

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 13, 2004

Mr. John Moore, Administrator
Winyah Convalescent Center, Inc.
Post Office Box 8247
Georgetown, South Carolina 29440

Re: AC# 3-WIN-J1 – Winyah Convalescent Center, Inc.

Dear Mr. Moore:

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, 2000 through September 30, 2001. That report was used to set the rate covering the contract period beginning January 1, 2003.

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

WINYAH CONVALESCENT CENTER, INC.

GEORGETOWN, SOUTH CAROLINA

**CONTRACT PERIOD
BEGINNING JANUARY 1, 2003
AC# 3-WIN-J1**

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

August 12, 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 Winyah Convalescent Center, Inc., for the contract period beginning January 1, 2003, and for the twelve month cost report period ended September 30, 2001, as set forth in the accompanying schedules. The management of Winyah Convalescent 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 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 Winyah Convalescent 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 and Summary of Costs and Total Patient Days 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 Winyah Convalescent 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
August 12, 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

WINYAH CONVALESCENT CENTER, INC.

Computation of Rate Change
For the Contract Period
Beginning January 1, 2003
AC# 3-WIN-J1

	01/01/03- <u>09/30/03</u>
Interim Reimbursement Rate (1)	\$101.65
Adjusted Reimbursement Rate	<u>99.08</u>
Decrease in Reimbursement Rate	\$ <u><u>2.57</u></u>

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

WINYAH CONVALESCENT CENTER, INC.
 Computation of Adjusted Reimbursement Rate
 For the Contract Period January 1, 2003 Through September 30, 2003
 AC# 3-WIN-J1

	<u>Incentives</u>	<u>Allowable Cost</u>	<u>Cost Standard</u>	<u>Computed Rate</u>
<u>Costs Subject to Standards:</u>				
General Services		\$46.71	\$63.44	
Dietary		11.62	11.63	
Laundry/Housekeeping/Maintenance		<u>8.89</u>	<u>10.22</u>	
Subtotal	\$ <u>5.97</u>	67.22	85.29	\$67.22
Administration & Medical Records	\$ <u>2.17</u>	<u>10.46</u>	<u>12.63</u>	<u>10.46</u>
Subtotal		77.68	<u>\$97.92</u>	77.68
<u>Costs Not Subject to Standards:</u>				
Utilities		2.69		2.69
Special Services		-		-
Medical Supplies & Oxygen		4.23		4.23
Taxes and Insurance		3.29		3.29
Legal Fees		<u>-</u>		<u>-</u>
TOTAL		<u>\$87.89</u>		87.89
Inflation Factor (3.70%)				3.25
Cost of Capital				6.19
Cost of Capital Limitation				-
Profit Incentive (Max. 3.5% of Allowable Cost)				2.17
Cost Incentive				5.97
Effect of \$1.75 Cap on Cost/Profit Incentives				<u>(6.39)</u>
ADJUSTED REIMBURSEMENT RATE				<u>\$99.08</u>

WINYAH CONVALESCENT CENTER, INC.
 Summary of Costs and Total Patient Days
 For the Cost Report Period Ended September 30, 2001
 AC# 3-WIN-J1

<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	\$1,374,839	\$ -	\$ -	\$1,374,839
Dietary	341,976	-	-	341,976
Laundry	69,923	-	17,305 (1)	52,618
Housekeeping	123,810	-	-	123,810
Maintenance	85,249	-	-	85,249
Administration & Medical Records	307,944	-	-	307,944
Utilities	79,043	-	-	79,043
Special Services	-	-	-	-
Medical Supplies & Oxygen	168,390	-	43,811 (3)	124,579
Taxes and Insurance	96,699	-	-	96,699
Legal Fees	11,786	-	1,042 (2) 10,631 (3)	113
Cost of Capital	<u>182,107</u>	<u>-</u>	<u>-</u>	<u>182,107</u>
Subtotal	2,841,766	-	72,789	2,768,977
Ancillary	208,991	-	-	208,991

WINYAH CONVALESCENT CENTER, INC.
Summary of Costs and Total Patient Days
For the Cost Report Period Ended September 30, 2001
AC# 3-WIN-J1

<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	51,001	17,305 (1) 1,042 (2) <u>54,442 (3)</u>	-	123,790
Total Operating Expenses	<u>\$3,101,758</u>	<u>\$72,789</u>	<u>\$72,789</u>	<u>\$3,101,758</u>
Total Patient Days	<u>29,434</u>	<u>-</u>	<u>-</u>	<u>29,434</u>
Total Beds	<u>84</u>			

WINYAH CONVALESCENT CENTER, INC.
Adjustment Report
Cost Report Period Ended September 30, 2001
AC# 3-WIN-J1

<u>ADJUSTMENT NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
1	Nonallowable Laundry	\$17,305	\$17,305
	To adjust laundry expense HIM-15-1, Section 2304		
2	Nonallowable Legal	1,042	1,042
	To adjust legal expense HIM-15-1, Sections 2302.1 and 2304 State Plan, Attachment 4.19D		
3	Nonallowable Legal Medical Supplies	54,442	10,631 43,811
	To remove special (ancillary) services reimbursed by Medicare State Plan, Attachment 4.19D		
	TOTAL ADJUSTMENTS	\$72,789	\$72,789

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.

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