



May 14, 2018

Ms. Janet Baggetta
Director
Bureau of Mental Hygiene Services
New York State Department of Health
Hospital and Clinic Rate Setting
Empire State Plaza, Corning Tower
Albany, NY 12237

By e-mail: janet.baggetta@health.ny.gov

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

Dear Ms. Baggetta:

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 Ambulatory Health Care Facility (AHCF) Medicaid Cost Reports.

Due to these changes in the attestation standards, the opinions currently included on the Health Commerce System (HCS) for AHCF 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

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.

Government Sponsored & Audited

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 Exhibit III J 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.

Government Not Audited

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 Exhibit III J 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.

Revised Language

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 AHCF Cost 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 the accountant's 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.

Government Sponsored & Audited

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 Exhibit III J and the above supplemental data is in accordance with (or based on) the applicable instructions relating to the preparation of the D&TC 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.

Government Not Audited

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 Exhibit III J and the above supplemental data is in accordance with (or based on) the applicable instructions relating to the preparation of the D&TC 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 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,



Harold L. Deiters III
President

Attachments

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Report on the Financial Statements

We have audited financial statements of _____, which comprise the balance sheet as of _____, 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.

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 entity as of _____ and the results of operations, changes in net assets or equity and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit of the basic financial statements was conducted for the purpose of forming an opinion on those financial statements taken as a whole. The following supplemental data from the accompanying Ambulatory Health Care Facility (AHCF) Cost Report of Diagnostic & Treatment Center for the year ended _____, identified by Declaration Control Number _____ (Medicare Number _____), which are the responsibility of the facility management, are presented for the purpose of additional analysis and are not required as part of the basic financial statements:

The financial data on:

Exhibit II - Ownership Information (Excluding class code 0082 column, "Actual cost of related

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company)

Exhibit III A - Expenditures, the data contained in the Column entitled "Total Adjusted Costs" (a through n).
Exhibit III E - Balance Sheet
Exhibit III F - Statement of Revenue, and
Exhibit III H - Changes in Fund Balances and Total Equity

The statistical data included on:

Exhibit I C - Statistical Data of Users and Patient Care Cost Centers
Exhibit I D - Statistical Data by Payor

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 _____ in all material respects in relation to the basic financial statements as a whole.

Report on Other Legal and Regulatory Requirements

The other information included in the accompanying AHCF Cost Report, identified by Declaration Control Number _____, not detailed in the preceding paragraphs, was not audited by us and, accordingly, we express no opinion thereon.

We have examined the above supplemental data for the year ended _____. [Facility name] 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 AHCF Cost Report as furnished by the New York State Department of Health for the year ended _____. 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 AHCF Cost 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, the above supplemental data are in all material respects in accordance with (or based on) the applicable instructions relating to the preparation of the **AHCF Cost Report** as furnished by the New York State Department of Health with the AHCF software for the year ended _____.

This **AHCF Cost Report**, including this accountant's opinion, is intended solely for the information and use of the management and ownership of the _____ 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.

The undersigned hereby certifies this opinion and that we have disclosed any and all material facts

D&TC CPA CERTIFICATION (NFP FP)

known to 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 we will disclose any material fact discovered by 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 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, 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 facility and we were not connected in any way with the ownership, financing or operation of the facility as a director, officer or employee, or in any capacity other than as an independent certified public accountant or independent public accountant.

Signature of Accounting Firm

Name of Accounting Firm

By: _____
Signature of CPA Partner-in-Charge

Name of CPA

CPA License Number

Date of CPA Signature

Address

City/State/ZIP

Telephone

Facility _____

DCN#: _____

D&TC CPA CERTIFICATION (GOVERNMENTAL NOT AUDITED)

OPINION OF INDEPENDENT ACCOUNTANT FOR GOVERNMENTAL AGENCIES

Report on the Financial Statements

We have not audited the financial statements of _____County sponsor of _____ Diagnostic and Treatment Center (D&TC) and accordingly do not express an opinion on such financial statements.

We have audited Exhibit III J (Reconciliation to Audited Financial Statement) of the accompanying D&TC report for the year ended _____. Exhibit III J was prepared by and is the responsibility of the program's management. Our responsibility is to express an opinion on Exhibit III J based on our audit.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of Exhibit III J 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 Exhibit III J that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on Exhibit III J 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 Exhibit III J is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in Exhibit III J. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of Exhibit III J, 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 Exhibit III J 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 Exhibit III J.

Exhibit III J was prepared to present patient service revenue, other operating revenue, operating expenses, nonoperating revenue, nonoperating expenses, and excess of total revenues over total expenses of the D&TC consistent with the rules and instructions of the New York State Department of Health. This schedule is not intended to be a complete presentation of the D&TC's 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, Exhibit III J presents fairly, in all material respects, the revenues and expenses of _____D&TC for the year ended _____, in conformity with accounting principles generally accepted in the United States of America.

D&TC CPA CERTIFICATION (GOVERNMENTAL NOT AUDITED)

Report on Supplementary Information

Our audit of Exhibit III J was conducted for the purpose of forming an opinion as to whether Exhibit III J is fairly stated, in all material respects, in conformity with generally accepted accounting principles. The following supplemental data for the year ended _____, which are the responsibility of the program's management, are presented for additional analysis:

The financial data on:

Exhibit II - Ownership Information
(Excluding class code 0082 column, "Actual cost of related company")

Exhibit III A - Expenditures, the data contained in the Column entitled "Total Adjusted Costs" (a through n)

Exhibit III F - Statement of Revenue and

The statistical data included on:

Exhibit I C - Statistical Data of Users and Patient Care Cost Centers
Exhibit I D - Statistical data by Payer

Such information is the responsibility of management and was derived from and relates to the underlying accounting and other records used to prepare Exhibit III J. The above supplemental data has been subjected to the auditing procedures applied in the audit of Exhibit III J and, in our opinion, is fairly stated in all material respects in relation to Exhibit III J.

Report on Other Legal and Regulatory Requirements

The other information included in the accompanying D&TC report, not specifically identified above, was not audited by us and, accordingly, we express no opinion thereon.

We have examined Exhibit III J and the supplemental data detailed above in accordance with (or based on) the applicable instructions relating to the preparation of the report as furnished by the New York State Department of Health for the year ended December 31, _____. Management is responsible for the preparation of Exhibit III J and the supplemental data in conformity with those instructions. Our responsibility is to express an opinion on Exhibit III J 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 Exhibit III J and the above supplemental data is in accordance with (or based on) the applicable instructions relating to the preparation of the D&TC 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, Exhibit III J and 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 D&TC report as furnished by the New York State Department of Health for the year ended December 31, _____.

This D&TC report, including this accountant's opinion, is intended solely for the information and use of the

D&TC CPA CERTIFICATION (GOVERNMENTAL NOT AUDITED)

management and ownership of the program 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.

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 and Exhibit III J 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 Exhibit III J or the supplemental data, the disclosure of which is necessary to make Exhibit III J and supplemental data not misleading and will disclose any material misstatement in Exhibit III J and the supplemental data.

During the period of this professional engagement, and at the time of expressing this opinion, and the period covered by Exhibit III J, 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 program and I/we were not connected in any way with the ownership, financing or operation of the program as a director, officer or employee, or in any capacity other than as an independent certified public accountant or independent public accountant.

Signature of Accounting Firm

Name of Accounting Firm

By: _____
Signature of CPA Partner-in-Charge

Name of CPA

CPA License Number

Date of CPA Signature

Address

City/State/Zip

Telephone

D&TC CPA CERTIFICATION (GOVERNMENTAL AUDITED)

OPINION OF INDEPENDENT ACCOUNTANT FOR GOVERNMENTAL AGENCIES (FACILITY SPONSORED AND AUDITED)

Report on the Financial Statements

We have audited the financial statements of _____ County sponsor of _____ Diagnostic and Treatment Center (D&TC) as of and for the year ended _____ and expressed an opinion on such financial statements dated.

We have audited Exhibit III J (Reconciliation to Audited Financial Statement) of the accompanying D&TC report for the year ended _____. Exhibit III J was prepared by and is the responsibility of the program's management. Our responsibility is to express an opinion on Exhibit III J based on our audit.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of Exhibit III J 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 Exhibit III J that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on Exhibit III J 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 Exhibit III J is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in Exhibit III J. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of Exhibit III J, 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 Exhibit III J 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 Exhibit III J.

Exhibit III J was prepared to present patient service revenue, other operating revenue, operating expenses, nonoperating revenue, nonoperating expenses, and excess of total revenues over total expenses of the D&TC consistent with the rules and instructions of the New York State Department of Health. This schedule is not intended to be a complete presentation of the D&TC's 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, Exhibit III J presents fairly, in all material respects, the revenues and expenses of _____ D&TC for the year ended _____, in conformity with accounting principles generally accepted in the United States of America.

D&TC CPA CERTIFICATION (GOVERNMENTAL AUDITED)

Report on Supplementary Information

Our audit of Exhibit III J was conducted for the purpose of forming an opinion as to whether Exhibit III J is fairly stated, in all material respects, in conformity with generally accepted accounting principles. The following supplemental data for the year ended _____, which are the responsibility of the program's management, are presented for additional analysis:

The financial data on:

Exhibit II - Ownership Information
(Excluding class code 0082 column, "Actual cost of related company")

Exhibit III A - Expenditures, the data contained in the Column entitled "Total Adjusted Costs" (a through n)

Exhibit III F - Statement of Revenue and

The statistical data included on:

Exhibit I C - Statistical Data of Users and Patient Care Cost Centers

Exhibit I D - Statistical data by Payer

Such information is the responsibility of management and was derived from and relates to the underlying accounting and other records used to prepare

Exhibit III J -The above supplemental data has been subjected to the auditing procedures applied in the audit of Exhibit III J and, in our opinion, is fairly stated in all material respects in relation to Exhibit III J

Report on Other Legal and Regulatory Requirements

The other information included in the accompanying D&TC report, not specifically identified above, was not audited by us and, accordingly, we express no opinion thereon.

We have examined Exhibit III J and the supplemental data detailed above in accordance with (or based on) the applicable instructions relating to the preparation of the report as furnished by the New York State Department of Health for the year ended December 31, _____. Management is responsible for the preparation of Exhibit III J and the supplemental data in accordance with (or based on) those instructions. Our responsibility is to express an opinion on Exhibit III J and the supplemental data's conformity with those instructions 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 Exhibit III J and the above supplemental data is in accordance with (or based on) the applicable instructions relating to the preparation of the D&TC 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, Exhibit III J and 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 D&TC report as furnished by the New York State Department of Health for the year ended December 31, _____.

This D&TC report, including this accountant's opinion, is intended solely for the information and use of the management and ownership of the program 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.

D&TC CPA CERTIFICATION (GOVERNMENTAL AUDITED)

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 and Exhibit III J 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 Exhibit III J or the supplemental data, the disclosure of which is necessary to make Exhibit III J and supplemental data not misleading and will disclose any material misstatement in Exhibit III J and the supplemental data.

During the period of this professional engagement, and at the time of expressing this opinion, and the period covered by Exhibit III J, 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 program and I/we were not connected in any way with the ownership, financing or operation of the program as a director, officer or employee, or in any capacity other than as an independent certified public accountant or independent public accountant.

Signature of Accounting Firm

Name of Accounting Firm

By: _____
Signature of CPA Partner-in-Charge

Name of CPA

CPA License Number

Date of CPA Signature

Address

City/State/Zip

Telephone