

ORIGINAL

**REQUEST FOR QUOTATION (RFQ) TO PROVIDE CPA FIRM
CONTRACTED AUDITS OF MEDICAID LONG TERM CARE
NURSING HOME PROVIDER COST REPORTS PER RFQ SPECIFICATIONS**

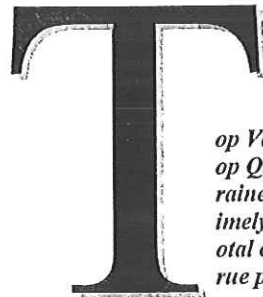
FOR

**WEST VIRGINIA DEPARTMENT OF HEALTH AND HUMAN RESOURCES,
OFFICE OF ACCOUNTABILITY AND MANAGEMENT REPORTING (OAMR)**

REQUEST FOR QUOTATION No. HHR12070
AND ADDENDUM No. 1

BID OPENING DATE: JANUARY 3, 2012
BID OPENING TIME: 01:30 PM

Quotation Offered By



TICHENOR & ASSOCIATES, LLP

CERTIFIED PUBLIC ACCOUNTANTS & MANAGEMENT CONSULTANTS

**304 MIDDLETOWN PARK PLACE
LOUISVILLE, KENTUCKY 40243**

**CONTACT PERSON: WILLIAM R. TICHENOR, PARTNER
BUSINESS PHONE: (502) 245-0775
FAX NO.: (502) 245-0725
EMAIL: wtichenor@tichenorassociates.com**

RECEIVED

2012 JAN -3 AM 11:19

WV PURCHASING
DIVISION

ORIGINAL

**REQUEST FOR QUOTATION (RFQ) TO PROVIDE CPA FIRM
CONTRACTED AUDITS OF MEDICAID LONG TERM CARE
NURSING HOME PROVIDER COST REPORTS PER RFQ SPECIFICATIONS**

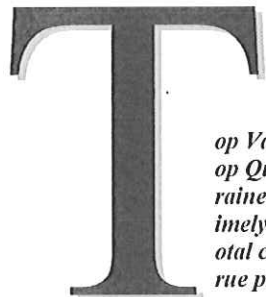
FOR

**WEST VIRGINIA DEPARTMENT OF HEALTH AND HUMAN RESOURCES,
OFFICE OF ACCOUNTABILITY AND MANAGEMENT REPORTING (OAMR)**

REQUEST FOR QUOTATION No. HHR12070
AND ADDENDUM No. 1

BID OPENING DATE: JANUARY 3, 2012
BID OPENING TIME: 01:30 PM

Quotation Offered By



TICHENOR & ASSOCIATES, LLP

CERTIFIED PUBLIC ACCOUNTANTS & MANAGEMENT CONSULTANTS

*op Value
op Quality
trained staff
timely services
total commitment
true professionalism*

**304 MIDDLETOWN PARK PLACE
LOUISVILLE, KENTUCKY 40243**

**CONTACT PERSON: WILLIAM R. TICHENOR, PARTNER
BUSINESS PHONE: (502) 245-0775
FAX No.: (502) 245-0725
EMAIL: wtichenor@tichenorassociates.com**

TABLE OF CONTENTS

<u>Title</u>	<u>Page</u>
Transmittal Letter	1
1. Mandatory Requirements – Vendor Experience/Capabilities.....	3
2. Scope of Work – Mandatory Requirements.....	12
3. Special Terms and Conditions	15
4. All-Inclusive Cost Sheets.....	20
5. Signed and Dated Request for Quotation.....	21
6. Signed and Dated Addendum No. 1	21
7. Signed and Dated Vendor Preference Certificate.....	21
8. Signed and Dated Purchasing Affidavit.....	21
 Attachments	
Attachment 1 – All-Inclusive Cost Sheets	23
Attachment 2 – Signed and Dated Request for Quotation.....	24
Attachment 3 – Signed and Dated Addendum No. 1	25
Attachment 4 - Signed and Dated Vendor Preference Certificate.....	26
Attachment 5 - Signed and Dated Purchasing Affidavit.....	27

TICHENOR & ASSOCIATES, LLP
CERTIFIED PUBLIC ACCOUNTANTS and MANAGEMENT CONSULTANTS

304 MIDDLETOWN PARK PLACE, SUITE C
LOUISVILLE, KY 40243

BUSINESS: (502) 245-0775
FAX: (502) 245-0725

E-MAIL: wtichenor@tichenorassociates.com

December 30, 2011

Ms. Roberta Wagner, Buyer Supervisor
Department of Administration
Purchasing Division
2019 Washington Street, East
Charleston, WV 25305-0130

Re: RFQ No. HHR12070 and Addendum No. 1

Dear Ms. Wagner:

We are pleased to offer our Proposal in response to your RFQ No. HHR12070 and Addendum No. 1 to provide auditing services of Medicaid long term care nursing home provider cost reports per the RFQ specifications.

Tichenor & Associates, LLP (Tichenor) is properly registered with the Purchasing Division and has paid the required \$125 fee.

Upon award of the contract, Tichenor will enter into the West Virginia HIPAA Business Associate Addendum Agreement, if required.

Tichenor does not offer any deviations from the specifications included in the RFQ.

Tichenor does not qualify for Vendor Preference Certificate and has not made application for the Certificate.

The following is included herein as part of this Quotation.

1. Mandatory Requirements – Vendor Experience/Capabilities
2. Scope of Work – Mandatory Requirements
3. General Terms and Conditions
4. All-Inclusive Cost Sheets (**Attachment 1**)
5. Signed and Dated Request for Quotation (**Attachment 2**)

6. Signed and Dated Addendum No. 1 (**Attachment 3**)

7. Signed and Dated Vendor Preference Certificate (**Attachment 4**)

8. Signed and Dated Purchasing Affidavit (**Attachment 5**)

Should any additional information be required regarding the Quotation, William R. Tichenor (Negotiator) will be happy to answer any inquiries by writing, by phone or by visiting your office to personally provide any information.

We look forward to having the opportunity to provide these important audit services for you.

Respectfully Submitted,

A handwritten signature in cursive script, reading "William R. Tichenor Partner".

William R. Tichenor, CPA, CGFM
Managing Partner
Tichenor & Associates, LLP

Enclosures

1. MANDATORY REQUIREMENTS – VENDOR EXPERIENCE/CAPABILITIES

The vendor must provide documentation of experience/capabilities.

- 1. Vendor must have been in business at least fifteen (15) years and have at least ten (10) years experience conducting governmental audits.**

Response:

Tichenor & Associates, LLP (“Tichenor”), was founded in Louisville, Kentucky in May 1983. Tichenor has been in business for over twenty-eight (28) years as a CPA firm. William R. Tichenor serves as the firm’s founding and managing partner. Tichenor has completed government audits for over twenty-eight (28) years. These government audits have been performed under contracts with over thirty (30) federal agencies and twenty (20) state agencies.

Over the last twenty-eight (28) years, Tichenor has performed audit (financial and compliance), accounting, EDP and other consulting services under contract with over thirty (30) federal clients, twenty (20) state clients and over thirty (30) local government clients. The following is a list of Tichenor’s federal clients:

1. Social Security Administration - Representative Payee Audits
2. Executive Office of the U.S. Trustees
3. Department of Transportation - Federal Transit Administration
4. Department of Health and Human Services (OIG)
5. Department of Labor (OIG)
6. Environmental Protection Agency (OIG)
7. Department of Agriculture (OIG)
8. Information Agency (OIG)
9. Department of Housing and Urban Development (OIG)
10. The Smithsonian Institute (OIG)
11. Securities and Exchange Commission (OIG)
12. Resolution Trust Corporation (OIG)
13. Public Health Service - ADAMHA
14. Public Health Service - OTI
15. Public Health Service - Indian Health Services
16. Department of Transportation - Federal Highways
17. Appalachian Regional Commission (OIG)
18. Department of State (OIG)
19. Executive Office of the President
20. Federal Emergency Management Agency (OIG)
21. Federal Emergency Management Agency - Budget / Accounting
22. Corporation for National Service (OIG)
23. Pension Benefit Guaranty Corporation (OIG)
24. Department of Health and Human Services - HRSA

25. Department of Labor - ETA / Budget and Accounting
26. Department of Labor - Labor Cert.
27. Forest Service
28. Department of Justice - EOUST
29. Department of Defense - TMA
30. Census Bureau
31. Department of Health and Human Services - CMS (formerly HCFA)
32. Department of Health and Human Services - HRSA
33. Department of Justice - Debtor Audits

- 2. Vendor must be a Certified Public Accounting (CPA) firm and must currently have on staff at least ten (10) accounting professionals with at least five (5) of those holding CPA certification valid in the State of West Virginia.**

Response:

Tichenor is a Certified Public Accounting (CPA) firm and currently has on staff fifteen (15) accounting professionals with six (6) holding CPA certification valid in the State of West Virginia.

Mr. Chuck Smith, Managing Member of Smith, Cochran & Hicks, P.L.L.C. (Smith) located in Charleston, West Virginia has agreed, if needed, to subcontract with Tichenor on this contract to provide local staff resources. Smith's firm has been in business longer than ten (10) years and has more than five (5) years experience conducting governmental audits. Smith's firm is a CPA firm and has more than ten (10) accounting professionals and more than five (5) of these are CPAs valid in the state of West Virginia.

- 3. Vendor will provide samples of work to demonstrate expertise in providing state staff and providers with training designed to enhance accuracy and consistency in cost reporting and cost report auditing.**

Response:

As part of its audit contracts over the years with Kentucky, Ohio and Michigan State Medicaid Offices, Tichenor has prepared and presented to its auditors, and state Medicaid auditors cost report training. This training included the following subjects related to Medicaid cost reports:

- 1) Federal and State laws and regulations
- 2) The accuracy and consistency in the preparation of the cost reports and schedules.
- 3) The audits of the cost report.
- 4) The reporting on the audit results.
- 5) The audit finding appeals process.

Also, Tichenor has provided training to auditors under its contract with CMS to assist CMS in the quality review of the various Medicare contractors (fiscal intermediaries) in

the FI contractors oversight and audit of hospital and nursing homes cost reports. Key Tichenor staff attended a five (5) day training session at CMS and then developed a training session and presented the session to Tichenor's audit staff and subcontractor audit staff that included the quality review requirements of the FI audit process, workpapers, reports and provider appeal process.

Tichenor has been a member of the National Association State Boards of Accountancy (NASBA) since 1990. NASBA requires all members to adhere to a certification process every three (3) years to remain as a member that is authorized to develop and provide training to individuals in accounting and auditing topics for which continuing professional education (CPA) credits are provided that are recognized by all fifty (50) State Boards of Accountancy for CPAs and by the Government Auditing Standards CPE requirements.

Over the years, Tichenor has developed and provided not only Medicare and Medicaid cost reports training, but has developed and provided training to auditors, federal and state staff, and contractors and government agencies in the areas of a particular program laws and regulations, accounting and reporting for revenues and costs and the audit, reporting and appeal process for that particular program. Some of the federal and state agencies are: US DOL-OIG, US DOL-ETA, EPA-OIG, HHS-OIG, HHS-SAMSA, KY Auditor of Public Accounts, KY Attorney Generals Office, and KY Division of Conservation.

In particular, Tichenor revised, updated and presented to DOL-OIG, DOL-ETA and grantees the DOL "Red Book" that is a guide for DOL and grantee organizations to use in the accounting and reporting of the grantee incurred direct and indirect costs.

Also, under contract with DOL-ETA, Tichenor developed and presented a training program for DOL-ETA and state and local grantees that provided guidance on how to provide accuracy and consistency in cost reporting under the accrual method.

Finally, under a contract with HHS-OIG, Tichenor revised, updated and presented to HHS-OIG auditors the HHS-OIG "Quality Peer Review Manual" that is used internally to review the OIG's audit process for the areas of workpapers, reports and appeals of audits that its staff performs of contractors and grantees.

4. Vendor will provide samples of work to demonstrate proficiency in providing Medicaid agencies with audit of cost report data from entities including nursing homes, hospitals, ICF-MR's, FQHC's, etc.

Response:

Tichenor has successfully performed thousands of Medicaid cost report audits that include nursing homes, hospitals, ICF-MR's, FQHC's, mental health agencies and home health. These audits were performed under contracts with the following state Medicaid agencies:

- 1) West Virginia - Nursing homes, mental health and hospitals
- 2) Kentucky - Nursing homes, hospitals, FQHC's, state mental hospitals
- 3) Ohio - Nursing homes and ICF-MR's
- 4) Michigan - Nursing homes and mental health agencies
- 5) Virginia - Mental health agencies

These audits required audit services related to the audit process, reports and appeals in most audits working closely with the state Medicaid agencies and providers.

5. Vendor shall provide examples of engagements with which they have been involved to show that they possess expertise working with regulators in order to address and resolve Federal findings, inquiries, disallowance issues, etc.

Response:

Tichenor has had many engagements over the years that we have successfully completed that required representing the Federal regulators as the auditor under contract with CMS, HHS-OIG, HHS-SAMSA and DOD TriCare in audits that required us to work with the Federal regulators and the auditee, the provider or state, to address and resolve the audit report findings, inquiries and any disallowances. In some cases this required working with the Federal regulator throughout the appeal process.

Tichenor has had many engagements over the years that we have successfully completed that required us to represent states and providers in audit issues and inquiries related to disallowance issues and/or program changes requested by the state Medicaid program. The Federal regulators in these engagements included HHS-OIG, CMS and US Attorney.

We believe that our audit experience performing audits of state's and local government agency's programs, for-profit and not-for-profit provider organizations under contracts with Federal regulators combined with our experience working for states and providers to resolve Federal regulator findings, inquiries and disallowance issues provides your agency with a much broader experience and expertise than a CPA firm that has only represented states and/or providers.

6. Vendor shall provide samples of direct experience in order to confirm an ability to provide state Medicaid agencies with insight relevant to changes in law, rules, and direction associated with the state's ability to effectively and efficiently manage the audit and reimbursement process in a compliant manner.

Response:

Tichenor has worked with several state Medicaid agencies with insight relevant to changes in law, rules, and direction associated with the state's ability to effectively and efficiently manage the audit and reimbursement process in a compliant manner. Tichenor

assisted in the following state Medicaid agencies related to the management, audit, and reimbursement process.

- 1) West Virginia Department of Health and Human Resources - Bureau of Health and Healthcare Facilities: Currently under contract with BHHF to provide accounting/technical assistance and in-service training related to Medicare and Medicaid cost accounting and statistical methods for cost reporting purposes. Also, provide technical assistance for maximizing reimbursement for third party payers.
- 2) West Virginia Department of Health and Human Resources: Under a previous contract with the Bureau for Medical Services we provided services in the following areas -
 - Served as a technical advisor to the Bureau's Policy Units in the formulation and review of program policies.
 - Made recommendations for implementation of coding which adequately meets in the intent of the BMS policies.
 - Reviewed and made recommendations for bundling and unbundling of procedures and diagnosis codes.
 - Assisted in ongoing development, review and maintenance of the procedure and diagnosis code tables, files, etc., which reside in the Reference Subsystem of the MMIS (Medicaid Management Information System).
 - Reviewed current and future procedure codes for usage.
 - Setup utilization review criteria files.
 - Developed staff training
 - Served as technical advisor to the Bureau's MMIS Director in the formulation and review of system policies.
 - Ongoing development, review and maintenance of the procedure and diagnosis code tables, files, etc., which reside in the Reference Subsystem and MMIS (Medicaid Management Information System).
 - Developed and administered fee schedule update and analysis protocols and coordinate the updates to the reference subsystem.
 - Produced file maintenance update requests for system coding additions or changes.
 - Reviewed available bundling and re-bundling software. Made recommendations for acquisition and modification of same.
 - Provided staff training
 - Made recommendations as to whether the Bureau would benefit from staff a fulltime coder.

- 3) West Virginia Childrens Health Insurance Program: Currently under contract with CHIP to assist in the performance of quality measure reviews of providers performing well-child screens under the Kids First Program.
- 4) Kentucky Department of Transportation: Under a previous contract with Kentucky DOT completed a statewide study of Medicaid client transportation providers and provided a report with recommendations on how to improve the transportation process currently in place and reduce the cost of the program.
- 5) Kentucky Medicaid Commissioner: Made a presentation to the Kentucky Medicaid Commissioner for an electronic process for the review of the payments made to the nursing homes related to the MDS reimbursement which would identify improper billing and reduce cost to the program.
- 6) Indiana Medicaid Commissioner: Made a presentation to the Indiana Medicaid Commissioner for an electronic process for the review of client claims data which identifies clients outside of the usage norm of the total population for provider visits and prescriptions. Allows Medicaid to target clients that abuse the program and allows Medicaid to better manage these particular clients.
- 7) Indiana Attorney General: Under a previous contract with Indiana Attorney General we provided an electronic process that analyzed claims data payments to providers and prescriptions and collected overpayments. The Attorney General Office was the lead on the contract, but partnered with the Medicaid office.

7. Vendor shall provide sample of related work to verify experience and proficiency representing Medicaid agencies throughout the appeals process including the ability to effectively testify as an expert witness.

Response:

Tichenor has had audit contracts with West Virginia, Kentucky, Ohio and Michigan Medicaid agencies to perform audits, reports and assist in the appeal process for various cost reports audit findings. This appeal process in some cases required the appearance before the Administrative Law Judge on the KY Medicaid audit contract.

Tichenor also had a contract with the KY Medicaid agency to assist them in the appeal process of over 300 nursing home audit report appeals. These appeals were held at our Frankfort, KY office. An assigned representative of the KY Medicaid Office would attend the appeal meeting and the provider would attend or its representative (CPA firm and/or attorney) to present its response to the audit findings. With the assistance of the KY Medicaid representative, we would come to a determination and make a written

recommendation to KY Medicaid, then they would review and agree or disagree, then notify the provider of the outcome of the appeal.

Tichenor has assigned Mr. William R. Tichenor, CPA, CGFM and firm managing partner as the contract and audit partner on this RFQ. Mr. Tichenor has over 35 years of Medicare and Medicaid audit experience related to providers, contractors, grantees and state and local government agencies. This experience has been obtained under audit contracts with HHS-OIG, CMS, HRSA, SAMHSA and DOD TriCare. Mr. Tichenor has had many opportunities to represent agencies throughout the appeals process including testifying as an expert witness.

8. Vendor shall provide a detailed description of its qualifications in working with sensitive information, including PHI and PII, as well as the HIPAA compliant tools it employees to allow for the safe transfer and storage of data.

Response:

Tichenor has currently and has had in the past several contracts with Federal and State agencies that require working with sensitive information, such as PHI and PII, as well as HIPAA compliant tools it employs to allow for the safe transfer and storage of data. Some of the agencies and services that we have provided or currently provide are as follows;

- 1) West Virginia Public Employees Insurance Agency: Perform medical claim reviews of various providers and members over the last six (6) years.
- 2) West Virginia Medicaid: Performed audits of Medicaid nursing homes cost reports and patient funds.
- 3) Ohio Medicaid: Performed audits of Medicaid nursing homes cost reports and patient funds.
- 4) Michigan Medicaid: Performed audits of Medicaid nursing homes cost reports and patient funds.
- 5) Kentucky Medicaid: Performed audits of Medicaid nursing homes cost reports and patient funds.
- 6) Indiana Medicaid: Performed claim audits of provider payments for Medicaid program.
- 7) CMS: Perform audits of CMS Medicare Part D insurers.
- 8) CMS: Perform audits of CMS Medicare MCO.
- 9) Social Security Administration: Performed audits of Representative Payee of Social Security Administration beneficiaries' payments.
- 10) DOD TriCare: Performed audits of DOD TriCare payment claims made to hospitals.

The following is a brief discussion of security mechanisms and controls currently in use for the safe transfer and storage of data:

Internet/Border Security

Tichenor employs a hardware firewall performing stateful packet inspection and ingress packet filtering for border security at the Louisville location. Employees not at the Louisville location may access the server on the Louisville LAN through an encrypted VPN tunnel.

Interior Mechanisms

URL filtering software is used to control access to undesirable websites. Incoming Email is subject to scanning for malware, and Anti-Virus is deployed and vigilantly updated on each PC and server.

Interior Controls

The account lockout threshold has been enabled to lock accounts after 10 unsuccessful authentication attempts to prevent dictionary or Brute Force attacks.

Thorough Backup and Disaster Recovery methodologies are in place, and include offsite backup and local tape backup.

The above security mechanisms and controls meet HIPAA compliance.

9. Vendor shall provide detailed examples of having successfully worked with policy, program, finance, budgeting, departments of governmental units in order to ensure that the highest level of value is derived from funds allocated through the audit process.

Response:

Tichenor has successfully worked with policy, program, finance, budgeting departments of government unites at several Federal agencies and State agencies over the years to ensure that the highest level of value is derived from funds allocated through the audit process. The following are some of the Federal and State agencies and projects that the firm has been involved in over the last twenty-eight (28) years:

- 1) White House Travel Office: Performed a review of the White House Travel Office accounting and financial policies and made recommendations for improvements.
- 2) DOL-Job Corps Program: Performed a survey of Job Corps members' job placements after the program completion and made recommendations to better match job training to job placement.
- 3) DOL-OIG: Performed a review of the "Red Book" used by DOL-ETA for grantees to follow for proper accounting and reporting of grant funds spent for direct and indirect costs. Updated the guide and provided training to DOL staff

and grantee users in the use of the guide to ensure that the highest level of value is derived from funds allocated.

- 4) DOL-ETA: Developed and presented a training program for DOL-ETA and state and local grantees that provided guidance on how to provide accuracy and consistency in cost reporting under the accrual method of accounting for grant expenditures.
- 5) ARC-OIG: Performed a performance audit of Appalachian Regional Commission agency policies and procedures related to financial operations and made recommendations to help ensure that the agency makes the best use of its limited finances.
- 6) Kentucky Department of Transportation: Completed a statewide study of Medicaid client transportation providers and provided a report with recommendations on how to improve the transportation process currently in place and reduce the cost of the program.
- 7) Kentucky Medicaid: Worked with the Kentucky Medicaid program in the review of the Kentucky State Mental Health Hospitals finance related to policy and procedures to ensure the highest level of use of finance and to determine if all funding sources were being properly billed and accounted for at the hospital level. Based on the review results, we made several recommendations to ensure billing amounts and accounting controls were correct and complete.
- 8) Kentucky Access Insurance: Performed an audit of Kentucky's Access Insurance program. This program is a special health insurance program for high health risk members located in Kentucky. We performed the first audit of this health insurance agency and made several recommendations to improve policy and procedures related to agency finances to help increase the value of the program.
- 9) West Virginia Medicaid: Under a previous contract with the Bureau for Medical Services we provided services in the following areas -

- Served as a technical advisor to the Bureau's Policy Units in the formulation and review of program policies.

- Made recommendations for implementation of coding which adequately meets in the intent of the BMS policies.

- Reviewed and made recommendations for bundling and unbundling of procedures and diagnosis codes.

- Assisted in ongoing development, review and maintenance of the procedure and diagnosis code tables, files, etc., which reside in the Reference Subsystem of the MMIS (Medicaid Management Information System).

- Reviewed current and future procedure codes for usage.

- Setup utilization review criteria files.

- Developed staff training

- Served as technical advisor to the Bureau's MMIS Director in the formulation and review of system policies.

- Ongoing development, review and maintenance of the procedure and diagnosis code tables, files, etc., which reside in the Reference Subsystem and MMIS (Medicaid Management Information System).

- Developed and administered fee schedule update and analysis protocols and coordinate the updates to the reference subsystem.
- Produced file maintenance update requests for system coding additions or changes.
 - Reviewed available bundling and re-bundling software. Made recommendations for acquisition and modification of same.
 - Provided staff training
- Made recommendations as to whether the Bureau would benefit from staff a fulltime coder.

2. SCOPE OF WORK – MANDATORY REQUIREMENTS

The vendor must comply with the following specifications in the performance of the services.

1. Tichenor will perform the engagements included in RFQ Attachments 1-3 Cost Sheets in accordance with the required standards established by the AICPA, GAS and provisions contained in the RFQ.
2. Upon request by OAMR, Tichenor will perform financial and compliance audit engagements of semi-annual LTC-FASRs in accordance with standards established by the AICPA, and applicable GAS. Tichenor will issue an opinion on the fair presentation, in conformity with GAAP and the rules and regulations established by the West Virginia Department of Health and Human Resources, of the financial and statistical information submitted in the LTC-FASRs for each facility examined along with a list of findings of non-compliance as described in the RFQ. Tichenor will issue a report on compliance and internal control for each facility examined in accordance with GAS.
3. For each engagement Tichenor will incorporate a pre-engagement planning meeting between an authorized representative of Tichenor and the Agency to establish the procedures to be performed, whether OAMR staff intends to be present for any portion of the examination fieldwork, the planned timing of fieldwork, and the anticipated timing of draft and final report issuance. This meeting will include a review of the cost reports to be examined as well as any additional information OAMR is aware of that would impact the examination procedures or engagement.
4. Tichenor agrees that the procedures for each engagement will include, at a minimum, the procedures outlined in the OAMR Audit Guide (Sample 1 attached to the RFQ). Tichenor understands that this is not an all-inclusive list of procedures and that it is responsible for performing any and all procedures necessary to support the opinion and findings included in the examination report as described in the RFQ. Materiality determination and examination procedures will focus on the schedules within the

LTC-FASR that have the most impact upon the rate calculation (i.e. schedules WV-6, WV-7 and WV-16 through WV-22). Errors found in items sampled from those schedules will result in an expansion of testing to allow quantification and determination of the pervasiveness of the errors found.

5. Each engagement is to be conducted on an individual facility basis, and shall include up to eight (8) semi-annual LTC-FASRs or cost reports. Tichenor will issue a report for each engagement expressing an opinion as to the completeness and accuracy of the information submitted on the LTC-FASRs in accordance with the WV Medicaid Provider Manuals and all applicable laws, rules and regulations. The report will include the following elements:
 - 1) Independent accountants' examination report and report in accordance with *Government Auditing Standards*
 - 2) A definitive list of findings of non-compliance, numbered sequentially and including the following elements (Sample 2 attached to the RFQ):
 - a. Criteria
 - b. Condition (to include cost report period, LTC-FASR cost center charged, page/line mapping to LTC-FASR field(s) affected, account number(s) and description(s) (from West Virginia Long Term Care Medicaid Chart of Accounts), amount originally reported on the LTC-FASR, correct amount, and quantification of increase or decrease necessary to adjust for cost or census error).
 - c. Cause
 - d. Effect or Potential Effect
 - e. Recommendation
 - 3) Status of prior findings (if any)
6. Tichenor agrees that examinations of facilities that share a common ownership or control (Chain Facilities) will generally be performed together as a group and shall include in the examination home office or other costs that have been allocated among the facilities and included in the LTC-FASRs submitted for those facilities.
7. Tichenor agrees that examinations of facilities that are owned by or located within a hospital (Hospital-Based Facilities) are to include in the examination any hospital costs allocated to the long term care facility and included in the LTC-FASR submitted for those facilities.
8. Tichenor will adequately staff the engagement without reliance on OAMR staff for the performance of any audit related work or clerical support necessary for completion of the engagement.
9. Tichenor agrees that it is responsible for knowledge of the West Virginia Medicaid Provider Manuals, particularly Chapter 500, Volume 15 "Nursing Facility Services" as well as the West Virginia Medicaid Long Term Care Chart of Accounts. The Staff of OAMR shall be available to Tichenor to assist in provision of information and explanations, as well as interpretations of rules and regulations as they pertain to audit

findings and results of audit tests. Tichenor agrees that it is responsible for contacting OAMR with any questions as to interpretation of rules or regulations as necessary.

10. Tichenor agrees to immediately notify OAMR in writing in the event that any of the following are noted in the course of performing any engagement under this contract: criminal acts; fraudulent transactions; intentional abuse of WV Medicaid funding; irregularities; misrepresentations by facility management; or any issues that would cause delays in the issuance of the engagement report or an adverse opinion.
11. Tichenor will provide representation and consultation for all levels of provider appeals whether or not scheduling of such proceedings occurs during the term of this contract; this may include administrative hearings, evidentiary hearings, and judicial reviews as well as other legal proceedings not individually listed here. This representation shall be included in the price of the engagements and no additional compensation shall be made whether the timing is within or subsequent to the term of this contract.
12. Tichenor will meet with OAMR representatives upon completion of each engagement and will provide at that meeting a draft copy of the report for the engagement (or engagements if Chain Facilities). Any necessary changes must be discussed and agreed upon before final acceptance. Tichenor will be prepared (with workpapers) to discuss each finding and to perform additional work at the request of OAMR for any areas not sufficiently explained or findings not sufficiently quantified. In the event that changes or additional work are deemed necessary a subsequent draft will be submitted and discussed with OAMR.
13. Tichenor will submit the final draft of the report to OAMR and OAMR will transmit the draft report to the facility. The facility shall have at a minimum ten (10) business days from receipt to provide additional information to Tichenor to mitigate or resolve the findings.
14. Tichenor is responsible for final report preparation, editing and printing. Tichenor is to provide OAMR with three (3) copies of the final report for each engagement as well as one (1) copy of the engagement workpapers resulting from the examination.
15. All workpapers and reports are to be retained, at Tichenor's expense, for a minimum of five (5) years. After the five (5) years have elapsed all workpapers and reports are to be delivered and surrendered unto the OAMR.
16. Tichenor will be available to OAMR to assist in adapting the engagement procedures as necessary to accommodate rule and regulation changes as they affect the rate of determination and engagement process on an as-needed basis.
17. Tichenor will complete audit fieldwork and submit draft audit reports for OAMR quality review not later than 90 days before contract expiration date. Tichenor understands that any audits not submitted by this date will not be considered complete

and therefore, final outstanding payments will be withheld. Tichenor agrees that final drafts submitted by the 90 day deadline will be quality reviewed and upon acceptance by OAMR as final, OAMR will authorize approval of final payment

18. Tichenor's bid includes a firm fixed fee for the performance of each facility engagement for the services discussed above. In the event additional work outside the (eight (8) LTC-FASRs) engagements is needed, Tichenor will meet with OAMR prior to commencing additional work and will provide OAMR with a written estimate of the hours required to perform the additional work. In the event that less than eight (8) LTC-FASRs are to be examined in an engagement, Tichenor will adjust the per engagement fee to accommodate the reduction in work accordingly.
19. Tichenor has committed a cohesive, dedicated, highly skilled core team of key personnel to oversee and conduct the tasks required under this agreement. Tichenor has designated William Tichenor to report to the Director of OAMR or his designee regarding all matters related to this contract. William Tichenor is a Certified Public Accountant in good standing licensed by the West Virginia Board of Accountancy. William Tichenor is able to act on behalf of Tichenor and has appropriate experience and expertise in overseeing similar engagements. William Tichenor will be available for monthly on-site meetings with the OAMR Office Director or designee. Tichenor will notify OAMR immediately of any noncompliance by LTC Providers to submit requested information necessary to complete the audit. As covered in section 514 of the WV Nursing Facility Provider Manual, records found to be incomplete or missing at the time of the scheduled on-site visit must be delivered with 48 hours or an amount of time mutually agreed upon with the audit staff at the exit conference. Provider costs found to be unsubstantiated will be disallowed and considered an overpayment. Failure of Providers to submit records will not be justification for late submission by Tichenor of expected audit report deliverables. Meetings may be conducted on less than a monthly basis, if deemed appropriate by the OAMR, and may be requested more frequently on an as needed basis.

3. SPECIAL TERMS AND CONDITIONS

General Terms and Conditions:

Tichenor understands and agrees that by signing the Request for Quotation and submitting its proposal, it agrees to be bound by all the terms contained in the Request for Quotation.

Conflicts of Interest:

Tichenor affirms that it, its officers or members or employees presently have no interest and shall not acquire any interest, direct or indirect, which would conflict or compromise in any manner or degree with the performance of its services hereunder. Tichenor further covenants that in the performance of the contract, Tichenor shall periodically inquire of

its officers, members and employees concerning such interests. Any such interests discovered shall be promptly presented in detail to the Agency.

Prohibition against Gratuities:

Tichenor warrants that it has not employed any company or person other than a bona fide employee working solely for Tichenor or a company regularly employed as its marketing agent to solicit or secure the contract and that it has not paid or agreed to pay any company or person any fee, commission, percentage, brokerage fee, gifts or any other consideration contingent upon or resulting from the award of the contract.

Tichenor understands and agrees that for breach or violation of this warranty, the Agency shall have the right to annul this contract without liability at its discretion or to pursue any other remedies available under this contract or by law.

Certifications Related to Lobbying:

Tichenor certifies that no federal appropriated funds have been paid or will be paid, by or on behalf of the firm or an employee thereof, to any person for purposes of influencing or attempting to influence an officer or employee of any Federal entity, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment or modification of any Federal contract, grant, loan or cooperative agreement.

If any funds other than federally appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee or any agency, a Member of Congress, an officer or employee of Congress or an employee of a Member of Congress in connection with this Federal contract, grant, loan or cooperative agreement, Tichenor will complete and submit a disclosure form to report the lobbying.

Tichenor agrees that this language of certification shall be included in the award documents for all sub-awards at all tiers, including subcontracts, sub-grants, and contracts under grants, loans, and cooperative agreements, and that all sub-recipients shall certify and disclose accordingly. This certification is a material representation of fact upon which reliance was placed when this contract was made and entered into.

Vendor Relationship:

The relationship of Tichenor to the State shall be that of an independent contractor and no principal-agent relationship or employer-employee relationship is contemplated or created by the parties to this contract. Tichenor as an independent contractor is solely liable for the acts and omissions of its employees and agents.

Tichenor will be responsible for selecting, supervising and compensating any and all individuals employed pursuant to the terms of this RFQ. Neither, Tichenor, nor any employees or contractors of Tichenor, shall be deemed to be employees of the State or Agency for any purposes whatsoever.

Tichenor will be exclusively responsible for payment of employees and contractors for all wages and salaries, taxes, withholding payments, penalties, fees, fringe benefits, professional liability insurance premiums, contributions to insurance and pension or other deferred compensation plans, including but not limited to, Workers' Compensation and Social Security obligations, and licensing fees, etc. and the filing of all necessary documents, forms and returns pertinent to all of the foregoing.

Tichenor will hold harmless the State, and shall provide the State and Agency with a defense against any and all claims including but not limited to the foregoing payments, withholdings, contributions, taxes, social security taxes and employer income tax returns.

Tichenor will not assign, convey, transfer or delegate any of its responsibilities and obligations under this contract to any person, corporation, partnership, association or entity without expressed written consent of the Agency.

Indemnification:

Tichenor agrees to indemnify, defend and hold harmless the State and the Agency, their officers, and employees from and against: (1) Any claims or losses for services rendered by any subcontractor, person or firm performing or supplying services, materials or supplies in connection with the performance of the contract; (2) Any claims or losses resulting to any person or entity injured or damaged by Tichenor, its officers, employees, or subcontractors by the publication, translation, reproduction, delivery, performance, use or disposition of any data used under the contract in a manner not authorized by the contract, or by Federal or State statutes or regulations; and (3) Any failure of Tichenor, its officers, employees or subcontractors to observe State and Federal laws, including but not limited to labor and wage laws.

Governing Law:

Tichenor agrees that this contract shall be governed by the laws of the State of West Virginia. Tichenor further agrees to comply with the Civil Rights Act of 1964 and all other applicable laws and regulations, Federal, State and Local Government.

Compliance with Laws and Regulations:

Tichenor will procure all necessary permits and licenses to comply with all applicable laws, Federal, State or municipal, along with all regulations, and ordinances of any regulating body.

Tichenor will pay any applicable sales, use or personal property taxes arising out of this contract and the transactions contemplated thereby. Any other taxes levied upon this contract, the transaction, or the equipment, or services delivered pursuant here to shall be borne by Tichenor. It is clearly understood that the State of West Virginia is exempt from any taxes regarding performance of the scope of work of this contract.

Subcontracts/Joint Ventures:

Tichenor agrees that it is solely responsible for all work performed under the contract and shall assume prime contractor responsibility for all services offered and products to be delivered under the terms of this contract. The Agency will consider Tichenor to be the sole point of contact with regard to all contractual matters. Tichenor may, with the prior written consent of the Agency, enter into written subcontracts for performance of work under this contract; however, Tichenor is totally responsible for payment of all subcontractors.

Non-Appropriation of Funds:

If the Agency is not allotted funds in any succeeding fiscal year for the continued use of the service covered by this contract by the West Virginia Legislature, the Agency may terminate the contract at the end of the affected current fiscal period without further charge or penalty. The Agency shall give Tichenor written notice of such non-allocation of funds as soon as possible after the Agency receives notice. No penalty shall accrue to the Agency in the event this provision is exercised.

Contract Termination:

The Agency may terminate any contract resulting for this RFQ with 30 days prior notice or immediately at any time Tichenor fails to carry out its responsibilities or to make substantial progress under the terms of this RFQ and resulting contract. The Agency shall provide Tichenor with advance notice of performance conditions which are endangering the contract's continuation. If after such notice Tichenor fails to remedy the conditions contained in the notice, within the time period contained in the notice, the Agency shall issue Tichenor an order to cease and desist any and all work immediately. The Agency shall be obligated only for services rendered and accepted prior to the date of the notice of termination.

Changes:

If changes to the original contract become necessary, a formal contract change order will be negotiated by the State, the Agency and Tichenor, to address changes to the terms and conditions, costs of work included under the contract. An approved contract change order is defined as one approved by the Purchasing Division and approved as to form by the West Virginia Attorney General's Office, encumbered and placed in the U.S. Mail prior to the effective date of such amendment. An approved contract change order is required whenever the change affects the payment provision or the scope of work. Such changes may be necessitated by new and amended Federal and State regulations and requirements.

As soon as possible after receipt of a written change request for the Agency, but in no event more than thirty (30) days thereafter, Tichenor shall determine if there is an impact on price with the change requested and provide the Agency a written statement to identify any price impact on the contract or to state that there is no impact. In the event that price will be impacted by the change, Tichenor will provide a description of the price increase or decrease involved in implementing the requested change.

Price Quotations:

The bid includes a price for each engagement based on the facilities to be audited during the term of this contract as listed in Attachment 1 of the RFQ. Attachment 1 of the RFQ lists the names and locations of the facilities, chain or hospital affiliation of each facility (if applicable) along with the locations of home offices or hospital, and the number of LTC-FASR's to be included in the engagement. The price quotation is all inclusive to render the product outlined in "**Mandatory Requirements**" above; it includes all travel, administrative or other costs as well as any work deemed necessary to include home office costs, management fees, hospital or other similar costs allocated to each facility on the LTC-FASR's. Tichenor has reviewed the bid specification prior to bidding to ensure that the per audit engagement price is all-inclusive in allowing for unknown circumstances. The price includes any future representation at administrative hearings or other legal proceedings, and Tichenor will be prepared to explain and defend the findings of the audit engagements. The price quote is on an individual engagement basis. However, Tichenor is committed to perform all seventeen (17) engagements during the term of this contract.

Rates for Additional Professional Staff:

In the event that OAMR requests additional work due to unforeseen or extraordinary circumstances, related to unusual audit findings, or other reasons which in OAMR's determination are above and beyond the work of a standard audit engagement outlined above, Tichenor has supplied hourly rate that would apply to any charges for the same.

Invoices, Progress Payments:

Tichenor will submit invoices, in arrears, to the Agency at the address on the face of the purchase order labeled "Invoice To" pursuant to the terms of the contract. Tichenor understands that progress payments will be made on the basis of percentage of work completed at the per engagement prices per the Cost Sheet. Tichenor understands that progress reports must be submitted to Agency with the invoice detailing progress completed or any deliverables identified. Payment will be made only upon approval of acceptable progress or deliverables as documented in the Tichenor report. Invoices may not be submitted more than once monthly and State law forbids payment of invoices prior to receipt of services.

Liquidated Damages:

According to West Virginia State Code §5A-3-4(8), Tichenor agrees that liquidated damages will be imposed at the rate of \$200 per week for failure to meet deadlines agreed upon for an audit. This clause shall in no way be considered exclusive and shall not limit the State or Agency's right to pursue to any other additional remedy to which the State or Agency may have legal cause for action including further damages against Tichenor.

Record Retention (Access & Confidentiality):

Tichenor will comply with all applicable Federal and State of West Virginia rules and regulations, and requirements governing the maintenance of documentation to verify any cost of services or commodities rendered under this contract by Tichenor. Tichenor will maintain such records a minimum of five (5) years and make available all records to

Agency personnel at Tichenor's location during normal business hours upon written request by Agency within 10 days after receipt of the request.

Tichenor understands that it will have access to private and confidential data maintained by Agency to the extent required for Tichenor to carry out the duties and responsibilities defined in this contract. Tichenor agrees to maintain confidentiality and security of the data made available and shall indemnify and hold harmless the State and Agency against any and all claims brought by any party attributed to actions of breach of confidentiality by Tichenor, subcontractors or individuals permitted access by Tichenor.

Insurance Requirements:

Tichenor understands that, as an independent Vendor, it is solely liable for the acts and omissions of its employees and agents. Proof of Insurance shall be provided by Tichenor at the time the contract is awarded. Tichenor will maintain and furnish proof of coverage of liability insurance for loss, damage, or injury (including death) of third parties arising from acts and omissions on the part of Tichenor, its agents and employees in the following amounts at a minimum:

- 1) For bodily injury (including death): Minimum of \$500,000.00 per person, \$1,000,000.00 per occurrence.
- 2) For property damage and professional liability: Minimum of \$1,000,000.00 per occurrence.

Tichenor is solely responsible for required coverage of worker's compensation.

HIPAA Business Associate Addendum:

The West Virginia State Government HIPAA Business Associate Addendum (BAA), approved by the Attorney General, and available online at the Purchasing Division's website (<http://www.state.wv.us/admin/purchase/vrc/hipaa.htm>) is hereby made part of the Agreement. Provided that, the Agency meets the definition of a Covered Entity (45 CFR §160.103) and will be disclosing Protected Health Information (45 CFR §160.103) to Tichenor.

Debarment and Suspension:

Tichenor certifies that no entity, agency or person associated with the firm, is currently debarred or suspended from conducting business with any governmental agency.

4. ALL-INCLUSIVE COST SHEETS

Tichenor has completed the All-Inclusive Cost Sheets and has included them at **Attachment 1**. Per the RFQ, Tichenor's Cost Sheets include cost quote for standard facility engagements for the seventeen (17) facilities, which includes eight (8) LTC-FASR periods for each of the seventeen (17) facilities. Also included is the hourly rate for extraordinary additional services and a summary of all costs.

5. SIGNED AND DATED REQUEST FOR QUOTATION

Tichenor has completed and signed and dated the Request for Quotation and included it at **Attachment 2.**

6. SIGNED AND DATED ADDENDUM NO. 1

Tichenor has completed and signed and dated the Addendum No. 1 and included it at **Attachment 3.**

7. SIGNED AND DATED VENDOR PREFERENCE CERTIFICATE

Tichenor has signed and dated the Vendor Preference Certificate and included it at **Attachment 4.**

8. PURCHASING AFFIDAVIT

Tichenor has signed and dated the Purchasing Affidavit and included it at **Attachment 5.**

ATTACHMENTS

ATTACHMENT 1
ALL-INCLUSIVE COST SHEETS

Attachment 1

HHR12070 Auditing of Long Term Care Financial and Statistical Reports (LTC-FASR)

WEST VIRGINIA DHHR OAMR

COST QUOTE FOR STANDARD FACILITY ENGAGEMENT

YEAR 1 ALL-INCLUSIVE COST SHEET

<u>FACILITY</u>	<u>All-Inclusive Per Engagement Cost</u>
1. Eagle Pointe	\$ 13,600
2. Weirton Medical Center	14,800
3. Guardian Elder Care at Wheeling	14,800
4. Arbors at Fairmont	13,600
5. Broaddus Hospital-Mansfield Place	14,800
6. Greenbrier Manor	11,300
7. Pleasant Valley Nursing and Rehabilitation Center	14,800
8. Good Samaritan Society- Barbour County	13,600
9. Montgomery General Elderly Care Center	11,300
10. Grant Memorial Hospital	14,800
11. Montgomery General Hospital Extended Care	14,800
12. Morgan County War Memorial Hospital	14,800
13. Minnie Hamilton health Care Center, Inc.	14,800
14. Roane General Hospital	14,800
15. St. Joseph's Hospital of Buckhannon, Inc.	14,800
16. Summers County ARH	14,800
17. Summersville Memorial Hospital	14,800
SUBTOTAL FOR STANDARD ENGAGEMENTS COST Year 1	\$ 241,000

HOURLY RATE FOR EXTRAORDINARY ADDITIONAL SERVICES

(Based upon maximum 3-year Budgeted Hours allowed of 180 hours Total)

Extraordinary Additional Services 180 hours x \$ 90 Per Hour = \$ 16,200 Total

SUMMARY OF ALL COSTS

GRAND TOTAL 3-YEAR CONTRACT COSTS (SUM OF YEARS 1-3) + \$ 695,600
 PLUS THE TOTAL EXTRAORDINARY ADDITIONAL SERVICES

Evaluation of Bids: Cost evaluations will be based on the total contract cost of the vendor who meets or exceeds the specifications and requirements. It is preferred that all vendors complete the attached pricing pages for years 1-3 rather than submitting a separate quote.

Attachment 2
HHR 12070 Auditing of Long Term Care Financial and Statistical Reports (LTC-FASR)
WEST VIRGINIA DHHR OAMR
COST QUOTE FOR STANDARD FACILITY ENGAGEMENT
YEAR 2 ALL-INCLUSIVE COST SHEET

<u>FACILITY</u>	<u>All-Inclusive Per Engagement Cost</u>
1. Heartland of Charleston	\$ 13,600
2. SunBridge Care & Rehabilitation For Dunbar	13,600
3. SunBridge Care & Rehabilitation For Salem	13,600
4. Heartland of Beckley WV, LLC	13,600
5. Heartland of Keyser	13,600
6. SunBridge Care & Rehabilitation for Pine Lodge	13,600
7. SunBridge Care & Rehabilitation for Putnam	13,600
8. Heartland of Clarksburg	13,600
9. Heartland of Martinsburg	13,600
10. Heartland of Preston County	13,600
11. Nellas Nursing Home, Inc.	11,300
12. New Martinsville Health Care Center	13,600
13. SunBridge Care & Rehabilitation for Parkersburg	13,600
14. SunBridge Care & Rehabilitation for Glenville	13,600
15. Holbrook Nursing Home	11,300
16. Nella's Inc.	11,300
17. Heartland of Rainelle WV, LLC	13,600
SUBTOTAL FOR STANDARD ENGAGEMENTS COSTS Year 2	\$ 224,300

Attachment 3
HHR 12070 Auditing of Long Term Care Financial and Statistical Reports (LTC-FASR)
WEST VIRGINIA DHHR OAMR
COST QUOTE FOR STANDARD FACILITY ENGAGEMENT
YEAR 3 ALL-INCLUSIVE COST SHEET

<u>FACILITY</u>	<u>All-Inclusive Per Engagement Cost</u>
1. Huntington Health & Rehabilitation	\$ 13,000
2. Golden LivingCenter-Glasgow	13,000
3. Golden LivingCenter-Morgantown	13,000
4. Golden LivingCenter-Riverside	13,000
5. Clarksburg Nursing & Rehabilitation Center	12,300
6. McDowell Nursing & Rehabilitation Center	12,300
7. Summers Nursing & Rehabilitation Center	13,000
8. Hampshire Memorial Hospital	14,800
9. The Maples	11,300
10. Fayette Nursing & Rehabilitation Center	12,300
11. E.A. Hawse Nursing & Rehabilitation Center	12,300
12. Lincoln Nursing & Rehabilitation Center	12,300
13. Cameron Nursing & Rehabilitation Center	12,300
14. Wayne Nursing & Rehabilitation Center	12,300
15. Webster Nursing & Rehabilitation Center	12,300
16. Wyoming Nursing & Rehabilitation Center	12,300
17. Mercer Nursing & Rehabilitation Center	12,300
Subtotal FOR STANDARD ENGAGEMENTS COSTS Year 3	\$ 214,100

ATTACHMENT 2

SIGNED AND DATED REQUEST FOR QUOTATION



State of West Virginia
Department of Administration
Purchasing Division
2019 Washington Street East
Post Office Box 50130
Charleston, WV 25305-0130

Request for Quotation

RFQ NUMBER

HHR12070

PAGE

1

ADDRESS CORRESPONDENCE TO ATTENTION OF:

ROBERTA WAGNER
304-558-0067

RFQ COPY

TYPE NAME/ADDRESS HERE

V
E
N
D
O
R

Tichenor & Associates, LLP
304 Middletown Park Place, Ste C
Louisville, KY 40243

S
H
I
P
T
O

HEALTH AND HUMAN RESOURCES
INTERNAL CONTROL & POLICY
DEVELOPMENT
ONE DAVIS SQUARE, SUITE 401
CHARLESTON, WV
25301 304-558-7314

DATE PRINTED	TERMS OF SALE	SHIP VIA	F.O.B.	FREIGHT TERMS
11/30/2011				

BID OPENING DATE: 01/03/2012 BID OPENING TIME 01:30PM

LINE	QUANTITY	UOP	CAT. NO.	ITEM NUMBER	UNIT PRICE	AMOUNT
0001	1	JB	961-20	PROFESSIONAL AUDITING SERVICES - CPA	See attachment 1 to the proposal	\$695,600
MANDATORY PRE-BID MEETING ON 12/15/2012 AT 10:00 AM IN CONFERENCE ROOM 93 AT ONE DAVIS SQUARE IN CHARLESTO WV 25301.						
REQUEST FOR QUOTATION						
TO PROVIDE A CPA FIRM CONTRACTED AUDITS OF MEDICAID LONG TERM CARE NURSING HOME PROVIDER COST REPORTS, FOR DHHR, OFFICE OF ACCOUNTABILITY AND MANAGEMENT REPORTING (DAMR).						
EXHIBIT 3						
LIFE OF CONTRACT: THIS CONTRACT BECOMES EFFECTIVE ON AWARD AND EXTENDS FOR A PERIOD OF ONE (1) YEAR OR UNTIL SUCH "REASONABLE TIME" THEREAFTER AS IS NECESSARY TO OBTAIN A NEW CONTRACT OR RENEW THE ORIGINAL CONTRACT. THE "REASONABLE TIME" PERIOD SHALL NOT EXCEED TWELVE (12) MONTHS. DURING THIS "REASONABL						

SEE REVERSE SIDE FOR TERMS AND CONDITIONS

SIGNATURE <i>Nickolas R. Tichenor, Partner</i>	TELEPHONE (602) 245-0715 ext. 108	DATE 12/30/11
TITLE <i>Partner</i>	FEIN 61-1019321	ADDRESS CHANGES TO BE NOTED ABOVE

WHEN RESPONDING TO RFQ, INSERT NAME AND ADDRESS IN SPACE ABOVE LABELED 'VENDOR'

GENERAL TERMS & CONDITIONS REQUEST FOR QUOTATION (RFQ) AND REQUEST FOR PROPOSAL (RFP)

1. Awards will be made in the best interest of the State of West Virginia.
 2. The State may accept or reject in part, or in whole, any bid.
 3. Prior to any award, the apparent successful vendor must be properly registered with the Purchasing Division and have paid the required \$125 fee.
 4. All services performed or goods delivered under State Purchase Order/Contracts are to be continued for the term of the Purchase Order/Contracts, contingent upon funds being appropriated by the Legislature or otherwise being made available. In the event funds are not appropriated or otherwise available for these services or goods this Purchase Order/Contract becomes void and of no effect after June 30.
 5. Payment may only be made after the delivery and acceptance of goods or services.
 6. Interest may be paid for late payment in accordance with the *West Virginia Code*.
 7. Vendor preference will be granted upon written request in accordance with the *West Virginia Code*.
 8. The State of West Virginia is exempt from federal and state taxes and will not pay or reimburse such taxes.
 9. The Director of Purchasing may cancel any Purchase Order/Contract upon 30 days written notice to the seller.
 10. The laws of the State of West Virginia and the *Legislative Rules* of the Purchasing Division shall govern the purchasing process.
 11. Any reference to automatic renewal is hereby deleted. The Contract may be renewed only upon mutual written agreement of the parties.
 12. **BANKRUPTCY:** In the event the vendor/contractor files for bankruptcy protection, the State may deem this contract null and void, and terminate such contract without further order.
 13. **HIPAA BUSINESS ASSOCIATE ADDENDUM:** The West Virginia State Government HIPAA Business Associate Addendum (BAA), approved by the Attorney General, is available online at www.state.wv.us/admin/purchase/vrc/hipaa.html and is hereby made part of the agreement provided that the Agency meets the definition of a Cover Entity (45 CFR §160.103) and will be disclosing Protected Health Information (45 CFR §160.103) to the vendor.
 14. **CONFIDENTIALITY:** The vendor agrees that he or she will not disclose to anyone, directly or indirectly, any such personally identifiable information or other confidential information gained from the agency, unless the individual who is the subject of the information consents to the disclosure in writing or the disclosure is made pursuant to the agency's policies, procedures, and rules. Vendor further agrees to comply with the Confidentiality Policies and Information Security Accountability Requirements, set forth in <http://www.state.wv.us/admin/purchase/privacy/noticeConfidentiality.pdf>.
 15. **LICENSING:** Vendors must be licensed and in good standing in accordance with any and all state and local laws and requirements by any state or local agency of West Virginia, including, but not limited to, the West Virginia Secretary of State's Office, the West Virginia Tax Department, and the West Virginia Insurance Commission. The vendor must provide all necessary releases to obtain information to enable the director or spending unit to verify that the vendor is licensed and in good standing with the above entities.
 16. **ANTITRUST:** In submitting a bid to any agency for the State of West Virginia, the bidder offers and agrees that if the bid is accepted the bidder will convey, sell, assign or transfer to the State of West Virginia all rights, title and interest in and to all causes of action it may now or hereafter acquire under the antitrust laws of the United States and the State of West Virginia for price fixing and/or unreasonable restraints of trade relating to the particular commodities or services purchased or acquired by the State of West Virginia. Such assignment shall be made and become effective at the time the purchasing agency tenders the initial payment to the bidder.
- I certify that this bid is made without prior understanding, agreement, or connection with any corporation, firm, limited liability company, partnership, or person or entity submitting a bid for the same material, supplies, equipment or services and is in all respects fair and without collusion or fraud. I further certify that I am authorized to sign the certification on behalf of the bidder or this bid.

INSTRUCTIONS TO BIDDERS

1. Use the quotation forms provided by the Purchasing Division. Complete all sections of the quotation form.
2. Items offered must be in compliance with the specifications. Any deviation from the specifications must be clearly indicated by the bidder. Alternates offered by the bidder as **EQUAL** to the specifications must be clearly defined. A bidder offering an alternate should attach complete specifications and literature to the bid. The Purchasing Division may waive minor deviations to specifications.
3. Unit prices shall prevail in case of discrepancy. All quotations are considered F.O.B. destination unless alternate shipping terms are clearly identified in the quotation.
4. All quotations must be delivered by the bidder to the office listed below prior to the date and time of the bid opening. Failure of the bidder to deliver the quotations on time will result in bid disqualifications: Department of Administration, Purchasing Division, 2019 Washington Street East, P.O. Box 50130, Charleston, WV 25305-0130
5. Communication during the solicitation, bid, evaluation or award periods, except through the Purchasing Division, is strictly prohibited (W.Va. C.S.R. §148-1-6.6).



State of West Virginia
Department of Administration
Purchasing Division
2019 Washington Street East
Post Office Box 50130
Charleston, WV 25305-0130

Request for Quotation

RFQ NUMBER

HHR12070

PAGE

2

ADDRESS CORRESPONDENCE TO ATTENTION OF:

ROBERTA WAGNER
304-558-0067

RFQ COPY

TYPE NAME/ADDRESS HERE

VENDOR

Tichenor & Associates, LLP
304 Middletown Park Place, Ste C
Louisville, KY 40243

SHIP TO

HEALTH AND HUMAN RESOURCES
INTERNAL CONTROL & POLICY
DEVELOPMENT
ONE DAVIS SQUARE, SUITE 401
CHARLESTON, WV
25301 304-558-7314

DATE PRINTED	TERMS OF SALE	SHIP VIA	F.O.B.	FREIGHT TERMS		
11/30/2011						
BID OPENING DATE: 01/03/2012		BID OPENING TIME 01:30PM				
LINE	QUANTITY	UOP	CAT. NO.	ITEM NUMBER	UNIT PRICE	AMOUNT
<p>TIME" THE VENDOR MAY TERMINATE THIS CONTRACT FOR ANY REASON UPON GIVING THE DIRECTOR OF PURCHASING 30 DAYS WRITTEN NOTICE.</p> <p>UNLESS SPECIFIC PROVISIONS ARE STIPULATED ELSEWHERE IN THIS CONTRACT DOCUMENT, THE TERMS, CONDITIONS AND PRICING SET HEREIN ARE FIRM FOR THE LIFE OF THE CONTRACT.</p> <p>RENEWAL: THIS CONTRACT MAY BE RENEWED UPON THE MUTUAL WRITTEN CONSENT OF THE SPENDING UNIT AND VENDOR, SUBMITTED TO THE DIRECTOR OF PURCHASING THIRTY (30) DAYS PRIOR TO THE EXPIRATION DATE. SUCH RENEWAL SHALL BE IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF THE ORIGINAL CONTRACT AND SHALL BE LIMITED TO TWO (2) ONE (1) YEAR PERIODS.</p> <p>CANCELLATION: THE DIRECTOR OF PURCHASING RESERVES THE RIGHT TO CANCEL THIS CONTRACT IMMEDIATELY UPON WRITTEN NOTICE TO THE VENDOR IF THE COMMODITIES AND/OR SERVICES SUPPLIED ARE OF AN INFERIOR QUALITY OR DO NOT CONFORM TO THE SPECIFICATIONS OF THE BID AND CONTRACT HEREIN.</p> <p>OPEN MARKET CLAUSE: THE DIRECTOR OF PURCHASING MAY AUTHORIZE A SPENDING UNIT TO PURCHASE ON THE OPEN MARKET, WITHOUT THE FILING OF A REQUISITION OR COST ESTIMATE, ITEMS SPECIFIED ON THIS CONTRACT FOR IMMEDIATE DELIVERY IN EMERGENCIES DUE TO UNFORESEEN CAUSES (INCLUDING BUT NOT LIMITED TO DELAYS IN TRANSPORTATION OR AN UNANTICIPATED INCREASE IN THE VOLUME OF WORK.)</p> <p>BANKRUPTCY: IN THE EVENT THE VENDOR/CONTRACTOR FILES FOR BANKRUPTCY PROTECTION, THIS CONTRACT IS AUTOMATICALLY NULL AND VOID, AND IS TERMINATED WITHOUT FURTHER</p> <p>SEE REVERSE SIDE FOR TERMS AND CONDITIONS</p>						
SIGNATURE <i>William R. Dickman, Partner</i>		TELEPHONE (502) 245-0775 ext 108		DATE 12/30/11		
TITLE <i>Partner</i>		FEIN 61-1019321		ADDRESS CHANGES TO BE NOTED ABOVE		

WHEN RESPONDING TO RFQ, INSERT NAME AND ADDRESS IN SPACE ABOVE LABELED 'VENDOR'



State of West Virginia
Department of Administration
Purchasing Division
2019 Washington Street East
Post Office Box 50130
Charleston, WV 25305-0130

Request for Quotation

RFQ NUMBER

HHR12070

PAGE

3

ADDRESS CORRESPONDENCE TO ATTENTION OF:

ROBERTA WAGNER
304-558-0067

RFQ COPY

TYPE NAME/ADDRESS HERE

V
E
N
D
O
R

Tichenor & Associates, LLP
304 Middletown Park Pl, Ste C
Louisville, KY 40243

S
H
I
P
T
O

HEALTH AND HUMAN RESOURCES
INTERNAL CONTROL & POLICY
DEVELOPMENT
ONE DAVIS SQUARE, SUITE 401
CHARLESTON, WV
25301 304-558-7314

DATE PRINTED	TERMS OF SALE	SHIP VIA	F.O.B.	FREIGHT TERMS
11/30/2011				

BID OPENING DATE: 01/03/2012 BID OPENING TIME 01:30PM

LINE	QUANTITY	UOP	CAT. NO.	ITEM NUMBER	UNIT PRICE	AMOUNT
ORDER.						
INQUIRIES: WRITTEN QUESTIONS SHALL BE ACCEPTED THROUGH CLOSE OF BUSINESS ON 12/16/2011. QUESTIONS MAY BE SENT VIA USPS, FAX, COURIER OR E-MAIL. IN ORDER TO ASSURE NO VENDOR RECEIVES AN UNFAIR ADVANTAGE, NO SUBSTANTIVE QUESTIONS WILL BE ANSWERED ORALLY. IF POSSIBLE, E-MAIL QUESTIONS ARE PREFERRED. ADDRESS INQUIRIES TO: ROBERTA WAGNER DEPARTMENT OF ADMINISTRATION PURCHASING DIVISION 2019 WASHINGTON STREET, EAST CHARLESTON, WV 25311 FAX: 304-558-4115 E-MAIL: ROBERTA.A.WAGNER@WV.GOV						
REV. 3/88 PURCHASING CARD ACCEPTANCE: THE STATE OF WEST VIRGINIA CURRENTLY UTILIZES A VISA PURCHASING CARD PROGRAM WHICH IS ISSUED THROUGH A BANK. THE SUCCESSFUL VENDOR MUST ACCEPT THE STATE OF WEST VIRGINIA VISA PURCHASING CARD FOR PAYMENT OF ALL ORDERS PLACED BY ANY STATE AGENCY AS A CONDITION OF AWARD. REV 07/16/2007						
VENDOR PREFERENCE CERTIFICATE						

SEE REVERSE SIDE FOR TERMS AND CONDITIONS

SIGNATURE	William R. Dickerson, Partner	TELEPHONE	(502) 245-0715 ext. 108	DATE	12/30/11
TITLE	Partner	FEIN	61-1019321	ADDRESS CHANGES TO BE NOTED ABOVE	

WHEN RESPONDING TO RFQ, INSERT NAME AND ADDRESS IN SPACE ABOVE LABELED 'VENDOR'



State of West Virginia
Department of Administration
Purchasing Division
2019 Washington Street East
Post Office Box 50130
Charleston, WV 25305-0130

Request for Quotation

RFQ NUMBER

HHR12070

PAGE

4

ADDRESS CORRESPONDENCE TO ATTENTION OF:

ROBERTA WAGNER
304-558-0067

RFQ COPY

TYPE NAME/ADDRESS HERE

V
E
N
D
O
R

Tichenor & Associates, LLP
304 Middletown Park Place, Ste C
Louisville, KY 40243

S
H
I
P
T
O

HEALTH AND HUMAN RESOURCES
INTERNAL CONTROL & POLICY
DEVELOPMENT
ONE DAVIS SQUARE, SUITE 401
CHARLESTON, WV
25301 304-558-7314

DATE PRINTED	TERMS OF SALE	SHIP VIA	F.O.B.	FREIGHT TERMS		
11/30/2011						
BID OPENING DATE: 01/03/2012		BID OPENING TIME 01:30PM				
LINE	QUANTITY	UOP	CAT. NO.	ITEM NUMBER	UNIT PRICE	AMOUNT
<p>THIS TEAM EXHIBIT HAS BEEN REPLACED BY THE ONLINE VERSION WHICH IS AVAILABLE HERE: HTTP://WWW.STATE.WV.US/ADMIN/PURCHASE/VRC/VENPREF.PDF</p> <p>MANDATORY PRE-BID</p> <p>A MANDATORY PRE-BID WILL BE HELD ON 12/15/2011 AT 10:00 AM IN CR 93 AT ONE DAVIS SQUARE. ALL INTERESTED PARTIES ARE REQUIRED TO ATTEND THIS MEETING. FAILURE TO ATTEND THE MANDATORY PRE-BID SHALL RESULT IN DISQUALIFICATION OF THE BID. NO ONE PERSON MAY REPRESENT MORE THAN ONE BIDDER.</p> <p>AN ATTENDANCE SHEET WILL BE MADE AVAILABLE FOR ALL POTENTIAL BIDDERS TO COMPLETE. THIS WILL SERVE AS THE OFFICIAL DOCUMENT VERIFYING ATTENDANCE AT THE MANDATORY PRE-BID. FAILURE TO PROVIDE YOUR COMPANY AND REPRESENTATIVE NAME ON THE ATTENDANCE SHEET WILL RESULT IN DISQUALIFICATION OF THE BID. THE STATE WILL NOT EXCEPT ANY OTHER DOCUMENTATION TO VERIFY ATTENDANCE. THE BIDDER IS RESPONSIBLE FOR ENSURING THEY HAVE COMPLETED THE INFORMATION REQUIRED ON THE ATTENDANCE SHEET. THE PURCHASING DIVISION AND THE STATE AGENCY WILL NOT ASSUME ANY RESPONSIBILITY FOR A BIDDER-S FAILURE TO COMPLETE THE PRE-BID ATTENDANCE SHEET. IN ADDITION, WE REQUEST THAT ALL POTENTIAL BIDDERS INCLUDE THEIR E-MAIL ADDRESS AND FAX NUMBER.</p> <p>ALL POTENTIAL BIDDERS ARE REQUESTED TO ARRIVE PRIOR TO THE STARTING TIME FOR THE PRE-BID. BIDDERS WHO ARRIVE LATE, BUT PRIOR TO THE DISMISSAL OF THE TECHNICAL PORTION OF THE PRE-BID WILL BE PERMITTED TO SIGN IN. BIDDERS WHO ARRIVE AFTER CONCLUSION OF THE TECHNICAL PORTION OF THE PRE-BID, BUT DURING ANY SUBSEQUENT PART OF THE PRE-BID WILL NOT BE PERMITTED TO SIGN THE</p>						
SEE REVERSE SIDE FOR TERMS AND CONDITIONS						
SIGNATURE <i>William R. Dickens, Partner</i>				TELEPHONE (502) 245-0775 ext 108 DATE 12/30/11		
TITLE <i>Partner</i>		FED 61-1019321		ADDRESS CHANGES TO BE NOTED ABOVE		

WHEN RESPONDING TO RFQ, INSERT NAME AND ADDRESS IN SPACE ABOVE LABELED 'VENDOR'



State of West Virginia
Department of Administration
Purchasing Division
2019 Washington Street East
Post Office Box 50130
Charleston, WV 25305-0130

Request for Quotation

RFQ NUMBER

HHR12070

PAGE

5

ADDRESS CORRESPONDENCE TO ATTENTION OF:

ROBERTA WAGNER
304-558-0067

RFQ COPY

TYPE NAME/ADDRESS HERE

Tichenor & Associates, LLP
304 Middletown Park Place, Ste C
Louisville, KY 40243

HEALTH AND HUMAN RESOURCES
INTERNAL CONTROL & POLICY
DEVELOPMENT
ONE DAVIS SQUARE, SUITE 401
CHARLESTON, WV
25301 304-558-7314

DATE PRINTED	TERMS OF SALE	SHIP VIA	F.O.B.	FREIGHT TERMS		
11/30/2011						
BID OPENING DATE: 01/03/2012		BID OPENING TIME 01:30PM				
LINE	QUANTITY	UOP	CAT. NO.	ITEM NUMBER	UNIT PRICE	AMOUNT
ATTENDANCE SHEET.						
NOTICE						
A SIGNED BID MUST BE SUBMITTED TO:						
DEPARTMENT OF ADMINISTRATION PURCHASING DIVISION BUILDING 15 2019 WASHINGTON STREET, EAST CHARLESTON, WV 25305-0130						
PLEASE NOTE: 5 CONVENIENCE COPIES WOULD BE APPRECIATED.						
THE BID SHOULD CONTAIN THIS INFORMATION ON THE FACE OF THE ENVELOPE OR THE BID MAY NOT BE CONSIDERED:						
SEALED BID						
BUYER: -----RW/FILE 22-----						
RFQ. NO.: -----HHR12070-----						
BID OPENING DATE: -----1/3/2012-----						
BID OPENING TIME: -----1:30 PM-----						
PLEASE PROVIDE A FAX NUMBER IN CASE IT IS NECESSARY TO CONTACT YOU REGARDING YOUR BID:						
-----FAX: (502) 245-0725-----						
SEE REVERSE SIDE FOR TERMS AND CONDITIONS						
SIGNATURE <i>William R. Dickman, Partner</i>			TELEPHONE (502) 245-0725 ext. 108		DATE 12/30/11	
TITLE <i>Partner</i>			FEIN 61-1019321		ADDRESS CHANGES TO BE NOTED ABOVE	

WHEN RESPONDING TO RFQ, INSERT NAME AND ADDRESS IN SPACE ABOVE LABELED 'VENDOR'



State of West Virginia
Department of Administration
Purchasing Division
2019 Washington Street East
Post Office Box 50130
Charleston, WV 25305-0130

Request for Quotation

RFQ NUMBER

HHR12070

PAGE

6

ADDRESS CORRESPONDENCE TO ATTENTION OF:

ROBERTA WAGNER
304-558-0067

RFQ COPY

TYPE NAME/ADDRESS HERE

Tichenor & Associates, LLP
304 Middletown Park Place, Ste C
Louisville, KY 40243

HEALTH AND HUMAN RESOURCES
INTERNAL CONTROL & POLICY
DEVELOPMENT

ONE DAVIS SQUARE, SUITE 401
CHARLESTON, WV

25301

304-558-7314

DATE PRINTED	TERMS OF SALE	SHIP VIA	F.O.B.	FREIGHT TERMS
11/30/2011				

BID OPENING DATE:

01/03/2012

BID OPENING TIME

01:30PM

LINE	QUANTITY	UOP	CAT. NO.	ITEM NUMBER	UNIT PRICE	AMOUNT
CONTACT PERSON (PLEASE PRINT CLEARLY):					WILLIAM R. TICHENOR	
***** THIS IS THE END OF RFQ HHR12070 ***** TOTAL:						\$ 695,600

SEE REVERSE SIDE FOR TERMS AND CONDITIONS

SIGNATURE

William R. Tichenor, Partner

TELEPHONE

(502) 245-0715 ext. 108

DATE

12/30/11

TITLE

Partner

FEIN

61-1019321

ADDRESS CHANGES TO BE NOTED ABOVE

WHEN RESPONDING TO RFQ, INSERT NAME AND ADDRESS IN SPACE ABOVE LABELED 'VENDOR'

HHR12070 Auditing of Long Term Care Financial and Statistical Reports (LTC-FASR)

Inquiries:

Additional information inquiries regarding specifications of this RFQ must be submitted in writing to the State Buyer with the exception of questions regarding the proposal submission which may be oral. The deadline for written inquiries is identified in the Schedule of Events. All inquiries of specification clarification must be addressed to:

Roberta Wagner, Buyer Supervisor
Department of Administration
Purchasing Division
2019 Washington St. East
Charleston, WV 25311

Fax: (304) 558-4115
Email: Roberta.A.Wagner@wv.gov

Schedule of Events

Release of the RFQ...	12/2/2011
Mandatory Pre-bid Conference	12/15/2011
Final Deadline for Vendor Questions...	12/16/2011

Mandatory Pre-bid Conference:

A mandatory pre-bid conference shall be conducted on the date specified above at 10:00 AM. Said conference will be held at WV DHHR, One Davis Square, CR 93 Charleston, WV 25301.

All interested bidders are required to be present at this meeting. Failure to attend the mandatory pre-bid conference shall automatically result in disqualification. No one person can represent more than one vendor.

Vendors responding to this RFQ should submit:
One original and plus (5) convenience copies to:

Purchasing Division
Department of Administration
2019 Washington St. East
Charleston, WV 25311

The outside of the envelope or package(s) should be clearly marked:

Buyer:	Roberta Wagner
Req#:	HHR12070
Opening Date:	1/3/2012
Opening Time:	1:30 pm

HHR12070 Auditing of Long Term Care Financial and Statistical Reports (LTC-FASR)

Background:

The WVDHHR Office of Accountability and Management Reporting (OAMR) is responsible for receiving semiannual LTC-FASRs, (cost reports) from all nursing facility providers for whom per diem rates are set on behalf of WV Medicaid.

These costs are submitted on the standard LTC-FASR form (Sample 3 attached) semi-annually and are used to calculate the per diem rates that participating long term care providers are paid for services rendered to West Virginia Medicaid clients. The examination engagements of the LTC-FASRs are used to determine whether any retroactive rate adjustments are necessary (e.g. based on unallowable or undocumented costs submitted, adjustments in census information, or other matters increasing or decreasing costs as originally reported).

Long term care providers are reimbursed only for allowable costs (as outlined in the rate setting methodology per the West Virginia Medicaid State Plan). Any reimbursement over cost is recovered through recalculation of the rate after the LTC-FASRs have been examined and adjusted for any findings of the examination. The rate is adjusted for any discrepancies noted in the examination; additionally, any other payments received by the provider during the period covered by the LTC-FASR under examination (such as payments for bed reservation days or West Virginia Medicaid credit balances) that are determined to be in error are recovered through this process as well.

Providers have a right to appeal the findings, recoveries and rate adjustments resulting from examinations and auditors are required to appear in evidentiary or other hearings to support the findings and conclusions or the examinations as well as prepare documents necessary for the attorneys or hearings examiner to sufficiently evaluate the findings or conclusions at issue.

These LTC-FASRs are desk reviewed and used to calculate the prospective per diem rates that will be paid to each provider for the next six-month period. OAMR is also responsible for examining LTC-FASRs to determine whether the costs and other data included on the submitted LTC-FASRs are allowable per WV Medicaid rules and regulations, documented, and appropriately classified and accounted for on the LTC-FASR. A typical examination of LTC-FASRs is performed on an individual provider basis (including all facilities or locations owned by the provider, typically incorporating six (6) to ten (10) consecutive semi-annual cost reporting periods per engagement. Any adjustments needed as a result of this process are incorporated into an adjusted rate calculation for each six-month rate period. The adjusted rate is then used to determine whether the provider was appropriately paid resulting in a recovery or additional payment to be processed as needed.

Through the course of the contract the vendor is expected to allow OAMR staff to be present during fieldwork (at the discretion of OAMR). The OAMR Audit and Rate Setting staff will be available as a resource for assistance in interpretation of applicable rules and regulations. Additionally, the adjusted rate calculation will be performed by OAMR's Rate Setting staff. The transmittal of the final report and communication with the provider regarding recovery or additional payment due will be performed by

HHR12070 Auditing of Long Term Care Financial and Statistical Reports (LTC-FASR)

the WVDHHR Bureau for Medical Services, (BMS). Vendor is expected to appear at any and all hearings resulting from provider appeals of findings, and is expected to provide documentation sufficient to support the conclusions and findings included in the report. Appearance at hearings is expected whether or not the timing of the hearing coincides with the term of the contract.

The vendor's principal contact with OAMR will be Jeffrey L. Bush, Office Director, OAMR, or a designated representative, who will coordinate the assistance that OAMR will provide for the LTC-FASR engagements.

GENERAL INFORMATION

Purpose: The Department of Health and Human Resources, Office of Accountability and Management Reporting, hereinafter referred to as "Agency", is requesting bids for a Certified Public Accountant firm to provide examination engagements of Long Term Care Financial and Statistical Reports (LTC-FASRs) received from West Virginia Medicaid providers.

Project: To obtain the services of a Certified Public Accountant to ensure that the costs submitted by long term care providers participating in the West Virginia Medicaid Program ("Provider") are accurate, allowable, and in accordance with the West Virginia Medicaid Provider Manuals and all of the applicable laws, rules and regulations.

Work Location: Work is to be performed onsite at Provider offices as well as home office locations (for long term care providers that are part of a chain of facilities) or at the vendor's location. Limited space and resources are available at the Agency offices to accommodate vendor staff.

General Requirements: The initial contract is for one year with the option of two (2) one-year renewals. Failure to meet the requirements of the requisition will result in disqualification.

Mandatory Requirements – Vendor Experience/Capabilities: Vendor must provide documentation of experience/capabilities.	
1	Vendor must have been in business at least fifteen (15) years and have at least (10) years experience conducting governmental audits.
2	Vendor must be a Certified Public Accountant (CPA) firm and must currently have on staff at Least ten (10) accounting professionals with at least five (5) of those holding CPA certification valid in the State of West Virginia.
3	Vendor will provide samples of work to demonstrate expertise in providing state staff and providers with training designed to enhance accuracy and consistency in cost reporting and cost report auditing.

HHR12070 Auditing of Long Term Care Financial and Statistical Reports (LTC-FASR)

Mandatory Requirements – Vendor Experience/Capabilities-Continued:
Vendor must provide documentation of experience/capabilities.

4. Vendor will provide samples of work to demonstrate proficiency in providing Medicaid agencies with audit of cost report data from entities including nursing homes, hospitals, ICF-MR's, FQHC's, , etc.
5. Vendor shall provide examples of engagements with which they have been involved to show that they possess expertise working with regulators in order to address and resolve Federal findings, inquiries, disallowance issues, etc.
6. Vendor shall provide samples of direct experience in order to confirm an ability to provide state Medicaid agencies with insight relevant to changes in law, rules, and direction associated with the state's ability to effectively and efficiently manage the audit and reimbursement process in a compliant manner.
7. Vendor shall provide samples of related work to verify experience and proficiency representing Medicaid agencies throughout the appeals process including the ability to effectively testify as an expert witness.
8. Vendor shall provide a detailed description of its qualifications in working with sensitive information, including PHI and PII, as well as the HIPAA compliant tools it employees to allow for the safe transfer and storage of data.
9. Vendor shall provide detailed examples of having successfully worked with policy, program, finance, budgeting, departments of governmental units in order to ensure that the highest level of value is derived from funds allocated through the audit process.

HHR12070 Auditing of Long Term Care Financial and Statistical Reports (LTC-FASR)

Scope of Work – Mandatory Requirements: The vendor must comply with the following specifications in the performance of the service.	
1	<p>The engagements performed under this contract and reports issued upon completion of those engagements are to be in accordance with attestation standards established by the American Institute of Certified Public Accountants (AICPA) as well as Government Auditing Standards as issued by the Comptroller General of the United States. All work is to be performed in accordance with the provisions contained herein. Those standards may be found at the following links: http://www.aicpa.org/Research/Standards/AuditAttest/Pages/SSAE.aspx http://www.gao.gov/yellowbook</p> <p>Up to seventeen (17) engagements will be performed under this contract. The information specific to each facility is included in Attachments 1-3 Cost Sheets.</p>
2	<p>Upon request by OAMR, the vendor is to perform financial and compliance audit engagements of semi-annual LTC-FASRs in accordance with the standards established by the American Institute of Certified Public Accountants and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. The vendor is to issue an opinion on the fair presentation, in conformity with generally accepted accounting principles and the rules and regulations established by the West Virginia Department of Health and Human Resources, of the financial and statistical information submitted in the LTC-FASRs for each facility examined along with a list of findings of non-compliance as described below. Additionally, the vendor is to issue a report on compliance and internal control in accordance with Government Auditing Standards.</p>
3	<p>Each engagement is to incorporate a pre-engagement planning meeting between an authorized representative of the vendor and the Agency to establish the procedures to be performed, whether OAMR staff intends to be present for any portion of the examination field work, the planned timing and expected completion of fieldwork, and the anticipated timing of draft and final report issuance. This meeting is to include a review of the cost reports to be examined as well as any additional information OAMR is aware of that would impact the examination procedures or the engagement.</p>
4	<p>The procedures for each engagement are to include, at a minimum, the procedures outlined in the OAMR Audit Guide (Sample 1 attached). However, this is not an all-inclusive list of procedures and the vendor is responsible for performing any and all procedures necessary to support the opinion and findings included in the examination report as described below. Materiality determination and examination procedures should focus on the schedules within the LTC-FASR that have the most impact upon the rate calculation (i.e. schedules WV-6, WV-7 and WV-16 through WV-22). Errors found in items sampled from those schedules should result in an expansion of testing to allow qualification and determination of the pervasiveness of the errors found.</p>

HHR12070 Auditing of Long Term Care Financial and Statistical Reports (LTC-FASR)

5	<p>Each engagement is to be conducted on an individual facility basis, and shall include up to eight (8) semi-annual LTC-FASRs, or cost reports. The vendor shall issue a report for each engagement expressing an opinion as to the completeness and accuracy of the information submitted on the LTC-FASRs in accordance with the WV Medicaid Provider Manuals and all applicable laws, rules and regulations. The report shall include the following elements:</p> <ol style="list-style-type: none"> 1. Independent accountants' examination report and report in accordance with Government Auditing Standards 2. A definitive list of findings of non-compliance, numbered sequentially and including the following elements (Sample 2 attached): <ol style="list-style-type: none"> a. Criteria b. Condition (to include cost report period, LTC-FASR cost center charged, page/line mapping to LTC/FASR field(s) affected, account number(s) and description(s) (from West Virginia Long Term Care Medicaid Chart of Accounts), amount originally reported on the LTC-FASR, correct amount, and quantification of increase or decrease necessary to adjust for cost or census error). c. Cause d. Effect or Potential Effect e. Recommendation 3. Status of prior findings (if any)
6	<p>Examination of facilities that share a common ownership or control (Chain Facilities) will generally be performed together as a group and shall include in the examination home office or other costs that have been allocated among the facilities and included in the LTC-FASRs submitted for those facilities.</p>
7	<p>Examinations of facilities that are owned by or located within a hospital (Hospital-Based Facilities) are to include in the examination any hospital costs allocated to the long term care facility and included in the LTC-FASR submitted for those facilities.</p>
8	<p>Vendor is prepared to adequately staff the engagement without reliance on OAMR staff for the performance of any audit related work or clerical support necessary for completion of the engagement.</p>

HHR12070 Auditing of Long Term Care Financial and Statistical Reports (LTC-FASR)

Scope of Work – Mandatory Requirements: The vendor must comply with the following specifications in the performance of the service.	
9	The vendor shall be responsible for knowledge of the West Virginia Medicaid Provider Manuals, particularly Chapter 500, Volume 15 "Nursing Facility Services" as well as the West Virginia Medicaid Long Term Care Chart of Accounts. The OAMR staff shall be available to the vendor to assist in provision of information and explanations, as well as interpretations of rules and regulations as they pertain to audit findings and results of audit tests. It shall be the vendor's responsibility to contact OAMR with any questions as to interpretation of rules and regulations as necessary.
10	Vendor is to immediately notify OAMR in writing in the event that any of the following are noted in the course of performing the engagement under this contract: criminal acts; fraudulent transactions; intentional abuse of WV Medicaid funding; irregularities; misrepresentations by facility management; or any issues that would cause delays in the issuance of the engagement report or an adverse opinion.
11	Vendor is to provide representation and consultation for all levels of provider appeals whether or not scheduling of such proceedings occurs during the term of this contract; this may include administrative hearings, evidentiary hearings, and judicial reviews as well as other legal proceedings not individually listed here. This representation shall be included in the price of the engagements and no additional compensation shall be made whether the timing is within or subsequent to the term of this contract.
12	Vendor is to meet with OAMR representatives upon completion of each engagement and will provide at the meeting a draft copy of the report for the engagement (or engagements if Chain Facilities). Any necessary changes must be discussed and agreed upon before final acceptance. Vendor is to be prepared (with workpapers) to discuss each finding and to perform additional work at the request of OAMR for any areas not sufficiently explained or findings not sufficiently quantified. In the event that changes or additional work are deemed necessary a subsequent draft will be submitted and discussed with OAMR.
13	The final draft of the report is to be submitted to OAMR by the vendor and OAMR will transmit that draft report to the facility. The facility shall have ten (10) business days from receipt to provide additional information to the vendor to mitigate or resolve the findings.

HHR12070 Auditing of Long Term Care Financial and Statistical Reports (LTC-FASR)

14	Vendor is responsible for final report preparation, editing and printing. The vendor is to provide OAMR with three (3) copies of the final report for each engagement as well as one (1) copy of the engagement workpapers resulting from the examination.
15	All workpapers and reports are to be retained, at the vendor's expense, for a minimum of five (5) years. After the five (5) years have elapsed documents are to be delivered and surrendered unto the OAMR.
16	Vendor is to be available to OAMR to assist in adapting the engagement procedures as necessary to accommodate rule and regulation changes as they affect the rate determination and audit process on an as-needed basis.
17	Vendor will be expected to complete audit fieldwork and submit draft audit reports for OAMR quality review not later than 90 days before contract expiration date. Any audits not submitted by this date will not be considered complete and therefore, final outstanding payments will be withheld. Final drafts submitted by 90 day deadline will be quality reviewed and upon acceptance by OAMR as final, OAMR will authorize approval of final payment.
18	The bid must include a firm fixed fee for the performance of each facility engagement for the services discussed above. In the event additional work outside the standard (eight (8) LTC-FASRs) engagements is needed, the vendor is to meet with OAMR prior to commencing additional work and the vendor is to provide OAMR with a written estimate of the hours required to perform the additional work. Vendor should provide an hourly rate schedule for additional work that may be performed. In the event that less than eight (8) LTC-FASRs cost reporting periods are to be examined in an engagement, the vendor is to adjust the per engagement fee to accommodate the reduction in work accordingly.
19	Vendor is to commit a cohesive, dedicated, highly skilled core team of key personnel to oversee and conduct the tasks required under this agreement. The vendor is to designate one contact person to report to the Director of OAMR or his designee regarding all matters related to this contract. This individual shall be a Certified Public Accountant in good standing licensed by the West Virginia Board of Accountancy. The designated contact person must be able to act on behalf of the vendor and have appropriate experience and expertise in overseeing similar engagements. The designated contact person must be available for monthly on-site meetings with the OAMR Office Director or designee. Vendor should notify OAMR immediately of any noncompliance by LTC Providers to submit requested information necessary to complete the audit. As covered in section 514 of the WV Nursing Facility Provider Manual, records found to be incomplete or missing at the time of the scheduled on-site visit must be delivered within 48 hours or an amount of time mutually agreed upon with the audit staff at the exit conference. Provider costs found to be unsubstantiated will be disallowed and considered an overpayment. Failure of Providers to submit records will not be justification for late submission by vendor of expected audit report deliverables.

Meetings may be conducted less frequently than a monthly basis, if deemed appropriate by the OAMR, and may be requested more frequently on an as needed basis.

HHR12070 Auditing of Long Term Care Financial and Statistical Reports (LTC-FASR)**Special Terms and Conditions:****General Terms and Conditions:**

By signing and submitting its proposal, the successful Vendor agrees to be bound by all the terms contained in this Request for Quotation.

Conflict of Interest:

Vendor affirms that it, its officers, members or employees presently have no interest and shall not acquire any interest, direct or indirect, which would conflict or compromise in any manner or degree with the performance of its services hereunder. The Vendor further covenants that in the performance of the contract, the Vendor shall periodically inquire of its officers, members and employees concerning such interests. Any such interests discovered shall be promptly presented in detail to the Agency.

Prohibition against Gratuities:

Vendor warrants that it has not employed any company or person other than a bonafide employee working solely for the vendor or a company regularly employed as its marketing agent to solicit or secure the contract and that it has not paid or agreed to pay any company or person any fee, commission, percentage, brokerage fee, gifts or any other consideration contingent upon or resulting from the award of the contract.

For breach or violation of this warranty, the Agency shall have the right to annul this contract without liability at its discretion or to pursue any other remedies available under this contract or by law.

Certification Related to Lobbying:

Vendor certifies that no federal appropriated funds have been paid or will be paid, by or on behalf of the company or an employee thereof, to any person for purposes of influencing or attempting to influence an officer or employee of any Federal entity, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment or modification of any Federal contract, grant, loan or cooperative agreement.

HHR12070 Auditing of Long Term Care Financial and Statistical Reports (LTC-FASR)

If any funds other than federally appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee or any agency, a Member of Congress, an officer or employee of Congress or an employee of a Member of Congress in connection with this Federal contract, grant, loan or cooperative agreement, the Vendor shall complete and submit a disclosure form to report the lobbying.

Vendor agrees that this language of certification shall be included in the award documents for all sub-awards at all tiers, including subcontracts, sub-grants, and contracts under grants, loans, and cooperative agreements, and that all sub-recipients shall certify and disclose accordingly. This certification is a material representation of fact upon which reliance was placed when this contract was made and entered into.

Vendor Relationship:

The relationship of the Vendor to the State shall be that of an independent contractor and no principal-agent relationship or employer-employee relationship is contemplated or created by the parties to this contract. The Vendor as an independent contractor is solely liable for the acts and omissions of its employees and agents.

Vendor shall be responsible for selecting, supervising and compensating any and all individuals employed pursuant to the terms of this RFQ. Neither the Vendor, nor any employees or contractors of the vendor, shall be deemed to be employees of the State Agency for any purposes whatsoever.

Vendor shall be exclusively responsible for payment of employees and contractors for all wages and salaries, taxes, withholding payments, penalties, fees, fringe benefits, professional liability insurance premiums, contributions to insurance and pension or other deferred compensation plans, including but not limited to Workers' compensation and Social Security obligations, and licensing fees, etc. and the filing of all necessary documents, forms and returns pertinent to all of the foregoing.

Vendor shall hold harmless the State, and shall provide the State and Agency with a defense against any and all claims including but not limited to the foregoing payments, withholdings, contributions, taxes, social security taxes and employer income tax returns.

The Vendor shall not assign, convey, transfer or delegate any of its responsibilities and obligations under this contract to any person, corporation, partnership, association or entity without expressed written consent of the Agency.

HHR12070 Auditing of Long Term Care Financial and Statistical Reports (LTC-FASR)

Indemnification:

The Vendor agrees to indemnify, defend and hold harmless the State and the Agency, their officers, and employees from and against: (1) Any claims or losses for services rendered by any subcontractor, person or firm performing or supplying services, materials or supplies in connection with the performance of the contract; (2) Any claims or losses resulting to any person or entity injured or damaged by the Vendors, its officers, employees, or subcontractors by the publication, translation, reproduction, delivery, performance, use or disposition of any data used under the contract in a manner not authorized by the contract, or by Federal or State statutes or regulations; and (3) Any failure of the Vendor, its officers, employees or subcontractors to observe State and Federal laws, including but not limited to labor and wage laws.

Governing Law:

This contract shall be governed by the laws of the State of West Virginia. The Vendor further agrees to comply with the Civil Rights Act of 1964 and all other applicable laws and regulations, Federal, State and Local Government.

Compliance with Laws and Regulations:

The vendor shall procure all necessary permits and licenses to comply with all applicable laws, Federal, State or municipal, along with all regulations, and ordinances of any regulating body.

Vendor shall pay any applicable sales, use or personal property taxes arising out of this contract and the transactions contemplated thereby. Any other taxes levied upon this contract, the transaction, or the equipment, or services delivered pursuant hereto shall be borne by the contractor. It is clearly understood that the State of West Virginia is exempt from any taxes regarding performance of the scope of work of this contract.

Subcontracts/Joint Ventures:

The Vendor is solely responsible for all work performed under the contract and shall assume prime contractor responsibility for all services offered and products to be delivered under the terms of this contract. The Agency will consider the Vendor to be the sole point of contact with regard to all contractual matters. The Vendor may, with the prior written consent of the Agency, enter into written subcontracts for performance of work under this contract; however, the vendor is totally responsible for payment of all subcontractors.

HHR12070 Auditing of Long Term Care Financial and Statistical Reports (LTC-FASR)

Non-Appropriation of Funds:

If the Agency is not allotted funds in any succeeding fiscal year for the continued use of the service covered by this contract by the West Virginia Legislature, the Agency may terminate the contract at the end of the affected current fiscal period without further charge or penalty. The Agency shall give the vendor written notice of such non-allocation of funds as soon as possible after the Agency receives notice. No penalty shall accrue to the Agency in the event this provision is exercised.

Contract Termination:

The Agency may terminate any contract resulting from this RFQ with 30 days prior notice or immediately at any time the Vendor fails to carry out its responsibilities or to make substantial progress under the terms of this RFQ and resulting contract. The Agency shall provide the Vendor with advance notice of performance conditions which are endangering the contract's continuation. If after such notice the Vendor fails to remedy the conditions contained in the notice, within the time period contained in the notice, the Agency shall issue the Vendor an order to cease and desist any and all work immediately. The Agency shall be obligated only for services rendered and accepted prior to the date of the notice of termination.

Changes:

If changes to the original contract become necessary, a formal contract change order will be negotiated by the State, the Agency and the Vendor, to address changes to the terms and conditions, costs of work included under the contract. An approved contract change order is defined as one approved by the Purchasing Division and approved as to form by the West Virginia Attorney General's Office, encumbered and placed in the U.S. Mail prior to the effective date of such amendment. An approved contract change order is required whenever the change affects the payment provision or the scope of the work. Such changes may be necessitated by new and amended Federal and State regulations and requirements.

As soon as possible after receipt of a written change request from the Agency, but in no event more than thirty (30) days thereafter, the Vendor shall determine if there is an impact on price with the change requested and provide the Agency a written statement to identify any price impact on the contract or to state that there is no impact. In the event that price will be impacted by the change, the Vendor shall provide a description of the price increase or decrease involved in implementing the requested change.

HHR12070 Auditing of Long Term Care Financial and Statistical Reports (LTC-FASR)

Price Quotations:

The bid shall include a price for each engagement based on the facilities to be audited during the term of this contract as listed in Attachment 1. Attachment 1 lists the names and locations of the facilities, chain or hospital affiliation of each facility (if applicable) along with locations of home offices or hospital, and the number of LTC-FASR's to be included in the engagement. The price quotation should be all inclusive to render the product outlined in "Mandatory Requirements" above, to include all travel, administrative or other costs as well as any work deemed necessary, including the examination of home office costs, management fees, hospital or other similar costs allocated to each facility on the LTC-FASR's. It is the vendor responsibility to review the bid specification prior to bidding to ensure that the per audit engagement price is all-inclusive in allowing for unknown circumstances. The price shall also include any future representation at administrative hearings or other legal proceedings, and the vendor shall be prepared to explain and defend the findings of the audit engagements. The price quote should be on an individual engagement basis. However the vendor shall be committed to perform up to seventeen (17) engagements during the term of this contract.

Rates for Additional Professional Staff:

In the event the OAMR requests additional work due to unforeseen or extraordinary circumstances, related to unusual audit findings, or other reasons which in OAMR's determination are above and beyond the work of a standard audit engagement outlined above, the vendor is requested to supply hourly rate that would apply to any charges for same.

Invoices, Progress Payments:

The Vendor shall submit invoices, in arrears, to the Agency at the address on the face of the purchase order labeled "Invoice To" pursuant to the terms of the contract. Progress payments shall be made on the basis of percentage of work completed at the per engagement prices per the Cost Sheet. Progress reports must be submitted to Agency with the invoice detailing progress completed or any deliverables identified. Payment will be made only upon approval of acceptable progress or deliverables as documented in the Vendor's report. Invoices may not be submitted more than once monthly and State law forbids payment of invoices prior to receipt of services.

Liquidated Damages: According to West Virginia State Code §5A-3-4(8), Vendor agrees that liquidated damages shall be imposed at the rate of \$200 per week for failure to meet deadlines agreed upon for an audit. This clause shall in no way be considered exclusive and shall not limit the State or Agency's right to pursue any other additional remedy to which the State or Agency may have legal cause for action including further damages against the Vendor.

HHR12070 Auditing of Long Term Care Financial and Statistical Reports (LTC-FASR)

Record Retention (Access & Confidentiality):

Vendor shall comply with all applicable Federal and State of West Virginia rules and regulations, and requirements governing the maintenance of documentation to verify any cost of services or commodities rendered under this contract by Vendor. The Vendor shall maintain such records a minimum of five (5) years and make available all records to Agency personnel at Vendor's location during normal business hours upon written request by Agency within 10 days after receipt of the request.

Vendor shall have access to private and confidential data maintained by Agency to the extent required for Vendor to carry out the duties and responsibilities defined in this contract. Vendor agrees to maintain confidentiality and security of the data made available and shall indemnify and hold harmless the State and Agency against any and all claims brought by any party attributed to actions of breach of confidentiality by the Vendor, subcontractor or individuals permitted access by the Vendor.

Insurance Requirements:

The Vendor, as an independent Vendor, is solely liable for the acts and omission of its employees and agents. Proof of insurance shall be provided by the successful Vendor at the time the contract is awarded. The Vendor shall maintain and furnish proof of coverage of liability insurance for loss, damage, or injury (including death) of third parties arising from acts and omissions on the part of Vendor, its agents and employees in the following amounts at a minimum.

- 1 For bodily injury (including death): Minimum of \$500,000.00 per person, \$1,000,000.00 per occurrence.
- 2 For property damage and professional liability: Minimum of \$1,000,000.00 per occurrence.

Vendor is solely responsible for required coverage of worker's compensation.

HIPAA Business Associate Addendum

The West Virginia State Government HIPAA Business Associate Addendum (BAA), approved by the Attorney General, and available online at the Purchasing Division's website (<http://www.state.wv.us/admin/purchase/vrc/hippa.htm>) is hereby made part of the Agreement. Provided that, the Agency meets the definition of a Covered Entity (45 CFR§160.103) and will be disclosing Protected Health Information (45 CFR§160.103) to the Vendor.

Debarment and Suspension:

Successful Vendor must certify that no entity, agency or person associated with firm, is currently debarred or suspended from conducting business with any governmental agency.

Attachment 1

HHR12070 Auditing of Long Term Care Financial and Statistical Reports (LTC-FASR)

WEST VIRGINIA DHHR OAMR

COST QUOTE FOR STANDARD FACILITY ENGAGEMENT

YEAR 1 ALL-INCLUSIVE COST SHEET

<u>FACILITY</u>	<u>All-Inclusive Per Engagement Cost</u>
1. Eagle Pointe	
2. Weirton Medical Center	
3. Guardian Elder Care at Wheeling	
4. Arbors at Fairmont	
5. Broadus Hospital-Mansfield Place	
6. Greenbrier Manor	
7. Pleasant Valley Nursing and Rehabilitation Center	
8. Good Samaritan Society- Barbour County	
9. Montgomery General Elderly Care Center	
10. Grant Memorial Hospital	
11. Montgomery General Hospital Extended Care	
12. Morgan County War Memorial Hospital	
13. Minnie Hamilton health Care Center, Inc.	
14. Roane General Hospital	
15. St. Josephs Hospital of Buckhannon, Inc.	
16. Summers County ARH	
17. Summersville Memorial Hospital	
SUBTOTAL FOR STANDARD ENGAGEMENTS COST Year 1	

HOURLY RATE FOR EXTRAORDINARY ADDITIONAL SERVICES

(Based upon maximum 3-year Budgeted Hours allowed of 180 hours Total)

Extraordinary Additional Services 180 hours x \$_____ Per Hour = \$_____ Total

SUMMARY OF ALL COSTS

GRAND TOTAL 3-YEAR CONTRACT COSTS (SUM OF YEARS 1-3) +

\$ 695,600 *

PLUS THE TOTAL EXTRAORDINARY ADDITIONAL SERVICES

* SEE ATTACHMENT 1 FOR ALL-INCLUSIVE COST SHEETS

Evaluation of Bids: Cost evaluations will be based on the total contract cost of the vendor who meets or exceeds the specifications and requirements. It is preferred that all vendors complete the attached pricing pages for years 1-3 rather than submitting a separate quote.

Attachment 2
HHR 12070 Auditing of Long Term Care Financial and Statistical Reports (LTC-FASR)
WEST VIRGINIA DHHR OAMR
COST QUOTE FOR STANDARD FACILITY ENGAGEMENT
YEAR 2 ALL-INCLUSIVE COST SHEET

<u>FACILITY</u>	<u>All-Inclusive Per Engagement Cost</u>
1. Heartland of Charleston	
2. SunBridge Care & Rehabilitation For Dunbar	
3. SunBridge Care & Rehabilitation For Salem	
4. Heartland of Beckley WV, LLC	
5. Heartland of Keyser	
6. SunBridge Care & Rehabilitation for Pine Lodge	
7. SunBridge Care & Rehabilitation for Putnam	
8. Heartland of Clarksburg	
9. Heartland of Martinsburg	
10. Heartland of Preston County	
11. Nella's Nursing Home, Inc.	
12. New Martinsville Health Care Center	
13. SunBridge Care & Rehabilitation for Parkersburg	
14. SunBridge Care & Rehabilitation for Glenville	
15. Holbrook Nursing Home	
16. Nella's Inc.	
17. Heartland of Rainelle WV, LLC	
SUBTOTAL FOR STANDARD ENGAGEMENTS COSTS Year 2	

Attachment 3
HHR 12070 Auditing of Long Term Care Financial and Statistical Reports (LTC-FASR)
WEST VIRGINIA DHHR OAMR
COST QUOTE FOR STANDARD FACILITY ENGAGEMENT
YEAR 3 ALL-INCLUSIVE COST SHEET

<u>FACILITY</u>	<u>All-Inclusive Per Engagement Cost</u>
1. Huntington Health & Rehabilitation	
2. Golden LivingCenter-Glasgow	
3. Golden LivingCenter-Morgantown	
4. Golden LivingCenter-Riverside	
5. Clarksburg Nursing & Rehabilitation Center	
6. McDowell Nursing & Rehabilitation Center	
7. Summers Nursing & Rehabilitation Center	
8. Hampshire Memorial Hospital	
9. The Maples	
10. Fayette Nursing & Rehabilitation Center	
11. E.A. Hawse Nursing & Rehabilitation Center	
12. Lincoln Nursing & Rehabilitation Center	
13. Cameron Nursing & Rehabilitation Center	
14. Wayne Nursing & Rehabilitation Center	
15. Webster Nursing & Rehabilitation Center	
16. Wyoming Nursing & Rehabilitation Center	
17. Mercer Nursing & Rehabilitation Center	
Subtotal FOR STANDARD ENGAGEMENTS COSTS Year 3	

Sample 1-HHR 12070 Auditing of LT Financial and Statistical Report

**WEST VIRGINIA DEPARTMENT OF HEALTH AND HUMAN RESOURCES
OFFICE OF ACCOUNTABILITY AND MANAGEMENT REPORTING
AUDIT GUIDE FOR LONG TERM CARE FACILITIES**

FACILITY NAME

xx/xx/xxxx - xx/xx/xxxx

Sample 1-HHR 12070 Auditing of LT Financial and Statistical Report

WEST VIRGINIA DEPARTMENT OF HEALTH AND HUMAN RESOURCES
OFFICE OF ACCOUNTABILITY AND MANAGEMENT REPORTING
AUDIT GUIDE INDEX

I. ENGAGEMENT PLANNING.....	Page 1
II. ENTRANCE CONFERENCE.....	Page 2
III. PRELIMINARY WORK.....	Page 3
IV. STATISTICS (CENSUS).....	Page 4
V. PAYROLL.....	Page 5
VI. RESTORATIVE.....	Page 5
VII. EXPENSES.....	Page 6
VIII. HOSPITAL-BASED COST ALLOCATION.....	Page 7
IX. HOME OFFICE COSTS.....	Page 8
X. MANAGEMENT FEES.....	Page 8
XI. REVENUES.....	Page 9
XII. RESIDENT FUNDS.....	Page 9
XIII. MEDICAID CREDIT BALANCES.....	Page 9
XIV. AUDIT CONCLUSIONS.....	Page 10

Sample 1-HHR 12070 Auditing of LT Financial and Statistical Report

WEST VIRGINIA DEPARTMENT OF HEALTH AND HUMAN RESOURCES OFFICE OF ACCOUNTABILITY AND MANAGEMENT REPORTING AUDIT GUIDE FOR LONG TERM CARE FACILITIES

I. ENGAGEMENT PLANNING

	Date	Initials	Reference
1 Send provider engagement letter notifying them of examination			C2
2 Perform review of submitted cost report and provider submitted work papers. Note any unusual entries, adjustments, allocations or reclassifications.			C1
3 Perform review of rate calculations. Note any unusual or significant variances in provider's reported allowable costs between periods and compare allowable costs to applicable caps. Also calculate planning material amounts by determining the dollar amount of cost standards compared to allowable costs. For any unusual or significant variances noted, determine whether scope of examination should be modified; consider any such issues noted in testing of general ledger to cost report tie-in and suspect account analysis (Step 15 of this section). Document the conclusions and any effect on the examination scope in a narrative memorandum.			C3a-d
4 For all rate components that have increased from the previous period and exceed to applicable cap, perform additional testing to isolate the account(s) creating the variance and test to ensure the variance is not the result of error.			C3a
5 Perform review of facility appraisal reports and depreciation schedule. Note any additions or renovations occurring during the examination periods.			C1 & C4
6 Perform review of prior year reports and examinations in OAMR files. Note adjustments and appeals.			C1 & C5
7 Discuss with Division of Rate Setting staff their awareness of any provider issues or complaints that would affect the scope of the engagement. Discuss evaluation of materiality and document any effect on engagement scope.			C1
8. Request that Division of Rate Setting staff prepare electronic adjusted rate worksheets for each cost report period audited.			C1 & A3
9 Make arrangements with provider to begin field work. This includes sending a confirmation letter regarding the date and time of the entrance conference and sending the provider a list of information required at the entrance conference.			C6
10 Forward a copy of the Internal Control Questionnaire to provider for completion and return to OAMR prior to beginning of field work.			C7
11 Forward a copy of Resident Trust Fund Questionnaire to provider for completion.			C7
12 Arrange for a discussion with the appropriate provider personnel to discuss in detail the individual items on the Audit List, the Internal Control Questionnaire and Resident Trust Fund Questionnaire. If feasible, arrange for this discussion to occur on site; if not, via conference call that includes all parties that may be involved in preparing or providing items requested for the audit. Ensure that the items on the audit list are discussed with the provider and that understanding of what is needed is achieved, as well as understanding that the items should be available when the field work begins (if not provided electronically prior to field work). In addition to the items on the Audit List, discuss the following:			C1
a Adequacy and access to providers records			
b Provider's personnel who will be the primary contact person providing necessary documentation (including email, fax number and telephone number)			

Sample 1-HHR 12070 Auditing of LT Financial and Statistical Report

WEST VIRGINIA DEPARTMENT OF HEALTH AND HUMAN RESOURCES OFFICE OF ACCOUNTABILITY AND MANAGEMENT REPORTING AUDIT GUIDE FOR LONG TERM CARE FACILITIES

I. ENGAGEMENT PLANNING (continued)

- 13 Review the completed Internal Control Questionnaire in order to obtain an understanding of the following

- a Control Environment
- b Accounting System
- c Reporting Process

Date Initials Reference

		C8 & C9
--	--	---------

- 14 Using the beginning and ending check numbers from the completed Internal Control Questionnaire, select a sample of disbursements from operating (i.e. non-payroll) bank accounts for substantive testing. Request that the provider complete and return an electronic (Excel) work sheet containing the following elements for each disbursement selected: check number date amount payee general ledger account posting

		C1 & G3
--	--	---------

15. Prepare a work paper to determine "suspect accounts" to compare amounts reported by cost center for each period examined. Calculate the variance between periods and identify the accounts with significant variances for additional testing

		G2a
--	--	-----

II. ENTRANCE CONFERENCE

- 1 Provide Introductions of engagement team and identify facility personnel that will be available to assist the team

		C1
--	--	----

- 2 Discussions with provider should include (but not limited to) the following:

- a Working area for the engagement team
- b Changes in the provider's operation
- c Changes in accounting methods or principles applied
- d Changes in key personnel
- e Significant accounting or reporting problems
- f Findings of internal or external audits
- g Changes or issues in any facility software or hardware (or other system)
- h Conversions/changes occurring during the examination period that could affect testing
- i Adjustments to census statistics as originally reported
- j Other issues as necessary

		C1
--	--	----

- 3 If additional issues are found as a result of the entrance conference that affect the scope of the engagement document in a narrative memorandum; if no such issues are noted mark N/A at

--	--	--

Sample 1-HHR 12070 Auditing of LT Financial and Statistical Report

WEST VIRGINIA DEPARTMENT OF HEALTH AND HUMAN RESOURCES OFFICE OF ACCOUNTABILITY AND MANAGEMENT REPORTING AUDIT GUIDE FOR LONG TERM CARE FACILITIES

III. PRELIMINARY WORK

- 1 Conduct a tour of the provider's facility to become familiar with operations. Using the depreciation schedule and latest appraisal, physically observe additions, renovations, construction in progress, and any major equipment purchases. Document items reviewed on appraisal. Note any significant additions or changes not included in the appraisal or depreciation schedule on a separate work paper.
- 2 Review the Board of Director's Minutes, noting capital expenditures, changes in contracts, leasing arrangements, management contracts, salary and revenue increases.
- 3 Perform a reconciliation of Medicaid Cost Report to the provider's general ledger/trial balance for a sample of the cost report periods under examination.
 - a Agree amounts, account titles and account numbers per facility general ledger to WV Medicaid Grouping Report.
 - b Review general ledger expense accounts for appropriate classification within the cost report cost centers (i.e., nature of expenses for particular general ledger accounts is appropriately classified to commensurate cost center on cost report).
 - c Agree amounts per WV Medicaid Grouping Report to cost report.
- 4 If available, perform review of annual external audit reports. Document any items noted that impact the scope of the engagement or planned procedures.
- 5 Obtain copies of the Federal corporate or partnership tax returns for years under examination.
- 6 Ask facility administrator and CFO if they are aware of any instances of fraud or mismanagement that have occurred (not specifically limited to the period of the audit).
- 7 Expand audit scope and testing as necessary to obtain an understanding and quantify any issues noted in performance of Step 6 above.
- 8 Document the results of the above testing, conclusions and any adjustments to engagement scope in a narrative memorandum.

Date Initials Reference

_____ _____ C1

_____ _____ C1

_____ _____ C1 & C10

_____ _____ C1 & C11

_____ _____ C1 & C12

_____ _____ C1

_____ _____ C1

_____ _____ C1

Sample 1-HHR 12070 Auditing of LT Financial and Statistical Report

WEST VIRGINIA DEPARTMENT OF HEALTH AND HUMAN RESOURCES OFFICE OF ACCOUNTABILITY AND MANAGEMENT REPORTING AUDIT GUIDE FOR LONG TERM CARE FACILITIES

IV. STATISTICS (CENSUS)

- 1 Select one month for each cost report period included in the engagement and perform the following:
 - a Mathematically test midnight census documentation for accuracy and tie selected midnight census to resident day summaries
 - b Mathematically test resident day summaries and tie to census reported by category on the cost report
 - c If errors are noted in the above testing, expand testing for cost report periods for which errors are noted by selecting additional months for testing.
 - d Summarize any adjustments needed to census based on the above testing
- 2 In examination planning the facility was requested to provide a listing of bed reservation days from one selected month during each cost report period (for months with bed reservation days per the WV Medicaid Paid Days Report) Using the listings provided by the facility, examine supporting documentation to ensure the appropriateness of bed reservation days paid by Medicaid to include the following:
 - a Calculate the facility occupancy for the midnight census prior to the individual's departure from the facility to ensure that it was above 95% (in accordance with Chapter 514, Section 514.10 of the Medicaid Provider Manuals)
 - b Summarize any bed reservation days that were inappropriately billed based on the above testing
- 3 Document the results of the above testing, findings and adjustments, and conclusions in a narrative memorandum or summary work paper

Date Initials Reference

		D2
--	--	----

		D2
--	--	----

		D1
--	--	----

Sample 1-HHR 12070 Auditing of LT Financial and Statistical Report

WEST VIRGINIA DEPARTMENT OF HEALTH AND HUMAN RESOURCES
OFFICE OF ACCOUNTABILITY AND MANAGEMENT REPORTING
AUDIT GUIDE FOR LONG TERM CARE FACILITIES

V. PAYROLL

- 1 Perform a reasonableness test of total wages per cost report to wages on the provider's IRS Form 941 wage tax return or other payroll tax form based on wages. Document the reasons for any variance noted in which the cost report wages exceed the wages reported on the Form 941 by a significant amount. Expand testing as necessary to verify the reasons for such variances
- 2 If payroll is allocated to cost centers determine if the allocation methodology is reasonable
- 3 Select one payroll period and test for the following:
 - a Gross pay per payroll is mathematically correct
 - b Gross to net pay per payroll is mathematically correct
 - c Time card ties to payroll register
 - d Trace postings from the payroll register to the general ledger
- 4 Review time records for administrative personnel to ensure compliance with Section 514.31.1 of Chapter 514 of the WV Medicaid Provider Manuals.
- 5 Confirm the time records work efforts and classifications for employees related to owners and or management
- 6 Review any bonuses accrued and/or paid
- 7 Review documentation of fringe and employee benefits. Document any benefit and/or bonus plans that are not equally applicable to all employee classes.
- 8 Document the results of the above testing, findings and adjustments, and conclusions in a narrative memorandum or summary work paper

Date Initials Reference

		E2
--	--	----

		E1
--	--	----

		E3
--	--	----

		E1
--	--	----

		E1
--	--	----

		E1
--	--	----

		E1
--	--	----

		E1
--	--	----

VI. RESTORATIVE

- 1 Identify the types of therapies being administered at the facility and determine if the therapies are being performed by facility employees or by outside contract (e.g. Physical Therapy, Speech Therapy, Inhalation Therapy, Occupational Therapy)
- 2 Obtain explanation for material variances of total Restorative costs reported between FASR periods audited
- 3 If therapies are being performed by an outside contractor, obtain a copy of the current contract and select a sample of transactions and trace to supporting invoices and cancelled checks. Mathematically test the accuracy of the invoices by recalculating against the contract rate
- 4 Document the results of the above testing, findings and adjustments, and conclusions in a narrative memorandum or summary work paper

		F1
--	--	----

		F1
--	--	----

		F2, F3
--	--	--------

		F1
--	--	----

Sample 1-HHR 12070 Auditing of LT Financial and Statistical Report

WEST VIRGINIA DEPARTMENT OF HEALTH AND HUMAN RESOURCES OFFICE OF ACCOUNTABILITY AND MANAGEMENT REPORTING AUDIT GUIDE FOR LONG TERM CARE FACILITIES

VII. EXPENSES

- 1 Using the worksheet prepared in Section I, Step 14, request and review the following for the sampled items:
 - a Original invoice,
 - b Canceled check (or electronic image),
 - c General ledger posting (noting appropriateness of general ledger account in relation to type of expense),
 - d Approval by appropriate facility staff
- 2 Review the general ledger account details supporting the accounts identified in the suspect account analysis in Section I, Step 15. Judgmentally select a sample of postings from these accounts and vouch to appropriate supporting documentation
- 3 Review for personal expenses of the owner/administrator paid by the facility and reported on the cost report
- 4 Determine whether the results of testing in Step 1 and 2 above indicate cost shifting between cost centers to avoid ceiling limitations or to maximize incentives. If any such shifting is indicated, expand expense testing as necessary to quantify the adjustment needed to remove the effects of shifted costs.
- 5 Review the provider's mileage log for existence and appropriateness. Review general ledger vehicle expense accounts for insurance or other vehicle expenses and determine whether such expenses have been appropriately reclassified to cost report page WV24 Non-Allowable Vehicle Expenses
- 6 Determine whether working capital interest is included in the cost reports and whether it is appropriate per Section 514.30.6 of Chapter 514 of the WV Medicaid Provider Manuals
- 7 Using the related party detail list requested during engagement planning determine if any related parties exist and if so determine the nature of any relationships. Judgmentally select individual items from the related party detail list for substantive testing to include examination of the facility's calculation to remove profit and ensure that the transaction is reported at cost. If any transactions are noted in the testing that include related party profit, expand the testing to quantify the amount of related party profit adjustment needed. Document the nature of any related party transactions noted as well as any adjustments needed in a narrative memorandum
- 8 Document the results of the above testing, findings and adjustments, and conclusions in a narrative memorandum or summary work paper

Date Initials Reference

		G4
--	--	----

		G2b
--	--	-----

		G1
--	--	----

		G1
--	--	----

		G5
--	--	----

		G1 or G6
--	--	----------

		G1 or G7
--	--	----------

		G1
--	--	----

Sample 1-HHR 12070 Auditing of LT Financial and Statistical Report

WEST VIRGINIA DEPARTMENT OF HEALTH AND HUMAN RESOURCES OFFICE OF ACCOUNTABILITY AND MANAGEMENT REPORTING AUDIT GUIDE FOR LONG TERM CARE FACILITIES

VIII. HOSPITAL-BASED FACILITY COST ALLOCATION

- 1 Obtain the allocation work papers and discuss with appropriate provider personnel the allocation methodologies. If facility is not hospital-based; mark N/A at right
- 2 Vouch amounts per account on the allocation work papers to general ledger. Document any balances that do not agree
- 3 Trace amounts per account on the allocation work papers to the FASR Grouping Report. Document any balances that do not agree
- 4 Perform a test of the allocation work papers to determine whether accounts are properly classified to either an allowable cost center or non-allowable costs. Document any exceptions to
- 5 Compare the allocation methodologies used on the allocation work papers to the Medicare cost report allocation methodologies. Discuss any differences between the allocation for Medicare cost reporting and the WV Medicaid cost report with facility management and document the
- 6 Review the square footage to identify any changes from prior examination period allocation
- 7 Review resident meal counts. If an actual meal count was not used meals should equal three times in-patient days
- 8 Discuss with appropriate provider personnel any issues or exceptions noted in the above testing.
- 9 Document the results of the above testing in a narrative memorandum to indicate any necessary adjustments based on the above testing

Date	Initials	Reference
		H1

Sample 1-HHR 12070 Auditing of LT Financial and Statistical Report

**WEST VIRGINIA DEPARTMENT OF HEALTH AND HUMAN RESOURCES
OFFICE OF ACCOUNTABILITY AND MANAGEMENT REPORTING
AUDIT GUIDE FOR LONG TERM CARE FACILITIES**

IX. HOME OFFICE COSTS

1. Document (or obtain documentation of) services provided to the facility by the Home Office. Inquire of facility management how the services provided by the home office benefit resident care as required by Section 514.30.9, Chapter 514 of the WV Medicaid Provider Manuals. Document the response to this inquiry. Reconcile home office costs reported on the FASR to the home office trial balance.
2. Obtain Home Office General Ledgers that support Home Office Expenses. Review for allocation reasonableness and allowability.
3. Review the home office allocation to determine the propriety of the allocation method and for reasonableness and allowability. Determine whether the allocation was based on resident days (in accordance with Section 514.30.9 of Chapter 514 of the Medicaid Provider Manuals). If an allocation method other than resident days was used, review approval for change from WVDHHR or Medicare Intermediary.
4. Perform a reasonableness test of Home Office expenses by comparing amount of Home Office costs per cost reports to amount of Home Office cost reported to Medicare for the commensurate period. Document any variances and determine whether additional testing is warranted.
5. Review home office expenses for reasonableness and allowability. Ensure that home office expenses do not include personal expenses of owners. The review should include but not be limited to those accounts/account classifications tested when auditing an independent non-chain facility.
6. a. If applicable, request a list of home office employees that include classifications and salaries. Review for reasonableness and determine employees are performing necessary functions related to patient care. Verify documentation of time worked.
b. If applicable, document details of any applicable bonus programs. Inquire how bonuses are earned and accrued.
7. a. Request an amortization schedule and supporting documentation of interest expense. Review for non-allowable interest expense such as automobile purchases.
b. Determine whether working capital interest is included in the cost reports and whether it is appropriate per Section 514.30.6 of Chapter 514 of the WV Medicaid Provider Manuals.
8. Document the results of the above testing, findings and adjustments, and conclusions in a narrative memorandum or summary work paper.

Date Initials Reference

--	--	--

--	--	--

--	--	--

--	--	--

--	--	--

--	--	--

--	--	--

--	--	--

--	--	--

		I1
--	--	----

X. MANAGEMENT FEES

1. Review Management Agreement Contract. Obtain a copy for OAMR files and document whether management fees paid to related parties are reported on page WV24, Non-allowable Expenses (in accordance with Section 514.30.9 of Chapter 514 of the Medicaid Provider Manuals).
2. Determine the basis used to calculate the management fees for the period under audit.
3. Review the transaction register and identify all management fees paid.
4. Ensure that payments are calculated in accordance with the management agreement and that they do not exceed allowable amounts.
5. Document whether duplication of services is noted in above testing.

--	--	--

--	--	--

--	--	--

--	--	--

		J1
--	--	----

Sample 1-HHR 12070 Auditing of LT Financial and Statistical Report

WEST VIRGINIA DEPARTMENT OF HEALTH AND HUMAN RESOURCES
OFFICE OF ACCOUNTABILITY AND MANAGEMENT REPORTING
AUDIT GUIDE FOR LONG TERM CARE FACILITIES

XI. REVENUES

Date Initials Reference

1. Reconcile facility general ledger revenue to cost report revenue. Document the reasons for significant variances noted.
2. Review miscellaneous and other income accounts. Determine if these accounts are required to be offset against expenses. Examples requiring offset are:
 - a. Interest Income
 - b. Sale of Meals
 - c. Rental of facility space

 K1 K1

XII. RESIDENT FUNDS

1. Review the Resident Fund Questionnaire completed by the provider for inclusion with the report.
2. Select one month and test reconciliation process for all residents. Reconcile the sum of cash in the bank and petty cash (if applicable) to the subsidiary records as of the statement date.
3. Verify that interest earned is credited to the residents' account.
4. Determine whether funds are being held for discharged residents. If any are noted, determine the method of disposition.
5. Document the results of the above testing, findings and adjustments, and conclusions in a narrative memorandum or summary work paper.

 L2 & L3 L4 L1 L1 L1

XIII. MEDICAID CREDIT BALANCES

1. Compare Account Receivable Aging Report balances to the facility's general ledger. Reconcile any differences noted.
2. Review accounts receivable aging report and/or resident ledger cards as of the last date in the engagement period to identify any credit balances which might indicate duplicate payments (third party payments) or other overpayments.
3. Inquire as to whether or not there exist any unapplied credits to resident accounts; if so review and determine whether any are related to periods under examination and if recoupment is appropriate.
4. If credit balances are found to exist for Medicaid residents review documentation to determine the amount of recoupment (if any) that is necessary. Create a list of credit balances to include account number (if any), name, amount.
5. Document the results of the above testing, findings and adjustments, and conclusions in a narrative memorandum or summary work paper.

 M2 M2 M2 M2 M1

Sample 1-HHR 12070 Auditing of LT Financial and Statistical Report

WEST VIRGINIA DEPARTMENT OF HEALTH AND HUMAN RESOURCES OFFICE OF ACCOUNTABILITY AND MANAGEMENT REPORTING AUDIT GUIDE FOR LONG TERM CARE FACILITIES

XIV. CONCLUSIONS

- 1 Schedule exit conference to discuss findings or issues noted during fieldwork. Provide any information needed by provider to resolve findings or issues. NOTE: Do not copy work papers; provide details (i.e. account number, amount, invoice numbers, check numbers, patient names, etc.)
2. Provide to Division of Rate Setting staff list of all proposed and passed adjustments (including mapping to cost report page and line) for evaluation of potential impact to adjusted rate
3. Prepare a draft report containing all proposed findings and adjustments
- 4 Provide a copy of the draft report to the provider. Allow provider ten working days to supply any additional information or documentation
- 5 Review any additional provider documentation submitted during 10 day draft report review period. Make necessary revisions to report
- 6 Calculate adjusted rate incorporating all proposed findings and adjustments.
- 7 Issue final report containing all cost report and rate adjustments to Bureau for Medical Services. Include BMS Letter and any supporting documentation when received

Date	Initials	Reference
		B1
		B2
		B3
		B3-B4
		B5
		A3-A4
		A1-A4

Sample 2

HHR12070 Auditing of Long Term Care Financial and Statistical Report (LTC-FASR)

WEST VIRGINIA DEPARTMENT OF HEALTH AND HUMAN RESOURCES
OFFICE OF ACCOUNTABILITY AND MANAGEMENT REPORTINGFORMAT FOR LISTING FINDINGS OF
NON-COMPLIANCE AND ADJUSTMENTS

The following format shall be used to describe findings noted in the examination of LTC-FASR's resulting in adjustments to the amounts reported:

Finding Number ____:

Criteria: Describe criteria applicable to the finding, including rule citations, etc.

Condition: Summarize the finding noted, included the cost report period, LTC-FASR cost center charged, page/line mapping to LTC-FASR field affected, account description, and quantification of cost or census error (the table below is an example; columns/rows may be added as necessary to sufficiently explain the issue and adjustment needed).

Cost Report Period	FASR Cost Center	Page/Line	Account Number/Title	Amount Reported per FASR	Correct Amount	Adjustments and Amount (dollars, days, etc.)

Cause: Describe cause (i.e. reason represented by facility, inadequacy of internal controls, etc.).

Effect or Potential Effect: Describe the effect of the findings on the LTC-FASR

Recommendations: Describe any recommendations (i.e. improvements or changes to internal control or facility procedures) that would prevent this type of finding from occurring again in a future period.

The following provides an example of a census adjustment for an engagement covering cost reports from 1/1/2003 through 12/31/2005:

Finding Number 2005-1 Census Error

Criteria: Per section 528 of the West Virginia Medicaid Provider Manual Chapter 500, Volume 15
Covered Services, Limitations and Exclusions, for Nursing Facility Services:

"Financial and Statistical records must be maintained by the facility to support and verify the information submitted on the cost reports."

Sample 2-continued

HHR12070 Auditing of Long Term Care Financial and Statistical Report (LTC-FASR)

Condition: For the six-month period ended June 30, 2005 the facility reported 1,525 total census days; however the facility's records indicated that the actual census was 1,575 for that period. The difference of 50 days was due to an adjustment of days in the "Private Pay" category that was not included when the census was summarized for the month of May 2005.

Cost Report Period	FASR Cost Center	Page/Line	Account Number/Title	Amount Reported per FASR	Correct Amount	Adjustments and Amount (dollars, days, etc.)
6/30/2005	Census	Page WV6, "Private" Line	N/A	1,525	1,575	Increase Census by 50 days

Causes: Per discussion with facility billing staff, the difference of 50 days was due to an adjustment of days in the "Private Pay" category that was not included when the census was summarized for the month of May 2005.

Effect or Potential Effect: Census days are misstated on the 6/30/2005 Financial and Statistical Report

Recommendation: It was noted during the engagement that the facility's procedure for summarizing census for inclusion in the Financial and Statistical Report does not include a review. We recommend that the facility perform a review of all data to be included on the Financial and Statistical report to ensure that it reconciles to appropriate source records and includes all necessary adjustments.

The following provides an example of a non-allowable cost adjustment for an engagement covering cost reports from 1/1/2003 through 12/31/2005:

Finding Number 2005-2-Non-Allowable Costs

Criteria: Per section 530.7 of the West Virginia Medicaid Provider Manuals Chapter 500, Volume 15 Covered Services, Limitations and Exclusions, for Nursing Facility Services:

"The cost of operating all license vehicles will be limited to the per mile rate approved by the West Virginia Travel Management Office."

Sample 2-continued

HHR12070 Auditing of Long Term Care Financial and Statistical Report (LTC-FASR)

Conditions: For the six-month period ended December 31, 2004 the facility included \$1,500 in vehicle insurance costs in Scheduled WV20A, Travel. These costs should have been reported on Schedule WV24, Vehicle.

Cost Report Period	FASR Cost Center	Page/Line	Account Number/Title	Amount Reported per FASR	Correct Amount	Adjustments and Amount (dollars, days, etc.)
12/31/2004	Administration	Page WV20A, Line 38	Account 8760, Travel	\$8,000	\$6,500	Decrease \$1,500
12/31/2004	Non-Allowable	Page WV24, Line 10	Account 9810, Vehicle	\$1,750	\$3,250	Increase \$1,500

Cause: The amount of insurance expense reclassified to non-allowable in the preparation of the Financial and Statistical Report was miscalculated, omitting the above amount from the reclassification.

Effect or Potential Effect: Allowable expenses on the Financial Statistical Report are overstated.

Recommendation: Management should ensure that all non-allowable expenses are reclassified prior to submission of the Financial and Statistical report.

HHR 12070 Auditing of Long Term Care Financial and Statistical Reports (LTC-FASR)

Sample 3

SCHEDULE OF EXPENSES

FACILITY NAME:		Anytown Nursing Home		MEDICAID #:		0001234000	
PERIOD BEGINNING:		1/1/2007		ENDING:		6/30/2007	
<u>ACCOUNT DESCRIPTION</u>				<u>PER BOOKS</u>	<u>ADJ DR</u>	<u>ADJ CR</u>	<u>ADJUSTED</u>
MEDICAL RECORDS & SERVICES							
SALARIES				31,000	0	0	31,000
DIRECT BENEFITS AND TAXES				0	0	0	0
INDIRECT BENEFITS AND TAXES				8,612	0	0	8,612
				<u>39,612</u>	<u>0</u>	<u>0</u>	<u>39,612</u>
SUB-TOTAL							
CONSULTANTS							13,200
MEDICAL DIRECTOR				13,200	0	0	1,854
MEDICAL RECORDS				1,854	0	0	0
UTILIZATION REVIEW				0	0	0	000
PHARMACY				000	0	0	645
SUPPLIES				645	0	0	0
OTHER				0	0	0	0
ALLOCATED / CONTRACT MED. REC				0	0	0	0
EQUIPMENT RENTAL				0	0	0	0
				<u>60,211</u>	<u>0</u>	<u>0</u>	<u>60,211</u>
TOTAL MEDICAL REC. & SERVICES							
DIETARY							80,137
SALARIES				80,137	0	0	0
DIRECT BENEFITS AND TAXES				0	0	0	23,929
INDIRECT BENEFITS AND TAXES				23,920	0	0	110,068
				<u>110,068</u>	<u>0</u>	<u>0</u>	
SUB-TOTAL							
SUPPLIES				10,341	0	0	10,341
DISHES AND UTENSILS				486	0	0	486
CONSULTANTS				3,301	0	0	3,301
PURCHASED SERVICES				0	0	0	0
OTHER				0	0	0	0
FOOD				98,165	0	0	98,165
MEAL INCOME				-3,378	0	0	-3,378
ALLOCATED / CONTRACTED DIETARY				0	0	0	0
				<u>219,041</u>	<u>0</u>	<u>0</u>	<u>219,041</u>
TOTAL DIETARY							

State of West Virginia

VENDOR PREFERENCE CERTIFICATE

Certification and application* is hereby made for Preference in accordance with *West Virginia Code*, §5A-3-37. (Does not apply to construction contracts). *West Virginia Code*, §5A-3-37, provides an opportunity for qualifying vendors to request (at the time of bid) preference for their residency status. Such preference is an evaluation method only and will be applied only to the cost bid in accordance with the *West Virginia Code*. This certificate for application is to be used to request such preference. The Purchasing Division will make the determination of the Resident Vendor Preference, if applicable.

1. Application is made for 2.5% resident vendor preference for the reason checked:

- ____ Bidder is an individual resident vendor and has resided continuously in West Virginia for four (4) years immediately preceding the date of this certification; or,
- ____ Bidder is a partnership, association or corporation resident vendor and has maintained its headquarters or principal place of business continuously in West Virginia for four (4) years immediately preceding the date of this certification; or 80% of the ownership interest of Bidder is held by another individual, partnership, association or corporation resident vendor who has maintained its headquarters or principal place of business continuously in West Virginia for four (4) years immediately preceding the date of this certification; or,
- ____ Bidder is a nonresident vendor which has an affiliate or subsidiary which employs a minimum of one hundred state residents and which has maintained its headquarters or principal place of business within West Virginia continuously for the four (4) years immediately preceding the date of this certification; or,

2. Application is made for 2.5% resident vendor preference for the reason checked:

- ____ Bidder is a resident vendor who certifies that, during the life of the contract, on average at least 75% of the employees working on the project being bid are residents of West Virginia who have resided in the state continuously for the two years immediately preceding submission of this bid; or,

3. Application is made for 2.5% resident vendor preference for the reason checked:

- ____ Bidder is a nonresident vendor employing a minimum of one hundred state residents or is a nonresident vendor with an affiliate or subsidiary which maintains its headquarters or principal place of business within West Virginia employing a minimum of one hundred state residents who certifies that, during the life of the contract, on average at least 75% of the employees or Bidder's affiliate's or subsidiary's employees are residents of West Virginia who have resided in the state continuously for the two years immediately preceding submission of this bid; or,

4. Application is made for 5% resident vendor preference for the reason checked:

- ____ Bidder meets either the requirement of both subdivisions (1) and (2) or subdivision (1) and (3) as stated above; or,

5. Application is made for 3.5% resident vendor preference who is a veteran for the reason checked:

- ____ Bidder is an individual resident vendor who is a veteran of the United States armed forces, the reserves or the National Guard and has resided in West Virginia continuously for the four years immediately preceding the date on which the bid is submitted; or,

6. Application is made for 3.5% resident vendor preference who is a veteran for the reason checked:

- ____ Bidder is a resident vendor who is a veteran of the United States armed forces, the reserves or the National Guard, if, for purposes of producing or distributing the commodities or completing the project which is the subject of the vendor's bid and continuously over the entire term of the project, on average at least seventy-five percent of the vendor's employees are residents of West Virginia who have resided in the state continuously for the two immediately preceding years.

Bidder understands if the Secretary of Revenue determines that a Bidder receiving preference has failed to continue to meet the requirements for such preference, the Secretary may order the Director of Purchasing to: (a) reject the bid; or (b) assess a penalty against such Bidder in an amount not to exceed 5% of the bid amount and that such penalty will be paid to the contracting agency or deducted from any unpaid balance on the contract or purchase order.

By submission of this certificate, Bidder agrees to disclose any reasonably requested information to the Purchasing Division and authorizes the Department of Revenue to disclose to the Director of Purchasing appropriate information verifying that Bidder has paid the required business taxes, provided that such information does not contain the amounts of taxes paid nor any other information deemed by the Tax Commissioner to be confidential.

Under penalty of law for false swearing (*West Virginia Code*, §61-5-3), Bidder hereby certifies that this certificate is true and accurate in all respects; and that if a contract is issued to Bidder and if anything contained within this certificate changes during the term of the contract, Bidder will notify the Purchasing Division in writing immediately.

Bidder: _____

Signed: _____

Date: _____

Title: _____

*Check any combination of preference consideration(s) indicated above, which you are entitled to receive.

RFQ No. HR 12070STATE OF WEST VIRGINIA
Purchasing Division**PURCHASING AFFIDAVIT**

West Virginia Code §5A-3-10a states: No contract or renewal of any contract may be awarded by the state or any of its political subdivisions to any vendor or prospective vendor when the vendor or prospective vendor or a related party to the vendor or prospective vendor is a debtor and the debt owed is an amount greater than one thousand dollars in the aggregate.

DEFINITIONS:

"Debt" means any assessment, premium, penalty, fine, tax or other amount of money owed to the state or any of its political subdivisions because of a judgment, fine, permit violation, license assessment, defaulted workers' compensation premium, penalty or other assessment presently delinquent or due and required to be paid to the state or any of its political subdivisions, including any interest or additional penalties accrued thereon.

"Debtor" means any individual, corporation, partnership, association, limited liability company or any other form or business association owing a debt to the state or any of its political subdivisions. "Political subdivision" means any county commission; municipality; county board of education; any instrumentality established by a county or municipality; any separate corporation or instrumentality established by one or more counties or municipalities, as permitted by law; or any public body charged by law with the performance of a government function or whose jurisdiction is coextensive with one or more counties or municipalities. "Related party" means a party, whether an individual, corporation, partnership, association, limited liability company or any other form or business association or other entity whatsoever, related to any vendor by blood, marriage, ownership or contract through which the party has a relationship of ownership or other interest with the vendor so that the party will actually or by effect receive or control a portion of the benefit, profit or other consideration from performance of a vendor contract with the party receiving an amount that meets or exceeds five percent of the total contract amount.

EXCEPTION: The prohibition of this section does not apply where a vendor has contested any tax administered pursuant to chapter eleven of this code, workers' compensation premium, permit fee or environmental fee or assessment and the matter has not become final or where the vendor has entered into a payment plan or agreement and the vendor is not in default of any of the provisions of such plan or agreement.

Under penalty of law for false swearing (*West Virginia Code §61-5-3*), it is hereby certified that the vendor affirms and acknowledges the information in this affidavit and is in compliance with the requirements as stated.

WITNESS THE FOLLOWING SIGNATURE

Vendor's Name: _____

Authorized Signature: _____ Date: _____

State of _____

County of _____, to-wit:

Taken, subscribed, and sworn to before me this ____ day of _____, 20__.

My Commission expires _____, 20__.

AFFIX SEAL HERE

NOTARY PUBLIC _____

SEE ATTACHMENT 5 FOR COMPLETED FORM

ATTACHMENT 3
SIGNED AND DATED ADDENDUM No. 1



State of West Virginia
Department of Administration
Purchasing Division
2019 Washington Street East
Post Office Box 50130
Charleston, WV 25305-0130

Request for Quotation

RFQ NUMBER

HHR12070

PAGE

1

ADDRESS CORRESPONDENCE TO ATTENTION OF:

ROBERTA WAGNER
304-558-0067

V
E
N
D
O
R

Tichenor & Associates, LLP
304 Middletown Park Place, Ste C
Louisville, KY 40243

S
H
I
P
T
O

HEALTH AND HUMAN RESOURCES
INTERNAL CONTROL & POLICY
DEVELOPMENT
ONE DAVIS SQUARE, SUITE 401
CHARLESTON, WV
25301 304-558-7314

DATE PRINTED	TERMS OF SALE	SHIP VIA	F.O.B.	FREIGHT TERMS		
12/21/2011						
BID OPENING DATE: 01/03/2012		BID OPENING TIME 01:30PM				
LINE	QUANTITY	UOP	CAT. NO.	ITEM NUMBER	UNIT PRICE	AMOUNT
<p>ADDENDUM NO. 1</p> <p>1. QUESTIONS AND ANSWERS ARE ATTACHED.</p> <p>2. ADDENDUM ACKNOWLEDGEMENT IS ATTACHED. THIS DOCUMENT SHOULD BE SIGNED AND RETURNED WITH YOUR BID. FAILURE TO SIGN AND RETURN MAY RESULT IN DISQUALIFICATION OF YOUR BID.</p> <p>EXHIBIT 10</p> <p>REQUISITION NO.: HHR12070...</p> <p>ADDENDUM ACKNOWLEDGEMENT</p> <p>I HEREBY ACKNOWLEDGE RECEIPT OF THE FOLLOWING CHECKED ADDENDUM(S) AND HAVE MADE THE NECESSARY REVISIONS TO MY PROPOSAL, PLANS AND/OR SPECIFICATION, ETC.</p> <p>ADDENDUM NO. S:</p> <p>NO. 1 ...X...</p> <p>NO. 2</p> <p>NO. 3</p> <p>NO. 4</p> <p>NO. 5</p> <p>I UNDERSTAND THAT FAILURE TO CONFIRM THE RECEIPT OF THE ADDENDUM(S) MAY BE CAUSE FOR REJECTION OF BIDS. VENDOR MUST CLEARLY UNDERSTAND THAT ANY VERBAL REPRESENTATION MADE OR ASSUMED TO BE MADE DURING ANY ORAL DISCUSSION HELD BETWEEN VENDOR'S REPRESENTATIVES AND ANY STATE PERSONNEL IS NOT BINDING. ONLY THE</p>						
SEE REVERSE SIDE FOR TERMS AND CONDITIONS						
SIGNATURE <i>William R. Tichenor, Partner</i>				TELEPHONE (502) 245-0775 ext. 108		DATE 12/30/2011
TITLE <i>Partner</i>		FEIN 61-1019321		ADDRESS CHANGES TO BE NOTED ABOVE		

WHEN RESPONDING TO RFQ, INSERT NAME AND ADDRESS IN SPACE ABOVE LABELED 'VENDOR'

GENERAL TERMS & CONDITIONS REQUEST FOR QUOTATION (RFQ) AND REQUEST FOR PROPOSAL (RFP)

1. Awards will be made in the best interest of the State of West Virginia.
 2. The State may accept or reject in part, or in whole, any bid.
 3. Prior to any award, the apparent successful vendor must be properly registered with the Purchasing Division and have paid the required \$125 fee.
 4. All services performed or goods delivered under State Purchase Order/Contracts are to be continued for the term of the Purchase Order/Contracts, contingent upon funds being appropriated by the Legislature or otherwise being made available. In the event funds are not appropriated or otherwise available for these services or goods this Purchase Order/Contract becomes void and of no effect after June 30.
 5. Payment may only be made after the delivery and acceptance of goods or services.
 6. Interest may be paid for late payment in accordance with the *West Virginia Code*.
 7. Vendor preference will be granted upon written request in accordance with the *West Virginia Code*.
 8. The State of West Virginia is exempt from federal and state taxes and will not pay or reimburse such taxes.
 9. The Director of Purchasing may cancel any Purchase Order/Contract upon 30 days written notice to the seller.
 10. The laws of the State of West Virginia and the *Legislative Rules* of the Purchasing Division shall govern the purchasing process.
 11. Any reference to automatic renewal is hereby deleted. The Contract may be renewed only upon mutual written agreement of the parties.
 12. **BANKRUPTCY:** In the event the vendor/contractor files for bankruptcy protection, the State may deem this contract null and void, and terminate such contract without further order.
 13. **HIPAA BUSINESS ASSOCIATE ADDENDUM:** The West Virginia State Government HIPAA Business Associate Addendum (BAA), approved by the Attorney General, is available online at www.state.wv.us/admin/purchase/vrc/hipaa.html and is hereby made part of the agreement provided that the Agency meets the definition of a Cover Entity (45 CFR §160.103) and will be disclosing Protected Health Information (45 CFR §160.103) to the vendor.
 14. **CONFIDENTIALITY:** The vendor agrees that he or she will not disclose to anyone, directly or indirectly, any such personally identifiable information or other confidential information gained from the agency, unless the individual who is the subject of the information consents to the disclosure in writing or the disclosure is made pursuant to the agency's policies, procedures, and rules. Vendor further agrees to comply with the Confidentiality Policies and Information Security Accountability Requirements, set forth in <http://www.state.wv.us/admin/purchase/privacy/noticeConfidentiality.pdf>.
 15. **LICENSING:** Vendors must be licensed and in good standing in accordance with any and all state and local laws and requirements by any state or local agency of West Virginia, including, but not limited to, the West Virginia Secretary of State's Office, the West Virginia Tax Department, and the West Virginia Insurance Commission. The vendor must provide all necessary releases to obtain information to enable the director or spending unit to verify that the vendor is licensed and in good standing with the above entities.
 16. **ANTITRUST:** In submitting a bid to any agency for the State of West Virginia, the bidder offers and agrees that if the bid is accepted the bidder will convey, sell, assign or transfer to the State of West Virginia all rights, title and interest in and to all causes of action it may now or hereafter acquire under the antitrust laws of the United States and the State of West Virginia for price fixing and/or unreasonable restraints of trade relating to the particular commodities or services purchased or acquired by the State of West Virginia. Such assignment shall be made and become effective at the time the purchasing agency tenders the initial payment to the bidder.
- I certify that this bid is made without prior understanding, agreement, or connection with any corporation, firm, limited liability company, partnership, or person or entity submitting a bid for the same material, supplies, equipment or services and is in all respects fair and without collusion or Fraud. I further certify that I am authorized to sign the certification on behalf of the bidder or this bid.

INSTRUCTIONS TO BIDDERS

1. Use the quotation forms provided by the Purchasing Division. Complete all sections of the quotation form.
2. Items offered must be in compliance with the specifications. Any deviation from the specifications must be clearly indicated by the bidder. Alternates offered by the bidder as **EQUAL** to the specifications must be clearly defined. A bidder offering an alternate should attach complete specifications and literature to the bid. The Purchasing Division may waive minor deviations to specifications.
3. Unit prices shall prevail in case of discrepancy. All quotations are considered F.O.B. destination unless alternate shipping terms are clearly identified in the quotation.
4. All quotations must be delivered by the bidder to the office listed below prior to the date and time of the bid opening. Failure of the bidder to deliver the quotations on time will result in bid disqualifications: Department of Administration, Purchasing Division, 2019 Washington Street East, P.O. Box 50130, Charleston, WV 25305-0130
5. Communication during the solicitation, bid, evaluation or award periods, except through the Purchasing Division, is strictly prohibited (W.Va. C.S.R. §148-1-6.6).



State of West Virginia
Department of Administration
Purchasing Division
2019 Washington Street East
Post Office Box 50130
Charleston, WV 25305-0130

Request for Quotation

RFQ NUMBER

HHR12070

PAGE

2

ADDRESS CORRESPONDENCE TO ATTENTION OF:

ROBERTA WAGNER

304-558-0067

RFQ COPY

TYPE NAME/ADDRESS HERE

Tichenor & Associates, LLP
304 Middletown Park Place, Ste C
Louisville, KY 40243

HEALTH AND HUMAN RESOURCES
INTERNAL CONTROL & POLICY
DEVELOPMENT

ONE DAVIS SQUARE, SUITE 401
CHARLESTON, WV

25301

304-558-7314

DATE PRINTED	TERMS OF SALE	SHIP VIA	F.O.B.	FREIGHT TERMS
12/21/2011				
BID OPENING DATE: 01/03/2012		BID OPENING TIME 01:30PM		

LINE	QUANTITY	UOP	CAT. NO.	ITEM NUMBER	UNIT PRICE	AMOUNT
INFORMATION ISSUED IN WRITING AND ADDED TO THE SPECIFICATIONS BY AN OFFICIAL ADDENDUM IS BINDING.						
<i>William R. Tichenor, Partner</i> SIGNATURE						
<i>TICHENOR & ASSOCIATES, LLP</i> COMPANY						
<i>12/30/11</i> DATE						
NOTE: THIS ADDENDUM ACKNOWLEDGEMENT SHOULD BE SUBMITTED WITH THE BID.						
REV. 09/21/2009						
END OF ADDENDUM NO. 1						

SEE REVERSE SIDE FOR TERMS AND CONDITIONS

SIGNATURE <i>William R. Tichenor, Partner</i>	TELEPHONE <i>(502) 245-0775 ext. 108</i>	DATE <i>12/30/2011</i>
TITLE <i>Partner</i>	FEIN <i>61-1019321</i>	ADDRESS CHANGES TO BE NOTED ABOVE

WHEN RESPONDING TO RFQ, INSERT NAME AND ADDRESS IN SPACE ABOVE LABELED 'VENDOR'



State of West Virginia
Department of Administration
Purchasing Division
2019 Washington Street East
Post Office Box 50130
Charleston, WV 25305-0130

Request for Quotation

RFQ NUMBER

HHR12070

PAGE

3

ADDRESS CORRESPONDENCE TO ATTENTION OF:

ROBERTA WAGNER
304-558-0067

RFQ COPY

TYPE NAME/ADDRESS HERE

Tichenor & Associates, LLP
304 Middletown Park Place, Ste C
Louisville, KY 40243

HEALTH AND HUMAN RESOURCES
INTERNAL CONTROL & POLICY
DEVELOPMENT
ONE DAVIS SQUARE, SUITE 401
CHARLESTON, WV
25301 304-558-7314

DATE PRINTED	TERMS OF SALE	SHIP VIA	F.O.B.	FREIGHT TERMS		
12/21/2011						
BID OPENING DATE: 01/03/2012		BID OPENING TIME 01:30PM				
LINE	QUANTITY	UOP	CAT. NO.	ITEM NUMBER	UNIT PRICE	AMOUNT
001	1	JB		961-20	<i>See Attachment 1 to the Proposal</i>	\$ 695,600.
</						

SEE REVERSE SIDE FOR TERMS AND CONDITIONS

SIGNATURE *William R. Tichenor, Partner* TELEPHONE (502) 245.0775 ext. 108 DATE 12/30/11
TITLE *Partner* FEIN 61-1019321 ADDRESS CHANGES TO BE NOTED ABOVE

WHEN RESPONDING TO RFQ, INSERT NAME AND ADDRESS IN SPACE ABOVE LABELED 'VENDOR'

WV DHHR-OAMR RESPONSES TO WRITTEN VENDOR QUESTIONS RFQ HHR12070

- 1) How many cost report periods and six-month periods are there to be audited for the 17 facilities?
 - A. WV DHHR can go back five years to conduct LT-FASR audits. It is anticipated that we would assign the past 3 to five years of cost reporting comprised of two six month cost reporting periods each year. Therefore it is possible that from 6 to 10 cost reporting periods would be requested to be audited for each of the 17 facilities.
- 2) Do you know where the financial records are maintained for each facility (facility and/or home office)?
 - A. See Q & A Supplemental response "A" for general locations of facilities or home offices. Regardless of location, it is the policy of OAMR to give the Providers (10 business days) to provide requested audit information (unless reasonable extension of time is expressly approved by OAMR, due to significant circumstances). Failure by a facility or home office to respond to auditor's request for information will result in a full disallowance of any amounts unable to be corroborated as a result of their lack of response.
- 3) Where is the office located for the financial records for the audit of the home office costs?
 - A. See Q & A Supplemental response "A" for general locations.
- 4) Could you have someone provide a copy of the last audit report for each of the facilities and home office? I need the reports to determine if there are any significant and/or unusual findings noted during the audit.
 - A. As the past audit reports are not "public information" OAMR will not release them at this time, however, they are readily available and will be immediately shared with the successful bidder upon award of the contract. However, a de-identified basic audit report has been provided in Q & A Supplemental Response "B" for vendor information to illustrate the attestation engagement type of audit report that is required. The OAMR will expect that the successful vendor will prepare a report with the following elements for each of the 17 facility audits :
 - Independent Accountants' Examination Report
 - Report on Internal Control and Compliance in Accordance with Government Auditing Standards
 - Schedule of Findings and Recommendations
- 5) Is OAMR aware of any issues occurring or adjustments made to the cost report periods that will be audited for any of the 17 facilities?
 - A. OAMR is not aware of any issues occurring or adjustments made to the cost report periods that will be audited for any of the 17 facilities in Year 1. During the option Year 3 there are currently two facilities that have audit issues and/or appeals pending however, it is anticipated that those issues will be fully resolved by the time audit work for Year 3 would commence and assuming that renewal of Option Year 3 would be exercised by OAMR.
- 6) Can you identify which of the 17 facilities have a home office?
 - A. See Q & A Supplemental response "A".
- 7) Can you identify which of the 17 facilities are hospital-based?
 - A. See Q & A Supplemental response "A".
- 8) Which is the correct zip code for submission of the bid, 25311 or 25305-0130?
 - A. The correct zip code is 25305-0130.

- 9) What is the Department of Administration – Purchasing Division's office schedule during the holidays for incoming package deliveries?
- A. The schedule is irrelevant as their schedule during the holiday season does not impact processing of the RFQ.
- 10) When does DHHR anticipate awarding the contract?
- A. It is difficult to give an exact date however it is anticipated within our budget that this encumbrance would begin approximately February, 2012.
- 11) Can technical and cost information be included in the same proposal? Or would you prefer that technical and cost information be in separate proposal volumes?
- A. This is an RFQ and not an RFP therefore, both the technical and the cost response should be included as part of the same submission package.
- 12) Mandatory Requirement – Vendor Experience/Capabilities: #2 – CPA Mobility became effective in West Virginia June 5, 2008. If our staff are licensed in other states and they meet the requirements to have practice privileges in West Virginia in accordance with the Mobility legislation, would the requirement to have "at least five (5) staff hold CPA certification valid in the State of West Virginia" be met?
- A. Yes. OAMR would recognize the right to practice in West Virginia for any CPA meeting the requirements of W. Va. Code 30-9-16.
- 13) Mandatory Requirement – Vendor Experience/Capabilities: #3 & 4 – What does DHHR mean by "samples of work"?
- A. Respondent could submit listing or give examples of ways they have provided cost report training or give a sample syllabus of content of training they offer.
- 14) Scope of Work – Mandatory Requirements: #3 – We understand OAMR will perform desk reviews prior to any field audits. Will the contractor be given the desk review file for review to help with audit planning?
- A. Yes. The desk review file may be relevant to the audits in some cases. As such if information from them are needed it will be made available either by documentary evidence or through interaction with the OAMR staff as necessary.
- 15) Scope of Work – Mandatory Requirements: #4 – This requirement states "[t]he procedures for each engagement are to include, at a minimum, the procedures outlined in the OAMR Audit Guide." May a bidder propose alternative procedures to meet the audit objectives?
- A. Yes. If alternative procedures would result in meeting the objectives and assertions of the audit program then they may be utilized upon approval by OAMR.
- 16) Scope of Work – Mandatory Requirements: #11 – What is the percentage of contractor performed examinations that are appealed and what is the average number of hours a contractor would expect to spend per appeal?
- A. Approximately 3%-5% of the exams typically may result in an appeal. The amount of time a contractor would be required to spend in an appeal would depend on the issues involved. The involvement would most likely consist of response to inquiries and other preparation to assist WV Medicaid Legal department and OAMR to defend decisions of cost disallowance that may be challenged in an appeal by a provider.

Much of this preparation may be possible by conference call. OAMR will do everything possible to minimize the contractor involvement in the process and limit travel costs.

17) **Scope of Work – Mandatory Requirements: #17** – This requires all draft reports to be submitted no later than 90 days before the contract expiration date. Is the “contract expiration date” the last day of each contract year (the base year and each of the two renewal years)?

A. Yes. This mandatory was put in the RFQ to make it clear to the contractor that all field work and reporting work must be completed within the 12-month contract period. The 90-day requirement is to allow OAMR adequate time to quality review and approve a clean final draft of the audit report prior to expiration of the contract so we may be able to approve final payment.

18) **Scope of Work – Mandatory Requirements: #18** – The requirement says “[i]n the event that less than eight (8) LTC-FASRs cost reporting periods are to be examined in an engagement, the vendor is to adjust the per engagement fee to accommodate the reduction in work accordingly.” Does this mean that the “All-inclusive Per Engagement Cost” to be included on Attachments 1-3 is to assume that all engagements will include eight (8) LTC-FASR cost reporting periods?

A. Yes. There is a possibility that this contract will be renewed for two periods after it is awarded. The language regarding six (6) to ten (10) is included so that in the event the contract is renewed OAMR may specify the number of LTC-FASRs to be included in the renewal. For the purposes of this year’s contract, however, the number of LTC-FASRs has been specified as eight (8). The fee should be based on the eight (8) LTC-FASR periods specified

19) **Price Quotations – pg. 19** – Attachment #1 does not list locations or the number of LTC-FASRs to be included in the engagement. Will that be made available?

A. Yes. See Supplement A.

20) Does each of the 17 facilities include eight cost reports, which would span four years?

A. Yes.

21) **Vendor Experience/Capabilities #3** – Can you give an example of the type of samples of work to demonstrate expertise you would like to see submitted?

A. Respondent could submit listing or give examples of types or specific audit engagement clients that would demonstrate specific expertise.

22) **Vendor Experience/Capabilities #4** – Can you give an example of the type of samples of work to demonstrate proficiency you would like to see submitted?

A. Respondent could submit listing or give examples of types or specific audit engagement clients that would demonstrate specific proficiency.

23) **Scope of Work #1-3** – Can you provide a redacted example of the report(s) you are requesting?

A. Yes. See Supplement B.

24) **Scope of Work #6** – Is it expected or normal that the auditors visit the home offices of chain facilities?

A. In most cases it is not expected or the norm that the auditor would have to visit the home office. Most time our internal staff is able to obtain necessary audit information through correspondence and/or conference call or by visit to the local (West Virginia) facility. OAMR would make a determination if an onsite visit were necessary.

- 25) Scope of Work #11 – How common is it for providers to appeal and what is the general timeframe for contractor CPAs' involvement?
- A. See Answer to Question #16 on appeals and involvement of contractor.
- 26) Audit Guide – Will OAMR personnel perform any of the procedures?
- A. OAMR staff and management will be available to provide guidance and direction relative to the provider or the OAMR Audit Program on a limited basis however, the successful contractor is expected to complete field work and reporting without expectation of reliance on OAMR for staffing needs to complete work.
- 27) Please provide a Facility list (pages 21 – 23 of the RFQ) indicating which locations are part of a chain of facilities and the name and location of the parent or home offices for each along with their ownership structure.
- A. See Supplement A.
- 28) For chains with home offices outside of West Virginia, could you provide an estimate of the percentage of work to be done at the home office compared to the percentage of work to be done at the facility.
- A. Most of the audit field work information required of the home office should be able to be done through phone or email correspondence with the home office and direct field work at the West Virginia facility/facilities.
- 29) Could you please provide the prior year total billings for the previous contract?
- A. The previous contract billings stretched beyond last year and were based on completed audit reports rather than hours billed however, for year one of the previous contract amounts billed totaled about \$170,000.
- 30) Could you please provide any additional scope of work changes for the previous contract?
- A. There were no changes impacting the scope of work for the previous contract.
- 31) Please provide a copy of the prior year attestation examination reports, related findings, and any other required communications letters issued on these entities from the prior period.
- A. See Supplement B.

Supplemental Response "A"
HHR12070 Auditing of Long Term Care Financial and Statistical Reports (LTC-FASR)
WEST VIRGINIA DHHR OAMR
COST QUOTE FOR STANDARD FACILITY ENGAGEMENT
YEAR 1 ALL-INCLUSIVE COST SHEET

<u>FACILITY</u>	<u>General Location</u>
1. Eagle Pointe	Home Office (Indianapolis, IN)
2. Weirton Medical Center	Hospital Based SNF
3. Guardian Elder Care at Wheeling	Hospital Based SNF
4. Arbors at Fairmont	Home Office (Milwaukee, WI)
5. Broadus Hospital-Mansfield Place	Hospital Based SNF
6. Greenbrier Manor	
7. Pleasant Valley Nursing and Rehabilitation Center	Hospital Based SNF
8. Good Samaritan Society- Barbour County	Home Office (Sioux Falls, SD)
9. Montgomery General Elderly Care Center	
10. Grant Memorial Hospital	Hospital Based SNF
11. Montgomery General Hospital Extended Care	Hospital Based SNF
12. Morgan County War Memorial Hospital	Hospital Based SNF
13. Minnie Hamilton Health Care Center, Inc.	Hospital Based SNF
14. Roane General Hospital	Hospital Based SNF
15. St. Josephs Hospital of Buckhannon, Inc.	Hospital Based SNF
16. Summers County ARH	Hospital Based SNF
17. Summersville Memorial Hospital	Hospital Based SNF
SUBTOTAL FOR STANDARD ENGAGEMENTS COST Year 1	

Supplemental Response "A"-continued
HHR 12070 Auditing of Long Term Care Financial and Statistical Reports (LTC-FASR)
WEST VIRGINIA DHHR OAMR
COST QUOTE FOR STANDARD FACILITY ENGAGEMENT
YEAR 2 ALL-INCLUSIVE COST SHEET

<u>FACILITY</u>	<u>General Location</u>
1. Heartland of Charleston	Chain – Home Office (Toledo, OH)
2. Heartland of Beckley WV, LLC	
3. Heartland of Keyser	
4. Heartland of Clarksburg	
5. Heartland of Martinsburg	
6. Heartland of Preston County	
7. Heartland of Rainelle WV, LLC	
8. SunBridge Care & Rehabilitation For Dunbar	Chain – Home Office (Albuquerque, NM)
9. SunBridge Care & Rehabilitation For Salem	
10. SunBridge Care & Rehabilitation for Pine Lodge	
11. SunBridge Care & Rehabilitation for Putnam	
12. Sunbridge New Martinsville Health Care Center	
13. SunBridge Care & Rehabilitation for Parkersburg	
14. SunBridge Care & Rehabilitation for Glenville	
15. Holbrook Nursing Home	
16. Nella's Inc.	
17. Nellas Nursing Home, Inc.	
SUBTOTAL FOR STANDARD ENGAGEMENTS COSTS Year 2	

Supplemental Response "A"-continued
HHR 12070 Auditing of Long Term Care Financial and Statistical Reports (LTC-FASR)
WEST VIRGINIA DHHR OAMR
COST QUOTE FOR STANDARD FACILITY ENGAGEMENT
YEAR 3 ALL-INCLUSIVE COST SHEET

<u>FACILITY</u>	<u>General Location</u>
1. Huntington Health & Rehabilitation	Home Office (Houston, TX)
2. Golden LivingCenter-Glasgow	Chain – Home Office (Ft. Smith, AR)
3. Golden LivingCenter-Morgantown	
4. Golden LivingCenter-Riverside	
5. Hampshire Memorial Hospital	Hospital Based SNF
6. The Maples	
7. Clarksburg Nursing & Rehabilitation Center	Chain – Home Office (Charleston, WV)
8. McDowell Nursing & Rehabilitation Center	
9. Summers Nursing & Rehabilitation Center	
10. Fayette Nursing & Rehabilitation Center	
11. E.A. Hawse Nursing & Rehabilitation Center	
12. Lincoln Nursing & Rehabilitation Center	
13. Cameron Nursing & Rehabilitation Center	
14. Wayne Nursing & Rehabilitation Center	
15. Webster Nursing & Rehabilitation Center	
16. Wyoming Nursing & Rehabilitation Center	
17. Mercer Nursing & Rehabilitation Center	
Subtotal FOR STANDARD ENGAGEMENTS COSTS Year 3	

Q & A SUPPLEMENTAL RESPONSE "B"

**FINANCIAL & STATISTICAL REPORTS
FOR NURSING HOME**

**SIX MONTH PERIODS ENDED JUNE 30, 2004, DECEMBER 31, 2004, JUNE 30, 2005,
DECEMBER 31, 2005, JUNE 30, 2006, DECEMBER 31, 2006, JUNE 30, 2007, AND DECEMBER
31, 2007**

AND

INDEPENDENT ACCOUNTANTS' EXAMINATION REPORT

TABLE OF CONTENTS

<u>Section</u>	<u>Page</u>
Independent Accountants' Examination Report	1
Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Examination Of The Financial & Statistical Reports Performed In Accordance With Government Auditing Standards	3
Schedule Of Findings And Recommendations	5

INDEPENDENT ACCOUNTANTS' EXAMINATION REPORT

Department of Health and Human Resources
Office of Accountability and Management Reporting
One Davis Square
Suite 304
Charleston, West Virginia 25301

We have examined the financial and statistical information included in the West Virginia Department of Health and Human Resources Financial & Statistical Reports for Nursing Homes of

of and for the six month periods ended June 30, 2004, December 31, 2004, June 30, 2005, December 31, 2005, June 30, 2006, December 31, 2006, June 30, 2007, and December 31, 2007. The financial and statistical information included in the West Virginia Department of Health and Human Resources Financial & Statistical Reports is the responsibility of the Provider's management. Our responsibility is to express an opinion on the financial and statistical information included in the West Virginia Department of Health and Human Resources Financial & Statistical Reports based on our examinations.

Our examinations were conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the West Virginia Department of Health and Human Resources, Office of Accountability and Management Reporting Audit Guide for Long Term Care Facilities, Revised August 2008. Accordingly this included examining on a test basis, evidence supporting the financial and statistical information included in the West Virginia Department of Health and Human Resources Financial & Statistical Reports for Nursing Homes and performing such other procedures as we considered necessary in the circumstances. We believe that our examinations provide a reasonable basis for our opinion.

Our examinations disclosed significant findings that are included in the attached Schedule Of Findings And Recommendations that, individually or in the aggregate, resulted in a material misstatement or deviation from the West Virginia Medicaid Provider Manuals and all other applicable laws, rules and regulations established by the

West Virginia Department of Health and Human Resources. Additional specific significant findings may have been found if we had conducted a complete examination of the records.

In our opinion, except for the material misstatement/deviation described in the previous paragraph, the financial and statistical information included in the West Virginia Department of Health and Human Resources Financial & Statistical Reports for Nursing Homes of the Provider referred to above present fairly, in all material respects, the financial and statistical information of the Provider as of and for the six month periods ended June 30, 2004, December 31, 2004, June 30, 2005, December 31, 2005, June 30, 2006, December 31, 2006, June 30, 2007, and December 31, 2007 in accordance with the West Virginia Medicaid Provider Manuals and all other applicable laws, rules and regulations established by the West Virginia Department of Health and Human Resources.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 20, 2010 on our consideration of the Provider's internal control over financial reporting and on our tests of its compliance with the West Virginia Medicaid Provider Manuals and all other applicable laws, rules and regulations established by the West Virginia Department of Health and Human Resources. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an examination performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our examinations.

This report is intended solely for the information and use of the West Virginia Department of Health and Human Resources, Office of Accountability and Management Reporting, and is not intended to be and should not be used by anyone other than this specified party.

**Report On Internal Control Over Financial Reporting And
On Compliance And Other Matters Based On An Examination Of The
Financial & Statistical Reports Performed In Accordance With
Government Auditing Standards**

Department of Health and Human Resources
Office of Accountability and Management Reporting
One Davis Square
Suite 304
Charleston, West Virginia 25301

We have examined the West Virginia Department of Health and Human Resources
Financial & Statistical Reports for Nursing Homes of

as of and for the

six month periods ended June 30, 2004, December 31, 2004, June 30, 2005, December
31, 2005, June 30, 2006, December 31, 2006, June 30, 2007, and December 31, 2007 and
have issued our report thereon dated April 20, 2010 which was qualified because our
examinations disclosed material findings that are included in the accompanying Schedule
Of Findings And Recommendations that, individually or in the aggregate, resulted in a
material misstatement or deviation from the West Virginia Medicaid Provider Manuals
and all other applicable laws, rules and regulations established by the West Virginia
Department of Health and Human Resources. We conducted our examination in
accordance with attestation standards established by the American Institute of Certified
Public Accountants and the standards applicable to attestation standards contained in
Government Auditing Standards, issued by the Comptroller General of the United States.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our examinations, we considered Provider's internal control
over financial reporting as a basis for designing our examination procedures for the
purpose of expressing our opinion on the West Virginia Department of Health and
Human Resources Financial & Statistical Reports, but not for the purpose of expressing
an opinion on the effectiveness of Provider's internal control over financial reporting.

Accordingly, we do not express an opinion of the effectiveness on Provider's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Provider's ability to initiate, authorize, record, process, or report financial data reliably in accordance with the accrual basis of accounting such that there is more than a remote likelihood that a material misstatement based on the Provider's internal control over financial reporting could occur. We consider the deficiencies in the accompanying Schedule Of Findings And Recommendations to be significant deficiencies in internal control over financial reporting.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the West Virginia Department of Health and Human Resources Financial & Statistical Reports for the Provider are free of material misstatement, we performed tests of its compliance with West Virginia Medicaid Provider Manuals and all other applicable laws, rules and regulations established by the West Virginia Department of Health and Human Resources, noncompliance with which could have a direct and material effect on the determination of amounts and statistics reported in the West Virginia Department of Health and Human Resources Financial & Statistical Reports. However, providing an opinion on compliance with West Virginia Medicaid Provider Manuals and all other applicable laws, rules and regulations was not an objective of our examinations, and accordingly, we do not express such an opinion. The result of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule Of Findings And Recommendations.

This report is intended solely for the information and use of the West Virginia Department of Health and Human Resources, Office of Accountability and Management Reporting, and is not intended to be and should not be used by anyone other than this specified party.

EXAMINATION OF WEST VIRGINIA DEPARTMENT OF HEALTH AND HUMAN
RESOURCES FINANCIAL & STATISTICAL REPORTS

PERIODS ENDED JUNE 30, 2004, DECEMBER 31, 2004, JUNE 30, 2005,
DECEMBER 31, 2005, JUNE 30, 2006, DECEMBER 31, 2006, JUNE 30, 2007, AND
DECEMBER 31, 2007

SCHEDULE OF FINDINGS AND RECOMMENDATIONS

Finding Number 2007-1 Bed Hold Days Claimed In Error

Criteria: Per the West Virginia Medicaid Provider Manuals Chapter 514.10 Bed Reservation: "A nursing facility may receive Medicaid per diem reimbursement to reserve a resident's bed (bed hold) during his/her temporary absence from the facility. This is paid at the facility's established rate. The facility's occupancy must be 95% or greater the midnight before the resident leaves and there must be a waiting list for admission."

Condition: During our examination we noted that the provider billed and was paid for three bed hold days when their occupancy was below the 95% threshold.

Resident	Occupancy % day prior to transfer	Bed Hold Date(s)	Days on Bed Hold	Total Rate	Adjustment and Amount
LD	92.9%	4/1/06 - 4/2/06	2	\$162.51	\$325.02
AH	92.2%	4/2/06	1	\$162.51	\$162.51
			3	TOTAL	\$487.53

Cause: The facility did not provide a cause.

Effect or Potential Effect: Bed hold days were overstated and the facility was overpaid by Medicaid.

Recommendation: We recommend that the facility put controls in place to ensure that bed hold days are not billed when they do not meet the criteria.

Finding Number 2007-2 Census Errors

Criteria: Per the West Virginia Medicaid Provider Manuals Chapter 514.28 Maintenance Of Records: "Financial and Statistical records must be maintained by the facility to support and verify the information submitted on the cost reports."

Condition: During our bed hold day testing, we noted 3 bed hold days the provider billed Medicaid in error during April 2006. These adjustments are included in the table below. During our examination we determined that the census days on Page/Line WV6/Total on the Financial & Statistical Reports listed below were over or under stated as follows:

Month Ended	Per Cost Report	Per Census	Difference
January 2005	2,935	2,934	(1) Overstated
March 2006	2,839	2,870	31 Understated
April 2006	2,881	2,847	*(34) Overstated
January 2007	2,970	2,939	(31) Overstated

* Per Census includes adjustments from finding # 2007-1 Bed Hold Days Claimed In Error

Cost Report Period	FASR Cost Center	Page/Line	Account Number and Title	Days Per FASR	Days Per Facility Records	Adjustment and Amount
6/30/2005	Census	WV6/Total	N/A	17,005	17,004	Decrease Census by 1 day
6/30/2006	Census	WV6/Total	N/A	16,701	16,698	Decrease Census by 3 days
6/30/2007	Census	WV6/Total	N/A	16,939	16,908	Decrease Census by 31 days

Cause: The facility did not provide a cause.

Effect or Potential Effect: The census days are overstated on the June 30, 2005, June 30, 2006 and June 30, 2007 of the Financial & Statistical Report.

Recommendation: We recommend that the facility put controls in place to ensure that the Financial & Statistical Report is submitted accurately.

Finding Number 2007-3 Adjustments To Home Office Allocation

Criteria: Per the West Virginia Medicaid Provider Manuals Chapter 514.2.6 Provider Agreement: "Payment to the nursing facility for covered items and services it furnishes on or after the effective date of the agreement will require that the facility have a record keeping capability sufficient for determining the cost of services furnished to Medicaid recipients."

Criteria: Per the West Virginia Medicaid Provider Manuals Chapter 514.23 Reimbursement Requirements: "The West Virginia LTC reimbursement system is prospective with semi-annual rate adjustments. It is designed to treat all parties fairly and equitably, i.e., the resident, taxpayer, agency and facility. To meet these goals, complete and accurate cost data must be maintained by each facility with cost reports accurately prepared and submitted on a timely basis."

Criteria: Per the West Virginia Medicaid Provider Manuals Chapter 514.24 Cost Finding and Reporting: "All participating facilities are required to maintain cost data and submit cost reports according to the methods and procedures specified in this chapter and the Medicaid Reimbursement Guide for Long Term Care Nursing Facilities which ever is more restrictive."

Criteria: Per the West Virginia Medicaid Provider Manuals Chapter 514.28 Maintenance of Records: "Financial and Statistical records must be maintained by the facility to support and verify the information submitted on the cost reports... Upon request by the Department all records will be made available within ten (10) working days. If not produced within that time frame, the records will be considered non-existent... Costs found to be unsubstantiated will be disallowed and considered as an overpayment."

Criteria: Per the West Virginia Medicaid Provider Manuals Chapter 514.29 Allowable Costs: "Reimbursement for nursing facility service is limited to those costs required to deliver care to residents."

Criteria: Per the West Virginia Medicaid Provider Manuals Chapter 514.30.6 Working Capital Interest: "Working Capital Interest (WCI) is limited to short term loans (normal term of less than six months) taken out to meet immediate needs of daily operations. To be allowable, there must be a genuine effort by the provider to repay these notes. If no evidence of repayment is apparent and these notes are merely renewed throughout the year, the Program will not consider these to be bone fide working capital notes and the interest incurred on them will not be allowed if no justification can be made for nonpayment of the note"

Criteria: Per the West Virginia Medicaid Provider Manuals Chapter 514.30.9 Home Office Costs: "Home office costs are includable in the provider's cost report and are reimbursable as part of the provider's costs. Where the home office of the chain provides no services related to patient care, neither the costs nor the equity capital of the home office may be recognized in determining the allowable costs of the providers in the chain. Thus, allowable cost is limited to the lesser of (1) allowable costs properly allocated to the provider (2) the price for comparable services, facilities, or supplies that could be purchased elsewhere, taking account the benefits of effective purchasing that would accrue to each member provider because of aggregate purchasing on a chain wide basis. Home office costs that are not otherwise allowable costs when incurred directly by the provider cannot be allowable as home office costs to be allocated to providers. Costs related to nonmedical enterprises are not considered allowable home office costs. All allocated central office costs are considered administrative in nature and, therefore, must

comply with regulations governing allowability at individual facility locations. Starting with its total costs, including those costs paid on behalf of the providers (or components in the chain), the home office must delete all costs which are not allowable in accordance with program instructions."

Criteria: Per the West Virginia Medicaid Provider Manuals Chapter 514.32 Non-Allowable Costs: "Non-allowable costs are those costs which are not related to patient care or for which a separate charge is made."

Criteria: Per the West Virginia Medicaid Provider Manuals Chapter 514.32.4 Reorganization/Refinancing Costs: "Organization and reorganization costs are the costs incurred in the creation or restructuring of an entity. These costs are considered to be nonallowable for cost reporting and reimbursement purposes."

Criteria: Per the West Virginia Medicaid Provider Manuals Chapter 514.39.2 Field Audit: "Periodic on-site audits of the financial and statistical records of participating facilities will be conducted to assure the validity of reported costs and statistical data. Facilities must maintain records to support all costs submitted on the Financial and Statistical Report and all data to support payroll and census reports. Costs found to be unsubstantiated will be disallowed and considered as an overpayment."

Condition: During our examination of the cost reports for the six-month periods January 1, 2004 through December 31, 2007, we reviewed the Home Office Allocation to determine that the costs allocated to the Financial & Statistical Reports were allowable. Based on our review of these costs, we determined that some of the costs allocated to the Financial & Statistical Reports for the above six-month periods were non-allowable and therefore should not be included. The following is the total non-allowable cost by each six-month cost report period.

<u>Six-Month Period Ended</u>	<u>Total</u>
6/30/04	\$ 15,106
12/31/04	20,924
6/30/05	28,626
12/31/05	11,297
6/30/06	156,170
12/31/06	134,672
6/30/07	29,500
12/31/07	32,846
Total Non-Allowable Costs	<u>\$429,141</u>

Refer to the tables below that include the detail costs disallowed by the six-month cost period. The following by account titles are the types of costs that are disallowed and the reason(s) for the disallowance.

A. Legal Fees: During our review of the eight six-month cost report periods examined, we noted that management had included costs in an account titled legal fees which we

deemed to be non-allowable. The descriptions on the invoices that were deemed to be non-allowable were; liquor license, opposition to CON, restructuring,

LLC promissory note, research change in bed size, employee wrongful termination - settled, appeal of audit adjustments and other corporate matters. Reimbursement for nursing facility service is limited to those costs required to deliver care to residents. These legal fees by each six-month cost report period and the total non-allowable amounts are as follows:

<u>Six-Month Period Ended</u>	<u>Amount</u>
6/30/04	\$ 15,106
12/31/04	20,924
6/30/05	28,626
12/31/05	11,297
6/30/06	31,114
12/31/06	2,040
6/30/07	29,500
12/31/07	32,846
Total Non-Allowable Costs	<u>\$171,453</u>

B. Interest Expense: During our review of the eight six-month cost report periods examined, we noted that management had included costs in an account titled Adm - Interest Expense. We requested the loan documents to verify the terms, length, and purpose of the loan; after the review of the loan documents we noted that the loan documents stated that the loan's purpose was to refinance existing debt. Also, the loan documents referenced Exhibits A, B, C, D, and E which we requested from management and was not provided to us by management. The length of the loan was for twelve and a half months. During the exit conference the management stated that they needed to increase their line of credit from \$2,000,000 to \$3,000,000 and that is the reason the loan documents stated "Refinance existing debt" because they had to pay off the previous line of credit dated September 2, 2005. Using this reason would increase the length of the loan to fifteen and a half months, which we do not consider to be a short term loan. For the reasons stated above we have deemed the interest expense for this loan to be non-allowable. The interest expense by six-month cost report period and the total non-allowable amounts are as follows:

<u>Six-Month Period Ended</u>	<u>Amount</u>
6/30/06	\$125,056
12/31/06	132,632
Total Non-Allowable Costs	<u>\$257,688</u>

Refer to the following tables that include the accounts and costs disallowed by each six-month cost report period.

The reconciliations on the following pages by six-month cost report periods represent the original home office cost reported, less the non-allowable costs, and home office cost per

000022

audit. The second part of the reconciliation represents the audited home office cost allocation to each facility.

000023

Page 11 Has Been Redacted Due to Containing Sensitive Information

000024

Page 12 Has Been Redacted Due to Containing Sensitive Information.

000025

Page 13 Has Been Redacted Due to Containing Sensitive Information.

000026

Page 14 Has Been Redacted Due to Containing Sensitive Information.

000027

Page 15 Has Been Redacted Due to Containing Sensitive Information.

000028

Page 16 Has Been Redacted Due to Containing Sensitive Information.

Page 17 Has Been Redacted Due to Containing Sensitive Information.

Page 18 Has Been Redacted Due to Containing Sensitive Information.

Cost Report Period	FASR Cost Center	Page/Line	Account Number and Title	Amount Reported per FASR	Correct Amount	Adjustment and Amount
6/30/2004	Administration	WV20/46	N/A Central Office Allocation From WV20	\$314,695	\$313,040	Decrease \$1,655
6/30/2004	Non-Allowable Expenses	WV24/23	9950 Other	\$30,498	\$32,153	Increase \$1,655
12/31/2004	Administration	WV20/46	N/A Central Office Allocation From WV20	\$271,381	\$269,042	Decrease \$2,339
12/31/2004	Non-Allowable Expenses	WV24/23	9950 Other	\$29,538	\$31,877	Increase \$2,339
6/30/2005	Administration	WV20/46	N/A Central Office Allocation From WV20	\$295,568	\$292,345	Decrease \$3,223
6/30/2005	Non-Allowable Expenses	WV24/23	9950 Other	\$32,299	\$35,522	Increase \$3,223
12/31/2005	Administration	WV20/46	N/A Central Office Allocation From WV20	\$284,899	\$283,678	Decrease \$1,221
12/31/2005	Non-Allowable Expenses	WV24/23	9950 Other	\$33,098	\$34,319	Increase \$1,221
6/30/2006	Administration	WV20/46	N/A Central Office Allocation From WV20	\$338,286	\$320,334	Decrease \$17,952
6/30/2006	Non-Allowable Expenses	WV24/23	9950 Other	\$14,014	\$31,966	Increase \$17,952

12/31/2006	Administration	WV20/ 46	N/A Central Office Allocation From WV20	\$323,263	\$307,790	Decrease \$15,473
12/31/2006	Non- Allowable Expenses	WV24/ 23	9950 Other	\$25,908	\$41,381	Increase \$15,473
6/30/2007	Administration	WV20/ 46	N/A Central Office Allocation From WV20	\$335,162	\$331,848	Decrease \$3,314
6/30/2007	Non- Allowable Expenses	WV24/ 23	9950 Other	\$13,510	\$16,824	Increase \$3,314
12/31/2007	Administration	WV20/ 46	N/A Central Office Allocation From WV20	\$295,953	\$292,243	Decrease \$3,710
12/31/2007	Non- Allowable Expenses	WV24/ 23	9950 Other	\$26,664	\$30,374	Increase \$3,710

Cause: The facility did not provide a cause.

Effect or Potential Effect: Allowable expenses on the Financial & Statistical Report are overstated.

Recommendation: We recommend that the facility put controls in place which will ensure home office expenses that are non-allowable are classified in the proper non-allowable account and not allocated to the cost report.

SIGN IN SHEET

Page 1 of 2

Request for Proposal No. HHR12070

PLEASE PRINT

Date:

* PLEASE BE SURE TO PRINT LEGIBLY - IF POSSIBLE, LEAVE A BUSINESS CARD

FIRM & REPRESENTATIVE NAME	MAILING ADDRESS	TELEPHONE & FAX NUMBERS
Company: <u>HAYFLICH & STEINBERG</u>	<u>8 STONECREST DRIVE, HUNTINGTON, WV 25701</u>	PHONE <u>304-697-5700</u> TOLL FREE
Rep: <u>RICHARD ESKINS</u>		FAX <u>304-697-5704</u>
Email Address: <u>ESKINS@HAYFLICH.NET</u>		
Company: <u>MYERS & STAUFFER</u>	<u>4000 WESTCHASE BLVD, SUITE 450</u>	PHONE <u>919-829-7306</u> TOLL FREE
Rep: <u>ZACHARY DONAHUE</u>	<u>RALEIGH, NC 27607</u>	PHONE <u>877-829-7306</u> TOLL FREE
Email Address: <u>ZDONAHUE@MSLC.COM</u>		FAX <u>919-829-8870</u>
Company: <u>Suttle & Stalaker</u>	<u>1411 Virginia St. E Suite 100</u>	PHONE <u>304-343-4126</u> TOLL FREE
Rep: <u>Chris Lambert</u>	<u>Charleston, WV 25301</u>	PHONE <u>800-788-3844</u> TOLL FREE
Email Address: <u>cs Lambert@suttlecpcas.com</u>		FAX <u>304-343-8008</u>
Company: <u>Suttle & Stalaker, PLLC</u>	<u>1411 Virginia St. E. Suite 100</u>	PHONE <u>304-343-4126</u> TOLL FREE
Rep: <u>Chris Deereese</u>	<u>Charleston WV 25301</u>	PHONE <u>800-788-3844</u> TOLL FREE
Email Address: <u>cdereese@suttlecpcas.com</u>		FAX <u>(304)-343-8008</u>
Company: <u>Clifton Gundersen</u>	<u>4461 Cox Rd, Suite 210</u>	PHONE <u>804-270-2200</u> TOLL FREE
Rep: <u>Libby Short</u>	<u>Elan Allen JA 23060</u>	PHONE <u>804-270-2200</u> TOLL FREE
Email Address: <u>libby.Short@cliftoncpa.com</u>		FAX <u>804-270-2311</u>

SIGN IN SHEET

Page 2 of 2

Request for Proposal No. HHR12070

PLEASE PRINT

Date:

* PLEASE BE SURE TO PRINT LEGIBLY - IF POSSIBLE, LEAVE A BUSINESS CARD

TELEPHONE & FAX

NUMBERS

FIRM & REPRESENTATIVE NAME	MAILING ADDRESS	PHONE	TOLL FREE	FAX
Company: <u>PHBV Partners</u> (effective 1/1/12)	<u>4461 Cox Road Suite 210</u>	<u>804 270-2200</u>		
Rep: <u>Kelly Bultema</u>	<u>Cylen Allen, VA 23060</u>			
Email Address: <u>Kelly.Bultema@cliftoncpa.com</u>				<u>804 270-2311</u>
Company: <u>Tichenor & Associates, LP</u>	<u>304 Middletown Park Place, Ste. C</u>	<u>(502) 245-0715 ext. 108</u>		
Rep: <u>Betsy DeBord</u>	<u>Louisville, KY 40243</u>			
Email Address: <u>wtichenor@tichenorassociates.com</u>				<u>FAX (502) 245-0725</u>
Company: <u>Smith Cochran & Hicks Q.L.L.C.</u>		<u>PHONE 304-345-1151</u>		
Rep: <u>Chuck Smith</u>				
Email Address: <u>ChuckSmith@Schcpa.Com</u>				<u>FAX 304-346-6731</u>
Company:		PHONE		
		TOLL		
		FREE		
Rep:		FAX		
Email Address:				
Company:		PHONE		
		TOLL		
		FREE		
Rep:		FAX		
Email Address:				

000034

ATTACHMENT 4

SIGNED AND DATED VENDOR PREFERENCE CERTIFICATE

Rev. 09/08

State of West Virginia

VENDOR PREFERENCE CERTIFICATE

Certification and application* is hereby made for Preference in accordance with *West Virginia Code*, §5A-3-37. (Does not apply to construction contracts). *West Virginia Code*, §5A-3-37, provides an opportunity for qualifying vendors to request (at the time of bid) preference for their residency status. Such preference is an evaluation method only and will be applied only to the cost bid in accordance with the *West Virginia Code*. This certificate for application is to be used to request such preference. The Purchasing Division will make the determination of the Resident Vendor Preference, if applicable.

1. Application is made for 2.5% resident vendor preference for the reason checked:

- N/A Bidder is an individual resident vendor and has resided continuously in West Virginia for four (4) years immediately preceding the date of this certification; or,
- Bidder is a partnership, association or corporation resident vendor and has maintained its headquarters or principal place of business continuously in West Virginia for four (4) years immediately preceding the date of this certification; or 80% of the ownership interest of Bidder is held by another individual, partnership, association or corporation resident vendor who has maintained its headquarters or principal place of business continuously in West Virginia for four (4) years immediately preceding the date of this certification; or,
- Bidder is a nonresident vendor which has an affiliate or subsidiary which employs a minimum of one hundred state residents and which has maintained its headquarters or principal place of business within West Virginia continuously for the four (4) years immediately preceding the date of this certification; or,

2. Application is made for 2.5% resident vendor preference for the reason checked:

- N/A Bidder is a resident vendor who certifies that, during the life of the contract, on average at least 75% of the employees working on the project being bid are residents of West Virginia who have resided in the state continuously for the two years immediately preceding submission of this bid; or,

3. Application is made for 2.5% resident vendor preference for the reason checked:

- N/A Bidder is a nonresident vendor employing a minimum of one hundred state residents or is a nonresident vendor with an affiliate or subsidiary which maintains its headquarters or principal place of business within West Virginia employing a minimum of one hundred state residents who certifies that, during the life of the contract, on average at least 75% of the employees or Bidder's affiliate's or subsidiary's employees are residents of West Virginia who have resided in the state continuously for the two years immediately preceding submission of this bid; or,

4. Application is made for 5% resident vendor preference for the reason checked:

- N/A Bidder meets either the requirement of both subdivisions (1) and (2) or subdivision (1) and (3) as stated above; or,

5. Application is made for 3.5% resident vendor preference who is a veteran for the reason checked:

- N/A Bidder is an individual resident vendor who is a veteran of the United States armed forces, the reserves or the National Guard and has resided in West Virginia continuously for the four years immediately preceding the date on which the bid is submitted; or,

6. Application is made for 3.5% resident vendor preference who is a veteran for the reason checked:

- N/A Bidder is a resident vendor who is a veteran of the United States armed forces, the reserves or the National Guard, if, for purposes of producing or distributing the commodities or completing the project which is the subject of the vendor's bid and continuously over the entire term of the project, on average at least seventy-five percent of the vendor's employees are residents of West Virginia who have resided in the state continuously for the two immediately preceding years.

Bidder understands if the Secretary of Revenue determines that a Bidder receiving preference has failed to continue to meet the requirements for such preference, the Secretary may order the Director of Purchasing to: (a) reject the bid; or (b) assess a penalty against such Bidder in an amount not to exceed 5% of the bid amount and that such penalty will be paid to the contracting agency or deducted from any unpaid balance on the contract or purchase order.

By submission of this certificate, Bidder agrees to disclose any reasonably requested information to the Purchasing Division and authorizes the Department of Revenue to disclose to the Director of Purchasing appropriate information verifying that Bidder has paid the required business taxes, provided that such information does not contain the amounts of taxes paid nor any other information deemed by the Tax Commissioner to be confidential.

Under penalty of law for false swearing (*West Virginia Code*, §61-5-3), Bidder hereby certifies that this certificate is true and accurate in all respects; and that if a contract is issued to Bidder and if anything contained within this certificate changes during the term of the contract, Bidder will notify the Purchasing Division in writing immediately.

Bidder: Tichenor & Associates, LLP

Signed: William B. Tichenor, Partner

Date: 12/30/2011

Title: Partner

*Check any combination of preference consideration(s) indicated above, which you are entitled to receive.

ATTACHMENT 5

SIGNED AND DATED PURCHASING AFFIDAVIT

RFQ No. HR 12070

STATE OF WEST VIRGINIA
Purchasing Division

PURCHASING AFFIDAVIT

West Virginia Code §5A-3-10a states: No contract or renewal of any contract may be awarded by the state or any of its political subdivisions to any vendor or prospective vendor when the vendor or prospective vendor or a related party to the vendor or prospective vendor is a debtor and the debt owed is an amount greater than one thousand dollars in the aggregate.

DEFINITIONS:

"Debt" means any assessment, premium, penalty, fine, tax or other amount of money owed to the state or any of its political subdivisions because of a judgment, fine, permit violation, license assessment, defaulted workers' compensation premium, penalty or other assessment presently delinquent or due and required to be paid to the state or any of its political subdivisions, including any interest or additional penalties accrued thereon.

"Debtor" means any individual, corporation, partnership, association, limited liability company or any other form or business association owing a debt to the state or any of its political subdivisions. "Political subdivision" means any county commission; municipality; county board of education; any instrumentality established by a county or municipality; any separate corporation or instrumentality established by one or more counties or municipalities, as permitted by law; or any public body charged by law with the performance of a government function or whose jurisdiction is coextensive with one or more counties or municipalities. "Related party" means a party, whether an individual, corporation, partnership, association, limited liability company or any other form or business association or other entity whatsoever, related to any vendor by blood, marriage, ownership or contract through which the party has a relationship of ownership or other interest with the vendor so that the party will actually or by effect receive or control a portion of the benefit, profit or other consideration from performance of a vendor contract with the party receiving an amount that meets or exceeds five percent of the total contract amount.

EXCEPTION: The prohibition of this section does not apply where a vendor has contested any tax administered pursuant to chapter eleven of this code, workers' compensation premium, permit fee or environmental fee or assessment and the matter has not become final or where the vendor has entered into a payment plan or agreement and the vendor is not in default of any of the provisions of such plan or agreement.

Under penalty of law for false swearing (West Virginia Code §61-5-3), it is hereby certified that the vendor affirms and acknowledges the information in this affidavit and is in compliance with the requirements as stated.

WITNESS THE FOLLOWING SIGNATURE

Vendor's Name: TICHENOR & ASSOCIATES, LLP

Authorized Signature: William B. Tichenor, Partner Date: 12/30/11

State of Kentucky

County of Jefferson, to-wit:

Taken, subscribed, and sworn to before me this 30th day of December, 2011.

My Commission expires February 10, 2013.

AFFIX SEAL HERE

NOTARY PUBLIC L. M. P.