



OHIO AUDITOR OF STATE  
**KEITH FABER**





# OHIO AUDITOR OF STATE KEITH FABER



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

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

RE: Graceworks Enhanced Living DBA Springdale  
Ohio Medicaid Number 2032740

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 Graceworks Enhanced Living DBA Springdale (hereafter referred to as the Provider) for the period January 1, 2017 through December 31, 2017. 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 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, Graceworks Enhanced Living 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 Daily Census Summary report to *Schedule A-1, Summary of Inpatient Days*. We found no variances.
2. We selected five residents' medical records in October 2017 and compared total days in care with the inpatient days reported on the Daily Census Summary report and *Schedule A-1*. We found no variances. We also found that the Provider did not include any waiver respite days as Medicaid or Medicare days.
3. We compared the number of reimbursed Medicaid days per the Quality Decision Support System (QDSS) with the total Medicaid days on *Schedule A-1*. We found no variances.

### **Medicaid Paid Claims**

1. We selected paid claims from QDSS for five residents selected in the Occupancy and Usage procedure above for December 2017 and compared the reimbursed days to the days documented per the resident's medical records. We found no variances.

We also 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 differences.

## Revenue

1. We compared the Historical Detailed Trial Balance with *Attachment 1, Revenue Trial Balance*, the Appendix to Ohio Admin. Code § 5123:2-7-12, and CMS Publication 15-1. We found no differences.
2. We scanned the Historical Detailed Trial Balance and Medicaid Cost Report Trial Balance 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.

## Non-Payroll Expenses

1. We compared all non-payroll expenses reported on *Schedule B-1, Schedule B-2 and Schedule C* to the Historical Detail Trial Balance, Medicaid Cost Report Trial Balance, and Adjusting Journal Entries report. We found no reportable variances.
2. We scanned the Historical Detail Trial Balance and selected 20 non-payroll expenses that were reported on *Schedule B-1, Schedule B-2 or Schedule C* and compared supporting documentation to verify if the costs were properly allocated, classified, and allowable per Ohio Admin. Code § 5123:2-7, Cost Report Instructions for ICF-IID and CMS Publication 15-1. We reported a reclassification between schedules in Appendix A.
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 Allocation of Shared Services Costs report and the allocation methodology used for Home Office costs on *Schedule C* to Ohio Admin. Code § 5123:2-7 and CMS Publication 15-1, Section 2150. We found no reclassifications or adjustments resulting in decreased costs exceeding five percent.
5. We compared the 2017 non-payroll costs reported on *Schedule B-1, Schedule B-2 and Schedule C* by chart of account code to similar reported costs in 2016. We obtained the following 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 rate increases, volume, and timing of receipts;
  - Active Treatment Off-site Day Programming costs increased on *Schedule B-2* due to an adjustment not being made in the prior period;
  - Consulting and Management Fees - Indirect costs increased on *Schedule C* due to rate increases;
  - Office and Administrative Supplies costs increased on *Schedule C* due to uncollectible charges; and
  - Laundry and Linen costs increased on *Schedule C* due to rate increases, volume, and timing of receipt.

## Payroll

1. We compared all salary, fringe benefits, payroll tax entries and hours worked reported on the Wages Report, Historical Detail Trial Balance, and Adjusting Journal Entries to the amounts reported on *Schedule B-1, Schedule B-2, Schedule C and Schedule C-1, Administrator's Compensation*; We reported a variance in Appendix A.

### Payroll (Continued)

2. We selected a sample of five employees reported on *Schedule B-1, Schedule B-2, Schedule C and Schedule C-1* and compared the Wages Report, Historical Detail Trial Balance, organizational chart, and job descriptions to the schedule in which each employee's salary and fringe benefit expenses were reported. We confirmed the payroll costs 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 2017 payroll costs reported on *Schedule B-1, Schedule B-2, Schedule C and Schedule C-1* by chart of account code to similar costs reported in 2016. We obtained the explanations for three payroll variances that increased by more than five percent and \$500:
  - Habilitation Supervisor costs increased on *Schedule B-2* due to increase in supervisor hours charged;
  - Habilitation Staff on *Schedule B-2* due to staff hours charged; and
  - Qualified Mental Retardation Professional costs increased on *Schedule B-2* due to the Director Position was charged to a different account code in 2016.

### Property

1. We compared the initial square footage and year of construction of the 11651 Walnut Street facility from the Hamilton County Auditor's property tax records and the floor plans to *Attachment 9, Fair Rental Value Survey*. We found no differences in the construction year but did report a variance in the initial square footage exceeding 10 percent in Appendix A.

We also compared the square footage and year reported for one removal from the floor plans and the depreciation schedule to *Attachment 9, Fair Rental Value Log 1: Additions and Removals*. We found no difference in the year and no square footage variance exceeding 10 percent.

2. We compared the project year and cost for five renovations from the Provider's invoices to the *Attachment 9, Log 2: Renovations Projects Log*. We also compared the type and cost of renovation to the Cost Report Instructions for ICF-IID to determine if allowable. We found that one of renovations was an addition already reported on *Attachment 9, Log 1* (see Procedure 1) and we reported the removal of the renovation in Appendix A.
3. We compared the square footage and year of construction of the Bethany Village and Cincinnati home office buildings on *Attachment 9, Log 3: Secondary Buildings* to the Hamilton and Montgomery County Auditor's property tax records. We reported a variance in the year of construction for the Bethany Village home office in Appendix A. We did not identify any square footage variances.

We compared the building usage to the Cost Report Instructions and confirmed it was allowable.

We compared the utilization percentage from the Allocation of Shared Services Costs report to *Attachment 9*. We also compared the allocation methodology to the Cost Report instructions for ICF-IID and CMS Publication 15-1. We found no differences.

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

Graceworks Enhanced Living DBA Springdale  
Independent Accountants' Report on  
Applying Agreed-Upon Procedures

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 the Provider, the ODM and the 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

May 13, 2019

**Appendix A**  
**Graceworks Enhanced Living DBA Springdale**  
**2017 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-2 Direct Care Cost Center</b>				
12. Habilitation Supervisor - 6165 - Salary Facility Employed (1)	\$ 121,436	\$ (645)	\$ 120,791	To match payroll ledger
21. Consulting and Management Fees - Direct Care - 6210 - Other/Contract Wages (2)	\$ 2,700	\$ (2,700)	\$ -	To reclassify cost report preparation costs
<b>Schedule C Indirect Care Cost Center</b>				
28. Consulting and Management Fees - Indirect - 7215 - Other/Contract Wages (2)	\$ 3,172	\$ 2,700	\$ 5,872	To reclassify cost report preparation costs
<b>Attachment 9, Fair Rental Value Survey, Initial Construction</b>				
Initial Square Footage	4,028	828	4,856	To match county records
<b>Fair Rental Value Log 2: Renovations Projects Log</b>				
7. Additional Bedrooms private rooms - Project Year	2016	(2016)	-	To remove renovation also reported as an addition
7. Additional Bedrooms private rooms - Cost	\$ 246,034	\$ (246,034)	\$ -	To remove renovation also reported as an addition
<b>Fair Rental Value Log 3: Secondary Buildings</b>				
2. Home Office/Record Storage Year of Construction	1965	3	1968	To agree to supporting documentation.

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# OHIO AUDITOR OF STATE KEITH FABER



**GRACEWORKS ENHANCED LIVING DBA SPRINGDALE**

**HAMILTON 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  
MAY 28, 2019**