



OHIO AUDITOR OF STATE
KEITH FABER



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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 Rose-Mary, The Johanna Grasselli Rehabilitation and Education Center, Inc. dba Rose-Mary Terrace House'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 Daily Census Summary. There were no computational errors. We compared the total of inpatient and leave days from the Daily Census Summary to *Schedule A-1, Summary of Inpatient Days*. There were no omitted days.
2. We selected one resident with leave days from the Daily Census reports. We obtained the medical records for the selected individual 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.

For any reimbursed leave days, we obtained the remaining Daily Census reports for calendar year 2022 and any prior authorization documentation. We totaled the leave days for the resident selected and determined that for one day during December 2022, in excess of the 30 days allowed annually, they were not prior authorized as required by Ohio Admin. Code 5123-7-08(E)(1).

Census Data and Medicaid Paid Claims (Continued)

Recoverable Findings

We compared the unauthorized days to the Summary by Service Code and calculated a finding in the amount of \$513.02.

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

Revenue

1. We agreed the revenue reported on the Income Statement and General Ledger to *Attachment 1, Revenue Trial Balance* and with the chart of account classifications in the Appendix to Ohio Admin. Code 5123-7-12. There were no variances exceeding \$500.
2. We scanned the description in the General Ledger 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 Reclassification Entries worksheet to the Income Statement and from the Income Statement to *Schedule B-1, B-2 and C*. We found no variances for reclassifications between schedules exceeding \$500 or resulting in decreased costs.
2. We scanned the General Ledger 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 the General Ledgers that was reported on *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 resulting in decreased costs. We compared the invoice rate to the contracted rate and 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 no non-federal reimbursable unallowable costs.
- 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.

Non-Payroll Expenses (Continued)

- 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 no costs that did not benefit the ICF-IID.
 - 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 resulting in decreased costs. We confirmed each amount was expensed during 2022 and used the proper accounting basis in accordance with the Cost Report instructions.
3. We compared the home office cost methodology used in the Consolidated Income Statement for *Schedules B-1, B-2 and C* and to Ohio Admin. Code 5123-7-12 and CMS Publication 15-1, § 2150.

The ICF-IID used a Full Time Equivalent (FTE) methodology in lieu of the Home Office total cost methodology required by CMS Publication 15-1, § 2150.3(D)(2) for unlike facilities. Therefore, we asked the ICF-IID to recalculate its home office costs using the total cost methodology. We received the ICF-IID's Recalculated Home Office Trial Balance and compared it to the Consolidated Income Statement. We found the Recalculated Home Office Trial Balance resulted in decreased costs as reported in the Appendix.

Payroll

1. We compared all salary and fringe benefits on the Reclass Entries Worksheet to the Income Statement and from the Income Statement 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 Hours and Wages Worksheet to *Schedule C-1, Administrator's Compensation*. There were no variances.

2. We obtained the Employee and Job Titles report and selected five employees reported on *Schedules B-1, B-2, C* and all employees 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 salaries and benefits on the Employee Payment Summary to the General Ledger and 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 employee job description 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, organizational chart, and the salary and benefit costs on the Employee Payment Summary 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.

Property

1. We compared the initial square footage and year of construction of the 19855 Grand Boulevard facility from the Cuyahoga County Auditor's Property records to *Attachment 9, Fair Rental Value Survey*. There were no variances in the year of initial construction. There were no square footage variances resulting in decreases exceeding 10 percent.

We also compared the square footage, type and year of construction for one recent addition and one removal from the DODD Bed capacity approval letters and square footage summary to *Attachment 9, Log 1: Additions and Removals* and the Cost Report Instructions. We found no difference in the year, type or square footage.

2. We compared the project year, type and cost for five recent renovations from the invoices to Attachment 9, Log 2: Renovations Projects. We also compared the type and cost of the renovations 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 2346 West 14th Street facility from the Cuyahoga County Property tax records and Square Footage Summary to *Attachment 9: Log 3: Secondary Buildings* and the Cost Report instructions. There were no variances.

We also compared the utilization percentage from the Home Office Square footage allocation to *Attachment 9* and the Cost Report Instructions and CMS Publication 15-1 §§ 2150 and 2302.4.

We found the secondary home office building had a utilization percentage based on a FTE methodology in lieu of a total cost and inpatient day methodology required by CMS Publication 15-1 § 2150; however, we found no decrease in the utilization percentage.

4. We compared depreciation and lease costs from the Asset Depreciation reports, Reclass Entries Worksheet and Income Statement to *Schedule D, Capital Cost Center* and the Cost Report Instructions. There were no variances resulting in decreased costs.

We scanned the Asset Depreciation reports and General Ledger to identify any reported loss on *Schedule D* not in accordance with CMS Publication 15-1, § 104.10(E). We found no reported loss.

We selected one capital asset each from account 8040 and 8050 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.

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.

Rose-Mary, The Johanna Grasselli Rehabilitation and Education Center, Inc.
dba Rose-Mary Terrace House
Cuyahoga County
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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.

A handwritten signature in black ink that reads "Keith Faber". The signature is written in a cursive style with a large, stylized "K" and "F".

Keith Faber
Auditor of State
Columbus, Ohio

June 14, 2024

Appendix

**Rose-Mary, The Johanna Grasselli Rehabilitation and Education Center, Inc. dba Rose-Mary Terrace House
Medicaid ICF-IID Cost Report Adjustments**

	Reported Amount	Correction	Corrected Amount	Explanation of Correction
Schedule B-1 Other Protected Costs				
18. Home Office Costs/Other Protected** - 6095 - Other/Contract Wages (2)	\$ 1,864	\$ (129)	\$ 1,735	To reduce home office costs to amounts based on allowable total cost methodology in lieu of using FTE methodology
Schedule B-2 Direct Care Cost Center				
25. Home Office Costs/Direct Care - 6230 - Salary Facility Employed (1)	\$ 10,937	\$ (787)	\$ 10,150	To reduce home office costs to amounts based on allowable total cost methodology in lieu of using FTE methodology
25. Home Office Costs/Direct Care - 6230 - Other/Contract Wages (2)	\$ 2,336	\$ (162)	\$ 2,174	To reduce home office costs to amounts based on allowable total cost methodology in lieu of using FTE methodology
Schedule C Indirect Care Cost Center				
48. Home Office Costs/Indirect Care** - 7310 - Salary Facility Employed (1)	\$ 62,689	\$ (4,332)	\$ 58,357	To reduce home office costs to amounts based on allowable total cost methodology in lieu of using FTE methodology
48. Home Office Costs/Indirect Care** - 7310 - Other/Contract Wages (2)	\$ 48,369	\$ (3,349)	\$ 45,020	To reduce home office costs to amounts based on allowable total cost methodology in lieu of using FTE methodology
Schedule D Capital Cost Center				
11. Home Office Costs/Capital Costs ** - 8090 - Total (3)	\$ 6,471	\$ (448)	\$ 6,023	To reduce home office costs to amounts based on allowable total cost methodology in lieu of using FTE methodology

OHIO AUDITOR OF STATE KEITH FABER



**ROSE-MARY, THE JOHANNA GRASSELLI REHABILITATION AND EDUCATION CENTER, INC. DBA
ROSE-MARY TERRACE HOUSE**

CUYAHOGA 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 7/11/2024

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