

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, 2005

Mr. Harold E. Tucker, Chief Financial Officer
Marion County Hospital District
Post Office Box 1150
Marion, South Carolina 29571

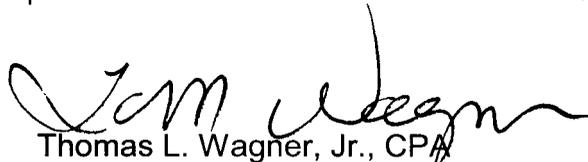
Re: AC# 3-MUL-J0 – Marion County Hospital District d/b/a Mullins Nursing Center

Dear Mr. Tucker:

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/sag

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

**MARION COUNTY HOSPITAL DISTRICT
D/B/A MULLINS NURSING CENTER**

MARION, SOUTH CAROLINA

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

September 2, 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 Marion County Hospital District d/b/a Mullins Nursing Center, 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 Marion County Hospital District d/b/a Mullins 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.

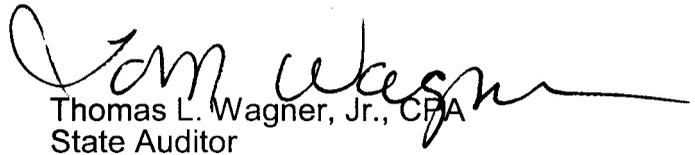
The procedures and the associated findings are as follows:

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 Marion County Hospital District d/b/a Mullins 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 Marion County Hospital District d/b/a Mullins Nursing Center 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
September 2, 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

MULLINS NURSING CENTER
Computation of Rate Change
For the Contract Period
Beginning October 1, 2001
AC# 3-MUL-J0

	<u>10/01/01-</u> <u>12/31/02</u>
Interim Reimbursement Rate (1)	\$118.85
Adjusted Reimbursement Rate	<u>117.68</u>
Decrease in Reimbursement Rate	\$ <u><u>1.17</u></u>

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

MULLINS NURSING CENTER
 Computation of Adjusted Reimbursement Rate
 For the Contract Period October 1, 2001 Through December 31, 2002
 AC# 3-MUL-J0

	<u>Incentives</u>	<u>Allowable Cost</u>	<u>Cost Standard</u>	<u>Computed Rate</u>
<u>Costs Subject to Standards:</u>				
General Services		\$ 55.68	\$58.68	
Dietary		12.30	11.36	
Laundry/Housekeeping/Maintenance		<u>14.34</u>	<u>9.21</u>	
Subtotal	\$ <u>-</u>	82.32	79.25	\$ 79.25
Administration & Medical Records	\$ <u>-</u>	<u>12.65</u>	<u>12.38</u>	<u>12.38</u>
Subtotal		94.97	<u>\$91.63</u>	91.63
<u>Costs Not Subject to Standards:</u>				
Utilities		5.41		5.41
Special Services		-		-
Medical Supplies & Oxygen		3.59		3.59
Taxes and Insurance		2.39		2.39
Legal Fees		<u>.78</u>		<u>.78</u>
TOTAL		<u>\$107.14</u>		103.80
Inflation Factor (3.80%)				3.94
Cost of Capital				9.52
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 10/1/2000				<u>.42</u>
ADJUSTED REIMBURSEMENT RATE				<u>\$117.68</u>

MULLINS NURSING CENTER
 Summary of Costs and Total Patient Days
 For the Cost Report Period Ended September 30, 2000
 AC# 3-MUL-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	\$1,700,882	\$169,509 (1)	\$ -	\$1,870,391
Dietary	468,924	-	55,680 (1)	413,244
Laundry	147,406	-	8,381 (1)	139,025
Housekeeping	230,388	-	34,727 (1)	195,661
Maintenance	142,638	4,262 (1)	-	146,900
Administration & Medical Records	622,145	-	197,223 (1)	424,922
Utilities	172,073	9,523 (1)	-	181,596
Special Services	-	-	-	-
Medical Supplies & Oxygen	131,584	-	11,097 (1)	120,487
Taxes and Insurance	30,629	49,693 (1)	-	80,322
Legal Fees	-	26,358 (1)	-	26,358
Cost of Capital	<u>436,378</u>	<u>-</u>	<u>116,571 (1)</u>	<u>319,807</u>
Subtotal	4,083,047	259,345	423,679	3,918,713

MULLINS NURSING CENTER
Summary of Costs and Total Patient Days
For the Cost Report Period Ended September 30, 2000
AC# 3-MUL-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	30,358	-	30,358 (1)	-
Nonallowable	<u>(295,648)</u>	<u>443,388</u> (1)	<u>-</u>	<u>147,740</u>
Total Operating Expenses	<u>\$3,817,757</u>	<u>\$702,733</u>	<u>\$454,037</u>	<u>\$4,066,453</u>
Total Patient Days	<u>33,589</u>	<u>-</u>	<u>-</u>	<u>33,589</u>
Total Beds	<u>92</u>			

MULLINS NURSING CENTER
Adjustment Report
Cost Report Period Ended September 30, 2000
AC# 3-MUL-J0

<u>ADJUSTMENT</u> <u>NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
1	General Services	\$169,509	
	Maintenance	4,262	
	Utilities	9,523	
	Taxes and Insurance	49,693	
	Legal	26,358	
	Nonallowable	443,388	
	Dietary		\$ 55,680
	Laundry		8,381
	Housekeeping		34,727
	Administration and Medical Records		197,223
	Medical Supplies		11,097
	Cost of Capital		116,571
	Ancillary		30,358
	Other Equity		248,696
	To adjust cost centers to amounts per the as-filed Medicare cost report HIM-15-1, Section 2300		
		\$702,733	\$702,733
	TOTAL ADJUSTMENTS	\$702,733	\$702,733

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.

MULLINS NURSING CENTER
 Cost of Capital Reimbursement Analysis
 For the Cost Report Period Ended September 30, 2000
 AC# 3-MUL-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>92</u>
Deemed Asset Value	3,426,632
Improvements Since 1981	275,376
Accumulated Depreciation at 9/30/99	<u>(7,842,116)</u>
Deemed Depreciated Value	-
Market Rate of Return	<u>.058</u>
Total Annual Return	-
Return Applicable to Non-Reimbursable Cost Centers	-
Allocation of Interest to Non-Reimbursable Cost Centers	<u>-</u>
Allowable Annual Return	-
Depreciation Expense	451,031
Amortization Expense	10,887
Capital Related Income Offsets	(142,111)
Allocation of Capital Expenses to Non-Reimbursable Cost Centers	<u>-</u>
Allowable Cost of Capital Expense	319,807
Total Patient Days	<u>33,589</u>
Cost of Capital Per Diem	\$ <u><u>9.52</u></u>

MULLINS NURSING CENTER
 Cost of Capital Reimbursement Analysis
 For the Cost Report Period Ended September 30, 2000
 AC# 3-MUL-J0

6/30/89 Cost of Capital and Return on Equity Capital Per Diem Reimbursement	\$ N/A
Adjustment for Maximum Increase	<u>N/A</u>
Maximum Cost of Capital Per Diem	\$ <u><u>-</u></u>
Reimbursable Cost of Capital Per Diem	\$9.52
Cost of Capital Per Diem	<u>9.52</u>
Cost of Capital Per Diem Limitation	\$ <u><u>-</u></u>

2 copies of this document were published at an estimated printing cost of \$1.34 each, and a total printing cost of \$2.68. Section 1-11-125 of the South Carolina Code of Laws, as amended requires this information on printing costs be added to the document.