



Dave Yost • Auditor of State

**OUR LADY OF THE WAYSIDE, INC. DBA ELIZABETH LANE HOME
CUYAHOGA COUNTY**

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Independent Accountant's Report on Applying Agreed-Upon Procedures

Mr. John Maynard, Program Integrity Director
Ohio Department of Medicaid
50 West Town Street, Suite 400
Columbus, Ohio 43215

Dear Mr. Maynard:

As required by Ohio Rev. Code § 5124.108 and Ohio Admin. Code § 5123:2-7-12 the Auditor of State's Office (AOS) performed the procedures enumerated below to which the Ohio Department of Medicaid (ODM) also agreed. These procedures are designed to assist you in evaluating whether Our Lady of the Wayside, Inc. DBA Elizabeth Lane Home (hereafter referred to as the Provider) prepared its JFS 02524 ICF-MR Medicaid Cost Report for the period January 1, 2013 through December 31, 2013 in accordance with the Ohio Admin. Code § 5123:2-7 and to assist you in evaluating whether reported transactions complied with CMS Publication 15-1 (Provider Reimbursement Manual), and other compliance requirements described in the procedures below. Note that all rules and code sections relied upon in this report were those in effect during the Cost Report period and may be different from those currently in effect. [Name of Provider]'s management is responsible for preparing these reports. This agreed-upon procedures engagement was conducted in accordance with the American Institute of Certified Public Accountants' attestation standards. 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.

Occupancy and Usage:

1. ODM requested that we report variances if the Provider's patient days were greater than those reported on *Schedule A-1, Summary of Inpatient Days*.

We compared the Provider's patient days on the Daily Census Reports for each month in 2013 to the number of patient days for Medicaid and non-Medicaid patients to those reported on *Schedule A-1*. We also footed the reports for accuracy.

We found no variances where patient days were greater than reported.

2. ODM requested that we report variances to *Schedule A-1, Summary of Inpatient Days* if total patient days for at least five or 10 percent of individuals were greater than those reported for one month. ODM also asked us to determine if the Provider included any waiver respite days as Medicaid or Medicare days and if bed hold days in excess of 30 in a calendar year received the proper authorization on form JFS 09402 in accordance with Ohio Admin. Code § 5123:2-7-08.

We selected all 4 residents' medical records and compared the total days the resident were in the Provider's care for October 2013 with the total inpatient days reported on the Daily Census reports and *Schedule A-1*.

Occupancy and Usage (Continued)

We found no variances where inpatient days were greater than reported for the month and no misclassified waiver respite days and no unauthorized bed hold days.

3. ODM requested that we report variances if the Provider had reimbursed Medicaid days in excess of total Medicaid days reported on *Schedule A-1, Summary of Inpatient Days*.

We compared the number of reimbursed Medicaid days per the Medicaid Information Technology System (MITS) with the total Medicaid days reported on *Schedule A-1*.

We found that total Medicaid days reported exceeded Medicaid reimbursed days per MITS.

Medicaid Paid Claims

1. ODM requested that we select paid claims for five residents in one month and report any variances if the claims did not meet the applicable documentation requirements.

We selected all paid claims for four residents for the October 2013 from MITS and compared the reimbursed Medicaid days to the days documented per the resident's medical records. We determined if the Provider's documentation met the general requirements of CMS Publication 15-1, Chapter 23, Ohio Admin. Code § 5123:2-7-12 and if the days billed met 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 instances of non-compliance with these documentation requirements.

Revenue

1. ODM requested that we compare all revenues on the Provider's Revenue Ledger with those revenues reported on *Attachment 1, Revenue Trial Balance* and report any variances exceeding \$500 resulting in decreased costs on any schedule.

We compared all revenues on the Provider's General Ledger Report with those revenues reported on *Attachment 1* to determine if all revenues were reported in accordance with the Appendix to Ohio Admin. Code § 5123:2-7-16 and CMS Publication 15-1.

We found no differences exceeding \$500.

2. ODM requested we scan the Provider's revenue ledger to identify any revenue offsets/applicable credits which the Provider did not record on *Attachment 2, Adjustments to Trial Balance* or were not offset against expenses on *Schedule B-1, Other Protected Costs; Schedule B-2, Direct Care Cost Center; or Schedule C, Indirect Care Cost Center*. ODM also asked us to report any reclassifications between schedules and adjustments exceeding \$500 resulting in decreased costs on any schedule.

We scanned the Provider's General Ledger Report for revenues which roll up to *Attachment 1* and expenses on *Schedule B-1, Schedule B-2, and Schedule C* to identify any revenue offsets or applicable credits which were not reported on *Attachment 2* or *Schedule B-1, Schedule B-2, or Schedule C* to offset corresponding expenses 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. ODM requested that we compare the Provider's non-payroll expenses to the amounts reported on *Schedule B-1, Other Protected Costs, Schedule B-2, Direct Care Cost Center; and Schedule C, Indirect Cost Care Center to the Provider's Trial Balance and General ledger reports. ODM also asked us to report any variances exceeding \$500 resulting in decreased costs on any schedule.*

We compared all non-payroll expenses reported on *Schedule B-1, Schedule B-2, and Schedule C* to the Provider's Elizabeth Financial Trial Balance and General Ledger Report.

We found no differences.

2. ODM requested that we select 20 non-payroll disbursements on *Schedule B-1, Other Protected Costs; Schedule B-2, Direct Care Cost Center; Schedule C, Indirect Cost Center; and Exhibit 3, Home Office Trial Balance* and determine if these expenses had supporting documentation, were properly allocated and classified and were allowable expenses per Ohio Admin. Code Chapter 5123:2-7 and CMS Publication 15-1. ODM asked us to report any reclassifications between schedules and adjustments exceeding \$500 resulting in decreased costs on any schedule.

We selected 20 non-payroll expenses on *Schedule B-1, Schedule B-2, Schedule C and Exhibit 3* and determined if these expenses had supporting documentation, were properly allocated and classified and were allowable expenses per Ohio Admin. Code § 5123:2-7 and CMS Publication 15-1.

We found differences exceeding \$500 as reported in Appendix A.

3. ODM requested that we review the allocation methodology used in the Provider's Home Office Allocation schedule allocating costs on *Schedule B-1, Other Protected Costs; Schedule B-2, Direct Care Cost Center; and Schedule C, Indirect Cost Care Center* and determine if it was reasonable, allowable, related to residential care, and properly classified in accordance with Ohio Admin. Code Chapter 5123:2-7 and CMS Publication 15-1, Section 2150. ODM asked that we report any reclassifications between schedules and adjustments resulting in decreased Home Office costs exceeding five percent of Home Office costs reported on any schedule.

We reviewed the allocation methodology used in the Provider's Home Office Allocation schedule allocating costs on *Schedule B-1, Schedule B-2, Schedule C* and determined whether it was reasonable, allowable, related to residential care, and properly classified in accordance with Ohio Admin. Code Chapter 5123:2-7 and CMS Publication 15-1, Section 2150.

We found no improper allocation methodologies; however, we noted the Provider did not report all Home Office costs on *Schedule B-1, B-2, C and D.*

We reclassified these costs as Home Office costs as reported in Appendix A.

4. ODM requested that we scan the Provider's non-payroll expenses reported on *Schedule B-1, Other Protected Costs; Schedule B-2, Direct Care Cost Center; and Schedule C, Indirect Cost Center* for non-federal reimbursable costs or costs not properly classified. ODM also asked us to report any reclassifications between schedules and adjustments exceeding \$500 resulting in decreased costs on any schedule or contractor costs over \$10,000 that should have been reported on *Schedule C-3, Costs of Services from Related Parties.*

Non-Payroll Expenses (Continued)

We scanned the Provider's General Ledger Report and Elizabeth Financial Trial Balance report for non-payroll expenses exceeding \$500 reported on *Schedule B-1*, *Schedule B-2*, and *Schedule C* for non-federal reimbursable costs or costs not classified in accordance with Ohio Admin. Code Chapter 5123:2-7 and CMS Publication 15-1. We also scanned for any contractors which would require reporting on *Schedule C-3*.

We found no differences exceeding \$500 on any schedule. We found no contracts which should be reported on *Schedule C-3*.

5. ODM requested that we compare the 2013 non-payroll costs reported on *Schedule B-1*, *Other Protected Costs*; *Schedule B-2*, *Direct Care Cost Center*; and *Schedule C*, *Indirect Cost Care Center* by chart of account code to non-payroll costs reported by chart of account code in 2012 and obtain the Provider's explanation for non-payroll variances that increased by more than five percent and \$500 from the prior year's schedules and report adjustments exceeding \$500 and five percent of non-payroll costs on any schedule.

We compared the 2013 non-payroll costs reported on *Schedule B-1*, *Schedule B-2*, and *Schedule C* by chart of account code to non-payroll costs reported by chart of account code in 2012 and obtained the Provider's explanation for three non-payroll variances.

The Provider stated that the increase in Medical Supplies - medicare non-billable costs on *Schedule B-1* was due to an increase in supplies and custom fitted equipment for a consumer. The Provider stated that the increase in Psychologist costs on *Schedule B-2* was due to an increase in consumer needs. The Provider stated that the increase in employee fringe benefit costs on *Schedule B-2* was due to an increase in staff on employee health insurance.

We reported no adjustments.

Property

1. ODM requested that we compare the Provider's 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 Chapter 5123:2-7 and CMS Publication 15-1, and report any variances.

We compared the Provider's procedures regarding capitalization of fixed assets used for preparing *Schedule D*, *Schedule D-1*, and *Schedule D-2* with Ohio Admin. Code Chapter 5123:2-7 and CMS Publication 15-1.

We noted inconsistencies as the Provider did not determine a salvage value when calculating depreciation on capitalized.

Property (Continued)

Recommendation:

We recommend the Provider calculate a salvage value equal to 10 percent of historical cost when determining the initial book value to be depreciated for each new capital asset purchase in accordance with CMS Publication 15-1, 104.19, which states "Virtually all assets have a salvage value substantial enough to be included in calculating depreciation, and only in rare instance is salvage value so negligible that it may be ignored."

2. ODM requested that we compare capital assets and corresponding depreciation listed on *Schedule D, Capital Cost Center*, *Schedule D-1, Analysis of Property, Plant and Equipment*, and *Schedule D-2, Capital Additions/Deletions* to the Provider's Asset Depreciation Report and Monthly Abbreviated Depreciation Report, and report any reclassifications and adjustments exceeding \$500 resulting in decreased costs on any schedule.

We compared capital assets and corresponding depreciation listed on *Schedule D, Schedule D-1*, and *Schedule D-2* to the Provider's Book Value report, General Ledger Report and Elizabeth Facility Trial Balance report.

We found no differences.

3. ODM requested that we select a total of three additions, renovations, and/or deletions reported on *Schedule D-1, Analysis of Property, Plant and Equipment* and *Schedule D-2, Capital Additions/Deletions* and determine if the cost basis, useful life and depreciation expense were in accordance with Ohio Admin. Code Chapter 5123:2-7 and report differences resulting in any reclassifications and adjustments exceeding \$500 which result in decreased costs on any schedule.

We selected one addition reported on *Schedule D-1 and Schedule D-2* and determined if the cost basis, useful life and depreciation expense were reported in accordance with Ohio Admin. Code Chapter 5123:2-7. We also determined if assets were used in residential care or should be reclassified as the Costs of Ownership in accordance with Ohio Admin Chapter 5123:2-7 and CMS Publication 15-1.

We found no differences exceeding \$500 on any schedule.

4. ODM requested that we review the rent and lease agreements to determine if any related party lease costs were recorded in accordance CMS Publication 15-1, Section 1011.5, and Ohio Admin. Code § 5123:2-7-24(D) and that non-related leases meet the requirements of FASB 13 and Ohio Admin. Code § 5123:2-7-24(B) and related FASB guidance on leasehold improvements, if costs were recorded in *Schedule D, Analysis of Property, Plant and Equipment* in Lease and Rent Accounts 8060 or 8065. ODM asked that we report any reclassifications and adjustments exceeding \$500 which result in decreased costs on any schedule.

We reviewed rent and lease agreements and we found no differences.

5. ODM requested that we compare the renovation and financing costs in the Non-extensive Renovation Letter to *Schedule D-1, Analysis of Property, Plant and Equipment*, if costs were recorded in *Schedule E, Balance Sheet*, Account 1300, Renovations, and report reclassifications and adjustments exceeding \$500 which result in decreased costs on any schedule.

We did not perform this procedure because there were no costs recorded in *Schedule E, Balance Sheet*, Account 1300, Renovations.

Property (Continued)

6. ODM requested that we review the depreciation report to ensure transportation expenses were reasonable, allowable and related to patient care as defined in CMS Publication 15-1. ODM also requested we review the W-2s to determine if any corporate officers and owners who exclusively used vehicles reported additional compensation or were adjusted from allowable expenses pursuant to CMS Publication 15-1, Chapter 9, if transportation costs are recorded in Schedule D-1, Analysis of Property, Plant and Equipment. ODM asked us to report any reclassifications and adjustments exceeding \$500 which result in decreased costs on any schedule.

We reviewed the General Ledger Report to ensure transportation expenses were reasonable, allowable and related to patient care as defined in CMS Publication 15-1. We scanned for expenditures related to any corporate officers or owners who exclusively used vehicles reported additional compensation or were adjusted from allowable expenses pursuant to CMS Publication 15-1, Chapter 9.

We found no expenditures related to any corporate officers or owners who exclusively used vehicles reported additional compensation or were adjusted from allowable expenses pursuant to CMS Publication 15-1, Chapter 9.

Payroll

1. ODM requested that we compare the Provider's payroll expenses to the amounts reported on *Schedule B-1, Other Protected Costs; Schedule B-2, Direct Care Cost Center; Schedule C, Indirect Cost Care Center; Schedule C-1, Administrator's Compensation; and Schedule C-2, Owner's Relatives Compensation*. ODM asked us to report any variances exceeding \$500 resulting in decreased costs on any schedule.

We compared all salary, fringe benefits and payroll tax entries and hours worked reported on *Schedule B-1, Schedule B-2, Schedule C, Schedule C-1 and Schedule C-2* to the Provider's Elizabeth Facility Trial Balance and General Ledger Report to identify variances exceeding five percent of total payroll costs or hours reported resulting in decreased costs on any schedule.

We found no differences.

2. ODM requested that we select a sample of five employees reported on *Schedule B-1, Other Protected Costs; Schedule B-2, Direct Care Cost Center; Schedule C, Indirect Cost Center; and Exhibit 3, Home Office Trial Balance* and determine if any salaries and fringe benefit expenses exceeding \$500 were not properly allocated and classified or were unallowable per Ohio Admin. Code Chapter 5123:2-7 and CMS Publication 15-1. ODM asked us to report any reclassifications between schedules and adjustments exceeding \$500 resulting in decreased costs on any schedule.

We selected five employees (including all Administrators and Owners) and compared the Provider's job descriptions to the schedule in which each employee's salary and fringe benefit expenses were reported and determined if the payroll costs were allowable under CMS Publication 15-1, were properly classified, allocated and allowable in accordance with Ohio Admin. Code Chapter 5123:2-7 and CMS Publication 15-1, Chapter 9 and Section 2150.

We found no differences.

Payroll (Continued)

3. ODM requested that we compare the 2013 payroll costs reported on *Schedule B-1, Other Protected Costs; Schedule B-2, Direct Care Cost Center; Schedule C, Indirect Cost Care Center; Schedule C-1, Administrator's Compensation; and Schedule C-2, Owner's Relatives Compensation* by chart of account code to payroll costs reported by chart of account code in 2012 and obtain the Provider's explanation for five payroll variances that increased by more than five percent from the prior year's schedules. ODM asked us to report adjustments exceeding \$500 and five percent of payroll costs on any schedule.

We compared the 2013 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 payroll costs reported by chart of account code in 2012 and found two payroll variances that increased by more than five percent from the prior year's schedules.

The Provider stated that the increase in RN Charge Nurse costs on *Schedule B-2* was due to an increase in RNs assigned to the region. The Provider stated that the increase in LPN Charge Nurse costs on *Schedule B-2* was due to them being charged to a different account in the prior year.

We reported no adjustments.

We were not engaged to and did not conduct an audit, the objective of which would be the expression of an opinion on the Provider's Cost Report. 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.

This report is intended solely for the use of the managements of the Provider, the Ohio Department of Medicaid, and the Centers for Medicare and Medicaid Services and is not intended to be, and should not be used by anyone other than these specified parties.

Sincerely,



Dave Yost
Auditor of State

January 13, 2016

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Appendix A
Our Lady of the Wayside, Inc. DBA Elizabeth Lane Home
2013 Medicaid ICF-IID Cost Report
Adjustments

	Reported Amount		Correction		Corrected Amount	Explanation of Correction
Schedule B-1 Other Protected Costs						
9. Trash and Refuse Removal - 6040 - Other/Contract Wages (2)	418		(279)	\$	139	To reclassify Home Office Costs to the correct line on the cost report
18. Home Office Costs/Other Protected - 6095 - Other/Contract Wages (2)	900		279	\$	1,179	To reclassify Home Office Costs to the correct line on the cost report
Schedule B-2 Direct Care Cost Center						
1. Medical Director - 6100 - Other/Contract Wages (2)	\$ 5,000	\$	(5,000)	\$	-	To reclassify Retainer fees for Dr. Williams to non-federal reimbursable due to lack of support of services rendered to residents
20. Quality Assurance - 6205 - Other/Contract Wages (2)	\$ 823	\$	(823)	\$	-	To reclassify Home Office Costs to the correct line on the cost report
24. Home office Costs/Direct Care - 6230 - Other/Contract Wages (2)	\$ -	\$	823	\$	823	To reclassify Home Office Costs to the correct line on the cost report
Schedule C Indirect Care Cost Center						
4. Dietary Supplies and Expenses - 7025 - Other/Contract Wages (2)	\$ 380	\$	(23)	\$	357	To reclassify Home Office Costs to the correct line on the cost report
7. Food In-Facility - 7040 - Other/Contract Wages (2)	\$ 5,635	\$	(87)	\$	5,548	To reclassify Home Office Costs to the correct line on the cost report
38. Legal Services - 7260 - Other/Contract Wages (2)	\$ 196	\$	(196)	\$	-	To reclassify Home Office Costs to the correct line on the cost report
39. Accounting - 7265 - Other/Contract Wages (2)	\$ 945	\$	(945)	\$	-	To reclassify Home Office Costs to the correct line on the cost report
43. Data Services - 7285 - Other/Contract Wages (2)	\$ 4,900	\$	(2,135)	\$	2,765	To reclassify Home Office Costs to the correct line on the cost report
48. Home Office Costs/Indirect Care ** - 7310 - Salary Facility Employed (1)	\$ 27,264	\$	207	\$	27,471	To reclassify Home Office Costs to the correct line on the cost report
48. Home Office Costs/Indirect Care ** - 7310 - Other/Contract Wages (2)	\$ 9,773	\$	196	\$	-	To reclassify Home Office Costs to the correct line on the cost report
		\$	945	\$	-	To reclassify Home Office Costs to the correct line on the cost report
		\$	23	\$	-	To reclassify Home Office Costs to the correct line on the cost report
		\$	2,135	\$	-	To reclassify Home Office Costs to the correct line on the cost report
		\$	47	\$	-	To reclassify Home Office Costs to the correct line on the cost report
		\$	1,768	\$	-	To reclassify Home Office Costs to the correct line on the cost report
		\$	1,061	\$	-	To reclassify Home Office Costs to the correct line on the cost report
		\$	6,419	\$	-	To reclassify Home Office Costs to the correct line on the cost report
		\$	87	\$	22,454	To reclassify Home Office Costs to the correct line on the cost report
51. Plant Operations and Maintenance - 7330 - Salary Facility Employed (1)	\$ 21,348	\$	(207)	\$	21,141	To reclassify Home Office Costs to the correct line on the cost report
53. Minor Equipment - 7350 - Other/Contract Wages (2)	\$ 90	\$	(47)	\$	43	To reclassify Home Office Costs to the correct line on the cost report
56. Payroll Taxes - Indirect Care - 7500 - Other/Contract Wages (2)	7,550	\$	(1,768)	\$	5,782	To reclassify Home Office Costs to the correct line on the cost report
57. Workers' Compensation - Indirect Care - 7510 - Other/Contract Wages (2)	4,776	\$	(1,061)	\$	3,715	To reclassify Home Office Costs to the correct line on the cost report
58. Employee Fringe Benefits - Indirect Care - 7520 - Other/Contract Wages (2)	6,831	\$	(6,419)	\$	412	To reclassify Home Office Costs to the correct line on the cost report
68. Other Non-Reimbursable - Specify Below - 9725 - Other/Contract Wages (2)	-	\$	5,000	\$	5,000	To reclassify Retainer fees for Dr. Williams to non-federal reimbursable due to lack of support of services rendered to residents
Schedule D Capital Cost Center						
8. Interest Exp - Prop, Pland and Equip - 8070 - Total (3)	\$ 282	\$	(282)	\$	-	To reclassify Home Office Costs to the correct line on the cost report
10. Home Office Costs/Capital Cost ** - 8090 - Total (3)	\$ 2,563	\$	282	\$	2,845	To reclassify Home Office Costs to the correct line on the cost report

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OUR LADY WAYSIDE- ELIZABETHLANE

CUYAHOGA 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
MARCH 1, 2016