



**OHIO DEPARTMENT OF ADMINISTRATIVE SERVICES**

**REPORT OF INDEPENDENT ACCOUNTANTS ON  
APPLYING AGREED-UPON PROCEDURES**

**FOR THE BENEFIT PERIOD JULY 1, 2007 – JUNE 30, 2008**



**Mary Taylor, CPA**  
Auditor of State





# Mary Taylor, CPA

## Auditor of State

### INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Ohio Department of Administrative Services  
30 East Broad Street, 28<sup>th</sup> Floor  
Columbus, Ohio 43215

We have performed the procedures enumerated below, to which the Ohio Department of Administrative Services (the Department or DAS) has agreed, solely to assist the Department in determining the timeliness of Medical Mutual of Ohio's deposits of the Department's payments and the accuracy of Medical Mutual of Ohio's calculations of interest payments due to the Department from May 2007 through July 2008; and the accuracy of administrative fee calculations for each of the eight dental, vision, and health plans for February and June 2008.

We followed the American Institute of Certified Public Accountants' attestation standards for agreed-upon procedures engagements and applicable attestation engagement standards included in the Comptroller General of the United States' *Government Auditing Standards*. The sufficiency of the procedures is solely the responsibility of the Department. 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.

#### **MEDICAL MUTUAL OF OHIO (OMED) SPECIFIC PROCEDURES**

1. We obtained DAS/Health Benefits payment information and OMED monthly bank financial reports from May 2007 through July 2008 to identify and analyze the number of days between and monies associated with:

- a. The DAS Payment to OMED by amount and payment date.

We identified 173 payments from DAS to OMED totaling \$235,950,000 from May 2007 through July 2008 (see detail in Exhibit A).

- b. The date each DAS payment to OMED was received and posted by OMED to its Monthly Management Reports.

We determined the number of days between the DAS payment date and the OMED Monthly Management Report ranged from zero to seven days (see detail in Exhibit A).

- c. The date each DAS payment to OMED was posted to the OMED bank financial report.

We identified the date each DAS payment was posted to the OMED bank financial report (Cash Receipts Detail Report). We determined the number of days between the OMED Monthly Management Report OMED Cash Receipts Detail Report ranged from zero to four days (see detail in Exhibit A).

We also found the payment date was posted to the Cash Receipts Detail Report prior to being posted to the OMED Monthly Management Report for three payments. Two of these items were one day different; for the other item, there was a one day difference for half of the money and a three day difference for the other half of the money (see detail in Exhibit A).

**MEDICAL MUTUAL OF OHIO (OMED) SPECIFIC PROCEDURES (Continued)**

2. We prepared a spreadsheet that identifies each payment amount, the payment date, the OMED posting date from the monthly management report, and the posting date on the bank financial report. The spreadsheet includes the calculation of the number of days between the payment date and OMED posting date, as well as the number of days between the OMED posting date and bank deposit date. This spreadsheet is included as *Exhibit A* of this report.
3. We calculated interest on monies held by OMED based on provisions included in the administrative agreement between DAS and OMED and compared it to amounts calculated by OMED. We identified and determined the cause of any variances between our interest calculation and OMED's calculation. No variances we identified, except as noted below:

For November 2007 and December 2007, Medical Mutual did not add 0.6% to the averaged T-bill rates when applying interest to average daily balances in excess of \$6,000,000, as required. The inaccurate calculation of interest earned for November 2007 caused the beginning Average Daily Balance for December 2007 to be understated by \$323.82. This, in turn, caused all succeeding month's Average Daily Balances and related interest earned to be incorrect as well. In addition, for January 2008, Medical Mutual applied a higher interest rate when calculating interest earned. In total, DAS earned \$160.96 in interest for state fiscal year 2008 that was not credited by OMED. In a letter dated June 23, 2009, a representative from OMED agreed that an error had occurred and also determined that additional interest of \$157.40 was owed to the State for errors in the calculations made for state fiscal year 2009.

**ADMINISTRATIVE FEES COLLECTED BY HEALTH, DENTAL AND VISION BENEFIT PROVIDERS**

1. We obtained enrollment data for Paramount, The Health Plan, United Health Care, Vision Service Plan, and Delta Dental for the months of February 2008 and June 2008.
2. We calculated the monthly administrative fees for each of the plans as prescribed by the administrative agreement between DAS and each respective plan for the months of February 2008 and June 2008.
3. We compared our calculated administrative fee per plan to the actual administrative fee charged by each of the plans as reflected in their monthly management reports (or bills, if applicable). We noted no variances, except as indicated below, when comparing our calculated administrative fee per plan to the actual administrative fee charged by each plan as reflected in their monthly management reports (or bills, if applicable):

	<b>February 2008</b>	<b>June 2008</b>
<b>Paramount</b>	(\$990.36)	\$36.68
<b>The Health Plan</b>	(\$51.40)	-----
<b>United Health Care</b>	\$30,886.50	\$1,669.50
<b>Vision Service Plan</b>	(\$8.87)	\$35.86
<b>Delta Dental</b>	(\$1,184.40)	\$404.20

*Note: Positive amounts indicate the amount charged by the provider was greater than the fee calculated by the auditor.*

We were unable to obtain enrollment data for OMED and Aetna, and as a result, could not determine total enrollment amount for Catalyst since it would be the sum of all plans' enrollment. Therefore we could not complete the above procedures for these providers. On August 4, 2009, DAS verbally communicated a request to discontinue these procedures for OMED, Aetna, and Catalyst.

Regarding the overpayments to United Health Care as noted in the above table, there was not enough data available at the time of the engagement to determine if the overpayments were offset by underpayments during the year. We will perform follow-up procedures at the financial audit of the Department to determine if the State was made whole.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on the healthcare fund for the benefit period July 1, 2007 through June 30, 2008. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

On March 31, 2010, we held an exit conference with the Ohio Department of Administrative Services' management and discussed the contents of this letter. The Ohio Department of Administrative Services has responded to the issues discussed in this Report. A copy of their response may be obtained from Milagros Garcia, Financial Reporting and Compliance Manager at (614) 728-2004.

This letter is intended solely for the use of the Department of Administrative Services and should not be used by those who have not agreed to the procedures and have not taken responsibility for the sufficiency of the procedures for their purpose.

A handwritten signature in cursive script that reads "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

April 2, 2010

**EXHIBIT A**

	<b>Document / Warrant Number</b>	<b>Payment Amount</b>	<b>Payment Date</b>	<b>Monthly Management Report Date</b>	<b>Days Difference</b>	<b>Bank Statement Posted Date</b>	<b>Days Difference</b>
1	7PA406	\$850,000	5/1/2007	5/3/2007	2	5/3/2007	-
2	7PA407	\$850,000	5/2/2007	5/4/2007	2	5/4/2007	-
3	7PA408	\$850,000	5/3/2007	5/7/2007	4	5/7/2007	-
4	7PA311	\$850,000	5/3/2007	5/8/2007	5	5/8/2007	-
5	7PA410	\$850,000	5/4/2007	5/9/2007	5	5/9/2007	-
6	7PA411	\$850,000	5/7/2007	5/10/2007	3	5/10/2007	-
7	7PA412	\$850,000	5/8/2007	5/11/2007	3	5/11/2007	-
8	7PA416	\$1,700,000	5/10/2007	5/14/2007	4	5/14/2007	-
9	7PA413	\$850,000	5/9/2007	5/16/2007	7	5/16/2007	-
10	7PA418	\$850,000	5/14/2007	5/17/2007	3	5/17/2007	-
11	7PA421	\$850,000	5/15/2007	5/18/2007	3	5/18/2007	-
12	7PA422	\$850,000	5/16/2007	5/21/2007	5	5/21/2007	-
13	7PA425	\$850,000	5/17/2007	5/22/2007	5	5/22/2007	-
14	7PA426	\$850,000	5/18/2007	5/23/2007	5	5/23/2007	-
15	7PA427	\$850,000	5/21/2007	5/24/2007	3	5/24/2007	-
16	7PA430	\$850,000	5/22/2007	5/25/2007	3	5/25/2007	-
17	7PA438	\$850,000	5/23/2007	5/29/2007	6	5/29/2007	-
18	7PA439	\$850,000	5/24/2007	5/30/2007	6	5/30/2007	-
19	7PA441	\$850,000	5/25/2007	5/31/2007	6	5/31/2007	-
20	7PA442	\$850,000	5/29/2007	6/1/2007	3	6/1/2007	-
21	7PA447	\$850,000	5/31/2007	6/4/2007	4	6/4/2007	-
22	7PA452	\$850,000	6/4/2007	6/6/2007	2	6/6/2007	-
23	7PA454	\$850,000	6/5/2007	6/7/2007	2	6/7/2007	-
24	7PA449	\$850,000	6/5/2007	6/7/2007	2	6/7/2007	-
25	7PA456	\$850,000	6/6/2007	6/8/2007	2	6/8/2007	-
26	7PA457	\$13,600,000	6/7/2007	6/11/2007	4	6/11/2007	-
27	0000001738	\$4,250,000	7/11/2007	7/11/2007	-	7/13/2007	2
28	0000002210	\$850,000	7/12/2007	7/12/2007	-	7/13/2007	1
29	0000002996	\$850,000	7/13/2007	7/13/2007	-	7/17/2007	4
30	0000003954	\$850,000	7/16/2007	7/16/2007	-	7/17/2007	1
31	0000005223	\$1,700,000	7/17/2007	7/19/2007	2	7/19/2007	-
32	0000007463	\$850,000	7/20/2007	7/20/2007	-	7/20/2007	-
33	0000008479	\$850,000	7/20/2007	7/20/2007	-	7/20/2007	-
34	0000009198	\$850,000	7/23/2007	7/23/2007	-	7/23/2007	-
35	0000012464	\$1,700,000	7/25/2007	7/25/2007	-	7/25/2007	-
36	0000013979	\$850,000	7/26/2007	7/26/2007	-	7/26/2007	-
37	0000016450	\$850,000	7/27/2007	7/27/2007	-	7/27/2007	-
38	0000018403	\$850,000	7/30/2007	7/30/2007	-	7/30/2007	-
39	0000019486	\$1,700,000	7/31/2007	7/31/2007	-	7/31/2007	-
40	0000028378	\$850,000	8/3/2007	8/3/2007	-	8/3/2007	-
41	0000030425	\$850,000	8/3/2007	8/3/2007	-	8/3/2007	-
42	0000034163	\$2,550,000	8/7/2007	8/7/2007	-	8/7/2007	-
43	0000040950	\$1,700,000	8/10/2007	8/10/2007	-	8/10/2007	-
44	0000043464	\$2,550,000	8/14/2007	8/15/2007	1	8/14/2007	(1)

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45	0000049418	\$1,700,000	8/17/2007	8/17/2007	-	8/17/2007	-
46	0000050443	\$2,550,000	8/20/2007	8/20/2007	-	8/20/2007	-
47	0000057796	\$1,700,000	8/24/2007	8/24/2007	-	8/24/2007	-
48	0000060153	\$850,000	8/27/2007	8/27/2007	-	8/27/2007	-
49	0000061109	\$1,700,000	8/28/2007	8/28/2007	-	8/28/2007	-
50	0000063592	\$850,000	8/30/2007	8/30/2007	-	8/30/2007	-
51	0000066068	\$850,000	8/31/2007	8/31/2007	-	8/31/2007	-
52	0000066847	\$850,000	9/4/2007	9/4/2007	-	9/4/2007	-
53	0000073948	\$1,700,000	9/5/2007	9/5/2007	-	9/5/2007	-
54	0000076747	\$850,000	9/7/2007	9/7/2007	-	9/7/2007	-
55	0000081051	\$1,700,000	9/10/2007	9/10/2007	-	9/10/2007	-
56	0000082611	\$1,700,000	9/11/2007	9/11/2007	-	9/11/2007	-
57	0000085355	\$850,000	9/13/2007	9/13/2007	-	9/13/2007	-
58	0000088179	\$850,000	9/14/2007	9/14/2007	-	9/14/2007	-
59	0000090126	\$850,000	9/17/2007	9/17/2007	-	9/17/2007	-
60	0000092039	\$1,700,000	9/18/2007	9/18/2007	-	9/18/2007	-
61	0000097237	\$850,000	9/21/2007	9/21/2007	-	9/21/2007	-
62	0000098934	\$850,000	9/24/2007	9/24/2007	-	9/24/2007	-
63	0000100438	\$2,550,000	9/25/2007	9/25/2007	-	9/25/2007	-
64	0000107296	\$2,550,000	10/2/2007	10/2/2007	-	10/2/2007	-
65	0000121819	\$7,650,000	10/15/2007	10/15/2007	-	10/15/2007	-
66	0000124711	\$2,550,000	10/16/2007	10/16/2007	-	10/16/2007	-
67	0000132206	\$1,700,000	10/22/2007	10/22/2007	-	10/22/2007	-
68	0000137144	\$850,000	10/25/2007	10/25/2007	-	10/25/2007	-
69	0000137103	\$1,700,000	10/26/2007	10/26/2007	-	10/26/2007	-
70	0000140717	\$850,000	10/26/2007	10/26/2007	-	10/26/2007	-
71	0000141975	\$2,550,000	10/30/2007	10/30/2007	-	10/30/2007	-
72	0000146278	\$850,000	11/2/2007	11/2/2007	-	11/2/2007	-
73	0000147712	\$850,000	11/5/2007	11/5/2007	-	11/5/2007	-
74	0000148802	\$850,000	11/6/2007	11/6/2007	-	11/6/2007	-
75	0000151433	\$3,400,000	11/8/2007	11/8/2007	-	11/8/2007	-
76	0000158102	\$850,000	11/14/2007	11/14/2007	-	11/14/2007	-
77	0000161537	\$850,000	11/16/2007	11/16/2007	-	11/16/2007	-
78	0000165517	\$850,000	11/19/2007	11/19/2007	-	11/19/2007	-
79	0000167401	\$850,000	11/19/2007	11/19/2007	-	11/19/2007	-
80	0000170344	\$1,700,000	11/23/2007	11/23/2007	-	11/23/2007	-
81	0000174323	\$2,550,000	11/26/2007	11/26/2007	-	11/26/2007	-
82	0000178944	\$2,550,000	11/30/2007	11/30/2007	-	11/30/2007	-
83	0000180952	\$850,000	12/3/2007	12/3/2007	-	12/3/2007	-
84	0000184381	\$1,700,000	12/7/2007	12/7/2007	-	12/7/2007	-
85	0000187986	\$1,700,000	12/7/2007	12/7/2007	-	12/7/2007	-
86	0000193340	\$850,000	12/11/2007	12/11/2007	-	12/11/2007	-
87	0000195551	\$2,550,000	12/13/2007	12/13/2007	-	12/13/2007	-
88	0000198919	\$1,700,000	12/14/2007	12/14/2007	-	12/14/2007	-
89	0000201571	\$1,700,000	12/18/2007	12/18/2007	-	12/18/2007	-
90	0000206899	\$1,700,000	12/21/2007	12/21/2007	-	12/21/2007	-
91	0000211295	\$2,550,000	12/26/2007	12/26/2007	-	12/26/2007	-
92	0000216294	\$3,400,000	1/2/2008	1/2/2008	-	1/2/2008	-
93	0000221437	\$3,400,000	1/7/2008	1/7/2008	-	1/7/2008	-

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94	0000224892	\$850,000	1/10/2008	1/10/2008	-	1/10/2008	-
95	0000230285	\$850,000	1/14/2008	1/14/2008	-	1/14/2008	-
96	0000241661	\$5,100,000	1/23/2008	1/23/2008	-	1/23/2008	-
97	0000242532	\$1,700,000	1/24/2008	1/24/2008	-	1/24/2008	-
98	0000244111	\$1,700,000	1/25/2008	1/25/2008	-	1/25/2008	-
99	0000246924	\$850,000	1/28/2008	1/28/2008	-	1/28/2008	-
100	0000251714	\$1,700,000	2/1/2008	2/1/2008	-	2/1/2008	-
101	0000255505	\$850,000	2/1/2008	2/1/2008	-	2/1/2008	-
102	0000259240	\$2,550,000	2/5/2008	2/5/2008	-	2/5/2008	-
103	0000264062	\$850,000	2/8/2008	2/8/2008	-	2/8/2008	-
104	0000267182	\$850,000	2/11/2008	2/11/2008	-	2/11/2008	-
105	0000268174	\$850,000	2/12/2008	2/12/2008	-	2/12/2008	-
106	0000270623	\$1,700,000	2/15/2008	2/15/2008	-	2/15/2008	-
107	0000275081	\$1,700,000	2/19/2008	2/19/2008	-	2/19/2008	-
108	0000276896	\$2,550,000	2/20/2008	2/20/2008	-	2/20/2008	-
109	0000282843	\$1,700,000	2/25/2008	2/25/2008	-	2/25/2008	-
110	0000284676	\$2,550,000	2/26/2008	2/26/2008	-	2/26/2008	-
111	0000290997	\$2,550,000	3/3/2008	3/3/2008	-	3/3/2008	-
112	0000292395	\$1,700,000	3/4/2008	3/4/2008	-	3/4/2008	-
113	0000294700	\$850,000	3/6/2008	3/6/2008	-	3/6/2008	-
114	0000296930	\$850,000	3/7/2008	3/7/2008	-	3/7/2008	-
115	0000298976	\$850,000	3/10/2008	3/10/2008	-	3/10/2008	-
116	0000301750	\$1,700,000	3/11/2008	3/11/2008	-	3/11/2008	-
117	0000303829	\$850,000	3/13/2008	3/13/2008	-	3/13/2008	-
118	0000306410	\$850,000	3/14/2008	3/14/2008	-	3/14/2008	-
119	0000308955	\$850,000	3/17/2008	3/17/2008	-	3/17/2008	-
120	0000310148	\$1,700,000	3/18/2008	3/18/2008	-	3/18/2008	-
121	0000313982	\$850,000	3/20/2008	3/20/2008	-	3/20/2008	-
122	0000316986	\$850,000	3/21/2008	3/21/2008	-	3/21/2008	-
123	0000318252	\$2,550,000	3/24/2008	3/24/2008	-	3/24/2008	-
124	0000323600	\$850,000	3/27/2008	3/27/2008	-	3/27/2008	-
125	0000326003	\$850,000	3/28/2008	3/28/2008	-	3/28/2008	-
126	0000329014	\$850,000	3/31/2008	3/31/2008	-	3/31/2008	-
127	0000329029	\$1,700,000	4/1/2008	4/1/2008	-	4/1/2008	-
128	0000333593	\$850,000	4/4/2008	4/4/2008	-	4/4/2008	-
129	0000335283	\$850,000	4/7/2008	4/7/2008	-	4/7/2008	-
130	0000336386	\$1,700,000	4/8/2008	4/8/2008	-	4/8/2008	-
131	0000344599	\$850,000	4/14/2008	4/14/2008	-	4/14/2008	-
132	0000345349	\$1,700,000	4/15/2008	4/15/2008	-	4/15/2008	-
133	0000352621	\$1,700,000	4/18/2008	4/18/2008	-	4/18/2008	-
134	0000353930	\$850,000	4/21/2008	4/21/2008	-	4/21/2008	-
135	0000355685	\$1,700,000	4/22/2008	4/22/2008	-	4/22/2008	-
136	0000358312	\$850,000	4/24/2008	4/24/2008	-	4/24/2008	-
137	0000361395	\$850,000	4/25/2008	4/25/2008	-	4/25/2008	-
138	0000363352	\$850,000	4/28/2008	4/28/2008	-	4/28/2008	-
139	0000364432	\$1,700,000	4/29/2008	4/29/2008	-	4/29/2008	-
140	0000369412	\$850,000	5/2/2008	5/2/2008	-	5/2/2008	-
141	0000370428	\$1,700,000	5/5/2008	5/5/2008	-	5/5/2008	-
142	0000371840	\$1,700,000	5/6/2008	5/6/2008	-	5/6/2008	-



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143	0000374598	\$1,700,000	5/8/2008	5/8/2008	-	5/8/2008	-
144	0000380000	\$2,550,000	5/12/2008	5/12/2008	-	5/12/2008	-
145	0000384909	\$850,000	5/15/2008	5/15/2008	-	5/15/2008	-
146	0000388177	\$850,000	5/16/2008	5/16/2008	-	5/16/2008	-
147	0000389484	\$850,000	5/19/2008	5/19/2008	-	5/19/2008	-
148	0000390597	\$2,550,000	5/20/2008	5/20/2008	-	5/20/2008	-
149	0000396585	\$850,000	5/23/2008	5/23/2008	-	5/23/2008	-
150	0000399994	\$850,000	5/27/2008	5/27/2008	-	5/27/2008	-
151	0000401009	\$1,700,000	5/28/2008	5/28/2008	-	5/28/2008	-
152	0000404048	\$5,150,000	5/30/2008	5/30/2008	-	5/30/2008	-
153	0000404696	\$850,000	6/2/2008	6/2/2008	-	6/2/2008	-
154	0000410209	\$850,000	6/5/2008	6/5/2008	-	6/5/2008	-
155	0000409205	\$1,700,000	6/6/2008	6/6/08 & 6/9/08	3	6/6/2009	(3)
156	0000416462	\$3,400,000	6/10/2008	6/10/2008	-	6/10/2008	-
157	0000420893	\$850,000	6/12/2008	6/12/2008	-	6/12/2008	-
158	0000424718	\$850,000	6/13/2008	6/14/2008	1	6/13/2008	(1)
159	0000428282	\$850,000	6/17/2008	6/17/2008	-	6/17/2008	-
160	0000431951	\$850,000	6/19/2008	6/19/2008	-	6/19/2008	-
161	0000429979	\$1,700,000	6/20/2008	6/20/2008	-	6/20/2008	-
162	0000438654	\$1,700,000	6/23/2008	6/23/2008	-	6/23/2008	-
163	0000443588	\$8,050,000	6/26/2008	6/26/2008	-	6/26/2008	-
164	0000444865	\$850,000	7/9/2008	7/9/2008	-	7/9/2008	-
165	0000450474	\$1,700,000	7/11/2008	7/11/2008	-	7/11/2008	-
166	0000455192	\$1,700,000	7/15/2008	7/15/2008	-	7/15/2008	-
167	0000461364	\$1,700,000	7/18/2008	7/18/2008	-	7/18/2008	-
168	0000462567	\$2,550,000	7/21/2008	7/21/2008	-	7/21/2008	-
169	0000467757	\$850,000	7/24/2008	7/24/2008	-	7/24/2008	-
170	0000471731	\$850,000	7/25/2008	7/25/2008	-	7/25/2008	-
171	0000474504	\$850,000	7/28/2008	7/28/2008	-	7/28/2008	-
172	0000475614	\$850,000	7/29/2008	7/29/2008	-	7/29/2008	-
173	0000478201	\$6,000,000	7/31/2008	7/31/2008	-	7/31/2008	-

**TOTAL**      \$235,950,000

*Note: Negative numbers indicate the payment was posted to the Bank Statement prior to being posted to the Monthly Management Reports.*





**Mary Taylor, CPA**  
Auditor of State

**OHIO DEPARTMENT OF ADMINISTRATIVE SERVICES**

**FRANKLIN 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  
MAY 6, 2010**