



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: Elmwood Centers, Inc. DBA Elmvue  
Ohio Medicaid Number 2234335

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 Elmwood Centers, Inc. DBA Elmvue (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, Elmwood Centers, 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 Detailed Census Report - By Payer to *Schedule A-1, Summary of Inpatient Days*. We found no differences.
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 Detailed Census Report - by Payer and *Schedule A-1*. We found no differences.

### **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. We found 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. We did not identify any revenue offsets/applicable credits.

### **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 residents' medical records.

### Medicaid Paid Claims (Continued)

We compared the medical records to the general requirements of CMS Publication 15-1, Chapter 23; Ohio Admin. Code §§ 5123:2-7-12, 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. We found no variances.

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 paid Medicaid days per QDSS with the total Medicaid days reported on *Schedule A-1*. We found 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 Ledger and Cost Report Adjustment worksheets. We found 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, Cost Report Instructions for ICF-IID and CMS Publication 15-1. We found variances as 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*. We found no unreported contracts.
4. We compared the methodology used in the Home Office Allocation schedule for *Schedules B-1* and *C* to Ohio Admin. Code § 5123:2-7-12 and CMS Publication 15-1, Section 2150.

We found the Provider allocated 25 percent of home office costs to each of the three non-ICF facilities and the remaining 25 percent among its ICF-IIDs based on the number of licensed beds instead of the basis of total costs as required by CMS Publication 15-1, Section 2150.3 (D)(2)(b). We reviewed the revised Home Office Allocation Schedule which used a total cost allocation methodology and noted that it resulted in decreased costs as reported on the Appendix.

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 supplies - Medicare non-billable costs increased on *Schedule B-1* due to changes in resident medical needs;
  - Hazardous Medical Waste Collection increased on *Schedule B-1* due to a resident that had isolation requirements;
  - Active Treatment Off-site Day Programming (internal provider) increased on *Schedule B-2* due to wage increases for staff;
  - Dues, Subscriptions and Licenses increased on *Schedule C* due to increases in software and warranty costs for a generator; and
  - Insurance increased on *Schedule C* due to prior year costs being understated.

## Property

1. We compared the initial square footage and year of construction of the 220 Academy Street facility from the Sandusky County Auditor's Property records to *Attachment 9, Fair Rental Value Survey*. We found no differences in the year or square footage variances exceeding 10 percent.

We did not test *Attachment 9, Log 1: Additional and Removals* as the Provider did not report any additions or removals.

2. We compared the project year, type and cost for four renovations from the invoices to *Attachment 9, Log 2: Renovations Projects*. We also compared the type and cost of the renovation to the Cost Report Instructions. We found variances for two of the renovations as reported on the Appendix.
3. We compared the square footage and year of construction of the home office/records storage facility from the floor plan to *Attachment 9: Fair Rental Value Log 3: Secondary Buildings*. We found no variances.

We compared the utilization percentage from the floor plan and Home Office Allocation Schedule to *Attachment 9, Log 3* and to the Cost Report Instructions and CMS Publication 15-1. We found no variances.

4. We compared equipment depreciation and lease costs from *Schedule D, Analysis of Property, Plant, and Equipment* to the Asset Depreciation Report and the equipment lease. We also compared the costs to the Cost Report Instructions for ICF-IID and CMS Publication 15-1. We found no variances.

We did not recalculate the depreciation for any capital assets as there were no capital assets which were being depreciated in the first year during 2018.

## Payroll

1. We compared all salary, fringe benefits, payroll tax entries and hours worked on the General Ledger and Cost Report Adjustment worksheets to *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 a sample of five employees and one contracted individual reported on *Schedule B-1, Schedule B-2, and Schedule C*. We compared the job descriptions, 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, Chapter 9 and Section 2150. We found no variances.
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. The Director of Nursing, Program Director, Habilitation Staff and Quality Assurance costs increased on *Schedule B-2* and the housekeeping costs on *Schedule C* increased due to salary increases to retain employees.

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.

Elmwood Centers, Inc. DBA Elmvue  
Independent Accountants' Report on  
Applying Agreed-Upon Procedures

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.

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

August 10, 2020

**Appendix A**  
**Elmwood Centers, Inc. DBA Elmvue**  
**Medicaid ICF-IID Cost Report Adjustments**

	<b>Reported Amount</b>	<b>Correction</b>	<b>Corrected Amount</b>	<b>Explanation of Correction</b>
<b>Schedule B-1 Other Protected Costs</b>				
18. Home Office Costs/Other Protected - 6095 - Other/Contract Wages (2)	\$ 1,246	\$ (519)	\$ 727	To apply proper cost allocation methodology of home office costs
<b>Schedule C Indirect Care Cost Center</b>				
24. Program Supplies - 7125 - Other/Contract Wages (2)	\$ 1,308	\$ (943)	\$ 365	To remove amounts allocable to other ICFs
30. Communications - 7225 - Other/Contract Wages (2)	\$ 9,351	\$ (1,334)	\$ 8,017	To remove amounts allocable to other ICFs
32. Travel and Entertainment - 7235 - Other/Contract Wages (2)	\$ 5,527	\$ (738)	\$ 4,789	To remove amounts allocable to other ICFs
48. Home Office Costs/Indirect Care - 7310 - Other/Contract Wages (2)	\$ 928	\$ (387)	\$ 541	To apply proper cost allocation methodology of home office costs
<b>Schedule D Capital Cost Center</b>				
11. Home Office Costs/Capital Cost - 8090 - Total (3)	\$ 2,005	\$ (836)	\$ 1,169	To apply proper cost allocation methodology of home office costs
<b>Attachment 9</b>				
<b>Fair Rental Value Log 2: Renovations Projects Log</b>				
Line 1, 2016 Renovations/Improvements	\$ 6,444	\$ (830)	\$ 5,614	To remove renovation costs associated with other facilities
Line 2, 2015 Renovations/Improvements	\$ 734	\$ (734)	\$ -	To remove renovation costs associated with other facilities

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# OHIO AUDITOR OF STATE KEITH FABER



**ELMWOOD CENTERS DBA ELMVUE**

**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 8/25/2020**

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This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)