



OHIO AUDITOR OF STATE  
**KEITH FABER**





# OHIO AUDITOR OF STATE KEITH FABER



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## Independent Accountants' Report on Applying Agreed-Up Procedures

Ohio Department of Medicaid  
50 West Town Street, Suite 400  
Columbus, Ohio 43215

RE: Heinzerling Community DBA Heinzerling Memorial Foundation  
Ohio Medicaid Number 0421681

We have performed the procedures enumerated below, which were agreed to by the Ohio Department of Medicaid (ODM) and the Ohio Department of Developmental Disabilities (DODD), on the Medicaid ICF-IID Cost Report of Heinzerling Community DBA Heinzerling Memorial Foundation (hereafter referred to as the Provider) for the period January 1, 2018 through December 31, 2018. The Provider's management is responsible for preparing the Medicaid ICF-IID Cost Report. The sufficiency of these procedures is solely the responsibility of ODM and DODD. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

Unless otherwise specified, Heinzerling Community 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 Monthly Census Reports to *Schedule A-1, Summary of Inpatient Days*. There were no omitted days.
2. We selected eight residents' medical records for one month during 2018 and compared the total days of care with the inpatient days reported on the Monthly Census Reports and *Schedule A-1*. There were no omitted days.

### **Revenue**

1. We compared the General Ledger with *Attachment 1, Revenue Trial Balance*, the Appendix to Ohio Admin. Code § 5123:2-7, and CMS Publication 15-1. There were no differences.
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 revenue offsets/applicable credits identified.

### **Medicaid Paid Claims**

1. We selected paid claims for one month from the Quality Decision Support System (QDSS) for each of the eight residents selected in the Occupancy and Usage procedure and compared reimbursed days to the days documented on the resident's medical records. There were no unsupported days.

### Medicaid Paid Claims, Continued

We compared the medical records to the requirements of CMS Publication 15-1, Chapter 23; Ohio Admin. Code §§ 5123-7-12, 5123:2-7-29, 5123:2-3-04, and 5160-1-17.2; and the payment adjustment requirements for resident's admission, discharge or death in Ohio Admin. Code § 5123:2-7-15. There were no differences.

We also compared the medical records and documentation of authorized bed hold days in excess of 30 in a calendar year to the paid claims data. We found no unauthorized bed hold days. We also found no waiver respite days not in compliance with Ohio Admin. Code § 5123:2-7-03.

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

### Non-Payroll Expenses

1. We compared all non-payroll expenses on *Schedule B-1*, *Schedule B-2* and *Schedule C* to the General Ledgers, Adjusting Journal Entries, and Trial Balances. There were no variances.
2. We scanned the General Ledger and selected 20 non-payroll expenses and five home office expenses from *Schedules B-1*, *B-2*, and *C* and compared supporting documentation to Ohio Admin. Code § 5123-7-12, the Instructions for Intermediate Care Facilities for Individuals with Intellectual Disabilities (ICFs-IID) (Cost Report Instructions) and CMS Publication 15-1. We found misclassifications and scanned the corresponding voucher and adjusting journal entries to identify any additional similar misclassifications. This resulted in additional errors and all are reported in the Appendix.
3. We scanned for any unreported contract costs which would require reporting on *Schedule C-3*, *Costs of Services from Related Parties*. One omitted contract is reported in the Appendix.
4. We compared the methodology used in the Home Office Allocation schedule for *Schedules B-1*, *B-2* and *C* to Ohio Admin. Code § 5123-7-12 and CMS Publication 15-1, Section 2150.

The Provider allocated home office costs to each of its four ICFs based on a total cost methodology instead of the basis of ICF days as required by CMS Publication 15-1, Section 2150.3 (D)(2)(a). The Provider developed a revised Home Office Allocation Schedule which used the required methodology. The recalculated home office costs did not result in decreased costs exceeding more than five percent on any schedule; however, payroll cost adjustments exceeding \$500 were identified in Payroll testing.

5. We compared the 2018 non-payroll costs reported on *Schedule B-1*, *Schedule B-2* and *Schedule C* by chart of account code to similar reported costs in 2017. We obtained explanations for five non-payroll variances that increased by more than five percent and \$500:
  - Medical Minor Equip. - Medicare non-billable costs increased on *Schedule B-1* due to increased supplies and repairs;
  - Workers Compensation - Direct Care increased on *Schedule B-2* and Workers' Compensation - Indirect Care increased on *Schedule C* due to rate and classification increases;
  - Dietary Maintenance and Repair increased on *Schedule C* due to refrigerator repairs; and
  - Food In-Facility increased on *Schedule C* due to price increases.

## Property

1. We compared the initial square footage and year of construction of the 1800 Heinzerling facility from the Franklin County Auditor's property records to *Attachment 9, Fair Rental Value Survey*. There were differences in the year and square footage variances exceeding 10 percent as reported in the Appendix.

We also compared the square footage and year of construction for two additions from the Depreciation Expense Report and Franklin County Auditor's property records and floor plan to *Attachment 9, Log 1: Additional and Removals* and the Cost Report Instructions. There was a difference in the year as reported in the Appendix.

2. We compared the project year, type and cost for five 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 variances.
3. We did not test *Attachment 9, Log 3: Secondary Buildings* as the Provider did not report any secondary buildings.
4. We compared equipment depreciation and lease costs from *Schedule D, Analysis of Property, Plant, and Equipment* to the Depreciation Expense Report, equipment lease and invoices. We also compared the costs to the Cost Report Instructions and CMS Publication 15-1. An adjustment to remove the loss for disposed assets is reported in the Appendix.

We selected one capital asset from account 8040 which was being depreciated in its first year. We recalculated depreciation based on the Cost Report instructions and useful life prescribed in Appendix A of Ohio Admin. Code § 5123:2-7-18. We compared the recalculated depreciation to the reported depreciation. There was no variance.

## Payroll

1. We compared all salary, fringe benefits, payroll tax entries and hours worked on the General Ledger, Adjusting Journal Entry report and Trial Balances to *Schedule B-1, Schedule B-2, Schedule C, and Schedule C-1, Administrator's Compensation*. There were no variances.
2. We selected a sample of five employees and two contracted individuals reported on *Schedule B-1, Schedule B-2, Schedule C*. We compared the job descriptions, time study worksheet, Adjusting Journal Entry report, contract agreement and one month of timesheets or other documentation of work performed to the schedule in which each employee's salary and fringe benefit expenses were reported. We compared the payroll costs to Ohio Admin. Code § 5123:2-7 and to CMS Publication 15-1. Variances are reported in the Appendix.

3. We compared the 2018 payroll costs on *Schedules B-1, B-2, C, and C-1* by chart of account code to similarly reported 2017 costs. We obtained explanations for five payroll variances that increased by more than five percent and \$500:

- RN Charge Nurse increased on *Schedule B-2* due to adding a supervisor and pay raises;
- LPN Charge Nurse increased on *Schedule B-2* due to an increase in the number of hours worked and pay raises;
- Registered Nurse increased on *Schedule B-2* due the Provider being short a nurse in 2017 and pay raises in 2018;
- Other Administrative Personnel increased on *Schedule C* due to adding one position and pay raises; and
- Plant Operations and Maintenance Salary increased on *Schedule C* due to pay raises.

Heinzerling Community DBA Heinzerling Memorial Foundation  
Independent Accountants' Report on  
Applying Agreed-Upon Procedures

**Provider Response:**

The Provider has responded to issues discussed in this report. You may obtain a copy of their response from Robert Heinzerling, Executive Director, Heinzerling Community DBA Heinzerling Memorial Foundation at (614) 272-8888.

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 to you.

This report is intended solely for the information and use of ODM and DODD, and is not intended to be, and should not be used by anyone other than the specified parties.



Keith Faber  
Auditor of State  
Columbus, Ohio

November 2, 2020

**Appendix A**  
**Heinzerling Community DBA Heinzerling Memorial Foundation**  
**Medicaid ICF-IID Cost Report Adjustments**

	Reported Amount	Correction	Corrected Amount	Explanation of Correction
<b>Schedule B-2 Direct Care Cost Center</b>				
23. Active Treatment Off-Site Day Treatment Programming (External Provided) - 6217- Other/Contract Wages (2)	\$ 621,803	\$ (22,293)		To reclassify incontinence supplies to Indirect Costs
		\$ (30,188)	\$ 569,322	To reclassify enterals to Indirect Costs
24. Other Direct Care Medical Service - 6220- Salary (1)	\$ 34,864.00	\$ (32,179)	\$ 2,685	To reclassify Dietary Director salary to Indirect Costs
38. Payroll Taxes - Direct Care - 6510 - Other/Contract Wages (2)	\$ 401,960	\$ (2,436)	\$ 399,524	To reclassify Dietary Director payroll taxes to Indirect Costs
39. Worker's Compensation - Direct Care -6520 - Other/Contract Wages (2)	\$ 194,325	\$ (1,178)	\$ 193,147	To reclassify Dietary Director worker's comp to Indirect Costs
40. Employee Fringe Benefits - Direct Care - 6530 - Other/Contract Wages (2)	\$ 955,329	\$ (5,790)	\$ 949,539	To reclassify Dietary Director fringe benefits to Indirect Costs
<b>Schedule C Indirect Care Cost Center</b>				
2. Food Service Supervisor - 7005 - Salary (1)	\$ 138,789	\$ 32,179	\$ 170,968	To reclassify Dietary Director salary to Indirect Costs
11. Enterals: Medicare (Non-Billable) - 7056 - Other/Contract Wages (2)	\$ 148,141	\$ 30,188	\$ 178,329	To reclassify enterals to Indirect Costs
22. Incontinence Supplies - 7115 - Other/Contract Wages (2)	\$ 102,524	\$ 22,293	\$ 124,817	To reclassify incontinence supplies to Indirect Costs
48. Home Office Costs/Indirect Care - 7310- Other/Contract Wages (2)	\$ 784,008	\$ (5,477)	\$ 778,531	To reduce salaries based on ICF days allocation methodology
56. Payroll Taxes - Indirect Care -7500 - Other/Contract Wages (2)	\$ 35,867	\$ 2,436	\$ 38,303	To reclassify Dietary Director payroll taxes to Indirect Costs
57. Worker's Compensation - Indirect Care -7510 - Other/Contract Wages (2)	\$ 18,070	\$ 1,178	\$ 19,248	To reclassify Dietary Director worker's comp to Indirect Costs
58. Employee Fringe Benefits - Indirect Care - 7520 - Other/Contract Wages (2)	\$ 87,148	\$ 5,790	\$ 92,938	To reclassify Dietary Director fringe benefits to Indirect Costs
<b>Schedule C-3</b>				
8. Contracts In Effect During Reporting Period				
Contractor Name		Modern Office	Modern Office	
Contract Amount		Methods	Methods	To add contract greater than \$10,000
Goods or Services Provided		\$ 16,816	\$ 16,816	To add contract greater than \$10,000
		Copiers	Copiers	To add contract greater than \$10,000
<b>Schedule D Capital Cost Center</b>				
4. Depreciation - Equipment - 8040 - Adjustment Increase (decrease) (4)	\$ 2,376	\$ (2,376)	\$ -	To remove loss on disposal
<b>Attachment 9, Fair Rental Value Survey</b>				
<b>Initial Construction</b>				
Year of Initial Construction	1979	(1)	1978	To correct initial year of construction
Initial Square Footage (Building Total):	41,204	10,001	51,205	To correct initial square footage
<b>Fair Rental Value Log 1: Addition and Removals</b>				
<b>Project Description</b>				
(2) Addition to add new cafeteria, enlarge kitchen areas, loading dock area, hallways	1996	1	1997	To correct project year

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# OHIO AUDITOR OF STATE KEITH FABER



**HEINZERLING COMMUNITY DBA HEINZERLING MEMORIAL FOUNDATION**

**FRANKLIN 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 11/19/2020**

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