



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 on the intermediate care facility for individuals with intellectual disabilities, Luther Home of Mercy's (the ICF-IID) Medicaid ICF-IID Cost Report and Medicaid payments for the year ended December 31, 2019 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 Medicaid ICF-IID Cost Report for the year ended December 31, 2019 and certain compliance requirements related to the Cost Report and Medicaid services included in the information provided to us by the ICF-IID.

The Department of Medicaid and the Department of Developmental Disabilities have 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, 2019, and certain compliance requirements related to the Cost Report and Medicaid services. 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:

Occupancy and Usage

1. We footed the Census Summary. There were no computational errors.

We compared the number of Medicaid and non-Medicaid patient days from the Census Summary to *Schedule A-1, Summary of Inpatient Days*. There were no omitted days.

2. We selected 10 residents' medical records for one month in 2019 and compared the total days of care with inpatient days reported on the Census Summary and *Schedule A-1*. There were no omitted days.

Medicaid Paid Claims

1. We selected paid claims for one month from the Quality Decision Support System (QDSS) for the 10 residents selected in the Occupancy and Usage procedure and compared the reimbursed days to the days documented per the resident's medical records and to the payment adjustment requirements for resident's admission, discharge or death in the Ohio Admin. Code § 5123:2-7-15. There were no unsupported or unallowable reimbursed days.

We compared the medical records and documentation of authorization for any bed hold days in excess of 30 in a calendar year and waiver respite days to the paid claims data. There were no bed hold days in excess of 30 days and no waiver respite days.

Medicaid Paid Claims (Continued)

2. We compared the total number of reimbursed days per QDSS with the total Medicaid days on *Schedule A-1*. The reported days exceeded paid days.

Revenue

1. We compared revenues on the Trial Balance to *Attachment 1, Revenue Trial Balance* and the Appendix to Ohio Admin. Code § 5123-7-12, and CMS Publication 15-1. There were no variances.
2. We scanned the General Ledger 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* to offset corresponding expenses in accordance with CMS Publication 15-1, Chapters 1, 6, and 8. There were no omitted revenue offsets/applicable credits.

Non-Payroll Expenses

1. We compared all non-payroll expenses from the General Ledger to the Trial Balance and from the Trial Balance to *Schedule B-1, B-2 and C*. There were no variances.
2. We scanned the General Ledgers and selected 30 non-payroll expenses and 10 home office expenses from *Schedules B-1; B-2; and C* and compared supporting documentation to Ohio Admin. Code § 5123-7-12, the Cost Report Instructions for ICF-IID and CMS Publication 15-1 to confirm costs were properly allocated, classified, and allowable. There were no reclassifications between schedules exceeding \$500. There were variances for non-reimbursable costs as reported in the Appendix. We scanned the corresponding invoices and found no similar errors or misclassifications.

Property

1. We compared the year of initial construction and square footage of the 5918 North Main Street facility from the Ottawa County Auditor's Property records and Echoes of Mercy Newsletter to *Attachment 9, Fair Rental Value Survey*. There were no variances for the year of construction. The ICF could not find supporting documentation for the initial square footage from 1928; however, it was outside the seven year records retention period. The County Auditor's property records did not include square footage from the initial year of construction.
2. We also compared the project year and change in square footage for two removals from the ICF/DD Bed Buyback invoices to *Attachment 9, Log 1: Additions and Removals* and the Cost Report Instructions. There were no variances.
3. We compared the project year and cost for five renovations from the invoices to *Attachment 9, Log 2: Renovations Projects*. We also compared the type and cost of the addition to the Cost Report Instructions for ICF-IID. There were no year variances or variances resulting in a decrease in costs.
4. We compared the square footage and year of construction of 5810 North Main Street secondary facilities from the Ottawa County Property tax records to *Attachment 9: Log 3: Secondary Buildings*. There were variances for square footage and year of construction as reported in the Appendix.

We also compared the utilization percentage based off total expenses from the Income Statement to *Attachment 9* and the Cost Report Instructions and CMS Publication 15-1. There were no variances.

Property (Continued)

5. We compared equipment depreciation and lease costs from the Asset Depreciation Report and General Ledger Account Inquiry report to *Schedule D, Analysis of Property, Plant, and Equipment*, the Cost Report Instructions and CMS Publication 15-1. There were variances resulting in decreased costs as reported in the Appendix.

We selected one capital asset from both account 8040 and 8050 which were being depreciated in the first year. We recalculated the first year's depreciation for these assets 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. There were no variances resulting in decreased costs.

Payroll

1. We compared all salary, fringe benefits, payroll tax entries from the General Ledger to the Trial Balance and from the Trial Balance to *Schedule B-2 and C*. We also compared hours worked and salaries from the Employee Payroll report to *Schedule C-1, Administrator's Compensation*. There was a variance resulting in decreased costs as reported in the Appendix.
2. We selected a sample of five employees and the two contracted individual reported on *Schedule B-2, Schedule C* and *C-1*. We compared the job descriptions, June Check Stub reports, Payroll Ledger, contracts and contractor's monthly invoices to the schedule in which each individual's salary and fringe benefit or contract costs were reported. We compared the payroll costs to Ohio Admin. Code § 5123:2-7 and to CMS Publication 15-1, Chapter 9 and Section 2150. There were 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 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 Medicaid ICF-IID 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

January 28, 2022

**Appendix
Luther Home of Mercy
Medicaid ICF-IID Cost Report Adjustments**

	Reported Amount	Correction	Corrected Amount	Explanation of Correction
Schedule C Indirect Care Cost Center				
7. Food-In Facility - 7040 - Other/Contract Wages (2)	\$ 342,090	\$ (164)	\$ 341,926	To reclassify meal charge for cancelled meeting to non-reimbursable costs
29. Office and Admin Supplies - 7220 - Other/Contract Wages (2)	\$ 41,816	\$ (1,083)	\$ 40,733	To reclassify sponsorship and donation costs as non-reimbursable costs
38. Legal Services - 7260 - Other/Contract Wages (2)	\$ 31,977	\$ (150)	\$ 31,827	To reclassify music entertainer costs for annual meeting as non-federal reimbursable costs
68. Other Non-Reimbursable - 9725 - Other/Contract Wages (2)	\$ -	\$ 314	\$ 314	To reclassify meal charge for cancelled meeting and music entertainer costs as non-reimbursable costs
75. Contributions & Donations - 9760 - Other/Contract Wages (2)	\$ -	\$ 1,083	\$ 1,083	To reclassify costs related to contributions and donations
Schedule C-1 Administrators Compensation Section B:				
7. Compensation Amount	\$ 42,111	\$ (3)	\$ 42,108	To agree to supporting documentation
Schedule D Capital Cost Center				
4. Depreciation - Equipment - 8040 - Total (3)	\$ 141,677	\$ (1,891)	\$ 139,786	To agree to asset depreciation report
5. Depreciation - Transportation Equipment - 8050 - Total (3)	\$ 23,195	\$ (2,603)	\$ 20,592	To agree to asset depreciation report
7. Lease and Rent - Equipment - 8065 - Total (3)	\$ 7,853	\$ (123)	\$ 7,730	To agree to actual costs
Fair Rental Value Log 3: Secondary Buildings				
2. Home Office/Record Storage - Year of Construction	1952	1	1953	To agree to County Auditor year of construction
1. Home Office/Record Storage - Total Square Footage	8,500	7,297	15,797	To agree to County Auditor square footage
2. Home Office/Record Storage - Total Square Footage	11,244	(5,843)	5,401	To agree to County Auditor square footage

OHIO AUDITOR OF STATE KEITH FABER



LUTHER HOME OF MERCY

OTTAWA 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 2/22/2022

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