



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 Elmwood Centers, Inc. dba Elmsprings' 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 Detailed Census Report - By Payer Reports. There were no computational errors. We compared the total of inpatient and leave days from the census reports to *Schedule A-1, Summary of Inpatient Days*. There were no omitted days.
2. We selected one resident from the Detailed Census Report - by Payer. 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.

We obtained the remaining Detailed Census Reports and found no leave days reported for the resident.

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 the Journal Entries Detail report to the Trial Balance and from the Trial Balance to the *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.
2. We scanned the description in the Journal Entries Report 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 Cost Report Adjustments to the Working Trial Balance and from the Trial Balance to *Schedule B-1, B-2 and C*. We found no variances.
2. We scanned the General Ledger 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*, 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 not maintained as required by Ohio Admin. Code 5123-7-12(H) as reported in the Appendix.
- We footed the invoice/documentation for accuracy. We found no computational differences resulting in decreased costs.
- We compared the documentation for each expense to the unallowable categories listed in CMS Publication 15-1, § 2102 to 2139. We found non-reimbursable costs as reported in the Appendix. For these errors, we scanned the General Ledger for other like errors in the same cost center and found none.
- 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 variances between schedules exceeding \$500 as reported in the Appendix. For these errors, we scanned the General Ledger for other like errors in the same cost center and found none.
- We documented the name and type of expense and inquired with the 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 costs that did not benefit the ICF-IID as reported in the Appendix. For these errors, we scanned the General Ledger for other like errors in the same cost center and found none.

Non-Payroll Expenses (Continued)

- 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 an unrecorded capital asset and removed the cost and recorded corresponding depreciation as reported in the Appendix.
 - 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 cost methodology used in the Home Office Shared Expenses Allocations worksheet for *Schedules B-1, B-2 and C* and to Ohio Admin. Code 5123-7-12 and CMS Publication 15-1, § 2150. We found no variances between the home office cost methodologies and CMS Publication 15-1, § 2150; however, we found the Allocations worksheet did not use current actual costs as required by CMS Publication 15-1, § 2150.3 (D)(2).

Therefore, the ICF-IID recalculated home office costs based on current actual costs. We received the ICF-IID's revised Home Office Shared Expenses Allocations worksheet and found that it resulted in decreased costs as reported in the Appendix.

Payroll

1. We compared all salary and fringe benefits on the Working Trial Balance 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 Payroll Journal to *Schedule C-1, Administrator's Compensation* and *Schedule C-2, Owner's Relatives Compensation*. There were no variances resulting in decreased costs.

2. We obtained the Payroll Journal and selected five employees reported on *Schedules B-1, B-2, C* and all employees on *Schedules C-1 and C-2* and if the programs with 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 salary and benefits on the Payroll Journal to the Working Trial Balance and the Cost Report and confirmed documentation for the full cost was maintained as required by Ohio Admin. Code 5123-7-12(H). We found no variances for unsupported expenses.
 - We compared the job description for each employee 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 and salary and benefit costs on Payroll Journal to Working Trial Balance and 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.

Payroll (Continued)

- 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 ICF-IID facility at 218 Academy Street from the Sandusky County Auditor's Property records to *Attachment 9, Fair Rental Value Survey*. There were no differences in the year or square footage.
2. We compared the project year, type and cost for five recent renovations from the invoices and the square footage as reported on the campus map 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 secondary building at 441 North Broadway Street from the Sandusky County Property tax records and floor plans to *Attachment 9: Log 3: Secondary Buildings* and the Cost Report instructions. There were no square footage variances. There were variances for the year of construction as reported in the Appendix.

We also compared the utilization percentage from the Secondary Building Residential worksheet to *Attachment 9* and the Cost Report Instructions and CMS Publication 15-1 §§ 2150 and 2302.4. There were no variances.

4. We compared equipment depreciation and lease costs from the Asset Depreciation report, Vehicle Depreciation worksheet, and Working Trial Balance to *Schedule D, Capital Cost Center* and the Cost Report Instructions. There were no variances.

We scanned the Asset Depreciation report 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 8050 which was being depreciated in the first year. We recalculated the first year's depreciation for the asset selected, based on the Cost Report instructions and useful lives prescribed in the 2018 American Hospital Association (AHA) Asset Guide and Ohio Admin. Code 5123-7-18.

We compared the recalculated depreciation to the reported depreciation and 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.

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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, flowing style.

Keith Faber
Auditor of State
Columbus, Ohio

May 22, 2024

Appendix
Elmwood Centers, Inc. dba Elmsprings
Medicaid ICF-IID Cost Report Adjustments

	Reported Amount	Correction	Corrected Amount	Explanation of Correction
Schedule B-1 Other Protected Costs				
2. Medical Supplies: Medicare Non-Billable - 6001 - Other/Contract Wages (2)	\$ 3,940	\$ (1,324)	\$ 2,616	To reclassify legend drugs as non-reimbursable costs
7. Heat, Light & Power - 6020 - Other/Contract Wages (2)	\$ 4,673	\$ (15)		To reclassify late fees to non-reimbursable costs
		\$ (15)	\$ 4,643	To reclassify late fees to non-reimbursable costs
18. Home Office Costs/Other Protected - 6095 - Other/Contract Wages (2)	\$ 864	\$ (5)	\$ 859	To reduce home office costs based on a revision to total costs
Schedule C Indirect Care Cost Center				
7. Food In Facility - 7040 - Other/Contract Wages (2)	\$ 21,394	\$ (500)		To reclassify staff lunches as non-reimbursable costs
		\$ (749)		To reclassify costs without supporting documentation to non-reimbursable costs
		\$ (219)	\$ 19,926	To reclassify costs without supporting documentation to non-reimbursable costs
24. Program Supplies - 7125 - Other/Contract Wages (2)	\$ 1,951	\$ (214)	\$ 1,737	To reclassify costs related to staff gifts
29. Office & Administrative Supplies - 7220 - Other/Contract Wages (2)	\$ 6,904	\$ (109)	\$ 6,795	To reclassify satellite radio costs in vehicle to non-reimbursable costs
35. Housekeeping - 7245 - Other/Contract Wages (2)	\$ 3,003	\$ (213)	\$ 2,790	To remove direct capital cost of carpet Extractor and report depreciation costs
48. Home Office Costs/Indirect Care - 7310 - Other/Contract Wages (2)	\$ 276	\$ (1)	\$ 275	To reduce home office costs based on a revision to total costs
52. Repair & Maintenance - 7340 - Other/Contract Wages (2)	\$ 37,672	\$ (900)	\$ 36,772	To reclassify costs related to a different ICF Home as non-reimbursable costs
68. Other Non-Reimbursable - Specify Below - 9725 - Other/Contract Wages (2)	\$ 3,296	\$ 1,324		To reclassify legend drugs as non-reimbursable costs
		\$ 15		To reclassify late fees to non-reimbursable costs
		\$ 15		To reclassify late fees to non-reimbursable costs
		\$ 500		To reclassify staff lunches as non-reimbursable costs
		\$ 749		To reclassify costs without supporting documentation to non-reimbursable costs

Appendix

Elmwood Centers, Inc. dba Elmsprings

Medicaid ICF-IID Cost Report Adjustments

	Reported Amount	Correction	Corrected Amount	Explanation of Correction
Schedule C Indirect Care Cost Center, Continued:				
68. Other Non-Reimbursable - Specify Below - 9725 - Other/Contract Wages (2)		\$ 219		To reclassify costs without supporting documentation to non-reimbursable costs
		\$ 214		To reclassify costs related to staff gifts
		\$ 109		To reclassify satellite radio costs in vehicle to non-reimbursable costs
		\$ 900	\$ 7,341	To reclassify costs related to a different ICF Home as non-reimbursable costs
Schedule D Capital Cost Center				
4. Depreciation Equipment - 8040 - Adjustment Increase(Decrease) (4)	\$ 6,323	\$ 9	\$ 6,332	To remove direct capital cost of carpet Extractor and report depreciation costs
11. Home Office Costs/Capital Cost - 8090 - Total(3)	\$ 1,807	\$ (9)	\$ 1,798	To reduce home office costs based on a revision to total costs
Attachment 9, Fair Rental Value Survey				
Fair Rental Value Survey Log 3: Secondary Buildings				
1. Building Type- Home Office/Record Storage	2016	(33)	1983	To agree the year of construction to the county auditor records

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ELMWOOD CENTERS, INC. DBA ELMSPRINGS

SANDUSKY 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 6/18/2024

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