

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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March 19, 2004

Mr. Grady Bethea, COO-LTC Clarendon Memorial Hospital
Clarendon Memorial Hospital
50 Hospital Street
Manning, South Carolina 29102

Re: AC# 3-SMH-J0 – Clarendon Hospital District d/b/a Harper Nursing Center

Dear Mr. Bethea:

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 February 1, 2000 through September 30, 2000. That report was used to set the rate covering the contract periods beginning August 1, 2000.

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.

A handwritten signature in black ink that reads 'Thomas L. Wagner, Jr.' with a stylized flourish at the end.

Thomas L. Wagner, Jr., CPA
State Auditor

TLWjr/cwc

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

**CLARENDON HOSPITAL DISTRICT
D/B/A HARPER NURSING CENTER**

ESTILL, SOUTH CAROLINA

**CONTRACT PERIODS
BEGINNING AUGUST 1, 2000
AC# 3-SMH-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

March 4, 2003

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

We have performed the procedures described 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 Clarendon Hospital District d/b/a Harper Nursing Center, for the contract periods beginning August 1, 2000, and for the eight month cost report period ended September 30, 2000, as set forth in the accompanying schedules. The management of Clarendon Hospital District d/b/a Harper Nursing Center 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.

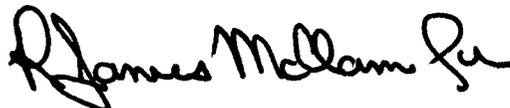
The procedures and the associated findings are as follows:

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 Clarendon Hospital District d/b/a Harper Nursing Center, 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, Summaries of Costs and Total Patient Days, and Cost of Capital Reimbursement Analyses 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 Clarendon Hospital District d/b/a Harper Nursing Center dated as of October 1, 1994 and October 1, 2001 as amended. Our findings as a result of these procedures are presented in the Computation of Rate Change and Computations of Adjusted Reimbursement Rate sections of this report.

Department of Health and Human Services
State of South Carolina
March 4, 2003

These agreed-upon procedures do not constitute an audit of financial statements or any part thereof, the objective of which is 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.

A handwritten signature in black ink, appearing to read "Thomas L. Wagner, Jr.", written in a cursive style.

Thomas L. Wagner, Jr., CPA
State Auditor

CLARENDON HOSPITAL DISTRICT D/B/A HARPER NURSING CENTER

Computation of Rate Change
For the Contract Periods
Beginning August 1, 2000
AC# 3-SMH-J0

	<u>08/01/00-</u> <u>09/30/00</u>	<u>10/01/00-</u> <u>09/30/01</u>	<u>10/01/01-</u> <u>12/31/02</u>
Interim Reimbursement Rate (1)	\$103.46	\$103.71	\$107.67
Adjusted Reimbursement Rate	<u>94.48</u>	<u>96.11</u>	<u>95.45</u>
Decrease in Reimbursement Rate	\$ <u>8.98</u>	\$ <u>7.60</u>	\$ <u>12.22</u>

(1) Interim reimbursement rate from the South Carolina Medicaid Management Information System (MMIS) Provider Rate Listing dated May 16, 2002

CLARENDON HOSPITAL DISTRICT D/B/A HARPER NURSING CENTER
 Computation of Adjusted Reimbursement Rate
 For the Contract Period August 1, 2000 Through September 30, 2000
 AC# 3-SMH-J0

	<u>Incentives</u>	<u>Allowable Cost</u>	<u>Cost Standard</u>	<u>Computed Rate</u>
<u>Costs Subject to Standards:</u>				
General Services		\$44.79	\$50.88	
Dietary		10.35	9.69	
Laundry/Housekeeping/Maintenance		<u>9.42</u>	<u>8.24</u>	
Subtotal	\$ <u>4.25</u>	64.56	68.81	\$64.56
Administration & Medical Records	\$ <u>2.83</u>	<u>8.73</u>	<u>11.56</u>	<u>8.73</u>
Subtotal		73.29	<u>\$80.37</u>	73.29
<u>Costs Not Subject to Standards:</u>				
Utilities		2.96		2.96
Special Services		.80		.80
Medical Supplies & Oxygen		4.30		4.30
Taxes and Insurance		.57		.57
Legal Fees		<u>-</u>		<u>-</u>
TOTAL		<u>\$81.92</u>		81.92
Inflation Factor (3.00%)				2.46
Cost of Capital				6.43
Cost of Capital Limitation				-
Profit Incentive (Max. 3.5% of Allowable Cost)				2.83
Cost Incentive				4.25
Effect of \$1.75 Cap on Cost/Profit Incentives				(5.33)
CNA Add-On				.75
Nurse Aide Staffing Add-On 10/01/99				<u>1.17</u>
ADJUSTED REIMBURSEMENT RATE				<u>\$94.48</u>

CLARENDON HOSPITAL DISTRICT D/B/A HARPER NURSING CENTER
 Computation of Adjusted Reimbursement Rate
 For the Contract Period October 1, 2000 Through September 30, 2001
 AC# 3-SMH-J0

	<u>Incentives</u>	<u>Allowable Cost</u>	<u>Cost Standard</u>	<u>Computed Rate</u>
<u>Costs Subject to Standards:</u>				
General Services		\$45.26	\$50.24	
Dietary		10.46	10.12	
Laundry/Housekeeping/Maintenance		<u>9.52</u>	<u>8.88</u>	
Subtotal	\$ <u>4.00</u>	65.24	69.24	\$65.24
Administration & Medical Records	\$ <u>1.72</u>	<u>8.83</u>	<u>10.55</u>	<u>8.83</u>
Subtotal		74.07	<u>\$79.79</u>	74.07
<u>Costs Not Subject to Standards:</u>				
Utilities		2.99		2.99
Special Services		.80		.80
Medical Supplies & Oxygen		4.34		4.34
Taxes and Insurance		.58		.58
Legal Fees		<u>-</u>		<u>-</u>
TOTAL		<u>\$82.78</u>		82.78
Inflation Factor (3.20%)				2.65
Cost of Capital				6.44
Cost of Capital Limitation				-
Profit Incentive (Max. 3.5% of Allowable Cost)				1.72
Cost Incentive				4.00
Effect of \$1.75 Cap on Cost/Profit Incentives				(3.97)
Nurse Aide Staffing Add-On 10/01/99				1.17
Nurse Aide Staffing Add-On 10/01/00				<u>1.32</u>
ADJUSTED REIMBURSEMENT RATE				<u>\$96.11</u>

CLARENDON HOSPITAL DISTRICT D/B/A HARPER NURSING CENTER
 Computation of Adjusted Reimbursement Rate
 For the Contract Period October 1, 2001 Through December 31, 2002
 AC# 3-SMH-J0

	<u>Incentives</u>	<u>Allowable Cost</u>	<u>Cost Standard</u>	<u>Computed Rate</u>
<u>Costs Subject to Standards:</u>				
General Services		\$45.26	\$53.97	
Dietary		10.46	10.74	
Laundry/Housekeeping/Maintenance		<u>9.52</u>	<u>9.23</u>	
Subtotal	\$ <u>5.18</u>	65.24	73.94	\$65.24
Administration & Medical Records	\$ <u>2.64</u>	<u>8.83</u>	<u>11.47</u>	<u>8.83</u>
Subtotal		74.07	<u>\$85.41</u>	74.07
<u>Costs Not Subject to Standards:</u>				
Utilities		2.99		2.99
Special Services		.80		.80
Medical Supplies & Oxygen		4.34		4.34
Taxes and Insurance		.58		.58
Legal Fees		<u>-</u>		<u>-</u>
TOTAL		<u>\$82.78</u>		82.78
Inflation Factor (3.80%)				3.15
Cost of Capital				6.45
Cost of Capital Limitation				-
Profit Incentive (Max. 3.5% of Allowable Cost)				2.64
Cost Incentive				5.18
Effect of \$1.75 Cap on Cost/Profit Incentives				(6.07)
Nurse Aide Staffing Add-On 10/01/00				<u>1.32</u>
ADJUSTED REIMBURSEMENT RATE				<u>\$95.45</u>

CLARENDON HOSPITAL DISTRICT D/B/A HARPER NURSING CENTER
 Summary of Costs and Total Patient Days
 For the Cost Report Period Ended September 30, 2000
 For the Contract Period August 1, 2000 Through September 30, 2000
 AC# 3-SMH-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	\$1,200,402	\$ 594 (9) 4,034 (16)	\$ 16,719 (1) 8,750 (11) 351 (15) 1,182 (16) 75,198 (17) 3,580 (17) 1,223 (22)	\$1,098,027
Dietary	267,070	2,179 (16)	6,043 (2) 293 (13) 1,197 (15) 7,964 (17)	253,752
Laundry	43,388	115 (16)	505 (15) 1,975 (17)	41,023
Housekeeping	123,279	-	384 (16) 7,215 (17)	115,680
Maintenance	89,774	239 (16)	8,990 (9) 560 (10) 5,276 (12) 873 (17)	74,314

CLARENDON HOSPITAL DISTRICT D/B/A HARPER NURSING CENTER
 Summary of Costs and Total Patient Days
 For the Cost Report Period Ended September 30, 2000
 For the Contract Period August 1, 2000 Through September 30, 2000
 AC# 3-SMH-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>	
Administration & Medical Records	340,347	4,714 (7)	921 (15)	214,093
		4,791 (9)	6,569 (17)	
		3,842 (16)	129,871 (18)	
			2,240 (23)	
Utilities	72,700	5,177 (3)	4,775 (4)	72,625
			477 (15)	
Special Services	19,497	-	-	19,497
Medical Supplies & Oxygen	137,007	29,529 (6)	35,548 (6)	105,419
			6,857 (7)	
			2,494 (8)	
			5,680 (14)	
			10,538 (19)	
Taxes and Insurance	40,391	-	26,322 (5)	14,069
Legal Fees	-	-	-	-
Cost of Capital	181,894	9,070 (25)	31,390 (21)	157,638
			1,936 (24)	
Subtotal	2,515,749	64,284	413,896	2,166,137

CLARENDON HOSPITAL DISTRICT D/B/A HARPER NURSING CENTER
 Summary of Costs and Total Patient Days
 For the Cost Report Period Ended September 30, 2000
 For the Contract Period August 1, 2000 Through September 30, 2000
 AC# 3-SMH-J0

<u>Expenses</u>	Totals (From Schedule SC 13) as <u>Adjusted by DH&HS</u>	Adjustments <u>Debit</u>	<u>Credit</u>	<u>Adjusted Totals</u>
Ancillary	60,811	-	-	60,811
Nonallowable	350,274	16,719 (1)	5,177 (3)	699,886
		6,043 (2)	8,843 (16)	
		4,775 (4)	9,070 (25)	
		26,322 (5)		
		6,019 (6)		
		2,143 (7)		
		2,494 (8)		
		3,605 (9)		
		560 (10)		
		8,750 (11)		
		5,276 (12)		
		293 (13)		
		5,680 (14)		
		3,451 (15)		
		103,374 (17)		
		129,871 (18)		
		10,538 (19)		
		31,390 (21)		
		1,223 (22)		
		2,240 (23)		
		<u>1,936 (24)</u>		
Total Operating Expenses	<u>\$2,926,834</u>	<u>\$436,986</u>	<u>\$436,986</u>	<u>\$2,926,834</u>
Total Patient Days	<u>24,514</u>	<u>-</u>	<u>-</u>	<u>24,514</u>
Total Beds	<u>104</u>			

CLARENDON HOSPITAL DISTRICT D/B/A HARPER NURSING CENTER
 Summary of Costs and Total Patient Days
 For the Cost Report Period Ended September 30, 2000
 For the Contract Period October 1, 2000 Through September 30, 2001
 AC# 3-SMH-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	\$1,200,402	\$ 594 (9) 4,034 (16)	\$ 16,719 (1) 8,750 (11) 351 (15) 1,182 (16) 75,198 (17) 3,580 (17) 1,223 (22)	\$1,098,027
Dietary	267,070	2,179 (16)	6,043 (2) 293 (13) 1,197 (15) 7,964 (17)	253,752
Laundry	43,388	115 (16)	505 (15) 1,975 (17)	41,023
Housekeeping	123,279	-	384 (16) 7,215 (17)	115,680
Maintenance	89,774	239 (16)	8,990 (9) 560 (10) 5,276 (12) 873 (17)	74,314

CLARENDON HOSPITAL DISTRICT D/B/A HARPER NURSING CENTER
 Summary of Costs and Total Patient Days
 For the Cost Report Period Ended September 30, 2000
 For the Contract Period October 1, 2000 Through September 30, 2001
 AC# 3-SMH-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>	
Administration & Medical Records	340,347	4,714 (7)	921 (15)	214,093
		4,791 (9)	6,569 (17)	
		3,842 (16)	129,871 (18)	
			2,240 (23)	
Utilities	72,700	5,177 (3)	4,775 (4)	72,625
			477 (15)	
Special Services	19,295	-	-	19,295
Medical Supplies & Oxygen	136,778	29,529 (6)	35,548 (6)	105,298
			6,857 (7)	
			2,494 (8)	
			5,680 (14)	
			10,430 (20)	
Taxes and Insurance	40,391	-	26,322 (5)	14,069
Legal Fees	-	-	-	-
Cost of Capital	180,017	9,479 (26)	31,390 (21)	156,170
			1,936 (24)	
Subtotal	2,513,441	64,693	413,788	2,164,346

CLARENDON HOSPITAL DISTRICT D/B/A HARPER NURSING CENTER
 Summary of Costs and Total Patient Days
 For the Cost Report Period Ended September 30, 2000
 For the Contract Period October 1, 2000 Through September 30, 2001
 AC# 3-SMH-J0

<u>Expenses</u>	Totals (From Schedule SC 13) as <u>Adjusted by DH&HS</u>	Adjustments <u>Debit</u>	<u>Credit</u>	<u>Adjusted Totals</u>
Ancillary	60,811	-	-	60,811
Nonallowable	352,582	16,719 (1)	5,177 (3)	701,677
		6,043 (2)	8,843 (16)	
		4,775 (4)	9,479 (26)	
		26,322 (5)		
		6,019 (6)		
		2,143 (7)		
		2,494 (8)		
		3,605 (9)		
		560 (10)		
		8,750 (11)		
		5,276 (12)		
		293 (13)		
		5,680 (14)		
		3,451 (15)		
		103,374 (17)		
		129,871 (18)		
		10,430 (20)		
		31,390 (21)		
		1,223 (22)		
		2,240 (23)		
		<u>1,936 (24)</u>		
Total Operating Expenses	<u>\$2,926,834</u>	<u>\$437,287</u>	<u>\$437,287</u>	<u>\$2,926,834</u>
Total Patient Days	<u>24,261</u>	<u>-</u>	<u>-</u>	<u>24,261</u>
Total Beds	<u>104</u>			

CLARENDON HOSPITAL DISTRICT D/B/A HARPER NURSING CENTER
 Summary of Costs and Total Patient Days
 For the Cost Report Period Ended September 30, 2000
 For the Contract Period October 1, 2001 Through December 31, 2002
 AC# 3-SMH-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	\$1,200,402	\$ 594 (9) 4,034 (16)	\$ 16,719 (1) 8,750 (11) 351 (15) 1,182 (16) 75,198 (17) 3,580 (17) 1,223 (22)	\$1,098,027
Dietary	267,070	2,179 (16)	6,043 (2) 293 (13) 1,197 (15) 7,964 (17)	253,752
Laundry	43,388	115 (16)	505 (15) 1,975 (17)	41,023
Housekeeping	123,279	-	384 (16) 7,215 (17)	115,680
Maintenance	89,774	239 (16)	8,990 (9) 560 (10) 5,276 (12) 873 (17)	74,314

CLARENDON HOSPITAL DISTRICT D/B/A HARPER NURSING CENTER
 Summary of Costs and Total Patient Days
 For the Cost Report Period Ended September 30, 2000
 For the Contract Period October 1, 2001 Through December 31, 2002
 AC# 3-SMH-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>	
Administration & Medical Records	340,347	4,714 (7)	921 (15)	214,093
		4,791 (9)	6,569 (17)	
		3,842 (16)	129,871 (18)	
			2,240 (23)	
Utilities	72,700	5,177 (3)	4,775 (4)	72,625
			477 (15)	
Special Services	19,295	-	-	19,295
Medical Supplies & Oxygen	136,778	29,529 (6)	35,548 (6)	105,298
			6,857 (7)	
			2,494 (8)	
			5,680 (14)	
			10,430 (20)	
Taxes and Insurance	40,391	-	26,322 (5)	14,069
Legal Fees	-	-	-	-
Cost of Capital	179,774	10,071 (27)	31,390 (21)	156,519
			1,936 (24)	
Subtotal	2,513,198	65,285	413,788	2,164,695

CLARENDON HOSPITAL DISTRICT D/B/A HARPER NURSING CENTER
 Summary of Costs and Total Patient Days
 For the Cost Report Period Ended September 30, 2000
 For the Contract Period October 1, 2001 Through December 31, 2002
 AC# 3-SMH-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	60,811	-	-	60,811
Nonallowable	352,825	16,719 (1)	5,177 (3)	701,328
		6,043 (2)	8,843 (16)	
		4,775 (4)	10,071 (27)	
		26,322 (5)		
		6,019 (6)		
		2,143 (7)		
		2,494 (8)		
		3,605 (9)		
		560 (10)		
		8,750 (11)		
		5,276 (12)		
		293 (13)		
		5,680 (14)		
		3,451 (15)		
		103,374 (17)		
		129,871 (18)		
		10,430 (20)		
		31,390 (21)		
		1,223 (22)		
		2,240 (23)		
		<u>1,936 (24)</u>		
Total Operating Expenses	<u>\$2,926,834</u>	<u>\$437,879</u>	<u>\$437,879</u>	<u>\$2,926,834</u>
Total Patient Days	<u>24,261</u>	<u>-</u>	<u>-</u>	<u>24,261</u>
Total Beds	<u>104</u>			

CLARENDON HOSPITAL DISTRICT D/B/A HARPER NURSING CENTER
Adjustment Report
Cost Report Period Ended September 30, 2000
AC# 3-SMH-J0

<u>ADJUSTMENT</u> <u>NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
1	Nonallowable Nursing	\$16,719	\$16,719
	To disallow expense not adequately documented HIM-15-1, Section 2304		
2	Nonallowable Dietary	6,043	6,043
	To disallow expense not within cost report period HIM-15-1, Section 2304		
3	Utilities Nonallowable	5,177	5,177
	To adjust electric and gas expense HIM-15-1, Section 2304		
4	Nonallowable Utilities	4,775	4,775
	To adjust water expense HIM-15-1, Section 2304		
5	Nonallowable Taxes, Insurance & Licenses	26,322	26,322
	To adjust property tax expense HIM-15-1, Section 2304		
6	Nonallowable Medical Supplies & Oxygen - Medical Supplies	6,019 29,529	35,548
	Medical Supplies & Oxygen - Nursing Supplies		
	To disallow expense not within cost report period and to reclassify expenses HIM-15-1, Section 2304		

CLARENDON HOSPITAL DISTRICT D/B/A HARPER NURSING CENTER
Adjustment Report
Cost Report Period Ended September 30, 2000
AC# 3-SMH-J0

<u>ADJUSTMENT</u> <u>NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
7	Nonallowable Administration Medical Supplies & Oxygen - Nursing Supplies	2,143 4,714	 6,857
	To disallow expense not within cost report period and to reclassify expense to the proper cost center HIM-15-1, Section 2304 DH&HS Expense Checklist		
8	Nonallowable Medical Supplies & Oxygen - Disposable Diapers	2,494	 2,494
	To disallow expense not within cost report period HIM-15-1, Section 2304		
9	Nonallowable Administration Nursing Maintenance	3,605 4,791 594	 8,990
	To disallow expense not within cost report period and to reclassify expense to the proper cost center HIM-15-1, Section 2304 DH&HS Expense Checklist		
10	Nonallowable Maintenance	560	 560
	To disallow expense not within cost report period HIM-15-1, Section 2304		
11	Nonallowable Nursing	8,750	 8,750
	To disallow undocumented cost and expenses not within cost report period HIM-15-1, Section 2304 DH&HS Expense Checklist		

CLARENDON HOSPITAL DISTRICT D/B/A HARPER NURSING CENTER
Adjustment Report
Cost Report Period Ended September 30, 2000
AC# 3-SMH-J0

<u>ADJUSTMENT</u> <u>NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
12	Nonallowable Maintenance	5,276	5,276
	To disallow expense not adequately documented HIM-15-1, Section 2304		
13	Nonallowable Dietary	293	293
	To disallow expense not within cost report period HIM-15-1, Section 2304		
14	Nonallowable Medical Supplies & Oxygen - OTC/Non-Legend Drugs	5,680	5,680
	To disallow expense not adequately documented HIM-15-1, Section 2304		
15	Nonallowable Dietary Laundry Administration Restorative Utilities	3,451	1,197 505 921 351 477
	To remove prior period expense HIM-15-1, Section 2304		
16	Nursing Dietary Maintenance Laundry Administration Restorative Housekeeping Nonallowable	4,034 2,179 239 115 3,842	1,182 384 8,843
	To reclassify salaries to the proper cost center HIM-15-1, Section 2304		

CLARENDON HOSPITAL DISTRICT D/B/A HARPER NURSING CENTER
Adjustment Report
Cost Report Period Ended September 30, 2000
AC# 3-SMH-J0

<u>ADJUSTMENT</u> <u>NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
17	Nonallowable	103,374	
	Nursing		75,198
	Restorative		3,580
	Dietary		7,964
	Laundry		1,975
	Housekeeping		7,215
	Maintenance		873
	Administration		6,569
	To adjust fringe benefits and related allocation HIM-15-1, Section 2304 State Plan, Attachment 4.19D		
18	Nonallowable	129,871	
	Administration		129,871
	To adjust home office cost allocation HIM-15-1, Section 2304 State Plan, Attachment 4.19D		
19	Nonallowable	10,538	
	Medical Supplies & Oxygen		10,538
	To adjust co-insurance for Medicare Part B services State Plan, Attachment 4.19D (For the rate period 8/1/00 - 9/30/00 only)		
20	Nonallowable	10,430	
	Medical Supplies & Oxygen		10,430
	To adjust co-insurance for Medicare Part B services State Plan, Attachment 4.19D (For the rate periods 10/1/00 - 9/30/01 and 10/1/01 - 9/30/02 only)		

CLARENDON HOSPITAL DISTRICT D/B/A HARPER NURSING CENTER
Adjustment Report
Cost Report Period Ended September 30, 2000
AC# 3-SMH-J0

<u>ADJUSTMENT</u> <u>NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
21	Nonallowable Other Equity	31,390 1,133,643	
	Accumulated Depreciation		214,387
	Fixed Assets		919,256
	Cost of Capital		31,390
	To adjust fixed assets and related depreciation HIM-15-1, Section 2304 State Plan, Attachment 4.19D		
22	Nonallowable Nursing	1,223	
			1,223
	To adjust nursing equipment rental expense HIM-15-1, Section 2304		
23	Nonallowable Administration	2,240	
			2,240
	To adjust administration equipment rental HIM-15-1, Section 2304		
24	Nonallowable Other Equity	1,936 12,340	
	Intangible Assets		12,340
	Cost of Capital - Amortization		1,936
	To remove undocumented organizational costs and to reclassify amortization expense to nonallowable HIM-15-1, Section 2304 State Plan, Attachment 4.19D		
25	Cost of Capital Nonallowable	9,070	
			9,070
	To adjust capital return State Plan, Attachment 4.19D		

(For the rate period 8/1/00 - 9/30/00 only)

CLARENDON HOSPITAL DISTRICT D/B/A HARPER NURSING CENTER
 Adjustment Report
 Cost Report Period Ended September 30, 2000
 AC# 3-SMH-J0

<u>ADJUSTMENT NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
26	Cost of Capital Nonallowable	9,479	9,479
	To adjust capital return State Plan, Attachment 4.19D (For the rate period 10/1/00 - 9/30/01 only)		
27	Cost of Capital Nonallowable	10,071	10,071
	(For the rate period 10/1/01 - 9/30/02 only)		
	TOTAL ADJUSTMENTS	\$1,612,949	\$1,612,949

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.

CLARENDON HOSPITAL DISTRICT D/B/A HARPER NURSING CENTER
 Cost of Capital Reimbursement Analysis
 For the Contract Period August 1, 2000 Through September 30, 2000
 AC# 3-SMH-J0

Original Asset Cost (Per Bed)	\$ 15,618	\$ 15,618	\$ 15,618	
Inflation Adjustment	<u>2.2493</u>	<u>2.2493</u>	<u>2.2493</u>	
Deemed Asset Value (Per Bed)	35,130	35,130	35,130	
Number of Beds	<u>44</u>	<u>44</u>	<u>16</u>	
Deemed Asset Value	1,545,720	1,545,720	562,080	
Improvements Since 1981	76,211	-	-	
Accumulated Depreciation at 9/30/00	<u>(601,376)</u>	<u>(215,182)</u>	<u>(23,413)</u>	
Deemed Depreciated Value	1,020,555	1,330,538	538,667	
Market Rate of Return	<u>.063</u>	<u>.063</u>	<u>.063</u>	
Total Annual Return	64,295	83,824	33,936	
Number of Days in Period	<u>243/366</u>	<u>243/366</u>	<u>243/366</u>	
Adjusted Annual Return	42,688	55,654	22,531	
Return Applicable to Non-Reimbursable Cost Centers	-	-	-	
Allocation of Rent and Interest to Non-Reimbursable Cost Centers	<u>-</u>	<u>-</u>	<u>-</u>	
Allowable Annual Return	42,688	55,654	22,531	
Depreciation Expense	12,543	18,385	9,858	
Amortization Expense	-	-	-	
Capital Related Income Offsets	(1,701)	(1,701)	(619)	
Allocation of Capital Expenses to Non-Reimbursable Cost Centers	<u>-</u>	<u>-</u>	<u>-</u>	<u>Total</u>
Allowable Cost of Capital Expense	53,530	72,338	31,770	\$157,638
Total Patient Days	<u>10,371</u>	<u>10,371</u>	<u>3,772</u>	<u>24,514</u>
Cost of Capital Per Diem	<u>\$ 5.16</u>	<u>\$ 6.98</u>	<u>\$ 8.42</u>	<u>\$ 6.43</u>

CLARENDON HOSPITAL DISTRICT D/B/A HARPER NURSING CENTER
 Cost of Capital Reimbursement Analysis
 For the Contract Period August 1, 2000 Through September 30, 2000
 AC# 3-SMH-J0

6/30/89 Cost of Capital and Return on Equity Capital Per Diem Reimbursement	\$1.77	\$ N/A	\$ N/A
Adjustment for Maximum Increase	<u>3.99</u>	<u>N/A</u>	<u>N/A</u>
Maximum Cost of Capital Per Diem	<u>\$5.76</u>	<u>\$6.98</u>	<u>\$8.42</u>
Reimbursable Cost of Capital Per Diem		\$6.43	
Cost of Capital Per Diem		<u>6.43</u>	
Cost of Capital Per Diem Limitation		<u>\$ -</u>	

CLARENDON HOSPITAL DISTRICT D/B/A HARPER NURSING CENTER
 Cost of Capital Reimbursement Analysis
 For the Contract Period October 1, 2000 Through September 30, 2001
 AC# 3-SMH-J0

Original Asset Cost (Per Bed)	\$ 15,618	\$ 15,618	\$ 15,618	
Inflation Adjustment	<u>2.3156</u>	<u>2.3156</u>	<u>2.3156</u>	
Deemed Asset Value (Per Bed)	36,165	36,165	36,165	
Number of Beds	<u>44</u>	<u>44</u>	<u>16</u>	
Deemed Asset Value	1,591,260	1,591,260	578,640	
Improvements Since 1981	76,211	-	-	
Accumulated Depreciation at 9/30/00	<u>(601,376)</u>	<u>(215,182)</u>	<u>(23,413)</u>	
Deemed Depreciated Value	1,066,095	1,376,078	555,227	
Market Rate of Return	<u>.060</u>	<u>.060</u>	<u>.060</u>	
Total Annual Return	63,966	82,565	33,314	
Number of Days in Period	<u>243/366</u>	<u>243/366</u>	<u>243/366</u>	
Adjusted Annual Return	42,469	54,818	22,118	
Return Applicable to Non-Reimbursable Cost Centers	-	-	-	
Allocation of Rent and Interest to Non-Reimbursable Cost Centers	<u>-</u>	<u>-</u>	<u>-</u>	
Allowable Annual Return	42,469	54,818	22,118	
Depreciation Expense	12,543	18,385	9,858	
Amortization Expense	-	-	-	
Capital Related Income Offsets	(1,701)	(1,701)	(619)	
Allocation of Capital Expenses to Non-Reimbursable Cost Centers	<u>-</u>	<u>-</u>	<u>-</u>	<u>Total</u>
Allowable Cost of Capital Expense	53,311	71,502	31,357	\$156,170
Total Patient Days	<u>10,264</u>	<u>10,264</u>	<u>3,733</u>	<u>24,261</u>
Cost of Capital Per Diem	\$ <u>5.19</u>	\$ <u>6.97</u>	\$ <u>8.40</u>	\$ <u>6.44</u>

CLARENDON HOSPITAL DISTRICT D/B/A HARPER NURSING CENTER
 Cost of Capital Reimbursement Analysis
 For the Contract Period October 1, 2000 Through September 30, 2001
 AC# 3-SMH-J0

6/30/89 Cost of Capital and Return on Equity Capital Per Diem Reimbursement	\$1.77	\$ N/A	\$ N/A
Adjustment for Maximum Increase	<u>3.99</u>	<u>N/A</u>	<u>N/A</u>
Maximum Cost of Capital Per Diem	<u>\$5.76</u>	<u>\$6.97</u>	<u>\$8.40</u>
Reimbursable Cost of Capital Per Diem		\$6.44	
Cost of Capital Per Diem		<u>6.44</u>	
Cost of Capital Per Diem Limitation		<u>\$ -</u>	

CLARENDON HOSPITAL DISTRICT D/B/A HARPER NURSING CENTER
Cost of Capital Reimbursement Analysis
For the Contract Period October 1, 2001 Through December 31, 2002
AC# 3-SMH-J0

Original Asset Cost (Per Bed)	\$ 15,618	\$ 15,618	\$ 15,618	
Inflation Adjustment	<u>2.3848</u>	<u>2.3848</u>	<u>2.3848</u>	
Deemed Asset Value (Per Bed)	37,246	37,246	37,246	
Number of Beds	<u>44</u>	<u>44</u>	<u>16</u>	
Deemed Asset Value	1,638,824	1,638,824	595,936	
Improvements Since 1981	76,211	-	-	
Accumulated Depreciation at 9/30/00	<u>(601,376)</u>	<u>(215,182)</u>	<u>(23,413)</u>	
Deemed Depreciated Value	1,113,659	1,423,642	572,523	
Market Rate of Return	<u>.058</u>	<u>.058</u>	<u>.058</u>	
Total Annual Return	64,592	82,571	33,206	
Number of Days in Period	<u>243/366</u>	<u>243/366</u>	<u>243/366</u>	
Adjusted Annual Return	42,885	54,822	22,047	
Return Applicable to Non-Reimbursable Cost Centers	-	-	-	
Allocation of Rent and Interest to Non-Reimbursable Cost Centers	<u>-</u>	<u>-</u>	<u>-</u>	
Allowable Annual Return	42,885	54,822	22,047	
Depreciation Expense	12,543	18,385	9,858	
Amortization Expense	-	-	-	
Capital Related Income Offsets	(1,701)	(1,701)	(619)	
Allocation of Capital Expenses to Non-Reimbursable Cost Centers	<u>-</u>	<u>-</u>	<u>-</u>	<u>Total</u>
Allowable Cost of Capital Expense	53,727	71,506	31,286	\$156,519
Total Patient Days	<u>10,264</u>	<u>10,264</u>	<u>3,733</u>	<u>24,261</u>
Cost of Capital Per Diem	\$ <u>5.23</u>	\$ <u>6.97</u>	\$ <u>8.38</u>	\$ <u>6.45</u>

CLARENDON HOSPITAL DISTRICT D/B/A HARPER NURSING CENTER
 Cost of Capital Reimbursement Analysis
 For the Contract Period October 1, 2001 Through December 31, 2002
 AC# 3-SMH-J0

6/30/89 Cost of Capital and Return on Equity Capital Per Diem Reimbursement	\$1.77	\$ N/A	\$ N/A
Adjustment for Maximum Increase	<u>3.99</u>	<u>N/A</u>	<u>N/A</u>
Maximum Cost of Capital Per Diem	<u>\$5.76</u>	<u>\$6.97</u>	<u>\$8.38</u>
Reimbursable Cost of Capital Per Diem		\$6.45	
Cost of Capital Per Diem		<u>6.45</u>	
Cost of Capital Per Diem Limitation		<u>\$ -</u>	

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