

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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September 30, 2004

Mr. Fred Todd, Vice President of Finance
Loris Community Hospital
3620 Stevens Street
Loris, South Carolina 29569

Re: AC# 3-LRS-J9 – Loris Hospital District d/b/a Loris Extended Care Facility

Dear Mr. Todd:

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 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/sag

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

**LORIS HOSPITAL DISTRICT
D/B/A LORIS EXTENDED CARE FACILITY**

LORIS, SOUTH CAROLINA

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

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

September 20, 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 Loris Hospital District d/b/a Loris Extended Care Facility, 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 Loris Hospital District d/b/a Loris Extended Care Facility 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.

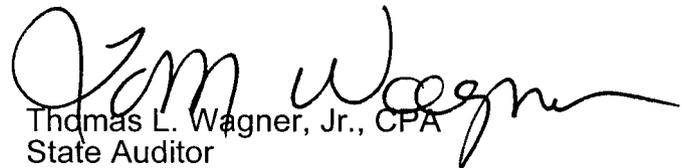
The procedures and the associated findings are as follows:

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 Loris Hospital District d/b/a Loris Extended Care Facility, 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 Loris Hospital District d/b/a Loris Extended Care Facility 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 20, 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

LORIS HOSPITAL DISTRICT D/B/A LORIS EXTENDED CARE FACILITY

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

	<u>10/01/00-</u> <u>09/30/01</u>
Interim Reimbursement Rate (1)	\$109.15
Adjusted Reimbursement Rate	<u>108.29</u>
Decrease in Reimbursement Rate	\$ <u><u>.86</u></u>

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

LORIS HOSPITAL DISTRICT D/B/A LORIS EXTENDED CARE FACILITY
 Computation of Adjusted Reimbursement Rate
 For the Contract Period October 1, 2000 Through September 30, 2001
 AC# 3-LRS-J9

	<u>Incentives</u>	<u>Allowable Cost</u>	<u>Cost Standard</u>	<u>Computed Rate</u>
<u>Costs Subject to Standards:</u>				
General Services		\$ 69.67	\$53.99	
Dietary		15.25	10.56	
Laundry/Housekeeping/Maintenance		<u>11.16</u>	<u>9.12</u>	
Subtotal	\$ <u>-</u>	96.08	73.67	\$ 73.67
Administration & Medical Records	\$ <u>-</u>	<u>18.97</u>	<u>11.20</u>	<u>11.20</u>
Subtotal		115.05	<u>\$84.87</u>	84.87
<u>Costs Not Subject to Standards:</u>				
Utilities		2.59		2.59
Special Services		-		-
Medical Supplies & Oxygen		5.09		5.09
Taxes and Insurance		.62		.62
Legal Fees		<u>.17</u>		<u>.17</u>
TOTAL		<u>\$123.52</u>		93.34
Inflation Factor (3.20%)				2.99
Cost of Capital				10.04
Cost of Capital Limitation				-
Profit Incentive (Max. 3.5% of Allowable Cost)				-
Cost Incentive				-
Effect of \$1.75 Cap on Cost/Profit Incentives				-
Nurse Aide Staffing Add-On 10/01/99				1.39
Nurse Aide Staffing Add-On 10/01/00				<u>.53</u>
ADJUSTED REIMBURSEMENT RATE				<u>\$108.29</u>

LORIS HOSPITAL DISTRICT D/B/A LORIS EXTENDED CARE FACILITY

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

<u>Expenses</u>	<u>Totals (From Schedule SC 13) as Adjusted by DH&HS</u>	<u>Debit</u>	<u>Adjustments Credit</u>	<u>Adjusted Totals</u>
General Services	\$2,221,750	\$ -	\$ 39,354 (1)	\$2,182,396
Dietary	739,384	-	261,571 (1)	477,813
Laundry	46,267	-	13,210 (1)	33,057
Housekeeping	231,172	-	54,539 (1)	176,633
Maintenance	138,051	1,793 (1)	-	139,844
Administration & Medical Records	576,291	17,825 (1)	-	594,116
Utilities	81,026	151 (1)	-	81,177
Special Services	-	-	-	-
Medical Supplies & Oxygen	231,838	-	72,357 (1)	159,481
Taxes and Insurance	16,913	2,560 (1)	-	19,473
Legal Fees	-	5,446 (1)	-	5,446
Cost of Capital	275,094	7,092 (1) 206 (2) <u>32,124 (3)</u>	-	314,516
Subtotal	4,557,786	67,197	441,031	4,183,952
Ancillary	111,653	-	111,555 (1)	98

LORIS HOSPITAL DISTRICT D/B/A LORIS EXTENDED CARE FACILITY
 Summary of Costs and Total Patient Days
 For the Cost Report Period Ended September 30, 1999
 AC# 3-LRS-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>	
Nonallowable	137,153	-	5,145 (1) 206 (2) <u>32,124 (3)</u>	99,678
Total Operating Expenses	<u>\$4,806,592</u>	<u>\$67,197</u>	<u>\$590,061</u>	<u>\$4,283,728</u>
Total Patient Days	<u>31,323</u>	<u>-</u>	<u>-</u>	<u>31,323</u>
Total Beds	<u>88</u>			

LORIS HOSPITAL DISTRICT D/B/A LORIS EXTENDED CARE FACILITY

Adjustment Report
Cost Report Period Ended September 30, 1999
AC# 3-LRS-J9

<u>ADJUSTMENT</u> <u>NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
1	Maintenance	\$ 1,793	
	Administration	17,825	
	Utilities	151	
	Legal	5,446	
	Taxes and Insurance	2,560	
	Cost of Capital	7,092	
	Other Equity	522,864	
	General Services		\$ 39,354
	Dietary		261,571
	Laundry		13,210
	Housekeeping		54,539
	Medical Supplies		72,357
	Ancillary		111,555
	Nonallowable		5,145
	To adjust cost centers to amounts per the as filed Medicare cost report HIM-15-1, Section 2300		
2	Cost of Capital	206	
	Nonallowable		206
	To adjust depreciation expense to comply with capital cost policy State Plan, Attachment 4.19D		
3	Cost of Capital	32,124	
	Nonallowable		32,124
	To adjust capital return State Plan, Attachment 4.19D		
		\$590,061	\$590,061
	TOTAL ADJUSTMENTS	\$590,061	\$590,061

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.

LORIS HOSPITAL DISTRICT D/B/A LORIS EXTENDED CARE FACILITY
Cost of Capital Reimbursement Analysis
For the Cost Report Period Ended September 30, 1999
AC# 3-LRS-J9

Original Asset Cost (Per Bed)	\$ 15,618
Inflation Adjustment	<u>2.3156</u>
Deemed Asset Value (Per Bed)	36,165
Number of Beds	<u>88</u>
Deemed Asset Value	3,182,520
Improvements Since 1981	136,375
Accumulated Depreciation at 9/30/99	<u>(814,242)</u>
Deemed Depreciated Value	2,504,653
Market Rate of Return	<u>.060</u>
Total Annual Return	150,279
Return Applicable to Non-Reimbursable Cost Centers	-
Allocation of Interest to Non-Reimbursable Cost Centers	<u>-</u>
Allowable Annual Return	150,279
Depreciation Expense	170,702
Amortization Expense	-
Capital Related Income Offsets	(6,465)
Allocation of Capital Expenses to Non-Reimbursable Cost Centers	<u>-</u>
Allowable Cost of Capital Expense	314,516
Total Patient Days (Actual)	<u>31,323</u>
Cost of Capital Per Diem	<u>\$ 10.04</u>

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