

State of South Carolina



Office of the State Auditor

1401 MAIN STREET, SUITE 1200
COLUMBIA, S.C. 29201

THOMAS L. WAGNER, JR., CPA
STATE AUDITOR

(803) 253-4160
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May 25, 2004

Mr. John Twitty, Controller
Health Management Resources
101 Grace Drive
Easley, South Carolina 29640

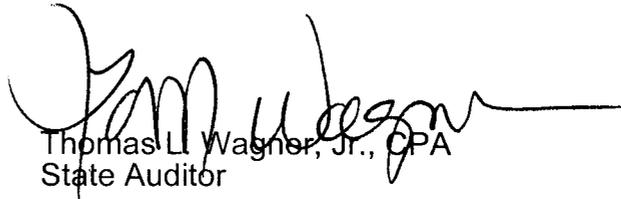
Re: AC# 3-GNC-J0 – Greenville Nursing Center, Inc.

Dear Mr. Twitty:

The accompanying report has been prepared by our office based on your Medicaid Financial and Statistical Report submitted to the Department of Health and Human Services for the cost report period October 1, 1999 through September 30, 2000. That report was used to set the rate covering the contract period beginning October 1, 2001.

We are recommending that the Department of Health and Human Services certify an accounts receivable to recover amounts due as a result of the rate change shown on Exhibit A. You will be notified of repayment terms by that Agency.

If you take exception to this report in any manner, you have the right to appeal in accordance with the Code of Laws of South Carolina, 1976 as amended, Title 44, and Department of Health and Human Services Regulation R.126-150, and you must respond in writing within thirty (30) calendar days of the date of this letter. This written response must address the specific items in the report being appealed, and must be directed to the Appeals and Hearings, Department of Health and Human Services, Post Office Box 8206, Columbia, South Carolina 29202-8206. Any correspondence should include the control number appearing on Exhibit A of this report.


Thomas L. Wagner, Jr., CPA
State Auditor

TLWjr/kss

cc: Ms. Brenda L. Hyleman
Mr. Jeff Saxon
Mr. Joseph P. Hayes

GREENVILLE NURSING CENTER, INC.

GREENVILLE, SOUTH CAROLINA

**CONTRACT PERIOD
BEGINNING OCTOBER 1, 2001
AC# 3-GNC-J0**

AGREED-UPON PROCEDURES REPORT

ON CONTRACT

FOR

PURCHASE OF NURSING CARE SERVICES

WITH

STATE OF SOUTH CAROLINA

DEPARTMENT OF HEALTH AND HUMAN SERVICES

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

February 26, 2004

Department of Health and Human Services
State of South Carolina
Columbia, South Carolina

We have performed the procedures enumerated below, which were agreed to by the South Carolina Department of Health and Human Services, solely to compute the rate change and related adjusted reimbursement rate to be used by the Department in determining the reimbursement settlement with Greenville Nursing Center, Inc., for the contract period beginning October 1, 2001, and for the twelve month cost report period ended September 30, 2000, as set forth in the accompanying schedules. The management of Greenville Nursing Center, Inc. is responsible for the Financial and Statistical Report for Nursing Homes and supporting accounting and statistical records. This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the Department of Health and Human Services. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and the associated findings are as follows:

1. We tested selected costs or areas based on our analytical procedures applied to the reimbursable Medicaid program costs as shown on the Financial and Statistical Report for Nursing Homes, as filed by Greenville Nursing Center, Inc., to determine if these costs were allowable as defined by the State Plan for Medicaid reimbursement purposes and supported by accounting and statistical records maintained by the Provider. Our findings as a result of these procedures are presented in the Adjustment Report, Summary of Costs and Total Patient Days, and Cost of Capital Reimbursement Analysis sections of this report.
2. We recomputed the Computation of Reimbursement Rate using the adjusted costs and calculated the rate change in accordance with the provisions of the contract between the Department of Health and Human Services and Greenville Nursing Center, Inc. dated as of October 1, 2001 as amended. Our findings as a result of these procedures are presented in the Computation of Rate Change and Computation of Adjusted Reimbursement Rate sections of this report.

Department of Health and Human Services
State of South Carolina
February 26, 2004

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on the financial statements or a part thereof. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the South Carolina Department of Health and Human Services and is not intended to be and should not be used by anyone other than the specified party.


Thomas L. Wagner, Jr., CPA
State Auditor

GREENVILLE NURSING CENTER, INC.

Computation of Rate Change
For the Contract Period
Beginning October 1, 2001
AC# 3-GNC-J0

10/01/01-
12/31/02

Interim Reimbursement Rate (1)	\$102.42
Adjusted Reimbursement Rate	<u>102.31</u>
Decrease in Reimbursement Rate	\$ <u><u>.11</u></u>

(1) Interim reimbursement rate from the South Carolina Medicaid Management Information System (MMIS) Provider Rate Listing dated May 8, 2003

GREENVILLE NURSING CENTER, INC.
 Computation of Adjusted Reimbursement Rate
 For the Contract Period October 1, 2001 Through December 31, 2002
 AC# 3-GNC-J0

	<u>Incentives</u>	<u>Allowable Cost</u>	<u>Cost Standard</u>	<u>Computed Rate</u>
<u>Costs Subject to Standards:</u>				
General Services		\$49.03	\$62.78	
Dietary		10.42	11.36	
Laundry/Housekeeping/Maintenance		<u>10.45</u>	<u>9.21</u>	
Subtotal	\$ <u>5.83</u>	69.90	83.35	\$ 69.90
Administration & Medical Records	\$ <u>.89</u>	<u>11.49</u>	<u>12.38</u>	<u>11.49</u>
Subtotal		81.39	<u>\$95.73</u>	81.39
<u>Costs Not Subject to Standards:</u>				
Utilities		1.84		1.84
Special Services		.33		.33
Medical Supplies & Oxygen		4.58		4.58
Taxes and Insurance		1.39		1.39
Legal Fees		<u>.09</u>		<u>.09</u>
TOTAL		<u>\$89.62</u>		89.62
Inflation Factor (3.80%)				3.41
Cost of Capital				6.15
Cost of Capital Limitation				(.94)
Profit Incentive (Maximum 3.5% of Allowable Cost)				.89
Cost Incentive				5.83
Effect of \$1.75 Cap on Cost/Profit Incentives				(4.97)
Nurse Aide Staffing Add-On 10/1/00				<u>2.32</u>
 ADJUSTED REIMBURSEMENT RATE				 <u>\$102.31</u>

GREENVILLE NURSING CENTER, INC.
Summary of Costs and Total Patient Days
For the Cost Report Period Ended September 30, 2000
AC# 3-GNC-J0

<u>Expenses</u>	Totals (From Schedule SC 13) as <u>Adjusted by DH&HS</u>	Adjustments		<u>Adjusted Totals</u>
		<u>Debit</u>	<u>Credit</u>	
General Services	\$1,382,060	\$ -	\$ 3,062 (1)	\$1,378,998
Dietary	293,107	-	-	293,107
Laundry	90,858	-	-	90,858
Housekeeping	117,076	-	-	117,076
Maintenance	86,055	-	-	86,055
Administration & Medical Records	323,259	-	-	323,259
Utilities	51,734	-	-	51,734
Special Services	9,187	-	-	9,187
Medical Supplies & Oxygen	128,788	-	-	128,788
Taxes and Insurance	39,009	-	-	39,009
Legal Fees	2,622	-	-	2,622
Cost of Capital	<u>171,821</u>	<u>1,242 (1)</u>	<u>-</u>	<u>173,063</u>
Subtotal	2,695,576	1,242	3,062	2,693,756

GREENVILLE NURSING CENTER, INC.
Summary of Costs and Total Patient Days
For the Cost Report Period Ended September 30, 2000
AC# 3-GNC-J0

<u>Expenses</u>	Totals (From Schedule SC 13) as <u>Adjusted by DH&HS</u>	Adjustments		<u>Adjusted Totals</u>
		<u>Debit</u>	<u>Credit</u>	
Ancillary	97,523	-	-	97,523
Nonallowable	<u>120,188</u>	<u>-</u>	<u>-</u>	<u>120,188</u>
Total Operating Expenses	<u>\$2,913,287</u>	<u>\$1,242</u>	<u>\$3,062</u>	<u>\$2,911,467</u>
Total Patient Days	<u>28,126</u>	<u>-</u>	<u>-</u>	<u>28,126</u>
TOTAL BEDS	<u>79</u>			

GREENVILLE NURSING CENTER, INC.
Adjustment Report
Cost Report Period Ended September 30, 2000
AC# 3-GNC-J0

<u>ADJUSTMENT</u> <u>NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
1	Fixed Assets	\$22,362	
	Cost of Capital	1,242	
	Other Equity		\$19,300
	Accumulated Depreciation		1,242
	Nursing		3,062
	To capitalize asset		
	HIM-15-1, Section 110		
		_____	_____
	TOTAL ADJUSTMENTS	\$ <u>23,604</u>	\$ <u>23,604</u>

Due to the nature of compliance reporting, adjustment descriptions and references contained in the preceding Adjustment Report are provided for general guidance only and are not intended to be all-inclusive.

GREENVILLE NURSING CENTER, INC.
 Cost of Capital Reimbursement Analysis
 For the Cost Report Period Ended September 30, 2000
 AC# 3-GNC-J0

Original Asset Cost (Per Bed)	\$ 15,618
Inflation Adjustment	<u>2.3848</u>
Deemed Asset Value (Per Bed)	37,246
Number of Beds	<u>79</u>
Deemed Asset Value	2,942,434
Improvements Since 1981	221,874
Accumulated Depreciation at 9/30/00	<u>(625,466)</u>
Deemed Depreciated Value	2,538,842
Market Rate of Return	<u>.058</u>
Total Annual Return	147,253
Return Applicable to Non-Reimbursable Cost Centers	-
Allocation of Interest to Non-Reimbursable Cost Centers	<u>-</u>
Allowable Annual Return	147,253
Depreciation Expense	25,810
Amortization Expense	-
Capital Related Income Offsets	-
Allocation of Capital Expenses to Non-Reimbursable Cost Centers	<u>-</u>
Allowable Cost of Capital Expense	173,063
Total Patient Days (Actual)	<u>28,126</u>
Cost of Capital Per Diem	\$ <u><u>6.15</u></u>

GREENVILLE NURSING CENTER, INC.
Cost of Capital Reimbursement Analysis
For the Cost Report Period Ended September 30, 2000
AC# 3-GNC-J0

6/30/89 Cost of Capital and Return on Equity Capital Per Diem Reimbursement	\$1.22
Adjustment for Maximum Increase	<u>3.99</u>
Maximum Cost of Capital Per Diem	<u>\$5.21</u>
Reimbursable Cost of Capital Per Diem	\$5.21
Cost of Capital Per Diem	<u>6.15</u>
Cost of Capital Per Diem Limitation	<u>\$(.94)</u>

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