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# Home Care Cost Report Audit Process Workshop

NEW YORK STATE OF OPPORTUNITY. | Department of Health

September 17, 2020

# Openings and Introductions

# Representatives

**NYS Department of Health:**

— Laura Rosenthal, Director – *Bureau of Long Term Care Reimbursement*

**KPMG:**

— Anthony Trapasso, *Director*

— Derek Zielinski, *Manager*

— Ryan McGrath, *Senior Associate*

— Mary Ann Stein, *Associate*

# Agenda

| Topic | Speaker | Time |
|---|---|---|
| Opening and Introductions | DOH | 5 minutes |
| Home Care Cost Report Audit Overview | KPMG | 5 minutes |
| Audit Milestones | KPMG | 15 minutes |
| Questionnaire Updates | KPMG | 5 minutes |
| Audit/Questions Tab | KPMG | 30 minutes |
| Q&A Period | KPMG | 10 minutes |
| | | **Total Time: 70 minutes** |

# Outreach Session Protocols

**Protocols**

— Please note that participants will be on mute for the duration of the session.

— If you have questions during the presentation, please enter them via the Q&A feature in WebEx. DOH and KPMG will either answer the questions during this session or add the question and response to the list of FAQs, if applicable.

— Note that questions should be limited to Home Care Cost Report matters only.

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# Home Care Audit Mailbox

| **Home Care Audit Mailbox** | us-advrisknyshc@kpmg.com |
|---|---|

- KPMG has set up a Home Care Audit Mailbox where questions can be emailed regarding the audit process.
- As this is a listen-only call, we ask that Auditees hold any questions until the end of the call to be addressed during the formal Q&A segment. Any questions that remain unaddressed by the end of the webcast can be sent via email to the Home Care Audit Mailbox.
- Note that this mailbox is the same one that has been used throughout the Home Care Cost Report submission process.

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# Home Care Cost Report Audit Overview

# Home Care Cost Report Audit

**Audit goals:**

— To review, analyze, test, and verify the Home Care Cost Report financial and statistical records to determine that the appropriate data was included as reimbursable costs in each agency's submission.

— To gain an understanding of Home Care agency data tracking and reporting systems.

— To promote uniform standards for data submission and collection.

— To improve compliance and reporting through training and outreach.

**Audit scope:**

— The current audit will be a review of each CHHA, LHCSA, or FI agency's 2019 Home Care Cost Report submission.

— All agencies that submit a 2019 Home Care Cost Report will be subject to audit by KPMG.

— The audit of the 2019 Home Care Cost Report will be the first year of audits conducted by KPMG. An annual audit of Home Care Cost Reports will continue to occur in the future.

# Contact protocol

### Identify primary contact:

— In the **Contact Information** tab of the Web-based Tool, add in the contact information for all of the individuals responsible for making audit-related decisions and responding to inquiries.

  - These individuals can be the same people who are listed in the Reporting Hierarchy section, but please be sure to make it clear in the Contact Information tab who from the agency will be involved in the audit process.

### Audit Kick-Off:

— Upon commencement of the audit, you will receive a communication from the KPMG audit team assigned to your agency.

— Once this communication is received, you will be able to reach out to the audit team via email with any particular questions about getting started with the process.

### Communication methods:

— Once the audits begin, the vast majority of communications will be conducted within the Web-based Tool.

— Specifically, communications between the agencies and the audit teams will occur within the **Audit/Questions** tab. This tab is comprised of the following subtabs:

  - Documentation Requests
  - Follow-up Questions
  - Potential Findings
  - Provider Questions

# Audit Milestones

# Milestones – Phase 1

| Phase 1 | Milestone | Time Period |
| --- | --- | --- |
| **Cost Report Submission and Audit Kick-off** | Cost Report Completion and Submission | June 2020 through October 2020 |
| | General Questionnaire and Schedule Specific Questionnaire Completion and Submission | June 2020 through October 2020 |
| | Supporting Documentation Compilation and Submission | June 2020 through October 2020 |

— **Cost Report Completion and Submission**

- Home Care Cost Report submissions are due **October 31st, 2020.**

— **General Questionnaire and Schedule Specific Questionnaire Completion and Submission**

- Questionnaire responses are due along with the Home Care Cost Report on **October 31st, 2020.**
- Be sure to read each of the questions fully and provide accurate and detailed responses where requested.

— **Supporting Documentation Compilation and Submission**

- Agencies should be compiling their supporting documentation throughout the process.
- Supporting documentation is required to be submitted via the Secure File Transfer Protocol (SFTP) site within **7 days** of your cost report submissions (more details to follow later in the presentation).

# Milestones – Phase 2

| Phase 2 | Milestone | Time Period |
| --- | --- | --- |
| **Fieldwork** | KPMG Reviews Auditee Questionnaire Responses and Supporting Documentation and Provides Follow-up Correspondences to Auditee | November 2020 through January 2021 |
| | Auditee Provides Responses to Follow-up Questions | November 2020 through January 2021 |
| | KPMG Reviews Auditee Follow-up Responses | November 2020 through January 2021 |
| | KPMG Proposes Adjustments and Findings to Auditee (if necessary) | November 2020 through January 2021 |

— **Provider Activities in the Fieldwork Phase**

- Help resolve any data issues or discrepancies between supporting documentation and the information entered in the Home Care Cost Report.
- Provide additional supporting documentation as requested by the assigned auditors.
- Communicate and resolve any audit/data issues or disagreements with the audit team and/or the Department of Health (DOH) before Exit Dashboards are issued.
- Respond to questions presented by the audit team within the Web-based Tool.
- **Responses to audit inquiries are expected to be provided within 3-5 business days. The audit team will specify the specific timing within their inquiry.**

# Milestones – Phase 3

| Phase 3 | Milestone | Time Period |
|---|---|---|
| **Reporting and Close-out** | Auditee Provides Management Response and Corrective Action Plan for Each Finding (if necessary) | November 2020 through January 2021 |
| | KPMG Provides Exit Dashboard | January/February 2021 |

— **Management Response and Corrective Action Plan**

- Agencies will be required to provide a management response and corrective action plan for any identified findings.

— **KPMG Provides Exit Dashboard**

- KPMG will issue an Exit Dashboard that includes the identified findings and the management response/corrective action plan.

# Questionnaire Updates

# Questionnaire Updates

**Background:**

— As a result of the work conducted since the launch of the Home Care Cost Report submission process as well as interaction with the provider community, we identified a few areas within the Web-based Tool that could be adjusted to help ensure a more seamless audit process for providers.

— These updates will also provide for more consistent reporting and more accurate data gathering.

**Updated General Questionnaire**

— The General Questionnaire is no longer located within the Reporting Hierarchy and General Questionnaire tab.

- The General Questionnaire has been removed from this location and placed on its own tab (titled “General Questionnaire”) located between the Cost Report Schedules and Cost Report Submission tab.
- Questions have been added and/or edited from the original questionnaire.
- This tab may be completed while you are working on the schedules and/or after you complete the schedules, but it will required to be completed as part of your official cost report submission in advance of the October 31st, 2020 deadline.

  ➢ **You will not be able to submit the cost report without completing the General Questionnaire tab.**

**Updated Schedule Specific Questionnaire**

— In addition to the General Questionnaire updates, there were also some updates made to the questions that appear within each schedule in an effort to drive enhanced data accuracy and consistency.

— These updates come in the form of format/text updates (e.g., check all that apply), the addition of questions, as well as the deletion of some questions that are no longer applicable.

  ➢ **Be sure to revisit each schedule to ensure you have answered all required questions.**

# General and Schedule Specific Questionnaire Expectations

## Objectives

As a reminder, the purpose of the General and Schedule Specific Questionnaires include the following:

- To gain an understanding of each agency's internal tracking and reporting processes related to the Home Care Cost Report.
- To allow for a more efficient and streamlined audit process that will reduce the need for back and forth communication between KPMG and the agencies for minor items.

## Expectations

- Agencies must provide thorough answers and explanations to all questions.
- There are some instances where follow-up questions or multiple part questions may appear based on your responses. Be sure to read each request carefully and provide a response to the best of your ability.
- Note that based on your responses, some questions will be flagged for further follow-up during the audit process.

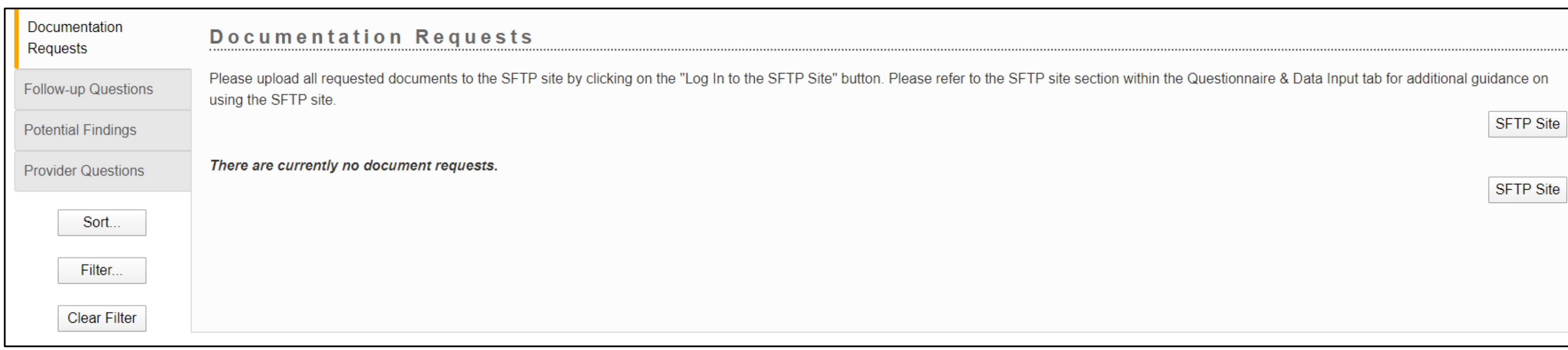
# Audit/Questions Tab

# Components of the Audit/Questions Tab

— The Audit/Questions tab is the location where all audit procedures and communications will occur.

— This tab includes the following sections:

- **Documentation Requests**: Location where documentation requests will appear. Documents will be submitted to a secure file transfer protocol site (SFTP).
- **Follow-up Questions**: Location where audit follow-up questions, documentation, and communication will occur. KPMG and the agency will have direct communication in this location.
- **Potential Findings**: Location where potential findings identified will appear.
- **Provider Questions**: Location where provider questions will appear. KPMG and the agency can have direct communication in this location.



# Documentation Requests

**Overview:**

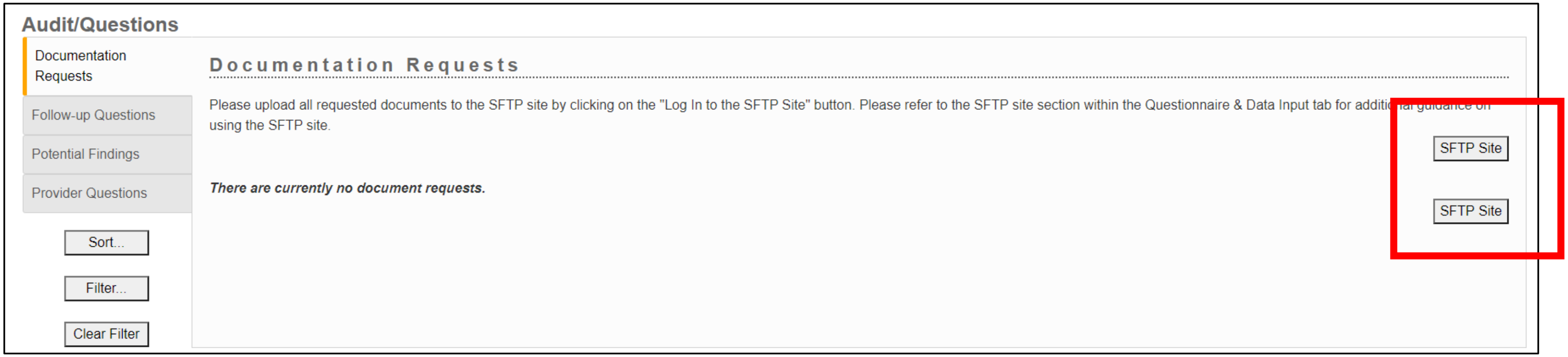
— As you are now aware, there are a series of questions within each cost report schedule that must be answered (Schedule Specific Questionnaire). Two of these questions are related to supporting documentation:

- The first question asks you to indicate which type of supporting documentation you used to complete that particular schedule (check all that apply).
- The second question asks you to add the name of these supporting documents as well as the name of the crosswalk file that demonstrates the allocation methodology used.

— Note that the supporting documentation names you enter will flow through to the Documentation Requests subtab. This will be the central location where you can stay organized and see all of the documents that you will need to submit.

— You will be asked to upload the supporting documents to a Secure File Transfer Protocol (SFTP) site.

- A link to this SFTP site is located directly within the Documentation Requests subtab.
- Supporting documentation is required to be submitted via the Secure File Transfer Protocol (SFTP) site within **7 days** of your cost report submissions.
- You will receive separate login credentials for the SFTP site.



# Documentation Requests (cont.)

**Overview:**

— Please be prepared to upload your documents to the SFTP site in a WinZip folder to minimize the number of individual document uploads.

- For each document uploaded, you must use the following naming convention when uploading documents to the SFTP site:
  - “Schedule #_Document Type”
    - Example: “Schedule 3a_General Ledger”
    - Example: “Schedule 3a_Allocation Methodology Crosswalk”

— Below are some suggestions to keep in mind:

- Provide third party support that verifies completeness and accuracy of the data in the cost report. Third party support allows the audit teams to more easily gain comfort with the data being presented and reported.
- Demonstrate underlying calculations for the data, including any reconciliations or crosswalks for information on the cost report that does not tie directly to the supporting documentation.
  - Using formulas within an Excel crosswalk file is one example that will allow auditors to more easily understand how you are demonstrating allocations and/or reconciliations.
  - Trying to decipher hard coded data will increase the need for follow-up communications.
- Ensure that you are in communication with the individuals responsible for gathering data for each of the schedules in the cost report. You may need to communicate with these individuals to address any follow-up questions from the audit teams.

# Documentation Requests (cont.)

**Allocation Methodology:**

- Providers will be asked to indicate the allocation methodology that they used for the various categories within the Home Care Cost Report.
- Providers should also prepare the following for submission:
  - A cross walk file for each schedule that details the steps taken to allocate the agency information across the various entities operated within that agency. KPMG will not be reviewing agency level supporting documentation only to figure out how the information was allocated to the various entities.
  - This crosswalk can come in the form of an Excel file and must include the following:
    - Allocation methodology used for the schedule
    - A step down of how the agency level information translates to the figures entered for each entity. The file must show how you went from Step A (Agency) to Step B (Entity).
    - The amounts included in the crosswalk file MUST tie back to the supporting documentation (e.g., the third-party support).

# Follow-up Questions

**Overview:**

— The Follow-up Questions subtab is the main location where the audit follow-up will occur.

— The KPMG audit teams can inquire about the following areas:

- Agency responses to General or Schedule Specific Questionnaire items
- Information reported within the schedules of the cost report (e.g., inquires for discrepancies between what was reported and what appears in the supporting documentation and/or crosswalk files).

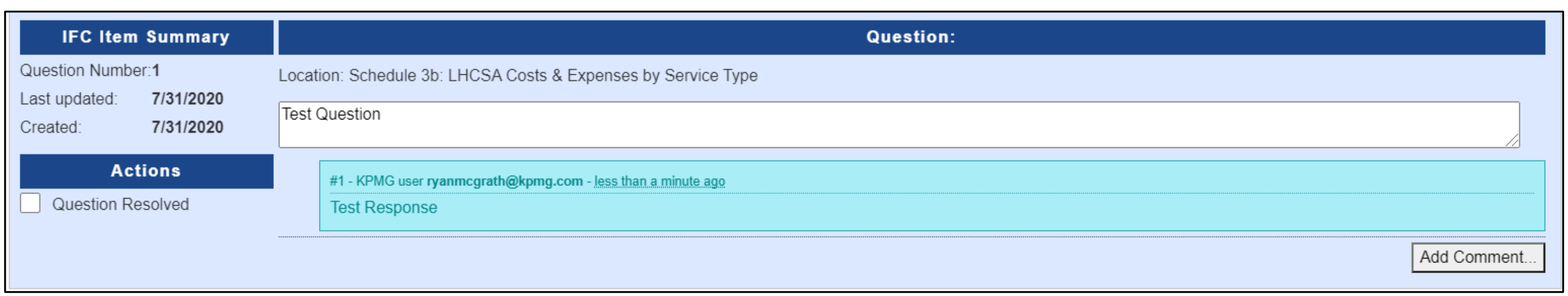
— Once an inquiry is published by the KPMG audit team, you will receive a notification from no-reply@avii.com.

- Be sure to mark this email address as an allowable sender.

— Agencies are expected to provide prompt and detailed responses to all inquires.

- Specific timing requests for responses will be included in the inquiries. It is critical to answer these follow-up inquiries thoroughly and in a prompt manner in order to avoid delays to the audit process.

— Example format of inquires within the Web-based Tool:



# Potential Findings

**Overview:**

— Any potential findings identified by the audit teams will be located in the Potential Findings subtab.

— These finding will quantify the value of the impact for the identified issue (e.g., $50,000 worth of non-allowable costs were reported as allowable costs).

  - This will allow audit teams and agencies to both fully understand the issue so an appropriate adjustment can be made if necessary.

— The findings will be the result of the audit procedures and can be related to items such as the following:

  - Insufficient supporting documentation
  - Misreporting of allowable vs. non-allowable costs
  - Discrepancies between supporting documentation and the data reported on the cost report

# Exit Dashboards

**Overview:**

— The Exit Dashboard consists of any adjustments noted as a result of the audit as well as a listing of audit findings with the condition that drove each finding.

— Agencies will be given a period of time after receipt of the dashboard to provide a management response to the findings.

  - If no management response is provided within that timeframe, then the final dashboard will be provided to the Department of Health without a management response.
  - The goal is to have all issues resolved before they hit the Exit Dashboard. As such, please try to resolve any issues during the audit and not during the Exit Dashboard process. Timely communication is particularly important during this phase of the audit process.

# Final Reminders

- Continue working through your Home Care Cost Report submissions.
  - Submissions are due **October 31st, 2020.**

- Provide complete and thorough responses to all General Questionnaire and Schedule Specific Questionnaire items.
  - Questionnaire submissions are due along with the cost report on **October 31st, 2020.**

- Stay organized and maintain all third-party supporting documentation files and crosswalk files used to complete the Home Care Cost Report.
  - Be sure to use the naming convention outlined earlier in this presentation on slide 20

- You will be required to submit all supporting documentation through the Secure File Transfer Protocol (SFTP) site.
  - Supporting documentation is required to be submitted within **7 days** of your cost report submissions.
  - You will receive separate login credentials for the SFTP site.

# Q&A Period

Thank You

kpmg.com/socialmedia