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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 Paths to Independence Inc., dba Paths to Independence-Cleveland'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 ICF and Respite 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 two residents from the Facility ICF Census 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 5123-3-04(J). We found no omitted days.
3. We compared the number of reimbursed Medicaid days with the total Medicaid days reported on *Schedule A-1*. We found reported days were greater than net Medicaid reimbursed days.

Revenue

1. We agreed the revenue reported on *Attachment 1, Revenue Trial Balance* to the Coded Trial Balance and with the chart of account classifications in the Appendix to Ohio Admin. Code 5123-7-12. There were no variances.

Revenue (Continued)

2. We scanned the description in the General Ledger - Account Inquiry 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 Coded Trial Balance to *Schedule B-1, B-2 and C*. We found no variances.
2. We scanned the General Ledger - Account Details and Home Office Account Activity reports 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*, 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. We compared the invoice rate to the contracted rate. We found no variances within the rates that resulted in decreased costs.
- 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 General Ledger – Account Details and Account Activity reports 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 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 General Ledger – Account Details report for other like errors in the same cost center and found none.
- 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 no variances. We confirmed each amount was expensed during 2022 and used the proper accounting basis in accordance with the Cost Report instructions.

Non-Payroll Expenses (Continued)

3. We compared the cost methodology used in the Home Office Allocation schedule for *Schedules B-1, B-2 and C* to Ohio Admin. Code 5123-7-12 and CMS Publication 15-1, § 2150. There were no variances.

Payroll

1. We compared all salary and fringe benefits on the Coded 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 Administrator Allocation worksheet to *Schedule C-1, Administrator's Compensation*. There were no variances.

2. We obtained the Payroll Detail by Cost Center report and selected five employees reported on *Schedules B-1, B-2, C* and the employee reported on *Schedule C-1* and if the programs which 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 Payroll Detail by Cost Center report to the General Ledger - Account Details report and the Coded Trial Balance and the Trial Balance 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 the salary and benefit costs on Payroll Detail by Cost Center to the General Ledger - Account Details report and Coded Trial Balance and the Trial Balance 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 resulting in decreased costs.

Property

1. We compared the initial square footage and year of construction of the 837 Cleveland Road ICF-IID facility to the Portage County Auditor's Property records to *Attachment 9, Fair Rental Value Survey*. There were no variances in the year of construction or square footage.

We also compared the type and square footage for one addition within the seven year retention period per Ohio Admin. Code 5123-7-12 and the documentation to *Attachment 9, Log 1: Additions and Removals* and the Cost Report Instructions. We found no difference in the year, square footage or type.

Property (Continued)

2. We compared the square footage and year of construction of the 575 Lake Street secondary building facility from the Portage County Property records to *Attachment 9: Log 3: Secondary Buildings* and the Cost Report instructions. There were no variances.
3. We also compared the utilization percentage from the Home Office Allocation Schedule to *Attachment 9* and the Cost Report Instructions and CMS Publication 15-1 §§ 2150 and 2302.4. There were no variances.
4. We compared depreciation from the Asset Depreciation Short Report to *Schedule D, Capital Cost Center*. We found variances resulting in decreased costs as reported in the Appendix.

We scanned the Asset Depreciation Short Report and the General Ledger - Account Details 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.

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 life 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 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

May 9, 2024

Appendix
Paths to Independence, Inc. dba Paths to Independence - Cleveland
Medicaid ICF-IID Cost Report Adjustments

	Reported Amount	Correction	Corrected Amount	Explanation of Correction
Schedule C Indirect Care Cost Center				
48. Home Office Costs/Indirect Care - 7310- Other/Contract Wages (2)	\$ 96,161	\$ (131)		To reclassify employee gifts to non-reimbursable costs
		\$ (310)		To reclassify community event to non-reimbursable costs
		\$ (1,939)		To reclassify employee gift cards to non-reimbursable costs
		\$ (6,463)	\$ 87,318	To reclassify donations to non-reimbursable costs
52. Repairs and Maintenance - 7340 - Other/Contract Wages (2)	\$ 15,036	\$ (528)	\$ 14,508	To reclassify expenses related to another ICF
68. Other Non-Reimbursable - Specify Below - 9725 - Other/Contract Wages (2)	\$ -	\$ 528		To reclassify expenses related to another ICF
		\$ 131		To reclassify employee gifts to non-reimbursable costs
		\$ 310		To reclassify community event to non-reimbursable costs
		\$ 1,939		To reclassify employee gift cards to non-reimbursable costs
		\$ 6,463	\$ 9,371	To reclassify donations to non-reimbursable costs
Schedule D Capital Cost Center				
11. Home Office Costs/Capital Costs - 8090, Total (3)	\$ 44,769	\$ (9)	\$ 44,760	To agree depreciation to depreciation report

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PATHS TO INDEPENDENCE INC., DBA PATHS TO INDEPENDENCE - CLEVELAND

PORTAGE 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 6/25/2024

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