



OHIO AUDITOR OF STATE
KEITH FABER



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INDEPENDENT ACCOUNTANT'S 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 Alvis Inc. dba Alvis House's Medicaid Intermediate Care Facility for Individuals with Intellectual Disabilities (ICF-IID) Cost Report and Medicaid payments for the year ended December 31, 2022, 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, 2022, 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 has 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, 2022, and certain compliance requirements related to the Cost Report and Medicaid services. Additionally, the Ohio Department of Developmental Disabilities has agreed to and acknowledged that the procedures performed are appropriate to meet their purposes. 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 Facility Daily Census reports and the Summary of Revenue and Census report. 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 two residents from the 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 5123-3-04(J). We found no omitted days.

For any reimbursed leave days, we obtained the remaining Facility Daily Census reports and any prior authorization documentation. We totaled the leave days per resident and, 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 reported days are greater than net Medicaid reimbursed days.

Revenue

1. We agreed the revenue reported on *Attachment 1, Revenue Trial Balance* to the Statement of Activity Detail report and with the chart of account classifications in the Appendix to Ohio Admin. Code § 5123-7-12. There were no variances.
2. We scanned the description in the Statement of Activity Detail 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.

Non-Payroll Expenses

1. We compared all non-payroll expenses from the Trial Balance to *Schedule B-1, B-2 and C*. We found no variances.
2. We scanned the Statement of Activity Detail report 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, including two contract personnel/position vouchers, 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 variances 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 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 Statement of Activity Detail report for other like errors in the same cost center 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 variances between schedules exceeding \$500 as reported in the Appendix. For these errors, we scanned the Statement of Activity Detail report for other like errors in the same cost center and found none.

- 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 Statement of Activity Detail report for other like errors in the same cost center and found none.

Non-Payroll Expenses (Continued)

- We compared the cost and type of expense on the documentation to Ohio Admin. Code § 5123-7-18 to confirm that the expense was not a capital asset. We found no unidentified capital assets.
 - We compared the cost methodology and allocation statistics for each expense to the allowable methods per CMS Publication 15-1 § 2302.8. We found variances resulting in decreased costs as reported in the Appendix. We confirmed each amount was expensed during 2022 and used the proper accounting basis in accordance with the Cost Report instructions.
3. We compared the cost methodology used in the Home Office Profit and Loss and Overhead Allocation worksheets for Schedules B-1, B-2 and C to Ohio Admin. Code § 5123-7-12 and CMS Publication 15-1, § 2150. We reviewed the ICF-IID's methodology to allocate home office costs between unlike facilities and we found the ICF-IID used an allocation methodology based on budgeted costs in lieu of actual costs as required by CMS Publication 15-1, § 2150.3 (D)(2).

Therefore, we asked the ICF-IID to recalculate home office costs using a total actual cost methodology. We received the ICF-IID's revised Overhead Allocation worksheet using actual costs and found that it did not result in decreased costs.

Property

1. We compared the initial square footage and year of construction of the ICF-IID facility at 624 South Ohio Avenue from the Franklin 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 renovation to the Cost Report Instructions. There was a year variance for one renovation as reported in the Appendix. There were no type variances or decreases in costs.
3. We compared the square footage and year of construction of the secondary building facility at 2100 Stella Court from the Franklin County Property tax records to *Attachment 9: Log 3: Secondary Buildings* and the Cost Report instructions. There were no variances.

We also compared the utilization percentage from the Profit and Loss report to *Attachment 9* and the Cost Report Instructions and CMS Publication 15-1 §§ 2150 and 2302.4. There were no variances.

4. We compared equipment depreciation and lease costs from the Asset Depreciation Short Report and Trial Balance to *Schedule D, Capital Cost Center*, the Cost Report Instructions. There were no variances.

We scanned the Asset Depreciation Short and Statement of Detailed Activity reports to identify any reported loss on *Schedule D* not in accordance with CMS Publication 15-1, § 104.10(E). We found no reported loss.

5. 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 and found variances resulting in decreased costs as reported in the Appendix.

Payroll

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

We also compared hours and percentage of time worked and salaries from the Cost Per Hour Detail report to *Schedule C-1, Administrator's Compensation*. There were no variances.

2. We obtained the Labor Distribution report and selected five employees reported on *Schedules B-1, B-2, C* and all employees on *C-1* 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 Labor Distribution report to the Payroll Audit Detail report and the Payroll Audit Detail report to the Trial Balance and the Cost Report and confirmed documentation for the full cost was maintained as required by Ohio Admin. Code § 5123-7-12(H).
 - We compared the job description for each employee to the unallowable categories listed in CMS Publication 15-1, § 2102 to 2139 and determined if the employee salary and benefit costs benefitted the Medicaid program in accordance with CMS Publication 15-1 § 2302.4. We found no non-reimbursable costs.
 - We compared the employee job description and salary and benefit costs on the Labor Distribution report to the Payroll Audit Detail report and the Payroll Audit Detail report to the Trial Balance and 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.
 - We compared the cost methodology and allocation statistics for each employees' salary and benefit costs to the allowable methods per CMS Publication 15-1 § 2302.8 and determined if employees' salary and benefit costs were expensed during 2022 and used the proper accounting basis in accordance with the Cost Report instructions. We found 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 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 17, 2024

Appendix
Alvis, Inc. dba Alvis House
Medicaid ICF-IID Cost Report Adjustments

	Reported Amount	Correction	Corrected Amount	Explanation of Correction
Schedule B-1 Other Protected Costs Center				
2. Medical Supplies - Medicare Non-Billable - 6001 - Other/Contract Wages (2)	\$ 2,309	\$ (815)	\$ 1,494	To reclassify universal precaution supplies
Schedule C Indirect Care Cost Center				
35. Housekeeping - 7245 - Other/Contract Wages (2)	\$ 12,292	\$ (166)	\$ 12,126	To reclassify amount overallocated to ICF to non-reimbursable costs
37. Universal Precaution Supplies - 7255 - Other/Contract Wages (2)	\$ -	\$ 815	\$ 815	To reclassify universal precaution supplies
39. Accounting - 7265 - Other/Contract Wages (2)	\$ 32,614	\$ (32,614)	\$ -	To reclassify settlement payments and interest to ODM to non-reimbursable costs
48. Home Office Costs /Indirect Care- 7310 - Other/Contract Wages (2)	\$ 190,676	\$ (2,318)		To reclassify legal retainers paid without detail of services provided to non-reimbursable costs
		\$ (469)	\$ 187,889	To reclassify fundraising costs to non-reimbursable costs
68. Other Non-Reimbursable - Specify Below - 9725 - Other/Contract Wages (2)	\$ 14,876	\$ 32,614		To reclassify settlement payments and interest to ODM to non-reimbursable costs
		\$ 166		To reclassify amount overallocated to ICF to non-reimbursable costs
		\$ 2,318		To reclassify legal retainers paid without detail of services provided to non-reimbursable costs
		\$ 469	\$ 50,443	To reclassify fundraising costs to non-reimbursable costs
Schedule D Capital Cost Center				
4. Depreciation - Equipment: Acct. 8040 - Total Column (3)	\$ 9,302	\$ (2,693)	\$ 6,609	To reduce depreciation based on correct useful lives
Fair Rental Value Log 2: Renovations Projects Log				
26. Awning - Project Year	2021	1	2022	To adjust renovation year to actual

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ALVIS, INC. DBA ALVIS HOUSE

FRANKLIN 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 5/21/2024

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