



OHIO AUDITOR OF STATE
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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 Res-Care Ohio, Inc., DBA St Charles Place/St James Place's Medicaid Intermediate Care Facility for Individuals with Intellectual Disabilities (ICF-IID) Cost Report and Medicaid payments for the year ended December 31, 2021 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, 2021 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 and the Ohio 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, 2021, 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:

Census Data and Medicaid Paid Claims

1. We footed the Census by Location report. There were no computational errors. We compared the total of inpatient and leave days from the census report to *Schedule A-1, Summary of Inpatient Days*. There were no omitted days.
2. We selected a minimum of eight residents from the Census by Location 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 5123:2-3-04(I). We found no omitted days.

For any reimbursed leave days, we totaled leave days for each resident for the year from the Census by Location report and medical records. We found no residents had over 30 days for the year.

3. We compared the number of reimbursed Medicaid days with the total Medicaid days reported on *Schedule A-1*. We found that reported days are equal to net Medicaid reimbursed days.

Revenue

1. We agreed the revenue reported on *Attachment 1, Revenue Trial Balance* to the Detailed Revenue Ledgers 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 Detailed General Ledger for any discounts, allowances or 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 or reclassifications between schedules.

Non-Payroll Expenses

1. We compared all non-payroll expenses from the Mapping Trial Balance and the Home Office, Core and Residential Allocation worksheets to *Schedule B-1, B-2 and C*. We found no variances.
2. We scanned the General Ledger Detail 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* 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 if the documentation for the full cost was maintained as required by Ohio Admin. Code § 5123-7-12(H). We found no variances resulting in decreased costs.
- 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-federal reimbursable costs 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 a variance that did not benefit the ICF-IID as reported in the Appendix.
- We compared the cost and type of expense on the documentation to Ohio Admin. Code § 5123-7-18 and the ICF's Depreciation/ Capitalization Policy to confirm that the expense was not a capital asset. We found no unidentified capital assets.

Non-Payroll Expenses (Continued)

- We compared the cost methodology and allocation statistics for each expense to the allowable methods per CMS Publication 15-1 § 2302.4. We found no variances resulting in decreased costs. We confirmed each amount was expensed during 2021 and used the proper accounting basis in accordance with the Cost Report instructions.
3. We compared the cost methodology used in the Home Office, Core and Residential Allocation worksheets for *Schedules B-1, B-2 and C* and to Ohio Admin. Code § 5123-7-12 and CMS Publication 15-1, § 2150. There were no reclassifications or adjustments resulting in decreased costs.

Property

1. We compared the initial square footage and year of construction of the 100-101 Weber Court facility from the Lorain County Auditor's Property records to *Attachment 9, Fair Rental Value Survey*. There were no variances in the year or square footage variances exceeding 10 percent.
2. We compared the project year, type and cost for two recent renovations from the invoices to *Attachment 9, Log 2: Renovations Projects*. We also compared the type and cost of the renovation to the Cost Report Instructions. There were no year or type variances or decreases in costs.
3. We compared the square footage and year of construction of the 805 N Whittington Parkway home office and the 214 E Herrick Avenue core office facilities from the Home Office square footage summary and Lorain County Auditor's Property and lease records to *Attachment 9: Log 3: Secondary Buildings* and the Cost Report instructions. There were no year variances and no square footage variances exceeding 10 percent.

We also compared the utilization percentage from the Home Office, Residential and Core Allocation worksheets to Attachment 9 and the Cost Report Instructions and CMS Publication 15-1 §§ 2150 and 2302.4. There were no decreases in the utilization percentage.

4. We compared equipment depreciation from the Fixed Asset/Depreciation Schedules and Home Office, Residential and Core Office Allocation Worksheets and General Ledger Detail to *Schedule D, Capital Cost Center* and the Cost Report Instructions. There were no unsupported costs.

We scanned the Fixed Asset/Depreciation Schedule and General Ledger Detail to identify any reported loss on *Schedule D* in accordance with CMS Publication 15-1, § 104.10(E). We found no capital loss.

We selected one capital asset each from account 8040 and 8090 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 Appendix A of Ohio Admin. Code § 5123:2-7-18.

We compared the recalculated depreciation to the reported depreciation and found no variances resulting in decreased costs.

Payroll

1. We compared all salary and fringe benefits on the Mapping Trial Balance to Schedules *B-2 and C*. There were no variances resulting in decreased costs.

Payroll (Continued)

We also compared hours and percentage of time worked and salaries from the Administrative Wage Allocation worksheet to *Schedule C-1, Administrator's Compensation*. There were no variances resulting in decreased costs.

2. We obtained the Payroll Disbursement Journal and selected five employees reported on *Schedules B-2, C, and C-1* and obtained the job descriptions and Mapping Trial Balance (payroll documentation) and if the programs will 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 employee payroll documentation to the Cost Report and confirmed if documentation for the full cost was maintained as required by Ohio Admin. Code § 5123-7-12(H). We found no unsupported expenses.
 - We compared the employee payroll documentation for each expense to the unallowable categories listed in CMS Publication 15-1, § 2102 to 2139 and determined if the cost benefitted the Medicaid program in accordance with CMS Publication 15-1 § 2302.4. We found no non-reimbursable costs.
 - We compared the employee payroll documentation 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 reclassifications between schedules exceeding \$500.
 - We compared the cost methodology and allocation statistics for each expense to the allowable methods per CMS Publication 15-1 § 2302.4 and determined if each amount was expensed during 2021 and used the proper accounting basis in accordance with the Cost Report instructions. We found no variances resulting in decreased costs.

Contracted Personnel

1. We selected one contracted personnel reported on *Schedule C* and obtained the corresponding contract, General Ledger Detail and one month of invoices of work performed by this contract employee, and if the purpose of the contract expense is unclear, we inquired with the ICF-IID (contract documentation). Using this documentation, we performed the following procedures on each selected contracted personnel:
 - We compared contract documentation to the General Ledger Detail and Cost Report instructions to confirm if documentation for the full cost was maintained as required by Ohio Admin. Code § 5123-7-12(H). We found no variances.
 - We footed the contract invoice and found no computational errors resulting in decreased costs. The ICF-IID stated this vendor only has an hourly rate on the invoices and not the contract.
 - We compared the contract documentation to the unallowable categories listed in CMS Publication 15-1, § 2102 to 2139 and determined if the costs benefitted the ICF-IID in accordance with CMS Publication 15-1 § 2302.4. We found no unallowable costs or costs that did not benefit the ICF-IID.
 - We compared the documented contract cost and type of expense to the schedule and chart of account classification reported on the Cost Report and to the chart of account classification in the Appendix to Ohio Admin. Code § 5123-7-12. We found no reclassifications between schedules exceeding \$500.
 - We compared the cost methodology and allocation statistics for each expense to the allowable methods per CMS Publication 15-1 § 2302.4. We found no variances resulting in decreased costs.
 - We confirmed each amount was expensed during 2021 and used the proper accounting basis in accordance with the Cost Report Instructions. We found no variances resulting in decreased costs.

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

March 1, 2023

Appendix
Res-Care Ohio, Inc. DBA St Charles Place/St James Place
Medicaid ICF-IID Cost Report Adjustments

	Reported Amount	Correction	Corrected Amount	Explanation of Correction
Schedule B-1 Other Protected Costs				
8. Water and Sewage - 6030 - Other/Contract Wages (2)	\$ 7,115	(53)	\$ 7,062	To reclassify a late fee as non-reimbursable costs
Schedule C Indirect Care Cost Center				
48. Home Office Costs/Indirect Care ** - 7310 - Other/Contract Wages (2)	\$ 101,044	\$ (1)	\$ 101,043	To reclassify legal expenses not allocable to the ICF to
68. Other Non-Reimbursable - 9725 - Other/Contract Wages (2)	\$ 36	\$ 1	\$ 37	To reclassify legal expenses not allocable to the ICF to non-reimbursable costs
69. Late Fees, Fines or Penalties - 9730 - Other/Contract Wages (2)	\$ -	\$ 53	\$ 53	To reclassify a late fee as non-reimbursable costs

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RES-CARE OHIO, INC. DBA ST CHARLES PLACE/ST JAMES PLACE

LORAIN 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 3/28/2023

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