

May 17, 2018

Mr. Russell J. Smith
New York State Department of Health
Bureau of Long Term Care Reimbursement
One Commerce Plaza Rm 1430-A
99 Washington Ave.
Albany, NY 12210-2808

By e-mail: russell.smith@health.ny.gov

Re: Proposed Revisions to CHHA Medicaid Cost Reports for Impact of SSAE No. 18

Dear Mr. Smith:

The New York State Society of Certified Public Accountants (NYSSCPA), representing more than 26,000 CPAs in public practice, business, government and education, is pleased to have the opportunity to work with your department to assess the impact of SSAE No. 18 on the various Medicaid cost report certifications.

Effective May 1, 2017, SSAE 18 (AT-C Sections 105 and 205) updated the attestation standards regarding examination engagements. SSAE 18 brought the documentation requirements of an examination engagement closer to auditing standards. As a result, certified public accountants (CPAs) need to ensure that they are following the new attestation standards when signing examination reports, including the examination reports that are included when CPAs certify the Certified Home Health Agency (CHHA) Medicaid Cost Reports.

Due to these changes in the attestation standards, the opinions currently included on the Health Commerce System (HCS) for CHHA Medicaid cost reports need to be updated with the appropriate language. We have included updated opinions (attached) for your convenience. The changes were as follows:

Current Language

Governmental

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting Schedule D and the supplemental data's conformity with the applicable instructions and

performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

Consolidated/Standard

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the supplemental data's conformity with the applicable instructions and performing such other procedures, as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

Revised Language

Governmental

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether Schedule D and the above supplemental data is in accordance with (or based on) the applicable instructions relating to the preparation of the CHHA report, in all material respects. An examination involves performing procedures to obtain evidence about the above supplemental data. The nature, timing, and extent of the procedures selected depend on our judgement, including an assessment of the risks of material misstatement of the above supplemental data, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Consolidated/Standard

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the above supplemental data is in accordance with (or based on) the applicable instructions relating to the preparation of the Annual Report of Certified Home Health Agencies, in all material respects. An examination involves performing procedures to obtain evidence about the above supplemental data. The nature, timing, and extent of the procedures selected depend on our judgement, including an assessment of the risks of material misstatement of the above supplemental data, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.


In addition, we are proposing any reference to “conformity with” the instructions be changed to “in accordance with (or based on)” the applicable instructions.

We did note several other inconsistencies between the reports and variances from standard language. If the Department would like us to provide input on the other changes, please let us know and we will provide you with completely updated opinions.

The New York State Society of Certified Public Accountants Healthcare Committee, led by Janine Mangione, Committee Chair and Steven Schwartz, Committee Member, at the request of the committee, reviewed the existing opinions and provided the updates as were necessary to comply with the change in the standards.

If you would like additional discussion with us, please contact Janine Mangione, the Healthcare Committee Chair, at (518) 250-7792, or Ernest J. Markezin, NYSSCPA staff, at (212) 719-8303.

Sincerely,

A handwritten signature in black ink, appearing to read "Harold Deiters III". The signature is written in a cursive style and is positioned over a faint, semi-transparent watermark of the NYSSCPA logo.

Harold L. Deiters III
President

Attachments

NEW YORK STATE DEPARTMENT OF HEALTH
OFFICE OF HEALTH INSURANCE PROGRAMS
ANNUAL REPORT OF
CERTIFIED HOME HEALTH AGENCY

AGENCY:

OPERATING CERTIFICATE NO.: DCN:

NAME OF CONTROLLER OR CHIEF FISCAL OFFICER

Accountants New York State Certification for GOVERNMENTAL AGENCIES

We have not audited the financial statements of the County sponsor of _____ Certified Home Health Agency (CHHA) and accordingly do not express an opinion or provide any form of assurance on such financial statements.

Report on Schedule D

We have audited Schedule D (Statement of Revenue and Expenses) of the accompanying CHHA report for the year ended _____.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of Schedule D in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of Schedule D that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on Schedule D based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether Schedule D is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in Schedule D. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of Schedule D, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of Schedule D in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness

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of significant accounting estimates made by management, as well as evaluating the overall presentation of Schedule D.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, Schedule D presents fairly, in all material respects, the revenues and expenses of _____ CHHA for the year ended _____, in accordance with accounting principles generally accepted in the United States of America.

Report on Supplemental Data

Our audit of Schedule D was conducted for the purpose of forming an opinion as to whether Schedule D is fairly stated, in all material respects, in accordance with accounting principles generally accepted in the United States of America. The following supplemental data for the year ended _____ is presented for purposes of additional analysis.

The financial data on:

Schedule A,
Schedule A-1,
Schedule A-2,
Schedule A-3,
Schedule A-4,
Schedule A-5,
Schedule A-8,
Schedule B, and
Schedule C

The statistical data on:

Schedule S-1,
Schedule A-6,
Schedule A-7,
Schedule B-1
Schedule E and
Schedule K

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare Schedule D. The information has been subjected to the auditing procedures applied in the audit of Schedule D and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare Schedule D or to Schedule D itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly

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stated in all material respects in relation to Schedule D as a whole.

The other information included in the accompanying CHHA report, not specifically identified above is presented for purposes of additional analysis. Such information has not been subjected to the auditing procedures applied in the audit of Schedule D, and, accordingly, we express no opinion or provide any assurance on it.

Report on Conformity With the Applicable Instructions

We have examined Schedule D and the supplemental data detailed above. Agency management is responsible for the preparation of Schedule D and the supplemental data in accordance with (or based on) the applicable instructions relating to the preparation of the Annual Report of Certified Home Health Agencies as furnished by the New York State Department of Health for the year ended December 31, ____ . Our responsibility is to express an opinion on Schedule D and the supplemental data based upon our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether Schedule D and the above supplemental data is in accordance with (or based on) the applicable instructions relating to the preparation of the CHHA report, in all material respects. An examination involves performing procedures to obtain evidence about the above supplemental data. The nature, timing, and extent of the procedures selected depend on our judgement, including an assessment of the risks of material misstatement of the above supplemental data, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

In our opinion, Schedule D and the supplemental data detailed above are in all material respects is in accordance with (or based on) the applicable instructions relating to the preparation of the CHHA report as furnished by the New York State Department of Health for the year ended December 31, _____.

Restricted Use

This CHHA report, including this accountant's opinion, is intended solely for the information and use of the management and ownership of the agency and the offices and agencies of the State of New York, and is not intended to be and should not be used by anyone other than these specified parties.

Auditor Certification

The undersigned hereby certifies this opinion and that I/we have disclosed any and all material facts known to me/us, disclosure of which is necessary to make this opinion, Schedule D and the supplemental data not misleading. The undersigned hereby further certifies that I/we will disclose any material fact discovered by me/us subsequent to this certification which existed at the time of this certification and was not disclosed in Schedule D or the supplemental data, the

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disclosure of which is necessary to make Schedule D or the supplemental data not misleading and will disclose any material misstatement in Schedule D or the supplemental data.

During the period of this professional engagement, at the time of expressing this opinion and during the period covered by Schedule D, I/we did not have nor were committed to acquire, any direct financial interest or material indirect financial interest in the ownership or operation of the agency and I/we were not connected in any way with the ownership, financing or operation of the agency as a director, officer or employee, or in any capacity other than as an independent certified public accountant or independent public accountant.

NEW YORK STATE DEPARTMENT OF HEALTH
OFFICE OF HEALTH INSURANCE PROGRAMS
ANNUAL REPORT OF
CERTIFIED HOME HEALTH AGENCY

AGENCY:

OPERATING CERTIFICATE NO.: DCN:

NAME OF CONTROLLER OR CHIEF FISCAL OFFICER

Accountants New York State Certification

Report on the Consolidated Financial Statements

We have audited the consolidated financial statements of the parent company of the community based agency or sponsoring entity (nursing facility or county government) of _____, which comprise the consolidated balance sheet as of December 31, _____, and the related consolidated statements of operations, changes in net assets, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness

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of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the parent company of the community based agency or sponsoring entity (nursing facility or county government) of _____ as of December 31, ____ and the results of its operations, changes in net assets and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Report on Supplemental Data

Our audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The following supplemental data is presented for purposes of additional analysis and is not a required part of the basic financial statements identified by Declaration Control Number _____.

The financial data on:

Schedule A,
Schedule A-1,
Schedule A-2,
Schedule A-3,
Schedule A-4,
Schedule A-5,
Schedule A-8,
Schedule B,
Schedule C and
Schedule D

The statistical data on:

Schedule S-1,
Schedule A-6,
Schedule A-7,
Schedule B-1
Schedule E and
Schedule K

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to

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prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The other information included in the accompanying Annual Report of Certified Home Health Agencies identified by Declaration Control Number_____, not detailed in the preceding paragraphs, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Report on Conformity With the Applicable Instructions

We have examined the supplemental data listed in the preceding section for the year ended December 31,_____. Agency management is responsible for the preparation of the supplemental data in accordance with (or based on) the applicable instructions relating to the preparation of the Annual Report of Certified Home Health Agencies as furnished by the New York State Department of Health for the year ended December 31, _____. Our responsibility is to express an opinion on the supplemental data based upon our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the above supplemental data is in accordance with (or based on) the applicable instructions relating to the preparation of the Annual Report of Certified Home Health Agencies, in all material respects. An examination involves performing procedures to obtain evidence about the above supplemental data. The nature, timing, and extent of the procedures selected depend on our judgement, including an assessment of the risks of material misstatement of the above supplemental data, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

In our opinion, the supplemental data detailed above are in all material respects in accordance with (or based on) the applicable instructions relating to the preparation of the Annual Report of Certified Home Health Agencies as furnished by the New York State Department of Health for the year ended December 31, _____.

Restricted Use

This Annual Report of Certified Home Health Agencies, including this accountant's opinion, is intended solely for the information and use of the management and ownership of the agency and the offices and agencies of the State of New York, and is not intended to be and should not be used by anyone other than these specified parties.

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Auditor Certification

The undersigned hereby certifies this opinion and that I/we have disclosed any and all material facts known to me/us, disclosure of which is necessary to make this opinion, the basic financial statements and the supplemental data not misleading. The undersigned hereby further certifies that I/we will disclose any material fact discovered by me/us subsequent to this certification which existed at the time of this certification and was not disclosed in the basic financial statements or the supplemental data, the disclosure of which is necessary to make the basic financial statements or the supplemental data not misleading and will disclose any material misstatement in said financial statements or supplemental data.

During the period of this professional engagement, at the time of expressing this opinion and during the period covered by the financial statements, I/we did not have nor were committed to acquire, any direct financial interest or material indirect financial interest in the ownership or operation of the agency and I/we were not connected in any way with the ownership, financing or operation of the agency as a director, officer or employee, or in any capacity other than as an independent certified public accountant or independent public accountant.

NEW YORK STATE DEPARTMENT OF HEALTH
OFFICE OF HEALTH INSURANCE PROGRAMS
ANNUAL REPORT OF
CERTIFIED HOME HEALTH AGENCY

AGENCY:

OPERATING CERTIFICATE NO.: DCN:

NAME OF CONTROLLER OR CHIEF FISCAL OFFICER

Accountants New York State Certification

Report on the Financial Statements

We have audited the financial statements of the community based agency or sponsoring entity (nursing facility or county government) of _____, which comprise the balance sheet as of December 31, _____, and the related statements of operations, changes in net assets, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

CHHA CPA CERTIFICATION STANDARD

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the community based agency or sponsoring entity (nursing facility or county government) of _____ as of December 31, _____ and the results of its operations, changes in net assets and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Report on Supplemental Data

Our audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The following supplemental data is presented for purposes of additional analysis and is not a required part of the basic financial statements identified by Declaration Control Number _____.

The financial data on:

Schedule A,
Schedule A-1,
Schedule A-2,
Schedule A-3,
Schedule A-4,
Schedule A-5,
Schedule A-8,
Schedule B,
Schedule C and
Schedule D

The statistical data on:

Schedule S-1,
Schedule A-6,
Schedule A-7,
Schedule B-1
Schedule E and
Schedule K

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to

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the basic financial statements as a whole.

The other information included in the accompanying Annual Report of Certified Home Health Agencies identified by Declaration Control Number_____, not detailed in the preceding paragraphs, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Report on Conformity With the Applicable Instructions

We have examined supplemental data listed in the preceding section for the year ended December 31,_____. Agency management is responsible for the preparation of the supplemental data in accordance with (or based on) the applicable instructions relating to the preparation of the Annual Report of Certified Home Health Agencies as furnished by the New York State Department of Health for the year ended December 31, _____. Our responsibility is to express an opinion on the supplemental data based upon our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the above supplemental data is in accordance with (or based on) the applicable instructions relating to the preparation of the Annual Report of Certified Home Health Agencies, in all material respects. An examination involves performing procedures to obtain evidence about the above supplemental data. The nature, timing, and extent of the procedures selected depend on our judgement, including an assessment of the risks of material misstatement of the above supplemental data, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

In our opinion, the supplemental data detailed above are in all material respects in accordance with (or based on) the applicable instructions relating to the preparation of the Annual Report of Certified Home Health Agencies as furnished by the New York State Department of Health for the year ended December 31, _____.

Restricted Use

This Annual Report of Certified Home Health Agencies, including this accountant's opinion, is intended solely for the information and use of the management and ownership of the agency and the offices and agencies of the State of New York, and is not intended to be and should not be used by anyone other than these specified parties.

Auditor Certification

The undersigned hereby certifies this opinion and that I/we have disclosed any and all material facts known to me/us, disclosure of which is necessary to make this opinion, the basic financial statements and the supplemental data not misleading. The undersigned hereby further certifies

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that I/we will disclose any material fact discovered by me/us subsequent to this certification which existed at the time of this certification and was not disclosed in the basic financial statements or the supplemental data, the disclosure of which is necessary to make the basic financial statements or the supplemental data not misleading and will disclose any material misstatement in said financial statements or supplemental data.

During the period of this professional engagement, at the time of expressing this opinion and during the period covered by the financial statements, I/we did not have nor were committed to acquire, any direct financial interest or material indirect financial interest in the ownership or operation of the agency and I/we were not connected in any way with the ownership, financing or operation of the agency as a director, officer or employee, or in any capacity other than as an independent certified public accountant or independent public accountant.