

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
FAX (803) 343-0723

September 27, 2004

Ms. Cindi Hutto, Controller
Bamberg County Hospital
Post Office Drawer 57
Bamberg, South Carolina 29003

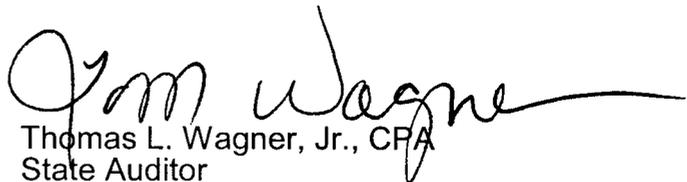
Re: AC# 3-BMB-J9 – Bamberg County d/b/a Bamberg County Memorial Nursing Center

Dear Ms. Hutto:

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, 1998 through September 30, 1999. That report was used to set the rate covering the contract period beginning October 1, 2000.

We are recommending that the Department of Health and Human Services certify an accounts payable for amounts underpaid as a result of the rate changes shown on Exhibit A. You will be notified of settlement 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/cwc

cc: Ms. Brenda L. Hyleman
Mr. Jeff Saxon
Ms. Kathleen C. Snider

**BAMBERG COUNTY
D/B/A BAMBERG COUNTY
MEMORIAL NURSING CENTER

BAMBERG, SOUTH CAROLINA**

**CONTRACT PERIOD
BEGINNING OCTOBER 1, 2000
AC# 3-BMB-J9**

**AGREED-UPON PROCEDURES REPORT

ON CONTRACT

FOR

PURCHASE OF NURSING CARE SERVICES

WITH

STATE OF SOUTH CAROLINA

DEPARTMENT OF HEALTH AND HUMAN SERVICES**

CONTENTS

	<u>EXHIBIT OR SCHEDULE</u>	<u>PAGE</u>
INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES		1
COMPUTATION OF RATE CHANGE FOR THE CONTRACT PERIOD BEGINNING OCTOBER 1, 2000	A	3
COMPUTATION OF ADJUSTED REIMBURSEMENT RATE FOR THE CONTRACT PERIOD OCTOBER 1, 2000 THROUGH SEPTEMBER 30, 2001	B	4
SUMMARY OF COSTS AND TOTAL PATIENT DAYS FOR THE COST REPORT PERIOD ENDED SEPTEMBER 30, 1999	C	5
ADJUSTMENT REPORT	1	7
COST OF CAPITAL REIMBURSEMENT ANALYSIS	2	8

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
FAX (803) 343-0723

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

September 21, 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 Bamberg County d/b/a Bamberg County Memorial Nursing Center, for the contract period beginning October 1, 2000, and for the twelve month cost report period ended September 30, 1999, as set forth in the accompanying schedules. The management of Bamberg County d/b/a Bamberg County Memorial 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 conducted 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 South Carolina 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.

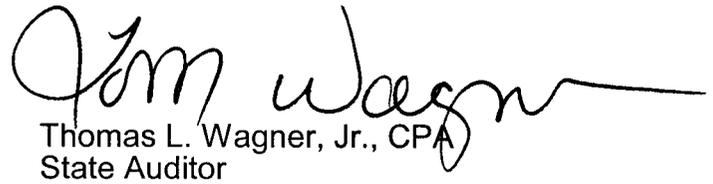
The procedures and the associated findings are as follows:

1. We 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 Bamberg County d/b/a Bamberg County Memorial 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, 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 South Carolina Department of Health and Human Services and Bamberg County d/b/a Bamberg County Memorial Nursing Center dated as of October 1, 1994 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
September 21, 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

BAMBERG COUNTY D/B/A BAMBERG COUNTY MEMORIAL NURSING CENTER

Computation of Rate Change
For the Contract Period
Beginning October 1, 2000
AC# 3-BMB-J9

	10/01/00- <u>09/30/01</u>
Adjusted Reimbursement Rate	\$109.15
Interim Reimbursement Rate (1)	<u>103.78</u>
Increase in Reimbursement Rate	\$ <u>5.37</u>

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

BAMBERG COUNTY D/B/A BAMBERG COUNTY MEMORIAL NURSING CENTER
 Computation of Adjusted Reimbursement Rate
 For the Contract Period October 1, 2000 Through September 30, 2001
 AC# 3-BMB-J9

	<u>Incentives</u>	<u>Allowable Cost</u>	<u>Cost Standard</u>	<u>Computed Rate</u>
<u>Costs Subject to Standards:</u>				
General Services		\$ 56.28	\$53.99	
Dietary		15.32	10.56	
Laundry/Housekeeping/Maintenance		<u>9.46</u>	<u>9.12</u>	
Subtotal	\$ <u>-</u>	81.06	73.67	\$ 73.67
Administration & Medical Records	\$ <u>.26</u>	<u>10.94</u>	<u>11.20</u>	<u>10.94</u>
Subtotal		92.00	<u>\$84.87</u>	84.61
<u>Costs Not Subject to Standards:</u>				
Utilities		3.15		3.15
Special Services		-		-
Medical Supplies & Oxygen		4.24		4.24
Taxes and Insurance		.66		.66
Legal Fees		<u>.14</u>		<u>.14</u>
TOTAL		<u>\$100.19</u>		92.80
Inflation Factor (3.20%)				2.97
Cost of Capital				11.97
Cost of Capital Limitation				-
Profit Incentive (Maximum 3.5% of Allowable Cost)				.26
Cost Incentive				-
Effect of \$1.75 Cap on Cost/Profit Incentives				-
Nurse Aide Staffing Add-On 10/01/00				.50
Nurse Aide Staffing Add-On 10/01/99				<u>.65</u>
ADJUSTED REIMBURSEMENT RATE				<u>\$109.15</u>

BAMBERG COUNTY D/B/A BAMBERG COUNTY MEMORIAL NURSING CENTER

Summary of Costs and Total Patient Days
 For the Cost Report Period Ended September 30, 1999
 AC# 3-BMB-J9

<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	\$1,710,309	\$ 24,933 (1)	\$ -	\$1,735,242
Dietary	591,247	-	118,781 (1)	472,466
Laundry	14,209	-	1,629 (1)	12,580
Housekeeping	162,570	-	13,476 (1)	149,094
Maintenance	135,320	-	5,189 (1)	130,131
Administration & Medical Records	232,167	105,238 (1)	-	337,405
Utilities	85,978	11,293 (1)	-	97,271
Special Services	302	-	302 (1)	-
Medical Supplies & Oxygen	128,837	1,898 (1)	-	130,735
Taxes and Insurance	49,481	-	29,258 (1)	20,223
Legal Fees	-	4,432 (1)	-	4,432
Cost of Capital	253,772	46,039 (1)	-	369,096
		<u>69,285 (2)</u>		
Subtotal	3,364,192	263,118	168,635	3,458,675

BAMBERG COUNTY D/B/A BAMBERG COUNTY MEMORIAL NURSING CENTERSummary of Costs and Total Patient Days
For the Cost Report Period Ended September 30, 1999
AC# 3-BMB-J9

<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	192,277	-	190,546 (1)	1,731
Nonallowable	<u>194,066</u>	<u>24,082 (1)</u>	<u>69,285 (2)</u>	<u>148,863</u>
Total Operating Expenses	<u>\$3,750,535</u>	<u>\$287,200</u>	<u>\$428,466</u>	<u>\$3,609,269</u>
Total Patient Days	<u>30,835</u>	<u>-</u>	<u>-</u>	<u>30,835</u>
Total Beds	<u>88</u>			

BAMBERG COUNTY D/B/A BAMBERG COUNTY MEMORIAL NURSING CENTER
Adjustment Report
Cost Report Period Ended September 30, 1999
AC# 3-BMB-J9

<u>ADJUSTMENT</u> <u>NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
1	General Services	\$ 24,933	
	Administration & Medical Records	105,238	
	Utilities	11,293	
	Medical Supplies & Oxygen	1,898	
	Legal	4,432	
	Cost of Capital	46,039	
	Nonallowable	24,082	
	Other Equity	141,266	
	Dietary		\$118,781
	Laundry		1,629
	Housekeeping		13,476
	Maintenance		5,189
	Taxes and Insurance		29,258
	Special Services		302
	Ancillary		190,546
	To adjust cost centers to amounts per the audited Medicare cost report HIM-15-1, Section 2300		
2	Cost of Capital	69,285	
	Nonallowable		69,285
	To adjust capital return State Plan, Attachment 4.19D		
	TOTAL ADJUSTMENTS	<u>\$428,466</u>	<u>\$428,466</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.

BAMBERG COUNTY D/B/A BAMBERG COUNTY MEMORIAL NURSING CENTER
 Cost of Capital Reimbursement Analysis
 For the Cost Report Period Ended September 30, 1999
 AC# 3-BMB-J9

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>22</u>	<u>22</u>	<u>44</u>	
Deemed Asset Value	795,630	795,630	1,591,260	
Improvements Since 1981	237,355	26,291	-	
Accumulated Depreciation at 9/30/99	<u>(402,136)</u>	<u>(288,643)</u>	<u>(49,737)</u>	
Deemed Depreciated Value	630,849	533,278	1,541,523	
Market Rate of Return	<u>.060</u>	<u>.060</u>	<u>.060</u>	
Total Annual Return	37,851	31,997	92,491	
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	37,851	31,997	92,491	
Depreciation Expense	71,479	85,090	152,255	
Amortization Expense	-	-	-	
Capital Related Income Offsets	(25,517)	(25,517)	(51,033)	
Allocation of Capital Expenses to Non-Reimbursable Cost Centers	<u>-</u>	<u>-</u>	<u>-</u>	<u>Total</u>
Allowable Cost of Capital Expense	83,813	91,570	193,713	\$369,096
Total Patient Days (Minimum 96% Occupancy)	<u>7,709</u>	<u>7,709</u>	<u>15,417</u>	<u>30,835</u>
Cost of Capital Per Diem	\$ <u>10.87</u>	\$ <u>11.88</u>	\$ <u>12.56</u>	\$ <u>11.97</u>

BAMBERG COUNTY D/B/A BAMBERG COUNTY MEMORIAL NURSING CENTER
 Cost of Capital Reimbursement Analysis
 For the Cost Report Period Ended September 30, 1999
 AC# 3-BMB-J9

6/30/89 Cost of Capital and Return on Equity			
Capital Per Diem Reimbursement	\$ 7.79	\$ 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>\$11.78</u>	<u>\$11.88</u>	<u>\$12.56</u>
Reimbursable Cost of Capital Per Diem		\$ -	
Cost of Capital Per Diem		<u>-</u>	
Cost of Capital Per Diem Limitation		<u>\$ -</u>	

2 copies of this document were published at an estimated printing cost of \$1.35 each, and a total printing cost of \$2.70. The FY 2004-05 Appropriation Act requires that this information on printing costs be added to the document.