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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 Filling Memorial Home of Mercy, Inc. dba Filling Homes' 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 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*. There were no omitted days.
2. We selected four residents from the Daily 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 Monthly 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 were greater than net Medicaid reimbursed days.

Revenue

1. We compared the revenue reported on *Attachment 1, Revenue Trial Balance* to the Trial Balance 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 General Ledger - Account Activity 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 reported unrecorded offsets in the Appendix in accordance with CMS Publication 15-1 § 804.

Non-Payroll Expenses

1. We compared all non-payroll expenses from the Trial Balance to *Schedules B-1, B-2 and C*. We found no variances.
2. We scanned the General Ledger – Account Activity 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 a minimum of 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 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-reimbursable costs. For these errors, we scanned the General Ledger – Account Activity report for other like errors in the same cost center and found additional similar errors. We totaled all identified errors as reported in the Appendix.
- 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 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 to confirm that the expense was not a capital asset. We found an expense that was a capital asset and reported variances to remove the expense and include depreciable costs as reported in the Appendix.

Non-Payroll Expenses (Continued)

- We compared the cost methodology and allocation statistics for each expense to the allowable methods per CMS Publication 15-1 § 2302.8. We found no variances resulting in decreased costs. 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 Allocation worksheet for *Schedules B-1, B-2 and C* and to Ohio Admin. Code 5123-7-12 and CMS Publication 15-1, § 2150. We found the ICF-IID's home office cost methodology was based on a total cost methodology; however, it did not exclude allocated home office costs when calculating the percentage of costs attributable to the ICF-IID as required by CMS Publication 15-1, § 2150.3 (D)(2). We recalculated the ICF-IID's home office costs based on net total costs and found it did not result in decreased costs.

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 CEO Calculation Schedule to *Schedule C-1, Administrator's Compensation*. There were no variances resulting in decreased costs.

2. We obtained the Payroll Date Range by Employee Wages report and selected five employees reported on *Schedules B-1, B-2, C* and the one employee reported on *Schedule 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 General Ledger – Account Activity report to 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 Labor Distribution report and the salary and benefit costs on the General Ledger – Account Activity report 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.
- 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.

Property

1. We compared the initial square footage and year of construction of the ICF-IID facility at N-160 State Route 108 from the Henry County Auditor's Property records to *Attachment 9, Fair Rental Value Survey*. There were no variances in square footage exceeding 10 percent. We found variances in the initial year of construction as reported in the Appendix.

Property (Continued)

2. We selected two removals within the records retention period of 7 years of Ohio Admin. Code 5123-7-12 and compared the square footage, type and the year from the DODD bed reduction letters to *Attachment 9, Log 1: Additions and Removals* and the Cost Report Instructions for ICF-IID. We found no variance in the year, type, or square footage.
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 decreases in costs.
4. We compared equipment depreciation from the Fixed Asset Summary and General Ledger - Account Inquiry report to the Depreciation Summary and from the Summary to *Schedule D, Capital Cost Center*, and the Cost Report Instructions. There were no variances.
5. We scanned the Depreciation Summary and General Ledger – Account Activity report to identify any reported loss on *Schedule D* not in accordance with CMS Publication 15-1, § 104.10(E). We found no reported loss.
6. We selected one capital asset each from account 8040 and 8050 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 Ohio Admin. Code 5123-7-18.

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

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

May 8, 2024

Appendix

**The Filling Memorial Home of Mercy, Inc. DBA Filling Homes
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 - Adjustments Increases/Decreases (4)	\$ -	\$ (617)	\$ (617)	To record credit card rebate offset	
Schedule B-2 Direct Care Cost Center					
40. Employee Fringe Benefits - Direct Care - 6530 - Adjustments Increases/Decreases (4)	\$ -	\$ (120)	\$ (120)	To record credit card rebate offset	
Schedule C Indirect Care Cost Center					
52. Repair and Maintenance - 7340 - Adjustments Increases/Decreases (4)	\$ -	\$ (1,797)	\$ (1,797)	To record credit card rebate offset	
53. Minor Equipment - 7350 - Adjustments Increases/Decreases (4)	\$ 20,243	\$ (5,662)		To remove direct costs of capital asset and record depreciation	
		\$ (292)	\$ 14,289	To reclassify oxygen concentrator costs to non-reimbursable	
Non-Reimbursable Expenses					
68. Oxygen - 9720 - Other/Contract Wages (2)	\$ -	\$ 292	\$ 292	To reclassify oxygen concentrator costs to non-reimbursable	
74. Promotional Advertising and Marketing - 9755 - Adjustments Increases/Decreases (4)	\$ -	\$ (148)	\$ (148)	To record credit card rebate offset	
Schedule D Capital Cost Center					
4. Depreciation Equipment - 8040 - Total (3)	\$ 135,871	\$ 425	\$ 136,296	To remove direct costs of capital asset and record depreciation	
5. Depreciation Transportation Equipment - 8050 - Total (3)	\$ 46,197	\$ (1,227)	\$ 44,970	To remove depreciation in the month of acquisition	
Attachment 2, Adjustments to Trial Balance					
1. Credit Card Rebate, Revenue Chart of Account (1)			5530	5530	To record credit card rebate offset
1. Credit Card Rebate, Other Increase (Decrease) (3)	\$ -	\$ (617)	\$ (617)		To record credit card rebate offset
1. Credit Card Rebate, Expense Chart of Account (5)			6001	6001	To record credit card rebate offset
2. Credit Card Rebate, Revenue Chart of Account (1)			5530	5530	To record credit card rebate offset
2. Credit Card Rebate, Other Increase (Decrease) (3)	\$ -	\$ (120)	\$ (120)		To record credit card rebate offset
2. Credit Card Rebate, Expense Chart of Account (5)			6530	6530	To record credit card rebate offset
3. Credit Card Rebate, Revenue Chart of Account (1)			5530	5530	To record credit card rebate offset
3. Credit Card Rebate, Other Increase (Decrease) (3)	\$ -	\$ (1,797)	\$ (1,797)		To record credit card rebate offset
3. Credit Card Rebate, Expense Chart of Account (5)			7340	7340	To record credit card rebate offset

Appendix
The Filling Memorial Home of Mercy, Inc. DBA Filling Homes
Medicaid ICF-IID Cost Report Adjustments

	Reported Amount	Correction	Corrected Amount	Explanation of Correction
Attachment 2, Adjustments to Trial Balance (Continued)				
4. Credit Card Rebate, Revenue Chart of Account (1)		5530	5530	To record credit card rebate offset
4. Credit Card Rebate, Other Increase (Decrease) (3)	\$ -	\$ (148)	\$ (148)	To record credit card rebate offset
4. Credit Card Rebate, Expense Chart of Account (5)		9755	9755	To record credit card rebate offset
Attachment 9, Fair Rental Value Survey				
Initial Construction				
Year of Initial Construction	1958	1	1959	To agree initial year of construction to County Auditor property records

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THE FILLING MEMORIAL HOME OF MERCY, INC. DBA FILLING HOMES

HENRY 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 5/30/2024

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