



HAYFLICH & STEINBERG

— Certified Public Accountants —

An Independent Member of BDO Seidman Alliance

#8 Stonecrest Drive
Huntington, WV 25701
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January 3, 2012

Roberta Wagner
West Virginia Purchasing Division
2019 Washington Street, East
P.O. Box 50130
Charleston, WV 25305-0130

Re: RFQ No. HHR12070
Bid Opening: January 3, 2012, 1:30 PM

Dear Ms. Wagner:

Enclosed are five copies of our proposal for providing audit services to the Department of Health and Human Resources' Office of Accountability and Management Reporting (OAMR). Our proposal illustrates our qualifications, highlights our desire to work with the OAMR, and allows for the professional time required to assist the OAMR in achieving its goals.

Thank you for the opportunity to propose our services to the State of West Virginia. Should you have any questions regarding our proposal or need additional information, please contact me.

Sincerely yours,

HAYFLICH & STEINBERG, CPA's, PLLC

Robert C. Fuller, CPA

Enclosures

RECEIVED

2012 JAN -3 PM 12:57

WV PURCHASING
DIVISION

HAYFLICH.

TO EXCEL IN HELPING YOU ACHIEVE SUCCESS

"To Excel in Helping You Achieve Success"

A PROPOSAL TO PROVIDE PROFESSIONAL SERVICES TO



OFFICE OF ACCOUNTABILITY & MANAGEMENT REPORTING

Proposal in Response to RFQ Number HHR12070

Bid Opening Date: January 3, 2012

Bid Opening Time: 1:30 pm

Date Submitted: January 3, 2012

HAYFLICH & STEINBERG, CPA's, PLLC

#8 Stonecrest Drive

Huntington, WV 25701

(304) 697-5700

ROBERT C. FULLER, CPA, PARTNER

fuller@hayflich.net

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Request for Quotation Number HHR12070 (Pages 1 – 41)

Addendum No. 1

HIPAA Business Associate Addendum

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Peer Review Report

Our Understanding of the Services Requested

Thank you for considering HAYFLICH & STEINBERG, CPA's, PLLC as your provider of professional accounting and audit services. The following information will set forth our understanding of the services requested and our commitment to performing the work in a timely fashion. As noted in the Request for Quotation No. HHR12070 this will consist of audits of Medicaid long-term care nursing home provider cost reports. The work will be performed on behalf of West Virginia Department of Health & Human Resources' Office of Accountability and Management Reporting (OAMR).

Utilizing the OAMR's Audit Guide for Long-Term Care Facilities, we will perform examinations of the listed facilities' semiannual Financial & Statistical Reports (cost report). Each examination will cover four fiscal years encompassing eight cost reports. The examinations will be conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States. In accordance with *Government Auditing Standards*, we will also issue a report on our consideration of the facility's internal control over financial reporting and on compliance and other matters.

We will also be available for an additional 180 hours over the 3-year contract period.

Firm Experience and Capabilities

1. Years in Business and Experience:

Founded in 1952, HAYFLICH & STEINBERG, CPA's, PLLC, is a full-service regional accounting firm located in Huntington, West Virginia. Our clients conduct business nationwide and internationally. They range in size from small business to multi-billion dollar enterprises and are located in West Virginia, Ohio, Kentucky, Maryland, Virginia, North Carolina, Tennessee, Pennsylvania, Indiana, Arizona, Texas, Florida, and Washington D.C.

We are organized departmentally in a manner conducive to making the highly specialized abilities of the firm's members available to all clientele. Considering the complexity of business today, a blend of several specialists is often required to handle an engagement properly. The professionals we commit to an engagement not only have the necessary training and experience, but also a results-oriented attitude.

Healthcare has been a substantial portion of our practice since the founding of the firm. We have worked with the Medicare and Medicaid programs since their inception, developing a tradition of reimbursement expertise that continues today. We have a broad understanding of the auditing, consulting, and compliance requirements of the healthcare industry. We keep current on the Medicare, Medicaid, and other federal and state legislative issues affecting the healthcare industry. Due to our concentration in the healthcare industry, we maintain a professional staff

Our Recent Work Under Government Auditing Standards

- Monroe County Health Center, Union, WV
- Prestera Center for Mental Health Services, Inc., Huntington, WV
- Sistersville General Hospital, Sistersville, WV
- Valley Health Systems, Inc. & Subsidiaries, Huntington, WV
 - Fort Gay Primary Health Care, Inc., Fort Gay, WV
 - Grant Medical Center, Inc., Milton, WV
 - Harts Health Clinic, Inc., Harts, WV
 - Upper Kanawha Health Association, Inc., Cedar Grove, WV
 - Wayne Health Services, Inc., Wayne, WV
- Glenville State College, Glenville, WV
- Marshall University (under contract to Deloitte & Touche), Huntington, WV
- Marshall University Research Corporation (under contract to Deloitte & Touche), Huntington, WV
- West Virginia Aeronautics Commission, Charleston, WV
- West Virginia Department of Transportation, Charleston, WV
- West Virginia Division of Highways, Charleston, WV
- West Virginia Division of Motor Vehicles, Charleston, WV
- West Virginia Division of Public Transit, Charleston, WV
- West Virginia Public Port Authority, Charleston, WV
- West Virginia State Rail Authority, Charleston, WV
- West Virginia State University Research & Development Corp., Institute, WV

Our Recent Healthcare Experience

- Welch Community Hospital, Welch, WV - consulting
- Mildred Mitchell-Bateman Hospital, Huntington, WV - consulting
- William R. Sharpe, Jr. Hospital, Weston, WV - consulting
- A&L Home Care & Training Center, LLC, Proctorville, OH - consulting
- Barboursville Internal Medicine, Inc., Barboursville, WV – consulting & tax
- Bluefield Regional Medical Center, Bluefield, WV – audit, consulting & tax
- Bluefield Health Systems, Inc., Bluefield, WV – audit, consulting & tax
- Bluefield Regional Medical Center Foundation, Bluefield, WV – audit, consulting & tax
- Cabell Huntington Hospital, Huntington, WV – consulting & tax
- Community Care, Inc., Bluefield, WV – audit, consulting & tax
- Health Management Nursing Service, Inc., South Point, OH – consulting
- Holzer Clinic, Inc., Gallipolis, OH – audit & consulting
- Huntington Cardiothoracic Surgery, Inc., Huntington, WV – consulting & tax
- Huntington Medical Associates, Inc., Huntington, WV – consulting & tax
- Huntington Urological Associates, Inc., Huntington, WV – consulting & tax
- Monroe County Health Center, Union, WV – audit
- Mountain Regional Services, Inc., Huntington, WV – consulting & tax
- Mountaineer Regional Resources, Inc., Bluefield, WV – audit, consulting & tax
- Prestera Center for Mental Health Services, Inc., Huntington, WV – audit & consulting

- Quality Care Nursing Service, Inc., South Point, OH - consulting
- Regional Physician Services, Inc., Bluefield, WV – audit, consulting & tax
- Regional Surgical Services, LLC, Bluefield, VA – audit, consulting & tax
- Sistersville General Hospital, Sistersville, WV – audit & consulting
- St. Mary's Hospital, Huntington, WV – consulting & tax
- Thomas Memorial Hospital, South Charleston, WV – consulting
- Tri-State Cyberknife, LLC, Huntington, WV – review, consulting & tax
- Tri-State Neuroscience Center, Inc., Huntington, WV – consulting & tax
- Valley Health Systems, Inc. & Subsidiaries, Huntington, WV – audit, consulting & tax
 - Fort Gay Primary Health Care, Inc., Fort Gay, WV
 - Grant Medical Center, Inc., Milton, WV
 - Harts Health Clinic, Inc., Harts, WV
 - Upper Kanawha Health Association, Inc., Cedar Grove, WV
 - Wayne Health Services, Inc., Wayne, WV
- Washington Hospital Center, Washington, D.C. – reimbursement consulting

2. Size of Firm:

Our size is important to our clients for two reasons. The firm is small enough so that our partners can maintain an intimate knowledge of our client's businesses and needs; second, the firm is large enough to have specialists available in the various disciplines of the profession.

Our firm employs 21 Certified Public Accountants and is staffed as follows:

Partners	5
Managers	10
Professional staff	12
Para-professional	1
Office support	<u>3</u>
Total	<u><u>31</u></u>

As the needs arise, we can also draw on the expertise available from BDO Seidman, LLP and our Alliance members to assist with new or unusual issues. This strategic alliance increases the depth and breadth of services and expertise HAYFLICH & STEINBERG offers to our clients.

3. Client Training:

The firm regularly provides training for client staff as well as governing board education sessions. Members of the leadership team have served as instructors and speakers at professional seminars and in university settings.

4, 5, & 6. Engagements Similar to Proposed Engagement:

Ohio Department of Human Services, Columbus, OH

In 2000, we were contracted by the Ohio Department of Human Services to perform limited-scope desk audits of 120 Medicaid long-term care provider cost reports filed for fiscal year 1997. While most of the desk reviews were performed in our Huntington, WV office, 12 were completed on an on-site basis due to difficulties in obtaining sufficient documentation from the providers. We performed analytical reviews of the cost reports and developed audit points for further review. We corresponded with the providers to resolve audit points and prepared all necessary cost report adjustments. All adjustments were discussed with the providers before submission of the completed desk reviews to the Ohio Department of Human Services. All desk reviews, including the Audit Report, Audit Input Document, Proposed Cost Adjustment Sheets, and Equity Memo, were completed and delivered within the specified time period. All were accepted without modification. Several of our senior staff was involved in those audits.

Maryland Medicare Part A Intermediary, Timonium, MD

In 1999 and 2000, we were engaged by the Medicare Fiscal Intermediary for Maryland and the District of Columbia wherein we performed desk audits and field audits of the Medicare cost reports of several end-stage renal disease (ESRD) facilities. We audited the cost reports of 24 free-standing facilities and one-hospital based facility. We performed analytical reviews of the cost reports and developed audit points for further review. We corresponded with the providers (and several different chains' home offices) to resolve the audit points and prepared cost report adjustments where appropriate.

In the past, we also worked with the Maryland Fiscal Intermediary in auditing cost reports of many hospitals in the State of Maryland.

West Virginia Medicare Part A Intermediaries, Charleston, WV and Wheeling, WV

We have contracted with various West Virginia Medicare Intermediaries to perform audits and desk reviews on their behalf. Many of our current staff was heavily involved in those subcontracts.

7. Appeals:

Our experience in cost report appeals involves representing providers. We have represented providers in West Virginia Medicaid administrative appeals and Medicare appeals to the Provider Reimbursement Review Board.

8. Protected Health Information and Quality Control:

HAYFLICH & STEINBERG has made a significant commitment to security and HIPAA compliance. All computers used by staff are configured so as to encrypt data and prevent unauthorized access. We use a secure internet portal for the transmission of data. As a part of the firm's annual independence due diligence, all staff are briefed on the necessity of maintaining confidentiality and compliance with HIPAA.

HAYFLICH & STEINBERG is a member of the Private Companies Practice Section of the Division of CPA Firms, an organization that upholds exceptionally high standards for membership and ongoing review requirements. Every three years we undergo a peer review following guidelines issued by the American Institute of Certified Public Accountants Review Team, which study and evaluate our firm's policies and procedures for maintaining quality in accounting and auditing work. We are proud to be one of the firms in this area to have undergone this review since program inception and to have received an unqualified opinion for each review-the highest level possible.



HAYFLICH & STEINBERG is a member firm of the Governmental Audit Quality Center (GAQC). The GAQC provides firm members with a set of best practices and tools in the specialized area of governmental auditing, including Government Auditing Standards and Circular A-133 audits.

All professional personnel are periodically evaluated for technical competence and are tested as to their potential leadership qualities and aptitude. Training is accomplished through outside professional development programs and internal training programs. The active participation of our partners in the planning, review, and problem solving phases of our work enhances on-the-job training. Recruiting and retention of topflight staff personnel is made easier by knowledge that our staff will be working on a direct inter-relationship basis with our partners.

9. Working with Governmental Units:

The firm is currently in the fourth year of a contract with the West Virginia Bureau for Behavioral Health and Health Facilities wherein we provide accounting and reimbursement consulting services for the three hospitals that the Bureau operates. This includes preparing Medicare and Medicaid cost reports and the required filings for the West Virginia Health Care Authority and other services as requested.

Included in No. 1 above is a list of governmental clients we have recently worked with. We have also included references below that include contacts with governmental clients.

Healthcare & Governmental References

James E. Spencer, CFO
Mildred Mitchell-Bateman Hospital
1530 Norway Avenue
Huntington, WV 25709
(304) 525-7801

Johnny R. Brant, CFO
Welch Community Hospital
415 McDowell Street
Welch, WV 24801
(304) 436-8683

Richard G. Weinberger, CPA, CFO
Valley Health Systems, Inc.
2585 Third Avenue
Huntington, WV 25703
(304) 525-3334

Mr. David M. Ward, CPA, Senior Vice President
Cabell Huntington Hospital, Inc.
1340 Hal Greer Boulevard
Huntington, WV 25701-0195
(304) 526-2052

Patricia A. Burdette, CFO
Sistersville General Hospital
314 South Wells Street
Sistersville, WV 26175
(304) 447-2502

Sallie A. Lazaro, Director of Finance
Prestera Center for Mental Health Services
3375 US Route 60, East
Huntington, WV 25705
(304) 399-1114

Tom Denbow, CMPE, CFO
Holzer Clinic, Inc.
90 Jackson Pike
Gallipolis, OH 45631
(740) 446-5712

Your Client Service Team

Choosing the right professionals to serve you is a critical element of success. In selecting your service team, we carefully review our understanding of your needs, as well as your plans, and identify the people whose credentials are ideal for you.

We strive to maintain continuity on all engagements so that we maximize our experience with your entity. Our goal is to dedicate the same partners and engagement team to serve you each year. The team members we select have a demonstrated track record with clients in your industry, strong technical backgrounds, and outstanding leadership and communication skills.

Significant Partner and Manager Involvement:

Our partners and managers are a responsive sounding board to our clients. They will serve as advisors to your management team and will be dedicated to learn the necessary information regarding you and your mission.

Your Service Leadership Team Will Include:

- John R. LaFear, CPA/PFS, Managing Partner
- Robert C. Fuller, CPA, Partner
- Dennis F. Ashworth, Jr., CPA, CITP, Partner
- Richard A. Eskins, CPA, CVA, FHFMA, CGFM, Manager
- Beverly A. Miller, CPA, CAPP, Manager
- Cynthia D. Bowen, MBA, CPA, Manager
- Stacy L. DeRossett, Senior Accountant
- J. Michael (Mike) Hager, CPA, CFA, Manager

Service Leadership Team Resumes:

The following resumes introduce your service team. Visit our web site at www.hayflich.net for an expanded introduction to the capabilities of the other professionals at HAYFLICH & STEINBERG.



John R. LaFear, CPA/PFS
Managing Partner

Mr. LaFear is the Managing Partner of HAYFLICH & STEINBERG. He consults with Senior Firm Members and clients on complex tax, financial planning, and employee benefit issues. He holds a Bachelor of Science degree with emphasis in Industrial Management, Mathematics and Accounting from Lawrence University, Southfield, Michigan. His 40+ years of professional experience has encompassed all aspects of public accounting - corporate, estate, trust, individual taxation, assurance, accounting, financial planning, and employee

benefits. For the past 10+ years, he has been actively providing investment consulting and wealth management advisory services. He has served in numerous positions incidental to the profession: Boards and committees of professional associations, instructor, and speaker at professional seminars, and as a special consultant to the profession on investment consulting matters. He has extensive experience in income, estate, and trust taxation; corporate and personal financial planning, including investments, insurance, gifts, income splitting, succession planning, corporate reorganizations, cash and risk management. He has provided expert witness testimony relating to investments and valuation issues as well. He is experienced in qualified and non-qualified employee benefit plans, business valuations, employee stock plans and various compensation strategies. Mr. LaFear has broad industry experience, having advised individuals as well as profit and not-for-profit enterprises.



Robert C. (Rob) Fuller, CPA

Partner

Mr. Fuller has been associated with HAYFLICH & STEINBERG, since 1996. A 1990 graduate of Marshall University, he has been engaged in public accounting since 1996. He also performed postgraduate accounting work at the University of Kentucky and is licensed to practice accounting in West Virginia. Rob has extensive experience in the performance, management, and review of audited financial statements for healthcare, wholesale, manufacturing, retail, governmental, not-for-profit, private foundations and college and university clients. He also has experience in audits of employee benefit plans and audits requiring compliance with OMB Circular A-133. Rob's experience also includes the performance of traditional accounting engagements, such as reviews and compilations, as well as the preparation and review of federal, state, and local income tax returns for business entities and individuals. Rob has been extensively involved in providing services under the previous contract with the West Virginia Bureau for Behavioral Health and Health Facilities.



Dennis F. Ashworth, Jr., CPA, CITP

Partner

Mr. Ashworth joined HAYFLICH & STEINBERG in 1977 upon his graduation from Marshall University. His 30+ years of public accounting experience covers all facets of auditing, accounting, business consulting, business taxation, and information technology consulting. He has licenses to practice in West Virginia and Virginia. Dennis has extensive experience in performing, managing, and reviewing - audit, review, and compiled financial statements. He has prepared, supervised, or reviewed federal, state, and local corporate, partnership, pension and other income tax, property tax, and information returns. Dennis serves clients in wholesale, manufacturing, retail, healthcare, governmental, and other business organizations. He has a wide range of experience in selection and installation of computer systems. As a member of the AICPA Information Technology Section, he has a keen awareness of advances in information technology and the impact information technology has on the business environment of firm clients.



Richard A. (Rick) Eskins, CPA, CVA, FHFMA, CGFM
Manager

Mr. Eskins is a *cum laude* graduate of Marshall University and has been associated with HAYFLICH & STEINBERG since 1978. Rick practices extensively in services to healthcare industry clientele. His clients have included large teaching hospitals, governmental-owned health facilities, rural and urban proprietary hospitals, proprietary hospital chains, hospital-based and freestanding long-term care facilities, hospital-based and freestanding home health agencies, durable medical equipment suppliers, rural health clinics, and federally qualified health centers. The firm's healthcare reimbursement-related engagements are also Rick's responsibility. These services include the preparation of cost reports and other compliance filings as well as consultation on technical matters such as appeals and other regulatory issues. Rick has participated extensively in the cost report audit engagements subcontracted to the firm by several Medicare fiscal intermediaries and state Medicaid agencies. He also has varied experience in auditing, cost accounting, tax issues, related-party matters, and financial projections and forecasts. As an active member of various professional organizations, Rick complies with the continuing professional education requirements of the AICPA, the WV Board of Accountancy, the National Association of Certified Valuation Analysts, the Healthcare Financial Management Association, and Government Auditing Standards.



Beverly A. Miller, CPA, CAPP
Manager

Mrs. Miller specializes in small business accounting and computer consulting with a special emphasis on physician practices. A graduate of Glenville State College, she has been associated with HAYFLICH & STEINBERG since 1987. In her work with physicians, Beverly has set up new practices and reviewed internal controls and efficiency for existing practices. She has extensive experience in contract negotiations, compliance activities, and computation of physician compensation and bonus payments under terms of employment and guarantee agreements. She also manages the preparation of accounting records, financial statements, and various business, income, and payroll-related tax returns. She has experience in the design and implementation of accounting software applications and serves as the firm's technical advisor and training coordinator for small business accounting software, including QuickBooks. Beverly has been a guest lecturer and speaker for the Marshall University Accounting Department, the Marshall University Medical School, The Medical Office Managers Association, and the West Virginia Healthcare Financial Management Association.



Cynthia (Cindy) Bowen, MBA, CPA
Manager

Ms. Bowen has been associated with Hayfllich & Steinberg since February 2008. Cindy earned her Bachelor of Business Administration in 1989 from Marshall University, and earned a Master of Business Administration from Marshall University in 1993. She has over 12 years experience in public accounting and

the banking/financial services and coal industries. Cindy has extensive experience in the performance, management, and review of audited financial statements for housing authorities, governmental agencies, other not-for-profit, and for-profit clients. She also has extensive experience in audits of employee benefit plans and audits requiring compliance with OMB Circular A-133. Cindy's experience also includes the performance of traditional accounting engagements, such as reviews and compilations, as well as the preparation and review of federal, state, and local income tax returns for business entities and individuals.



Stacy L. DeRossett
Senior Accountant

Mrs. DeRossett a 1998 honors graduate of Morehead State University. She has over 10 years' experience in public accounting and the banking industries. She has been associated with Hayflich & Steinberg since February 2009 and has worked extensively on the previous contract with the West Virginia Bureau for Behavioral Health and Health Facilities. Stacy's experience includes the performance of traditional accounting and auditing engagements for governmental and nonprofit organizations and audits requiring compliance with OMB Circular A-133. She also has extensive experience in planning and conducting county and local independent school board audits.



J. Michael (Mike) Hager, CPA, CFE
Manager

Mr. Hager earned his Bachelor of Sciences in Business Administration in 2003 from Marshall University. Michael joined HAYFLICH & STEINBERG in August of 2004 and has prior experience in bookkeeping and personal income tax preparation. Michael serves clients in wholesale, manufacturing, retail, healthcare, governmental and other business organizations.

Additional Technical Resources:



BDO Seidman, LLP and BDO Seidman Alliance Firms

While not a party to this proposal, we supplement our exceptional staff with expertise for special issues from BDO Seidman, LLP and/or the 200+ other independent CPA firm Alliance members. Our team of professionals offers the hands-on experience and technical skills required to serve the distinctive needs of our respective clients.

Debarment and Suspension:

HAYFLICH & STEINBERG certifies that it, or any entity or person associated with it, is not debarred or suspended from conducting business with any governmental agency

Our Fee Proposal

We understand the nature of your Organization and the importance of trying to control costs. This would include minimizing the fees paid to outside professionals. Fees that appear to be a bargain often are so low that they do not allow for the professional time required to assist you in reaching your goals.

Fee Philosophy:

HAYFLICH & STEINBERG's philosophy on professional fees is to provide our clients with quality services that provide value equal to or in excess of the costs incurred. We develop our fees using detailed budgets containing realistic estimates of the time required to complete each area of the engagement. The fees quoted to you are a product of the total budgeted hours and our standard billing rates, less discounts.

Professional Fees:


Our fees are detailed in the attached Request for Quotation. Expenses for travel, meals, lodging, printing and report production will be charged as part of the all-inclusive rate shown there.

Thank you for the opportunity to provide professional services for the State of West Virginia Office of Accountability & Management Reporting

We will dedicate a staff of professionals to your engagement that will allow us to both meet and exceed your expectations related to the quality and timely delivery of your requested reports. Our proposal illustrates our qualifications, highlights our desire to work with the OAMR, and allows for the professional time required to assist the OAMR in achieving its goals.

Should you have any questions or need additional information, please contact Robert C. (Rob) Fuller (304) 697-5700. We would be happy to meet with you should you desire.

Very truly yours,


HAYFLICH & STEINBERG, CPA'S, PLLC

January 3, 2012



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

*B20125655 304-697-5700
HAYFLICH STEINBERG CPAS SC
8 STONECREST DRIVE

HUNTINGTON WV 25701

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	YEAR 1		\$243,000
***** MANDATORY PRE-BID MEETING ON 12/15/2012 AT 10:00 AM IN CONFERENCE ROOM 93 AT ONE DAVIS SQUARE IN CHARLESTO WV 25301. *****						
PROFESSIONAL AUDITING SERVICES - CPA						
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 (OAMR).						
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>[Signature]</i> CPA	TELEPHONE 304-697-5700	DATE 1/3/2012
TITLE MEMBER	FEIN 37-1496963	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

*B20125655 304-697-5700

HAYFLICH STEINBERG CPAS SC
8 STONECREST DRIVE

HUNTINGTON WV 25701

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>						
SEE REVERSE SIDE FOR TERMS AND CONDITIONS						
SIGNATURE <i>[Signature]</i> CPA		TELEPHONE 304-697-5700		DATE 11/3/2012		
TITLE MEMBER		FEIN 37-1496963		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).



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3

ADDRESS CORRESPONDENCE TO ATTENTION OF:

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304-558-0067

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HEALTH AND HUMAN RESOURCES
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25301 304-558-7314

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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 <i>Robert Wagner, CPA</i>				TELEPHONE 304-697-5700	DATE 1/3/2012	
TITLE MEMBER		FEIN 37-1496963		ADDRESS CHANGES TO BE NOTED ABOVE		

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



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Purchasing Division
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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>CPA</i>				TELEPHONE 304-697-5700	DATE 11/30/2012	
TITLE MEMBER		FEIN 37-1496963		ADDRESS CHANGES TO BE NOTED ABOVE		

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



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ADDRESS CORRESPONDENCE TO ATTENTION OF:

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DATE PRINTED	TERMS OF SALE	SHIP VIA	F.O.B.	FREIGHT TERMS		
11/30/2011						
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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:						
-----304-697-5704-----						
SEE REVERSE SIDE FOR TERMS AND CONDITIONS						
SIGNATURE <i>[Signature]</i> CPA				TELEPHONE 304-697-5700		DATE 1/3/2012
TITLE MEMBER		FEIN 37-1496963		ADDRESS CHANGES TO BE NOTED ABOVE		

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



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Department of Administration
Purchasing Division
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Charleston, WV 25305-0130

Request for Quotation

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6

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304-558-0067

*B20125655 304-697-5700

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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): ROBERT C FULLER, CPA						
***** THIS IS THE END OF RFQ HHR12070 ***** TOTAL:						421 \$243,000

SEE REVERSE SIDE FOR TERMS AND CONDITIONS

SIGNATURE

TELEPHONE

DATE

TITLE
MEMBER

FEIN
37-1496963

304-697-5700

11/31/2012

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. |

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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	<p>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.</p> <p>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.</p>

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

FACILITY		Engagement Cost
1	Eagle Pointe	\$ 15,000
2	Weirton Medical Center	15,000
3	Guardian Elder Care at Wheeling	14,000
4	Arbors at Fairmont	15,000
5	Broadus Hospital-Mansfield Place	15,000
6	Greenbrier Manor	13,000
7	Pleasant Valley	14,000
8	Good Samaritan Society-Barbour County	15,000
9	Montgomery General Elderly Care Ctr	13,000
10	Grant Memorial Hospital	15,000
11	Montgomery General Hospital Extended Care	14,000
12	Morgan County War Memorial Hospital	15,000
13	Minnie Hamilton Health Care Ctr	14,000
14	Roane General Hospital	14,000
15	St. Josephs Hospital of Buckhannon	14,000
16	Summers County ARH	14,000
17	Summersville Memorial Hospital	14,000
SUBTOTAL FOR STANDARD ENGAGEMENTS COST Year 1		\$ 243,000

HOURLY RATE FOR EXTRAORDINARY ADDITIONAL SERVICES

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

Extraordinary Additional Services 180 hours x \$200.00 Per Hour = \$36,000 Total

SUMMARY OF ALL COSTS

GRAND TOTAL 3-YEAR CONTRACT COST (SUM OF YEARS 1-3)
PLUS THE TOTAL EXTRAORDINARY SERVICES

\$ 779,000

Attachment 2

HHR12070 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

FACILITY		Engagement Cost
1	Heartland of Charleston	\$ 15,000
2	SunBridge Care & Rehabilitation for Dunbar	15,000
3	SunBridge Care & Rehabilitation for Salem	15,000
4	Heartland of Beckley	15,000
5	Heartland of Keyser	15,000
6	SunBridge Care & Rehabilitation for Pine Lodge	15,000
7	SunBridge Care & Rehabilitation for Putnam	14,000
8	Heartland of Clarksburg	15,000
9	Heartland of Martinsburg	15,000
10	Heartland of Preston County	15,000
11	Nellas Nursing Home	14,000
12	SunBridge Care & Rehabilitation for New Martinsville	15,000
13	SunBridge Care & Rehabilitation for Parkersburg	15,000
14	SunBridge Care & Rehabilitation for Glenville	15,000
15	Holbrook Nursing Home	13,000
16	Nella's, Inc.	12,000
17	Heartland of Rainelle	15,000
SUBTOTAL FOR STANDARD ENGAGEMENTS COST Year 2		\$ 248,000

**HHR12070 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**

FACILITY		Engagement Cost
1	Huntington Health & Rehabilitation	\$ 14,000
2	Golden Living Center-Glasgow	15,000
3	Golden Living Center-Morgantown	15,000
4	Golden Living Center-Riverside	15,000
5	Clarksburg Nursing & Rehabilitation Center	15,000
6	McDowell Nursing & Rehabilitation Center	15,000
7	Summers Nursing & Rehabilitation Center	15,000
8	Hampshire Memorial Hospital	15,000
9	The Maples	15,000
10	Fayette Nursing & Rehabilitation Center	15,000
11	E.A. Hawse Nursing & Rehabilitation Center	15,000
12	Lincoln Nursing & Rehabilitation Center	14,000
13	Cameron Nursing & Rehabilitation Center	15,000
14	Wayne Nursing & Rehabilitation Center	14,000
15	Webster Nursing & Rehabilitation Center	15,000
16	Wyoming Nursing & Rehabilitation Center	15,000
17	Mercer Nursing & Rehabilitation Center	15,000
SUBTOTAL FOR STANDARD ENGAGEMENTS COST Year 3		\$ 252,000

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

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OFFICE OF ACCOUNTABILITY AND MANAGEMENT REPORTING
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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.			C3e
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)			

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WEST VIRGINIA DEPARTMENT OF HEALTH AND HUMAN RESOURCES
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I. ENGAGEMENT PLANNING (continued)

Date Initials Reference

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

		C8 & C9
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- a Control Environment
- b Accounting System
- c Reporting Process

- 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
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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
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II. ENTRANCE CONFERENCE

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

		C1
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- 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
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- 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

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

III. PRELIMINARY WORK

	Date	Initials	Reference
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.			C1
2 Review the Board of Director's Minutes, noting capital expenditures, changes in contracts, leasing arrangements, management contracts, salary and revenue increases.			C1
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.			C1 & C10
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.			C1 & C11
5 Obtain copies of the Federal corporate or partnership tax returns for years under examination.			C1 & C12
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).			C1
7 Expand audit scope and testing as necessary to obtain an understanding and quantify any issues noted in performance of Step 6 above.			C1
8 Document the results of the above testing, conclusions and any adjustments to engagement scope in a narrative memorandum.			C1

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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
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		D2
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		D1
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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

Date Initials Reference

- 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

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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

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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

	Date	Initials	Reference
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			G4
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			G2b
3. Review for personal expenses of the owner/administrator paid by the facility and reported on the cost report			G1
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.			G1
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			G5
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			G1 or G6
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			G1 or G7
8 Document the results of the above testing, findings and adjustments, and conclusions in a narrative memorandum or summary work paper			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

	Date	Initials	Reference
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			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

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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.

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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

- 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

Date Initials Reference

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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

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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

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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

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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		
ACCOUNT DESCRIPTION	PER BOOKS	ADJ DR	ADJ CR	ADJUSTED
MEDICAL RECORDS & SERVICES				31,000
SALARIES	31,000	0	0	0
DIRECT BENEFITS AND TAXES	0	0	0	8,612
INDIRECT BENEFITS AND TAXES	8,612	0	0	
	<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	900
PHARMACY	900	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	
	<u>58,211</u>	<u>0</u>	<u>0</u>	<u>58,211</u>
TOTAL MEDICAL REC. & SERVICES				
DIETARY				88,137
SALARIES	88,137	0	0	0
DIRECT BENEFITS AND TAXES	0	0	0	23,929
INDIRECT BENEFITS AND TAXES	23,929	0	0	
	<u>110,066</u>	<u>0</u>	<u>0</u>	<u>110,066</u>
SUB-TOTAL				
SUPPLIES	10,341	0	0	10,341
DISHES AND UTENSILS	486	0	0	486
CONSULTANTS	3,361	0	0	3,361
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: HAYFLICH & STEINBERG, CPAs, PLLC

Signed: [Signature] CPA

Date: 1/31/2012

Title: MEMBER

*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 SIGNATUREVendor's Name: HAYFLICH & STEINBERG, CPAs, PLLCAuthorized Signature: [Signature], CPA Date: 1/31/2012State of WEST VIRGINIACounty of CABELL, to-wit:Taken, subscribed, and sworn to before me this 30 day of JANUARY, 2012.My Commission expires AUGUST 31, 2014.

AFFIX SEAL HERE

NOTARY PUBLIC

[Signature]



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

*B20125655 304-697-5700

HAYFLICH STEINBERG CPAS SC
8 STONECREST DR

HUNTINGTON WV 25701

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 ... <input checked="" type="checkbox"/> RCF</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>[Signature]</i> CPA				TELEPHONE 304-697-5700		DATE 1/3/2012
LE MEMBER		FEIN 37-14963		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.

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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

*B20125655 304-697-5700

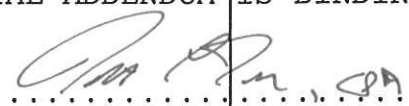

HAYFLICH STEINBERG CPAS SC
8 STONECREST DR

HUNTINGTON WV 25701

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

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DATE PRINTED	TERMS OF SALE	SHIP VIA	F.O.B.	FREIGHT TERMS		
12/21/2011						
D 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.						
						
SIGNATURE						
HAYFLICH & STEINBERG, COA, PLLC						
COMPANY						
1/3/2012						
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 		TELEPHONE 304-697-5700		DATE 1/3/2012		
MEMBER		FEIN 37-1496963		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.
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Department of Administration
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Request for Quotation

RFQ NUMBER

HHR12070

PAGE

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ADDRESS CORRESPONDENCE TO ATTENTION OF:

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*B20125655 304-697-5700

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HEALTH AND HUMAN RESOURCES
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ONE DAVIS SQUARE, SUITE 401
CHARLESTON, WV
25301 304-558-7314

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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	YEAR 1	\$243,000
PROFESSIONAL AUDITING SERVICES - CPA						
***** THIS IS THE END OF RFQ HHR12070 ***** TOTAL:						\$243,000

SEE REVERSE SIDE FOR TERMS AND CONDITIONS

SIGNATURE
COA

TELEPHONE
304-687-5700

DATE
1/3/2012

LE
MEMBER

FEIN
37-1496963

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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

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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
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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.

Six-Month Period Ended	Total
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

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

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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

Request for Proposal No. HHR12070

PLEASE PRINT

Date:

Page 1 of 2

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

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

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Request for Proposal No. HHR12070

SIGN IN SHEET

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Page 2 of 2

Date:

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

FIRM & REPRESENTATIVE NAME	MAILING ADDRESS	TELEPHONE & FAX NUMBERS
Company: <u>PHBV Partners (effective 1/1/12)</u>	<u>4461 Cox Road Suite 210</u>	PHONE <u>804 270-2200</u>
Rep: <u>Kelly Bultema</u>	<u>Glen Allen, VA 23060</u>	TOLL FREE
Email Address: <u>Kelly.Bultema@cliftoncpa.com</u>		FAX <u>804 270-2311</u>
Company: <u>Tichenor + Associates, LLP</u>	<u>304 Middletown Park Place, Ste. C</u>	PHONE <u>(502) 245-0775 ext. 108</u>
Rep: <u>Betsy DeBord</u>	<u>Louisville, KY 40243</u>	TOLL FREE
Email Address: <u>wtichenor@tichenorassociates.com</u>		FAX <u>(502) 245-0725</u>
Company: <u>Smith Cochran & Hicks R.L.L.C.</u>		PHONE <u>304-345-1151</u>
Rep: <u>Chuck Smith</u>		TOLL FREE
Email Address: <u>ChuckSmith@Schcpa.Com</u>		FAX <u>304-346-6731</u>
Company:		PHONE
Rep:		TOLL FREE
Email Address:		FAX
Company:		PHONE
Rep:		TOLL FREE
Email Address:		FAX

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WV STATE GOVERNMENT

HIPAA BUSINESS ASSOCIATE ADDENDUM

This Health Insurance Portability and Accountability Act of 1996 (hereafter, HIPAA) Business Associate Addendum ("Addendum") is made a part of the Agreement ("Agreement") by and between the State of West Virginia ("Agency"), and Business Associate ("Associate"), and is effective on the date of execution of a binding Agreement with the Agency.

The Associate performs certain services on behalf of or for the Agency pursuant to the underlying Agreement that requires the exchange of information including protected health information protected by the Health Insurance Portability and Accountability Act of 1996 ("HIPAA"), as amended by the American Recovery and Reinvestment Act of 2009 (Pub. L. No. 111-5) (the "HITECH Act"), any associated regulations and the federal regulations published at 45 CFR parts 160 and 164 (sometimes collectively referred to as "HIPAA"). The Agency is a "Covered Entity" as that term is defined in HIPAA, and the parties to the underlying Agreement are entering into this Addendum to establish the responsibilities of both parties regarding HIPAA-covered information and to bring the underlying Agreement into compliance with HIPAA.

Whereas it is desirable, in order to further the continued efficient operations of Agency to disclose to its Associate certain information which may contain confidential individually identifiable health information (hereafter, Protected Health Information or PHI); and

Whereas, it is the desire of both parties that the confidentiality of the PHI disclosed hereunder be maintained and treated in accordance with all applicable laws relating to confidentiality, including the Privacy and Security Rules, the HITECH Act and its associated regulations, and the parties do agree to at all times treat the PHI and interpret this Addendum consistent with that desire.

NOW THEREFORE: the parties agree that in consideration of the mutual promises herein, in the Agreement, and of the exchange of PHI hereunder that:

1. Definitions. Terms used, but not otherwise defined, in this Addendum shall have the same meaning as those terms in the Privacy and Security Rules, including the HITECH Act.

a. Breach shall mean the acquisition, access, use or disclosure of protected health information which compromises the security or privacy of such information, except as excluded in the definition of Breach in 45 CFR § 164.402.

b. Business Associate shall have the meaning given to such term in 45 CFR § 160.103.

c. Electronic Health Record shall mean an electronic record of health-related information on an individual that is created, gathered, managed, and consulted by authorized health care clinicians and staff.

d. Electronic Protected Health Information means Protected Health Information that is transmitted by Electronic Media (as defined in the Security and Privacy Rule) or maintained in Electronic Media.

e. Privacy Rule means the Standards for Privacy of Individually Identifiable Health Information found at 45 CFR Parts 160 and Part 164, Subparts A and E, as amended.

f. Personal Health Record shall mean an electronic record of identifiable health information on an individual that can be drawn from multiple sources and that is managed, shared and controlled by or primarily for the individual.

g. Protected Health Information or PHI shall have the meaning given to such term in 45 CFR § 164.501, limited to the information created or received by Associate from or on behalf of Agency.

h. Security Incident means any known successful or unsuccessful attempt by an authorized or unauthorized individual to inappropriately use, disclose, modify, access, or destroy any information.

i. Security Rule means the Standards for the security of Electronic Protected Health Information found at 45 CFR Parts 160 and 162, and Part 164, Subparts A and C. The application of Security provisions Sections 164.308; 164.310, 164.312, and 164.316 of title 45, Code of Federal Regulations shall apply to Associate of Agency in the same manner that such sections apply to the Agency.

j. Unsecured PHR Identifiable Health Information is information that is not protected through the use of a technology or methodology specified by the Secretary in the guidance issued under Section 13402(h)(2) of the HITECH Act.

k. Vendor of Personal Health Records shall mean an entity, other than a covered entity, that offers or maintains a personal health record.

2. PHI Disclosures; Permitted Uses.

a. PHI Described. PHI disclosed by the Agency to the Associate, PHI created by the Associate on behalf of the Agency, and PHI received by the Associate from a third party on behalf of the Agency are disclosable under this Addendum. The disclosable PHI is limited to the minimum necessary to complete the tasks, or to provide the services, associated with the terms of the original Agreement.

b. Purposes. Except as otherwise limited in this Addendum, Associate may use or disclose the PHI on behalf of, or to provide services to, Agency for the purposes necessary to complete the tasks, or provide the services, associated with, and required by the terms of the original Agreement, if such use or disclosure of the PHI would not violate the Privacy or Security Rules or applicable state law if done by Agency or violate the minimum necessary and related Privacy and Security policies and procedures of the Agency.

3. Obligations of Associate.

a. Stated Purposes Only. The PHI may not be used by the Associate for any purpose other than stated in this Addendum or as required or permitted by law.

b. Limited Disclosure. The PHI is confidential and will not be disclosed by the Associate other than as stated in this Addendum or as required or permitted by law. Associate will refrain from receiving any remuneration in exchange for any individual's PHI, unless Agency gives written approval, and the exchange is pursuant to a valid authorization (that includes a specification of whether the PHI can be further exchanged for remuneration by the entity receiving PHI of that Individual), or satisfies one of the exceptions enumerated in Section 13405(e)(2) of the HITECH Act. Associate will refrain from marketing activities that would violate HIPAA, specifically Section 13406 of the HITECH Act. Associate will report to Agency

any use or disclosure of the PHI, including any Security Incident not provided for by this Agreement of which it becomes aware.

c. Safeguards. The Associate will use appropriate safeguards to prevent use or disclosure of the PHI, except as provided for in this Addendum. This shall include, but not be limited to:

(i) Limitation of the groups of its employees or agents, otherwise known as workforce members, to whom the PHI is disclosed to those reasonably required to accomplish the purposes stated in this Addendum, and the use and disclosure of the minimum PHI necessary;

(ii) Appropriate notification and training of its employees or agents to whom the PHI will be disclosed in order to protect the PHI from unauthorized disclosure;

(iii) Maintenance of a comprehensive written PHI privacy and security program that includes administrative, technical and physical safeguards appropriate to the size, nature, scope and complexity of the Associate's operations.

d. Compliance With Law. The Associate will not use or disclose the PHI in a manner in violation of existing law and specifically not in violation of laws relating to confidentiality of PHI, including but not limited to, the Privacy and Security Rules.

e. Mitigation. Associate agrees to mitigate, to the extent practicable, any harmful effect that is known to Associate of a use or disclosure of the PHI by Associate in violation of the requirements of this Addendum, and report its mitigation activity back to the Agency.

f. Support of Individual Rights.

(i) **Access to PHI.** Associate shall make the PHI maintained by Associate or its agents or subcontractors in Designated Record Sets available to Agency for inspection and copying within ten (10) days of a request by Agency to enable Agency to fulfill its obligations under the Privacy Rule, including, but not limited to, 45 CFR § 164.524 and consistent with Section 13405 of the HITECH Act.

(ii) **Amendment of PHI.** Within ten (10) days of receipt of a request from Agency for an amendment of the PHI or a record about an individual contained in a Designated Record Set, Associate or its agents or subcontractors shall make such PHI available to Agency for amendment and incorporate any such amendment to enable Agency to fulfill its obligations under the Privacy Rule, including, but not limited to, 45 CFR § 164.526.

(iii) **Accounting Rights.** Within ten (10) days of notice of a request for an accounting of disclosures of the PHI, Associate and its agents or subcontractors shall make available to Agency the documentation required to provide an accounting of disclosures to enable Agency to fulfill its obligations under the Privacy Rule, including, but not limited to, 45 CFR §164.528 and consistent with Section 13405 of the HITECH Act. Associate agrees to document disclosures of the PHI and information related to such disclosures as would be required for Agency to respond to a request by an Individual for an accounting of disclosures of PHI in accordance with 45 CFR §§ 164.528 and 164.316. This should include a process that allows for an accounting to be collected and maintained by Associate and its agents or subcontractors for at least six (6) years from the date of disclosure, or longer if required by state law. At a minimum, such documentation shall include:

- the date of disclosure;
- the name of the entity or person who received the PHI, and if known, the address of the entity or person;

- a brief description of the PHI disclosed; and
- a brief statement of purposes of the disclosure that reasonably informs the Individual of the basis for the disclosure, or a copy of the Individual's authorization, or a copy of the written request for disclosure.

(iv) **Request for Restriction.** Under the direction of the Agency, abide by any Individual's request to restrict the disclosure of PHI consistent with the requirements of Section 13405 of the HITECH Act and 45 CFR § 164.522.

g. Retention of PHI. Notwithstanding section 4.a. of this Addendum, Associate and its subcontractors or agents shall retain all PHI pursuant to state and federal law and shall continue to maintain the PHI required under Section 3.f. of this Addendum for a period of six (6) years after termination of the Agreement, or longer if required under state law.

h. Agents, Subcontractors Compliance. The Associate will ensure that any of its agents, including any subcontractors, to whom it provides any of the PHI it receives hereunder, or to whom it provides any PHI which the Associate creates or receives on behalf of the Agency, agree to the restrictions and conditions which apply to the Associate hereunder.

i. Amendments. The Associate shall make available to the specific Individual to whom it applies any PHI; make such PHI available for amendment; and make available the PHI required to provide an accounting of disclosures, all to the extent required by 45 CFR §§ 164.524, 164.526, and 164.528 respectively.

j. Federal Access. The Associate shall make its internal practices, books, and records relating to the use and disclosure of PHI received from, or created or received by the Associate on behalf of the Agency available to the U.S. Secretary of Health and Human Services consistent with 45 CFR § 164.504.

k. Security. The Associate shall take all steps necessary to ensure the continuous security of all PHI and data systems containing PHI. In addition, compliance with 74 FR 19006 Guidance Specifying the Technologies and Methodologies That Render PHI Unusable, Unreadable, or Indecipherable to Unauthorized Individuals for Purposes of the Breach Notification Requirements under Section 13402 of Title XIII is required. Except with respect to Associate owned devices or equipment, if Associate chooses not to adopt such methodologies as defined in 74 FR 19006 based on its Security Risk Analysis, Associate shall document such rationale and submit it to the Agency.

l. Notification of Breach. During the term of this Agreement, the Associate shall notify the Agency and, unless otherwise directed by the Agency in writing, the Office of Technology immediately by telephone call plus e-mail, web form or fax upon the discovery of Breach of security of PHI, where the use or disclosure is not provided for by this Addendum of which it becomes aware, if the PHI was, or is reasonably believed to have been, acquired by an unauthorized person; or within 24 hours by e-mail or fax of any suspected Security Incident, intrusion or unauthorized use or disclosure of PHI in violation of this Agreement and this Addendum, or potential loss of confidential data affecting this Agreement. Notification shall be provided to the Agency contract manager at www.state.wv.us/admin/purchase/vrc/agencyli.htm and, unless otherwise directed by the Agency in writing, the Office of Technology at <mailto:incident@wv.gov>.

The Associate shall immediately investigate such Security Incident, Breach, or unauthorized use or disclosure of PHI or confidential data. Within 72 hours of the discovery, the Associate shall notify the Agency contract manager, and, unless otherwise directed by the Agency in writing, the Office of Technology of: (a) What data elements were involved and the extent of the data

involved in the Breach; (b) A description of the unauthorized persons known or reasonably believed to have improperly used or disclosed PHI or confidential data; (c) A description of where the PHI or confidential data is believed to have been improperly transmitted, sent, or utilized; (d) A description of the probable causes of the improper use or disclosure; and (e) Whether any federal or state laws requiring individual notifications of Breaches are triggered.

Agency will coordinate with Associate to determine additional specific actions that will be required of the Associate for mitigation of the Breach, which may include notification to the individual or other authorities.

All associated costs shall be borne by the Associate. This may include, but not be limited to costs associated with notifying affected individuals.

m. Assistance in Litigation or Administrative Proceedings. The Associate shall make itself and any subcontractors, employees or agents assisting Associate in the performance of its obligations under this Agreement, available to the Agency at no cost to the Agency to testify as witnesses, or otherwise, in the event of litigation or administrative proceedings being commenced against the Agency, its officers or employees based upon claimed violations of HIPAA, the HIPAA regulations or other laws relating to security and privacy, which involves inaction or actions by the Associate, except where Associate or its subcontractor, employee or agent is a named as an adverse party.

4. Addendum Administration.

a. Duties at Termination. Upon any termination of the underlying Agreement, if feasible, the Associate shall return or destroy all PHI received from, or created or received by the Associate on behalf of the Agency that the Associate still maintains in any form and retain no copies of such PHI or, if such return or destruction is not feasible, the Associate shall extend the protections of this Addendum to the PHI and limit further uses and disclosures to the purposes that make the return or destruction of the PHI infeasible. This shall also apply to all agents and subcontractors of Associate. The duty of the Associate and its agents and subcontractors to assist the Agency with any HIPAA required accounting of disclosures survives the termination of the underlying Agreement.

b. Termination for Cause. Agency may terminate the underlying Agreement if at any time it determines that the Associate has violated a material term of the Agreement or this Addendum. Agency may, at its sole discretion, allow Associate a reasonable period of time to cure the material Breach before termination.

c. Judicial or Administrative Proceedings. The Agency may terminate this Agreement if the Associate is found guilty of a criminal violation of HIPAA. The Agency may terminate this Agreement if a finding or stipulation that the Associate has violated any standard or requirement of HIPAA/HITECH, or other security or privacy laws is made in any administrative or civil proceeding in which the Associate is a party or has been joined. Associate shall be subject to prosecution by the Department of Justice for violations of HIPAA/HITECH and shall be responsible for any and all costs associated with prosecution.

d. Survival. The respective rights and obligations of Associate under this Addendum shall survive the termination of the underlying Agreement.

5. General Provisions/Ownership of PHI.

a. Retention of Ownership. Ownership of the PHI resides with the Agency and is to be returned on demand or destroyed at the Agency's option.

b. Secondary PHI. Any data or PHI generated from the PHI disclosed hereunder which would permit identification of an Individual must be held confidential and is also the property of Agency.

c. Electronic Transmission. Except as permitted by law or this Addendum, the PHI or any data generated from the PHI which would permit identification of an Individual must not be transmitted to another party by electronic or other means for additional uses not authorized by this Addendum or to another contractor, or allied agency, or affiliate without prior written approval of Agency.

d. No Sales. Reports or data containing the PHI may not be sold without Agency's or the affected Individual's written consent.

e. No Third-Party Beneficiaries. Nothing express or implied in this Addendum is intended to confer, nor shall anything herein confer, upon any person other than Agency, Associate and their respective successors or assigns, any rights, remedies, obligations or liabilities whatsoever.

f. Interpretation. The provisions of this Addendum shall prevail over any provisions in the Agreement that may conflict or appear inconsistent with any provisions in this Addendum. The interpretation of this Addendum shall be made under the laws of the state of West Virginia.

g. Amendment. The parties agree that to the extent necessary to comply with applicable law they will agree to further amend this Addendum.

h. Additional Terms and Conditions. Additional discretionary terms may be included in the release order or change order process.

Form - WVBAA-012004
Amended 07-2010

APPROVED AS TO FORM THIS 2nd
DAY OF August 2010
DARRELL V. McGRAW, JR.
ATTORNEY GENERAL

By: Dawn E. Wayfield
DEPUTY ATTORNEY GENERAL



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
9/21/2011

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER Insurance Systems Inc. Insurance Way PO Box 10 Ona WV 25545	CONTACT NAME: Alene D Lyons PHONE (A/C, No, Ext): (304) 736-2222 FAX (A/C, No): (304) 302-3401 E-MAIL ADDRESS: INSURER(S) AFFORDING COVERAGE INSURER A: Cincinnati Insurance Co. NAIC # 10677 INSURER B: BrickStreet Mutual Insurance INSURER C: INSURER D: INSURER E: INSURER F:
INSURED Layflich & Steinberg, CPA #8 Stonecrest Drive Martinsburg WV 25701	

COVERAGES CERTIFICATE NUMBER: 11-12 Master REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	GENERAL LIABILITY			EBP0043435	8/1/2011	8/1/2012	EACH OCCURRENCE \$ 1,000,000
	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY						DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 1,000,000
	<input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR						MED EXP (Any one person) \$ 5,000
							PERSONAL & ADV INJURY \$ 1,000,000
	GEN'L AGGREGATE LIMIT APPLIES PER:						GENERAL AGGREGATE \$ 2,000,000
	<input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PROJECT <input type="checkbox"/> LOC						PRODUCTS - COMP/OP AGG \$ 2,000,000
	AUTOMOBILE LIABILITY						COMBINED SINGLE LIMIT (Ea accident) \$
	<input type="checkbox"/> ANY AUTO						BODILY INJURY (Per person) \$
	<input type="checkbox"/> ALL OWNED AUTOS						BODILY INJURY (Per accident) \$
	<input type="checkbox"/> HIRED AUTOS						PROPERTY DAMAGE (Per accident) \$
	<input checked="" type="checkbox"/> UMBRELLA LIAB						
	<input type="checkbox"/> EXCESS LIAB						EACH OCCURRENCE \$ 1,000,000
	<input type="checkbox"/> DED <input type="checkbox"/> RETENTION \$			EBP0043435	8/1/2011	8/1/2012	AGGREGATE \$ 1,000,000
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY						
	ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH)						WC STATUTORY LIMITS OTH-ER
	If yes, describe under DESCRIPTION OF OPERATIONS below			WC10025945-08	4/1/2011	4/1/2012	E.L. EACH ACCIDENT \$ 1,000,000
							E.L. DISEASE - EA EMPLOYEE \$ 1,000,000
							E.L. DISEASE - POLICY LIMIT \$ 1,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, If more space is required)

CERTIFICATE HOLDER

CANCELLATION

State of West Virginia
Purchasing Division Bldg 15
Roberta Wagner
2019 Washington Street East
PO BOX 50130
Charleston, WV 25305-0130

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

Alene D. Lyons



**WORKERS COMPENSATION
AND
EMPLOYERS LIABILITY POLICY**

INFORMATION PAGE WC 00 00 01 (A)

RENEWAL OF POLICY NUMBER: WC10025945-07
POLICY NUMBER: WC10025945-08

INSURER: BRICKSTREET MUTUAL INSURANCE COMPANY

1. **INSURED:**
HAYFLICH & STEINBERG CPAS PLLC
8 STONECREST DRIVE
HUNTINGTON, WV 25701-0000
- PRODUCER:**
INSURANCE SYSTEMS INC
P.O. BOX 10
ONA, WV 25545

Insured is a(n) LLC

Other work places and identification numbers are shown in the schedule(s) attached.

2. The policy period is from 04/01/2011 to 04/01/2012 12:01 A.M. at the insured's mailing address.
3. **A. WORKERS COMPENSATION INSURANCE:** Part One of the policy applies to the Workers Compensation Law of the state(s) listed here:

WEST VIRGINIA
- B. EMPLOYERS LIABILITY INSURANCE:** Part Two of the policy applies to work in each state listed in item 3.A. The limits of our liability under Part Two are:
- | | | |
|----------------------------|-------------|---------------|
| Bodily Injury by Accident: | \$1,000,000 | Each Accident |
| Bodily Injury by Disease: | \$1,000,000 | Policy Limit |
| Bodily Injury by Disease: | \$1,000,000 | Each Employee |
- C. OTHER STATES INSURANCE:** Part Three of the policy applies to the states, if any, listed here:
"Part Three of the policy applies to the states, if any, listed here: All states and U.S. territories except, North Dakota, Ohio, Washington, Wyoming, Puerto Rico, and the U.S. Virgin Islands, and states designated in Item 3.A. of the Information Page."
- D.** This policy includes these endorsements and schedules:

SEE LIST OF ENDORSEMENTS - EXTENSION OF INFORMATION PAGE

4. The premium for this policy will be determined by our Manuals of Rules, Classifications, Rates and Rating Plans. All required information is subject to verification and change by audit to be made in accordance with Part Five of the Policy.

DATE OF ISSUE: 04/01/2011
ISSUING OFFICE: Charleston, WV
PRODUCER: INSURANCE SYSTEMS INC



**WORKERS COMPENSATION
AND
EMPLOYERS LIABILITY POLICY**

**EXTENSION OF INFORMATION PAGE - LIST OF
NAMED LOCATIONS(S) WC 00 00 01 (A)**

RENEWAL OF POLICY NUMBER: WC10025945-07
POLICY NUMBER: WC10025945-08

LIST OF NAMED INSURED LOCATIONS:

LOCATION ADDRESS:

1
8 STONECREST DRIVE
HUNTINGTON, WV 25701-0000

MAILING ADDRESS:

8 STONECREST DR
HUNTINGTON, WV 25701

DATE OF ISSUE: 04/01/2011
ISSUING OFFICE: Charleston, WV
PRODUCER: INSURANCE SYSTEMS INC



400 Quarrier Street

Charleston, WV 25301-2010

**WORKERS COMPENSATION
AND
EMPLOYERS LIABILITY POLICY**

**EXTENSION OF INFORMATION PAGE -
SCHEDULE OF PREMIUM WC 00 00 01 (A)**

INSURED: HAYFLICH & STEINBERG CPAS PLLC

RENEWAL OF POLICY NUMBER: WC10025945-07
POLICY NUMBER: WC10025945-08

PERIOD OF OPERATION: 04/01/2011- 04/01/2012

SCHEDULE OF PREMIUM:

Code	Classification	Premium Basis Total Estimated Remuneration	Rate Per \$100 of Remuneration	Estimated Premium
8803	Auditor, Accountant or Factory Cost or Office Systematizer--Traveling	\$1,467,000.00	0.100	\$1,467.00
8810	Clerical Office Employees NOC	\$211,897.00	0.260	\$550.93
9015	Buildings--Operation by Owner, Lessee or Real Estate Management Firm: All Other Employees	\$14,400.00	3.000	\$432.00
	TOTAL MANUAL PREMIUM			\$2,450.00
9812	EMPLOYERS LIABILITY \$1,000,000/\$1,000,000/\$1,000,000		2.800	\$69.00
9848	EMPLOYERS LIABILITY MIN PREMIUM			\$31.00
	TOTAL SUBJECT PREMIUM			\$2,550.00
	TOTAL STANDARD PREMIUM			\$2,550.00
0900	EXPENSE CONSTANT			\$175.00
9740	TERRORISM		0.013	\$220.00
9741	CATASTROPHE (OTHER THAN CERTIFIED ACTS OF TERRORISM)		0.013	\$220.00
	TOTAL WC PREMIUM			\$3,165.00
9614	BROAD FORM EMPLOYERS LIABILITY		7.920	\$194.00
9614	BALANCE TO BROAD FORM EMPLOYERS LIABILITY MINIMUM PREMIUM			\$81.00
	TOTAL WV BROAD FORM EMPLOYERS LIABILITY PREMIUM			\$275.00
	ESTIMATED ANNUAL PREMIUM			\$3,440.00
	WV REGULATORY BUDGET SURCHARGE			\$169.00
	WV DEFICIT REDUCTION SURCHARGE			\$276.00
	WV FIRE AND CASUALTY SURCHARGE			\$2.00
	TOTAL AMOUNT DUE			\$3,887.00

DATE OF ISSUE: 04/01/2011 **THIS IS NOT AN INVOICE - YOU WILL BE BILLED SEPARATELY**
ISSUING OFFICE: Charleston, WV
PRODUCER: INSURANCE SYSTEMS INC



New York Marine & General
Insurance Company
919 Third Avenue
New York, NY 10022

Accountants & Consultants Professional Liability Insurance Policy Declarations

(herein referred to as "us", "we" or "our")

THIS IS A CLAIMS MADE AND REPORTED POLICY. PLEASE REVIEW THE POLICY CAREFULLY.

NOTICE: EXCEPT AS MAY BE OTHERWISE PROVIDED HEREIN, THE COVERAGE OF THIS POLICY IS LIMITED TO LIABILITY FOR COVERED ACTS COMMITTED SUBSEQUENT TO THE RETROACTIVE DATE, IF APPLICABLE, FOR WHICH CLAIMS ARE FIRST MADE AGAINST YOU WHILE THE POLICY IS IN FORCE AND WHICH ARE REPORTED TO US NO LATER THAN SIXTY (60) DAYS AFTER THE TERMINATION OF THIS POLICY. THE COVERAGE OF THIS POLICY DOES NOT APPLY TO CLAIMS FIRST MADE AGAINST YOU AFTER THE TERMINATION OF THIS POLICY UNLESS, AND IN SUCH EVENT ONLY TO THE EXTENT, AN EXTENDED REPORTING PERIOD OPTION APPLIES.

POLICY NUMBER: CG108328

Replacing: N/A
Producer Code: NAPCPAG

1. Named Insured and Mailing Address: Hayflich & Steinberg, CPA's, PLLC
8 Stonecrest Drive
Huntington, WV 25701
2. Policy Period: from 01/10/11 to 01/10/12
At 12:01 A.M. Standard Time at the address of the Named Insured as stated above.
3. Limits of Liability: \$2,000,000.00 each Claim, but in no event exceeding
\$2,000,000.00 in the aggregate for all Claims

Defense Expenses Coverage Option: B
A. Reduce the available Limits of Liability
B. Are separate, and do not reduce the Limits of Liability
4. Deductible: \$ 25,000.00 each Claim, but in no event exceeding
\$ 0.00 in the aggregate for all Claims


Deductible Option: A
A. The Deductible amount specified above applies to both Damages and Defense Expenses
B. The Deductible amount specified above applies only to Damages
5. Retroactive Date: 03/05/80
6. Annual Premium: \$21,403.00
7. Notice to insurer: New York Marine & General Insurance Company,
919 Third Avenue, 10th floor, New York, NY 10022
8. Forms and endorsements attached at inception of coverage. Refer to schedule of forms.

NYAPOL 01
NYAEN 40
NYAEN 23
NYAEN 110B

NYAEN 00
NYAEN 02
NYAEN 97

NYAEN 01
NYAEN 03
NYAEN 107a

Issued on: January 26, 2011 at Ridgewood, New Jersey


for Jorgensen & Company
Authorized Representative and Managers for The Professional
Advisers Purchasing Group, Inc.

Countersigned at _____ by: _____

on: _____

**WEST VIRGINIA
STATE TAX DEPARTMENT
BUSINESS REGISTRATION
CERTIFICATE**

ISSUED TO:
**HAYFLICH & STEINBERG CPAS PLLC
8 STONECREST DR
HUNTINGTON, WV 25701-9391**

BUSINESS REGISTRATION ACCOUNT NUMBER: **1028-7482**

This certificate is issued on: **06/25/2010**

*This certificate is issued by
the West Virginia State Tax Commissioner
in accordance with W.Va. Code § 11-12.*

*The person or organization identified on this certificate is registered
to conduct business in the State of West Virginia at the location above.*

This certificate is not transferrable and must be displayed at the location for which issued.

This certificate shall be permanent until cessation of the business for which the certificate of registration was granted or until it is suspended, revoked or cancelled by the Tax Commissioner.

Change in name or change of location shall be considered a cessation of the business and a new certificate shall be required.

TRAVELING/STREET VENDORS: Must carry a copy of this certificate in every vehicle operated by them.
CONTRACTORS, DRILLING OPERATORS, TIMBER/LOGGING OPERATIONS: Must have a copy of this certificate displayed at every job site within West Virginia.



State of West Virginia
West Virginia Board of Accountancy
106 Capitol Street, Suite 100
Charleston, WV 25301
(304) 558-3557

The entity listed below was issued a
FIRM PERMIT
for the period beginning
July 1, 2011 through June 30, 2012

F0299A
HAYFLICH & STEINBERG CPAS PLLC
8 STONECREST DR
HUNTINGTON WV 25701-9391

Harold B. Davis
Board President

J. A. Menden
Executive Director



State of West Virginia
West Virginia Board of Accountancy
106 Capitol Street, Suite 100
Charleston, WV 25301
(304) 558-3557

The entity listed below was issued an
Authorization to Perform
Attest and/or Compilation Services
for the period beginning
July 1, 2011 through June 30, 2012

F0299A
HAYFLICH & STEINBERG CPAS PLLC
8 STONECREST DR
HUNTINGTON WV 25701-9391

Harold B. Davis
Board President

J. A. Menden
Executive Director



West Virginia Board of Accountancy
106 Capitol Street, Suite 100
Charleston, WV 25301
(304) 558-3557

Your fee has been
received for renewal
of your firm permit. This
registration may be
detached from the perforation at
left and used until the
date indicated.

Any errors in the attached
information should be
reported to the Board office at
304/558-3557

Harold B. Davis
Board President
J. A. Menden
Executive Director



West Virginia Board of Accountancy
106 Capitol Street, Suite 100
Charleston, WV 25301
(304) 558-3557

Your fee has been received
for your firm's Authorization to
Perform Attest or Compilation
Services in West Virginia.
This Authorization may be
detached and used
until the date indicated.

Any errors in the
attached information
should be reported
to the Board
office at
304/558-3557

Harold B. Davis
Board President
J. A. Menden
Executive Director

SYSTEM REVIEW REPORT

September 15, 2010

To the Members

Hayflich & Steinberg, CPAs, PLLC

and the Peer Review Committee of the American Institute of Certified Public Accountants

We have reviewed the system of quality control for the accounting and auditing practice of Hayflich & Steinberg, CPAs, PLLC (the firm) in effect for the year ended May 31, 2010. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.

As required by the standards, engagements selected for review included an engagement performed under the *Government Auditing Standards* and audits of employee benefit plans.

In our opinion, the system of quality control for the accounting and auditing practice of Hayflich & Steinberg, CPAs, PLLC in effect for the year ended May 31, 2010, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Hayflich & Steinberg, CPAs, PLLC has received a peer review rating of *pass*.

Olsen Thielen & Co., Ltd.

Olsen Thielen & Co., Ltd.