

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

May 22, 2006

Ms. Sybil B. Neaves, Director of Reimbursement
UHS-Pruitt Corporation
Post Office Box 1210
Toccoa, Georgia 30577

Re: AC# 3-SMR-J2 – Ridgeway Health and Rehabilitation Center, Inc.

Dear Ms. Neaves:

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, 2001 through September 30, 2002. That report was used to set the rate covering the contract period beginning October 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.

A handwritten signature in black ink that reads "Tom Wagner".

Thomas L. Wagner, Jr., CPA
State Auditor

TLWjr/ms

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

**RIDGEWAY HEALTH AND
REHABILITATION CENTER, INC.
RIDGEWAY, SOUTH CAROLINA**

**CONTRACT PERIOD
BEGINNING OCTOBER 1, 2003
AC# 3-SMR-J2**

**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 7, 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 Ridgeway Health and Rehabilitation Center, Inc., for the contract period beginning October 1, 2003, and for the twelve month cost report period ended September 30, 2002, as set forth in the accompanying schedules. The management of Ridgeway Health and Rehabilitation 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.

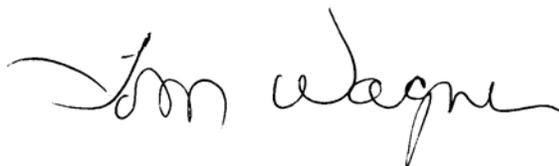
The procedures and the associated findings are as follows:

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 Ridgeway Health and Rehabilitation 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 Summary of Costs and Total Patient Days and the Adjustment Report 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 Ridgeway Health and Rehabilitation 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
September 7, 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.

A handwritten signature in black ink that reads "Tom Wagner". The signature is written in a cursive, flowing style.

Thomas L. Wagner, Jr., CPA
State Auditor

RIDGEWAY HEALTH AND REHABILITATION CENTER, INC.

Computation of Rate Change
For the Contract Period
Beginning October 1, 2003
AC# 3-SMR-J2

	10/01/03- <u>09/30/04</u>
Interim Reimbursement Rate (1)	\$113.79
Adjusted Reimbursement Rate	<u>112.25</u>
Decrease in Reimbursement Rate	\$ <u><u>1.54</u></u>

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

RIDGEWAY HEALTH AND REHABILITATION CENTER, INC.
 Computation of Adjusted Reimbursement Rate
 For the Contract Period October 1, 2003 Through September 30, 2004
 AC# 3-SMR-J2

	<u>Incentives</u>	<u>Allowable Cost</u>	<u>Cost Standard</u>	<u>Computed Rate</u>
<u>Costs Subject to Standards:</u>				
General Services		\$52.13	\$57.17	
Dietary		9.64	11.55	
Laundry/Housekeeping/Maintenance		<u>8.69</u>	<u>9.83</u>	
Subtotal	\$ <u>5.50</u>	70.46	78.55	\$ 70.46
Administration & Medical Records	\$ <u>3.00</u>	<u>10.46</u>	<u>13.46</u>	<u>10.46</u>
Subtotal		80.92	<u>\$92.01</u>	80.92
<u>Costs Not Subject to Standards:</u>				
Utilities		3.08		3.08
Special Services		.45		.45
Medical Supplies & Oxygen		3.92		3.92
Taxes and Insurance		10.24		10.24
Legal Fees		<u>.26</u>		<u>.26</u>
TOTAL		<u>\$98.87</u>		98.87
Inflation Factor (4.70%)				4.65
Cost of Capital				6.98
Cost of Capital Limitation				-
Profit Incentive (Maximum 3.5% of Allowable Cost)				3.00
Cost Incentive				5.50
Effect of \$1.75 Cap on Cost/Profit Incentives				<u>(6.75)</u>
ADJUSTED REIMBURSEMENT RATE				<u>\$112.25</u>

RIDGEWAY HEALTH AND REHABILITATION CENTER, INC.
 Summary of Costs and Total Patient Days
 For the Cost Report Period Ended September 30, 2002
 AC# 3-SMR-J2

<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	\$2,723,120	\$18,487 (2)	\$ 1,775 (2)	\$2,739,832
Dietary	515,106	-	8,223 (2)	506,883
Laundry	107,461	-	10,327 (2)	97,134
Housekeeping	205,067	-	12,825 (2)	192,242
Maintenance	168,301	-	801 (2)	167,500
Administration & Medical Records	554,605	-	916 (2) 3,706 (2)	549,983
Utilities	161,981	-	-	161,981
Special Services	26,783	-	3,154 (3)	23,629
Medical Supplies & Oxygen	229,184	-	23,109 (3)	206,075
Taxes and Insurance	568,833	-	30,422 (1)	538,411
Legal Fees	13,884	-	-	13,884
Cost of Capital	<u>366,674</u>	<u>-</u>	<u>-</u>	<u>366,674</u>
Subtotal	5,640,999	18,487	95,258	5,564,228
Ancillary	107,973	12,311 (3)	-	120,284

RIDGEWAY HEALTH AND REHABILITATION CENTER, INC.
Summary of Costs and Total Patient Days
For the Cost Report Period Ended September 30, 2002
AC# 3-SMR-J2

<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>
Nonallowable	381,416	30,422 (1)	-	445,876
		20,086 (2)		
	<u> </u>	<u>13,952 (3)</u>	<u> </u>	<u> </u>
 Total Operating Expenses	 <u>\$6,130,388</u>	 <u>\$95,258</u>	 <u>\$95,258</u>	 <u>\$6,130,388</u>
 Total Patient Days	 <u>52,560</u>	 <u>-</u>	 <u>-</u>	 <u>52,560</u>
 Total Beds	 <u>150</u>			

RIDGEWAY HEALTH AND REHABILITATION CENTER, INC.
Adjustment Report
Cost Report Period Ended September 30, 2002
AC# 3-SMR-J2

<u>ADJUSTMENT NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
1	Nonallowable Taxes, Licenses & Insurance	\$30,422	\$30,422
	To adjust liability insurance HIM-15-1, Section 2304		
2	Nursing Nonallowable	18,487 20,086	
	Restorative		1,775
	Dietary		8,223
	Laundry		10,327
	Housekeeping		12,825
	Maintenance		801
	Administration		916
	Medical Records		3,706
	To adjust fringe benefits and related allocation HIIM-15-1, Section 2304 State Plan, Attachment 4.19D		
3	Ancillary Nonallowable	12,311 13,952	
	Medical Supplies		23,109
	Therapy		3,154
	To remove special (ancillary) services reimbursed by Medicare and properly classify expenses State Plan, Attachment 4.19D DH&HS Crosswalk		
	TOTAL ADJUSTMENTS	\$95,258	\$95,258

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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