Compensation* and *Schedule C-2, Owner's Relatives Compensation*. There were no variances resulting in decreased costs.
3. We obtained the ADP Payroll report and selected five employees reported on *Schedule B-2* and obtained the organizational chart, job description and Department Expense Account worksheet (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 General Ledger 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.

Payroll (Continued)

- 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 variances 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 *Schedules B-2 and C* and obtained the corresponding contracts, General Ledger Detail and one month of contract invoices/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 General Ledger Detail and Cost Report instructions to confirm documentation for the full cost was maintained as required by Ohio Admin. Code § 5123-7-12(H). We found no variances.
- We footed the contract invoice and found no computational errors resulting in decreased costs. We compared the invoice rates to the contracted rates and found no differences.
- 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 unallowable costs or costs that did not benefit the ICF-IID.
- 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.

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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, flowing style.

Keith Faber
Auditor of State
Columbus, Ohio

January 23, 2023

Appendix
Transitional Living Centers, Inc. DBA Josephine House
Medicaid ICF-IID Cost Report Adjustments

	Reported Amount	Correction	Corrected Amount	Explanation of Correction
Schedule B-2 Direct Care Cost Center				
22. Active Treatment Off-site Day Programming - 6215 - Other/Contract Wages (2)	\$ 45,357	\$ (309)	\$ 45,048	To correct variance in monthly lease amount
Schedule D Capital Cost Center				
7. Lease and Rent - Equipment - 8065 - Total (3)	\$ 577	\$ (39)	\$ 538	To correct equipment lease costs
Attachment 9, Fair Rental Value Initial Construction				
Year of Initial Construction	1992	(37)	1955	To agree Year of Initial Construction to county auditor

OHIO AUDITOR OF STATE KEITH FABER



TRANSITIONAL LIVING CENTERS, INC. DBA JOSEPHINE HOUSE

MEDINA 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 2/14/2023

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