



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, which were agreed to by the Ohio Department of Medicaid (ODM), on the Medicaid ICF-IID Cost Report of Res-Care Ohio, Inc. DBA Williamsburg Residential Alternatives #2 (hereafter referred to as the Provider) for the period January 1, 2016 through December 31, 2016. The Provider's management is responsible for preparing the Medicaid ICF-IID Cost Report (Cost Report). The sufficiency of these procedures is solely the responsibility of ODM. 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.

Unless otherwise specified, Res-Care Ohio, Inc. provided all reports used in the procedures and this report only describes exceptions exceeding \$500 and resulting in decreased costs.

Occupancy and Usage

1. We compared the number of Medicaid and non-Medicaid patient days from the Monthly Census Summary Report to *Schedule A-1, Summary of Inpatient Days*. We found no variances.
2. We selected five residents' medical records and compared the total days of care for December 2016 with the inpatient days on the daily census records and *Schedule A-1*. We determined total patient days equaled days reported. We also confirmed that the Provider did not include any waiver respite days as Medicaid or Medicare.
3. We compared the number of reimbursed Medicaid days per the Quality Decision Support System (QDSS) with *Schedule A-1*. We found that reimbursed Medicaid days were less than total Medicaid days reported.

Medicaid Paid Claims

1. We selected paid claims from QDSS for the five residents selected in the Occupancy and Usage procedure for December 2016. We compared the reimbursed days to the days documented per the resident's medical records. We found no variances.

We also compared the Monthly Census Summary report to the general requirements of CMS Publication 15-1, Chapter 23, and Ohio Admin. Code §5123:2-7-12; the specific requirements of Ohio Admin. Code §5123:2-7-08 (C) to (I) as an occupied or bed hold day, and Ohio Admin. Code §5123:2-7-15 for the payment adjustment requirements for resident's admission, discharge or death. We found no differences.

Revenue

1. We compared the Revenue Ledger with *Attachment 1, Revenue Trial Balance* and the Appendix to Ohio Admin. Code § 5123:2-7-12 and CMS Publication 15-1. We reported variances in Appendix A.
2. We scanned the Revenue Detail for All Homes report for any revenue offsets or applicable credits which were not reported 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* exceeding \$500 in accordance with CMS Publication 15-1, Chapters 1, 6, and 8. We did not identify any revenue offsets/applicable credits.

Non-Payroll Expenses

1. We compared all non-payroll expenses reported on *Schedule B-1, Schedule B-2* and *Schedule C* to the Detailed General Ledger. We found no variances.
2. We scanned the Detailed General Ledger and selected 20 non-payroll expenses that were reported on *Schedule B-1, Schedule B-2, Schedule C*, and *Exhibit 3, Home Office Trial Balance*. We inspected supporting documentation and compared the allocation and cost classification to Ohio Admin. Code § 5123:2-7 and CMS Publication 15-1. We found non-federal reimbursable costs as reported in Appendix A.
3. We scanned for any unreported contract costs which would require reporting on *Schedule C-3, Costs of Services from Related Parties*. We found no unreported contracts.
4. We compared the Home Office Combined Trial Balance and allocation methodology for Home Office costs on *Schedule B-1, Schedule B-2* and *Schedule C* to Ohio Admin. Code § 5123:2-7 and CMS Publication 15-1, Section 2150. We found no reclassifications or adjustments resulting in decreased costs exceeding five percent.
5. We compared the 2016 non-payroll costs reported on *Schedule B-1, Schedule B-2* and *Schedule C* by chart of account code to similar reported costs in 2015. We obtained the following Provider's explanations for five non-payroll variances that increased by more than five percent and \$500:
 - Home Office/Direct Care costs increased on *Schedule B-2* due to fewer ICF Homes receiving allocated costs;
 - Employee Fringe Benefits-Direct Care costs increased on *Schedule B-2* due to increase in medical insurance costs;
 - Food In-Facility costs increased on *Schedule C* due to normal increase in food costs;
 - Communication costs increased on *Schedule C* due to increase in digital devices for electronic record keeping and increased internet usage; and
 - Bad debt costs increased on *Schedule C* due to increase in billing errors.

Property

1. We compared the procedures regarding capitalization of fixed assets used for preparing *Schedule D, Capital Cost Center; Schedule D-1, Analysis of Property, Plant and Equipment* and *Schedule D-2, Capital Additions/Deletions* with Ohio Admin. Code § 5123:2-7-18 and CMS Publication 15-1. We found no inconsistencies.
2. We compared capital assets and corresponding depreciation listed on *Schedule D, Schedule D-1* and *Schedule D-2* to the Fixed Asset and Depreciation Listing. We found no variances exceeding \$500.

Property (Continued)

3. We selected three additions reported on *Schedule D-1* and *Schedule D-2* and compared the cost basis, useful life and depreciation expense to Ohio Admin. Code § 5123:2-7-18. We found no variances. We also confirmed the assets were used in residential care.
4. We inspected the building and equipment lease agreements and compared the parties in the agreement with ownership of the Provider and determined they were non-related party leases that met the requirements of FASB 13 and Ohio Admin. Code § 5123:2-7-24(B). We determined the Provider reported non lease related costs on *Schedule D*; however these did not exceed \$500.
5. We did not compare the Non-extensive Renovation Letter to *Schedule D-1* as there was no renovation and financing costs reported on *Schedule E, Balance Sheet*.
6. We did not compare transportation expenses to CMS Publication 15-1 as no transportation costs were reported on *Schedule D-1*.

Payroll

1. We compared all salary, fringe benefits, payroll tax entries and hours worked on the Detailed General Ledger and Trial Balance to *Schedule B-1, Schedule B-2, Schedule C* and *Schedule C-1, Administrator's Compensation*. We found no variances.
2. We selected five employees reported on *Schedule B-1, Schedule B-2, Schedule C* and *Exhibit 3* and compared the organizational chart and job descriptions to the schedule in which each employee's salary and fringe benefit expenses were reported. We confirmed the payroll costs were properly classified, allocated and allowable in accordance with Ohio Admin. Code § 5123:2-7-12 and CMS Publication 15-1, Chapter 9 and Section 2150.
3. We compared the 2016 payroll costs reported on *Schedule B-1, Schedule B-2, Schedule C, Schedule C-1* and *Schedule C-2* by chart of account code to similar costs reported in 2015. We noted no payroll variances that increased by more than five percent and \$500.

This agreed-upon procedures engagement was conducted in accordance with the American Institute of Certified Public Accountants' attestation standards. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the Medicaid ICF-IID Cost Report. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you. This report is intended solely for the information and use of the Provider and the Ohio Department of Medicaid, and is not intended to be, and should not be used by anyone other than the specified parties.



Keith Faber
Auditor of State
Columbus, Ohio

January 28, 2019

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Appendix A
ResCare Ohio DBA Williamsburg Residential Alternatives #2
2016 Medicaid ICF-IID Cost Report Adjustments

	Reported Amount	Correction	Corrected Amount	Explanation of Correction
Schedule C Indirect Cost Care Center				
29. Office and Administrative Supplies (2)	\$ 533	\$ (468)	\$ 65	To reclassify non-federal reimbursable costs
30. Communications (2)	\$ 2,253	\$ (129)	\$ 2,124	To reclassify non-federal reimbursable costs
68. Other Non-Reimbursable Costs (2)	\$ -	\$ 597	\$ 597	To reclassify non-federal reimbursable costs
Attachment 1				
Routine Service - Room and Board				
3. Medicaid	\$ 636,994	\$ (1,789)	\$ 635,205	To agree to detailed revenue report

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RESCARE WILLIAMSBURG RESIDENTIAL ALTERNATIVES 2

CLERMONT COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
FEBRUARY 14, 2019**