



Dave Yost • Auditor of State





# Dave Yost • Auditor of State

## 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, which were agreed to by the Ohio Department of Medicaid (ODM), on the Medicaid ICF-IID Cost Report of Residential Options, Inc. DBA Shasta Home (hereafter referred to as the Provider) for the period January 1, 2016 through December 31, 2016. The Provider's management is responsible for preparing the Medicaid ICF-IID Cost Report (Cost Report). 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.

Unless otherwise specified, Residential Options, Inc. provided all reports used in the procedures and this report only describes exceptions exceeding \$500 and resulting in decreased costs.

### **Occupancy and Usage**

1. We compared the number of Medicaid and non-Medicaid patient days from the Residential Services Daily Attendance Records to *Schedule A-1, Summary of Inpatient Days*. We found no variances.
2. We selected five residents' medical records and compared the total days of care for December 2016 with the inpatient days reported on the daily census records and *Schedule A-1* and determined total patient days equaled days reported. We also confirmed the Provider did not include any waiver respite days as Medicaid or Medicare days and, there were no bed hold days in excess of 30 days in a calendar year requiring authorization per Ohio Admin. Code § 5123:2-7-08.
3. We compared the number of reimbursed Medicaid days per the Quality Decision Support System (QDSS) with *Schedule A-1*. We found no variances.

### **Medicaid Paid Claims**

1. We obtained Medicaid payments for the five residents selected in the Occupancy and Usage procedure for December 2016 from QDSS and compared the reimbursed days to the resident's medical records. We compared the documentation to the general requirements of CMS Publication 15-1, Chapter 23, and Ohio Admin. Code § 5123:2-7-12, 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.

### **Revenue**

1. We compared all revenues on the General Ledger report with *Attachment 1, Revenue Trial Balance* and with the Appendix to Ohio Admin. Code § 5123:2-7-12 and CMS Publication 15-1. We found no variances.

### Revenue (Continued)

2. We scanned the General Ledger report 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; and Schedule C, Indirect Cost Care Center* 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. We compared all non-payroll expenses on *Schedule B-1, Schedule B-2 and Schedule C* to the Trial Balance and General Ledger reports. We found no variances.
2. We scanned the General Ledger and selected 20 non-payroll expenses that were reported on *Schedule B-1; Schedule B-2; Schedule C; and Exhibit 3, Home Office Trial Balance*. We found supporting documentation was maintained, the costs were properly allocated, classified, and allowable per Ohio Admin. Code § 5123:2-7 and CMS Publication 15-1.
3. We scanned for any unreported contract costs which would require reporting on *Schedule C-3, Costs of Services from Related Parties* and found no unreported contract costs.
4. We did not perform the procedure on Home office costs and allocation methodology as the Provider did not report Home Office costs on *Schedule B-1, Schedule B-2 and Schedule C*.
5. We compared the 2016 non-payroll costs on *Schedule B-1, Schedule B-2 and Schedule C* by chart of account code to similar reported costs in 2015. We obtained the following Provider's explanations for five variances that increased by more than five percent and \$500:
  - Active Treatment Off-site Day Programming costs increased on *Schedule B-2* due to increases in the rate and days of service;
  - Payroll Taxes - Direct Care costs increased on *Schedule B-2* due to increased payroll costs;
  - Dietary Supplies and Expenses costs increased on *Schedule C* due to replacing kitchen items and the change in coding of expenses by the previous management company;
  - Consulting and Management Fees - Indirect costs increased on *Schedule C* due to a new consulting contract and increases in the management fees; and
  - Staff Development - Indirect Care costs increased on *Schedule C* due to the change in coding of expenses by the previous management company.

### Property

1. We compared 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 § 5123:2-7-18 and CMS Publication 15-1. We found no inconsistencies.
2. We compared capital assets and corresponding depreciation listed on *Schedule D, Schedule D-1 and Schedule D-2* to the Asset Depreciation Report. We found no variances.
3. We did not perform the procedure to test capital assets as the Provider did not have any capital assets that were being depreciated in their first year in 2016.
4. We inspected the rent and lease agreements and compared the parties in the agreement with ownership of the Provider. We found no related party lease costs.

**Property (Continued)**

5. We did compare the renovation and financing costs in the Non-extensive Renovation Letter to *Schedule D-1* as there were no such costs on *Schedule E*.
6. We did not compare transportation expenses to CMS Publication 15-1 as no transportation costs were on *Schedule D-1*.

**Payroll**

1. We compared all salary, fringe benefits, payroll tax entries and hours worked reported on the Trial Balance report to the amounts reported on *Schedule B-1; Schedule B-2; Schedule C; Schedule C-1, Administrator's Compensation; and Schedule C-2, Owner's Relatives Compensation*. We found no variances.
2. We selected five employees reported on *Schedule B-1, Schedule B-2, Schedule C and Exhibit 3* and compared the job descriptions to the schedule in which each employee's salary and fringe benefit expenses were reported. We confirmed that the payroll costs were allowable under CMS Publication 15-1, were properly classified, allocated and allowable in accordance with Ohio Admin. Code § 5123:2-7-12 and CMS Publication 15-1, Chapter 9 and Section 2150.
3. We compared the 2016 payroll costs on *Schedule B-1, Schedule B-2, Schedule C, Schedule C-1 and Schedule C-2* by chart of account code to similar costs reported in 2015 and obtained the Provider's explanation for five variances that increased by more than five percent and \$500:
  - Director of Nursing and Quality Assurance costs increased on *Schedule B-2* due to the addition of this position; and
  - Program Director and Qualified Mental Retardation Professional costs increased on *Schedule B-2* and Administrator costs increased on *Schedule C* due to the change in coding of expenses by the previous management company.

This agreed-upon procedures engagement was conducted in accordance with the American Institute of Certified Public Accountants' attestation standards. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the Medicaid ICF-IID Cost Report. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported. This report is intended solely for the information and use of the Provider and the ODM, and is not intended to be, and should not be used by anyone other than the specified parties.



**Dave Yost**  
Auditor of State

November 2, 2018

**This page intentionally left blank.**



# Dave Yost • Auditor of State

RESIDENTIAL OPTIONS DBA SHASTA HOME  
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  
NOVEMBER 27, 2018