

State of South Carolina



Office of the State Auditor

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COLUMBIA, S.C. 29201

THOMAS L. WAGNER, JR., CPA
STATE AUDITOR

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September 30, 2005

Ms. Angela Johnson, Controller
Kershaw County Medical Center
Post Office Box 7003
Camden, South Carolina 29020

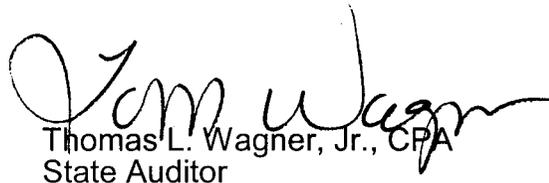
Re: AC# 3-ASK-J0 – A. Sam Karesh Long Term Care Nursing Facility

Dear Ms. Johnson:

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/ksg

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

**A. SAM KARESH LONG
TERM CARE NURSING FACILITY
CAMDEN, SOUTH CAROLINA**

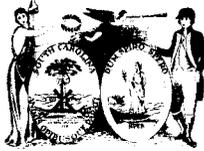
**CONTRACT PERIOD
BEGINNING OCTOBER 1, 2001
AC# 3-ASK-J0**

**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, 2001	A	3
COMPUTATION OF ADJUSTED REIMBURSEMENT RATE FOR THE CONTRACT PERIOD OCTOBER 1, 2001 THROUGH DECEMBER 31, 2002	B	4
SUMMARY OF COSTS AND TOTAL PATIENT DAYS FOR THE COST REPORT PERIOD ENDED SEPTEMBER 30, 2000	C	5
ADJUSTMENT REPORT	1	7
COST OF CAPITAL REIMBURSEMENT ANALYSIS	2	8

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

August 30, 2005

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 A. Sam Karesh Long Term Care Nursing Facility, 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 A. Sam Karesh Long Term Care Nursing 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.

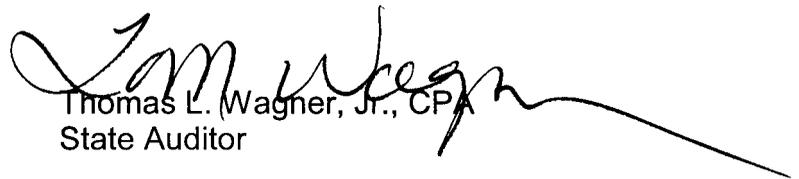
The procedures and the associated findings are as follows:

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 A. Sam Karesh Long Term Care Nursing 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 A. Sam Karesh Long Term Care Nursing Facility 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 30, 2005

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

A. SAM KARESH LONG TERM CARE NURSING FACILITY

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

	10/01/01- <u>12/31/02</u>
Interim Reimbursement Rate (1)	\$115.27
Adjusted Reimbursement Rate	<u>112.16</u>
Decrease in Reimbursement Rate	\$ <u><u>3.11</u></u>

(1) Interim reimbursement rate from the South Carolina Medicaid Management Information System (MMIS) Provider Rate Listing dated December 6, 2004

A. SAM KARESH LONG TERM CARE NURSING FACILITY
 Computation of Adjusted Reimbursement Rate
 For the Contract Period October 1, 2001 Through December 31, 2002
 AC# 3-ASK-J0

	<u>Incentives</u>	<u>Allowable Cost</u>	<u>Cost Standard</u>	<u>Computed Rate</u>
<u>Costs Subject to Standards:</u>				
General Services		\$ 63.70	\$58.68	
Dietary		13.79	11.36	
Laundry/Housekeeping/Maintenance		<u>10.70</u>	<u>9.21</u>	
Subtotal	\$ <u>-</u>	88.19	79.25	\$ 79.25
Administration & Medical Records	<u>\$1.59</u>	<u>10.79</u>	<u>12.38</u>	<u>10.79</u>
Subtotal		98.98	<u>\$91.63</u>	90.04
<u>Costs Not Subject to Standards:</u>				
Utilities		3.54		3.54
Special Services		-		-
Medical Supplies & Oxygen		2.96		2.96
Taxes and Insurance		.29		.29
Legal Fees		<u>-</u>		<u>-</u>
TOTAL		<u>\$105.77</u>		96.83
Inflation Factor (3.80%)				3.68
Cost of Capital				11.38
Cost of Capital Limitation				(2.88)
Profit Incentive (Maximum 3.5% of Allowable Cost)				1.59
Cost Incentive				-
Effect of \$1.75 Cap on Cost/Profit Incentives				-
Nurse Aide Staffing Add-On 10/01/00				<u>1.56</u>
ADJUSTED REIMBURSEMENT RATE				<u>\$112.16</u>

A. SAM KARESH LONG TERM CARE NURSING FACILITY
 Summary of Costs and Total Patient Days
 For the Cost Report Period Ended September 30, 2000
 AC# 3-ASK-J0

<u>Expenses</u>	Totals (From Schedule SC 13) as <u>Adjusted by DH&HS</u>	<u>Debit</u>	Adjustments <u>Credit</u>	<u>Adjusted Totals</u>
General Services	\$1,816,608	\$232,007 (1)	\$ -	\$2,048,615
Dietary	530,023	-	86,391 (1)	443,632
Laundry	44,548	-	8,140 (1)	36,408
Housekeeping	163,585	-	29,875 (1)	133,710
Maintenance	138,239	35,654 (1)	-	173,893
Administration & Medical Records	621,688	-	274,747 (1)	346,941
Utilities	132,720	-	19,014 (1)	113,706
Special Services	-	-	-	-
Medical Supplies & Oxygen	151,543	-	56,455 (1)	95,088
Taxes and Insurance	27,814	-	18,474 (1)	9,340
Legal Fees	-	-	-	-
Cost of Capital	<u>337,699</u>	<u>131,610</u> (2)	<u>103,296</u> (1)	<u>366,013</u>
Subtotal	3,964,467	399,271	596,392	3,767,346

A. SAM KARESH LONG TERM CARE NURSING FACILITY
Summary of Costs and Total Patient Days
For the Cost Report Period Ended September 30, 2000
AC# 3-ASK-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	272	89,274 (1)	-	89,546
Nonallowable	<u>(85,087)</u>	<u>140,872</u> (1)	<u>131,610</u> (2)	<u>(75,825)</u>
Total Operating Expenses	<u>\$3,879,652</u>	<u>\$629,417</u>	<u>\$728,002</u>	<u>\$3,781,067</u>
Total Patient Days	<u>32,074</u>	<u>85</u> (3)	<u>-</u>	<u>32,159</u>
Total Beds	<u>88</u>			

A. SAM KARESH LONG TERM CARE NURSING FACILITY
Adjustment Report
Cost Report Period Ended September 30, 2000
AC# 3-ASK-J0

<u>ADJUSTMENT</u> <u>NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
1	General Services	\$232,007	
	Maintenance	35,654	
	Ancillary	89,274	
	Nonallowable	140,872	
	Other Equity	98,585	
	Dietary		\$ 86,391
	Laundry		8,140
	Housekeeping		29,875
	Administration and Medical Records		274,747
	Utilities		19,014
	Medical Supplies		56,455
	Taxes and Insurance		18,474
	Cost of Capital		103,296
	To adjust cost centers to amounts per the as-filed Medicare cost report HIM-15-1, Section 2300		
2	Cost of Capital	131,610	
	Nonallowable		131,610
	To adjust capital return to allowable State Plan, Attachment 4.19D		
3	<u>Memo Adjustment:</u>		
	To increase patient days by 85 from 32,074 to 32,159. State Plan, Attachment 4.19D		
		\$728,002	\$728,002
	TOTAL ADJUSTMENTS		

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.

A. SAM KARESH LONG TERM CARE NURSING FACILITY
 Cost of Capital Reimbursement Analysis
 For the Cost Report Period Ended September 30, 2000
 AC# 3-ASK-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>88</u>
Deemed Asset Value		3,277,648
Improvements Since 1981		1,058,087
Accumulated Depreciation at 9/30/00		<u>(1,755,459)</u>
Deemed Depreciated Value		2,580,276
Market Rate of Return		<u>.058</u>
Total Annual Return		149,656
Return Applicable to Non-Reimbursable Cost Centers		-
Allocation of Interest to Non-Reimbursable Cost Centers		<u>-</u>
Allowable Annual Return		149,656
Depreciation Expense		234,233
Amortization Expense		-
Capital Related Income Offsets		(17,876)
Allocation of Capital Expenses to Non-Reimbursable Cost Centers		<u>-</u>
Allowable Cost of Capital Expense		366,013
Total Patient Days (Actual)		<u>32,159</u>
Cost of Capital Per Diem	\$	<u><u>11.38</u></u>

A. SAM KARESH LONG TERM CARE NURSING FACILITY
Cost of Capital Reimbursement Analysis
For the Cost Report Period Ended September 30, 2000
AC# 3-ASK-J0

6/30/89 Cost of Capital and Return on Equity Capital Per Diem Reimbursement	\$ 4.51
Adjustment for Maximum Increase	<u>3.99</u>
Maximum Cost of Capital Per Diem	\$ <u>8.50</u>
Reimbursable Cost of Capital Per Diem	\$ 8.50
Cost of Capital Per Diem	<u>11.38</u>
Cost of Capital Per Diem Limitation	\$ <u>(2.88)</u>

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