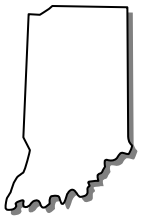

P R O V I D E R B U L L E T I N

B T 2 0 0 9 1 9 J U N E 2 4 , 2 0 0 9

To: **Nursing Facilities, Community Residential Facilities for the Developmentally Disabled, and Large Private Intermediate Care Facilities for the Mentally Retarded**

Subject: **New Required Attachments with Submissions of Annual Financial Reports**

Overview

This bulletin identifies new required attachments that must be submitted with all annual financial reports from nursing facilities (NFs), community residential facilities for the developmentally disabled (CRFs/DD), and large private intermediate care facilities for the mentally retarded (ICFs/MR).

New Requirements

Beginning immediately, the following items must be submitted to Myers and Stauffer, LC, with your annual financial report filing. These items are in addition to items currently submitted with annual financial reports:

1. Copy of trial balance/crosswalk used to prepare the Medicaid cost report with an audit trail documenting the schedule number, line number, and column where each general ledger account is reported on the cost report
2. Copy of complete financial statements for the cost-report period, which includes balance sheet, revenue, and expense accounts that are products of the accounting system
3. Detail Schedule of provider adjustments on Schedule E, Column 24
4. Completed *Cost Report Internal Control Questionnaire (ICQ)*

Items 1 through 3 are already prepared in the normal course of completing the cost report and as such, do not require additional preparation by providers beyond making copies. A completed *Cost Report Internal Control Questionnaire* must be included with each cost-report submission. The *Cost Report ICQ* is necessary to perform an assessment of audit risk for all providers and will enable the Office of Medicaid Policy and Planning (OMPP) to more effectively select providers for audit, and as a result, will allow better use of limited audit resources. Providers that are subsequently selected for audit will be required to supplement the *Cost Report ICQ* by providing responses to additional questions that are presented on the *Field Audit ICQ*. The *Cost Report ICQ* should require less than one hour to complete, and the *Field Audit ICQ* should take less than two hours to complete.

The ICQ documents are attached to this bulletin and are available on the Myers and Stauffer, LC, Web site at:

- Nursing Facilities: http://in.mslc.com/Resources/Documents.aspx; click **Nursing Facility**, then **Forms**.
- CRFs/DD and ICFs/MR: http://in.mslc.com/Resources/Documents.aspx; click **CRF/DD ICF/MR**, then **Forms**.

Contact Information

If you have questions concerning these reporting requirements, contact Myers and Stauffer, LC, at (317) 846-9521.

If you need additional copies of this bulletin, please download them from the IHCP Web site at http://www.indianamedicaid.com/ihcp/Publications/bulletin_results.asp. To receive e-mail notifications of future IHCP publications, subscribe to the IHCP E-mail Notifications at http://www.indianamedicaid.com/ihcp/mailing_list/default.asp.

Indiana Office of Medicaid Policy and Planning
Long Term Care Facility
Cost Report Internal Control Questionnaire

Please complete the enclosed Cost Report Internal Control Questionnaire and attach to your annual financial report submitted to the Indiana Medicaid Rate Setting Contractor Myers and Stauffer LC. A printed version of the form is attached for your use in completing manually, or you may complete the Questionnaire in electronic format as further explained below. In either case, all questions must be completed, and the entire form must be printed and signed by an authorized representative of the provider to be accepted.

General Instructions

The Cost Report Internal Control Questionnaire applies to nursing facilities (NF), community residential facilities for the developmentally disabled (CRF/DD) and non-state intermediate care facilities for the mentally retarded (ICFs/MR). For mutli-facility provider operations, one (1) ICQ may be completed for the entire organization. Responses that are not fully applicable to all facilities in the organization should be documented.

Instructions for using the electronic form

1. The electronic version of the Questionnaire is on the Myers and Stauffer website, at www.in.mslc.com

2. The electronic version of the Questionnaire is set up as a Word document and is locked so that no text, formatting, or other form changes are allowed. Provider response information can only be keyed into the shaded answer areas or into the comment section of the form. Providers that elect to use the electronic version should complete the form electronically, and then print the entire completed document for submission with the Medicaid annual financial report.

3. For certification purposes, a printed and signed copy of the form must be submitted. Print the completed form, sign and date the Certification page, **and return the entire printed form**.

4. User Tips:

    - Use the TAB and Shift-TAB keys to move forward and backward between the answer fields in the form. Navigating around the form can also be done with your mouse, scroll bars, page up/down, etc.
    - Clicking on the ⬇ (which appears to the right of the words "Choose below" in each answer field when selected) will bring a drop down "pick list," where you can click on your response. Press the TAB key or use the mouse to continue.
    - You may call Myers and Stauffer at (317) 846-9521 if you need help using, saving, printing, or submitting this electronic form.

Indiana Medicaid
MYERS AND STAUFFER LC
Certified Public Accountants

Cost Report Internal Control Questionnaire

To Be Completed and Filed With the Annual Cost Report

		(For Internal Use Only)	
Chain Name		Accountant	
Provider Name(s)		Reviewed By	
Provider Number(s)		Phone	
Applicable Periods of Report(s)		Fax	
Person Responding			

1.		Are all licenses and certificates required by your facility and its staff in full force and effect at this date and during the period under review (i.e. - ISDH certifications, C&T, etc.)?	Y N N/A
2.	A.	Are the people who handle cash different from the person(s) responsible for recording cash and reconciling bank accounts?	Y N N/A
	B.	Are there more than two people responsible for the accounting functions?	Y N N/A
	C.	Is the person who prepares checks restricted from signature authority?	Y N N/A
	D.	Is supporting documentation reviewed prior to signing checks?	Y N N/A
3.		Are resident trust funds maintained in separate bank accounts?	Y N N/A
4.		Are all employees required to take annual vacations?	Y N N/A
5.		Does someone else perform their duties when on vacation?	Y N N/A
6.		Are there adequate safekeeping facilities for custody of the accounting records such as fireproof storage areas and restricted access cabinets?	Y N N/A
7.		Are salaries and wages reconciled to the IRS 941 Forms?	Y N N/A
8.		Are key personnel (i.e. - managers, officers, administrators, etc.) the same as the prior year?	Y N N/A
9.		Do job descriptions exist that detail specific responsibilities for key personnel?	Y N N/A
10.		Is there fidelity bond coverage of employees who handle cash, securities, other valuable assets and accounting records?	Y N N/A
11.		Are all accounting records retained for at least three (3) years?	Y N N/A

12.	Is the working trial balance submitted with the cost report in agreement with the general ledger?	Y N N/A
13.	Are the financial statements prepared in accordance with Generally Accepted Accounting Principles?	Y N N/A
14.	Were there any fraudulent transactions present during the cost report period?	Y N N/A
15.	Did an independent accountant perform a compilation, review or audit on the financial ? statements? If yes:	Y N N/A
	A. Were independent auditor's adjustments incorporated into the cost report?	Y N N/A
	B. Were material weaknesses or reportable conditions reported? *(N/A if no audit)*	Y N N/A
16.	Are monthly or quarterly financial statements prepared and reviewed by management?	Y N N/A
17.	Is there a Board of Directors that monitors management activities and entity operations?	Y N N/A
18.	Are the personal transactions of management and employees completely segregated from the business (i.e.-vehicles used for business and personal)?	Y N N/A
19.	Are contract service agreements reimbursable and related to patient care?	Y N N/A
20.	A. On the Cost Report, are joint or shared resources (i.e.-personnel, property, financing) disclosed?	Y N N/A
	B. Is there an allocation plan and documentation that supports the resident-related allocation to this facility?	Y N N/A
21.	During the cost report period, are the services you offer materially the same as the prior year?	Y N N/A
22.	A. Have timely payments been made on accounts payable, leases, loans, and taxes?	Y N N/A
	B. If no to any of the above, were penalties and late fees removed from the cost report?	Y N N/A
23.	Are items or groups of like-kind items that cost $500 and over with a useful life of 3 or more years capitalized?	Y N N/A
24.	Are repair and maintenance accounts reviewed to identify items that should be capitalized?	Y N N/A
25.	Is all interest income offset against expense?	Y N N/A
26.	Are the Medicaid days as reported on the monthly billings to the Medicaid intermediary (EDS) reconciled to the monthly census report?	Y N N/A
27.	Have non-reimbursable costs been eliminated from the cost report (i.e.-luxury accommodations, private telephone/cable TV, promotional advertising, legal fees related to appeals with the State)?	Y N N/A

28. Are there related party transactions in the following areas:

A.	Leases	Yes No
B.	Loans	Yes No
C.	Consulting	Yes No
D.	IV Therapy	Yes No

28. Continued

E.	Oxygen Therapy	Yes No
F.	Physical Therapy	Yes No
G.	Occupational Therapy	Yes No
H.	Speech Therapy	Yes No
I.	Medical Supplies	Yes No
J.	Ventilator Services	Yes No
K.	Management Fees/Home Office	Yes No
L.	Other _____	Yes No
M.	Other _____	Yes No

29. Are there are loans between the home office and the facilities? Y N N/A

30. At the Home Office level, have steps been taken to eliminate non-reimbursable expenses (i.e.- promotional advertising, franchise taxes, goodwill amortization, stockholder relations)? Y N N/A

31. Does the owner have any interests in other businesses (i.e. - non-healthcare)? Y N N/A

COMMENTS

Question #	Comment

CERTIFICATION

I hereby certify that I have answered the questions on pages 1 through 3 of this document regarding the internal controls and cost reporting practices of: [list facility name(s) and number(s) below]:

_____

_____

for the period beginning _____ and ending _____,

and that, to the best of my knowledge and belief, the answers are true, correct and complete.

Signed _____ _____

Officer or Administrator of Provider(s) Title

_____ _____

Print Name Date