

State of South Carolina



Office of the State Auditor

1401 MAIN STREET, SUITE 1200
COLUMBIA, S.C. 29201

RICHARD H. GILBERT, JR., CPA
DEPUTY STATE AUDITOR

(803) 253-4160
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June 23, 2008

Mr. Chris Stenger, Vice President of Planning and Reimbursement
Sava Senior Care Administrative Services, LLC
5300 West Sam Houston Parkway North, Suite 200
Houston, Texas 77041

Re: AC# 3-MAE-C6 – Sumter – East Health and Rehabilitation Center

Dear Mr. Stenger:

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, 2005 through March 31, 2006. That report was used to set the rate covering the contract periods beginning October 1, 2005.

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.

Yours very truly,

A handwritten signature in black ink, appearing to read "Richard H. Gilbert, Jr.", written in a cursive style.

Richard H. Gilbert, Jr., CPA
Deputy State Auditor

RHGjr/sag

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

SUMTER – EAST HEALTH AND REHABILITATION CENTER

SUMTER, SOUTH CAROLINA

**CONTRACT PERIODS
BEGINNING OCTOBER 1, 2005
AC# 3-MAE-C6**

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

April 11, 2008

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 Sumter – East Health and Rehabilitation Center, for the contract periods beginning October 1, 2005, and for the six month cost report period ended March 31, 2006, as set forth in the accompanying schedules. The management of Sumter – East Health and Rehabilitation Center is responsible for the Financial and Statistical Report for Nursing Homes and supporting accounting and statistical records. This agreed-upon procedures engagement was performed 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 Sumter – East Health and Rehabilitation 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 Summaries of Costs and Total Patient Days, Adjustment Report, Cost of Capital Reimbursement Analyses 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 contracts between the South Carolina Department of Health and Human Services and Sumter – East Health and Rehabilitation Center dated as of October 1, 2001 and October 1, 2006, as amended. Our findings as a result of these procedures are presented in the Computation of Rate Change and Computations of Adjusted Reimbursement Rate sections of this report.

Department of Health and Human Services
State of South Carolina
April 11, 2008

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, appearing to read "Richard H. Gilbert, Jr.", written in a cursive style.

Richard H. Gilbert, Jr., CPA
Deputy State Auditor

SUMTER - EAST HEALTH AND REHABILITATION CENTER

Computation of Rate Change
For the Contract Periods
Beginning October 1, 2005
AC# 3-MAE-C6

	<u>10/01/05-</u> <u>03/31/06</u>	<u>04/01/06-</u> <u>09/30/06</u>	<u>10/01/06-</u> <u>09/30/07</u>
Interim Reimbursement Rate (1)	\$126.94	\$132.53	\$133.09
Adjusted Reimbursement Rate	<u>122.11</u>	<u>127.48</u>	<u>128.03</u>
Decrease in Reimbursement Rate	\$ <u>4.83</u>	\$ <u>5.05</u>	\$ <u>5.06</u>

(1) Interim reimbursement rate from the South Carolina Medicaid Management Information System (MMIS) Provider Rate Listing as of February 13, 2008.

SUMTER - EAST HEALTH AND REHABILITATION CENTER
 Computation of Adjusted Reimbursement Rate
 For the Contract Period October 1, 2005 Through March 31, 2006
 AC# 3-MAE-C6

	<u>Incentives</u>	<u>Allowable Cost</u>	<u>Cost Standard</u>	<u>Computed Rate</u>
<u>Costs Subject to Standards:</u>				
General Services		\$ 68.60	\$ 75.11	
Dietary		11.51	12.63	
Laundry/Housekeeping/Maintenance		<u>9.36</u>	<u>10.97</u>	
Subtotal	<u>\$6.91</u>	89.47	98.71	\$ 89.47
Administration & Medical Records	<u>\$ -</u>	<u>18.18</u>	<u>16.13</u>	<u>16.13</u>
Subtotal		107.65	<u>\$114.84</u>	105.60
<u>Costs Not Subject to Standards:</u>				
Utilities		3.32		3.32
Special Services		.02		.02
Medical Supplies & Oxygen		4.06		4.06
Taxes and Insurance		1.25		1.25
Legal Fees		<u>-</u>		<u>-</u>
TOTAL		<u>\$116.30</u>		114.25
Inflation Factor (N/A)				-
Cost of Capital				6.11
Cost of Capital Limitation				-
Profit Incentive (Maximum 3.5% of Allowable Cost)				-
Cost Incentive				6.91
Effect of \$1.75 Cap on Cost/Profit Incentives				<u>(5.16)</u>
ADJUSTED REIMBURSEMENT RATE				<u>\$122.11</u>

SUMTER - EAST HEALTH AND REHABILITATION CENTER
 Computation of Adjusted Reimbursement Rate
 For the Contract Period April 1, 2006 Through September 30, 2006
 AC# 3-MAE-C6

	<u>Incentives</u>	<u>Allowable Cost</u>	<u>Cost Standard</u>	<u>Computed Rate</u>
<u>Costs Subject to Standards:</u>				
General Services		\$ 68.60	\$ 75.11	
Dietary		11.51	12.63	
Laundry/Housekeeping/Maintenance		<u>9.36</u>	<u>10.97</u>	
Subtotal	<u>\$6.91</u>	89.47	98.71	\$ 89.47
Administration & Medical Records	<u>\$ -</u>	<u>18.18</u>	<u>16.13</u>	<u>16.13</u>
Subtotal		107.65	<u>\$114.84</u>	105.60
<u>Costs Not Subject to Standards:</u>				
Utilities		3.32		3.32
Special Services		.02		.02
Medical Supplies & Oxygen		4.06		4.06
Taxes and Insurance		1.25		1.25
Legal Fees		<u>-</u>		<u>-</u>
TOTAL		<u>\$116.30</u>		114.25
Inflation Factor (4.70%)				5.37
Cost of Capital				6.11
Cost of Capital Limitation				-
Profit Incentive (Maximum 3.5% of Allowable Cost)				-
Cost Incentive				6.91
Effect of \$1.75 Cap on Cost/Profit Incentives				<u>(5.16)</u>
ADJUSTED REIMBURSEMENT RATE				<u>\$127.48</u>

SUMTER - EAST HEALTH AND REHABILITATION CENTER
 Computation of Adjusted Reimbursement Rate
 For the Contract Period October 1, 2006 Through September 30, 2007
 AC# 3-MAE-C6

	<u>Incentives</u>	<u>Allowable Cost</u>	<u>Cost Standard</u>	<u>Computed Rate</u>
<u>Costs Subject to Standards:</u>				
General Services		\$ 68.60	\$ 79.77	
Dietary		11.51	13.46	
Laundry/Housekeeping/Maintenance		<u>9.36</u>	<u>12.03</u>	
Subtotal	\$ <u>7.37</u>	89.47	105.26	\$ 89.47
Administration & Medical Records	\$ <u>-</u>	<u>18.18</u>	<u>16.87</u>	<u>16.87</u>
Subtotal		107.65	<u>\$122.13</u>	106.34
<u>Costs Not Subject to Standards:</u>				
Utilities		3.32		3.32
Special Services		.02		.02
Medical Supplies & Oxygen		4.06		4.06
Taxes and Insurance		1.25		1.25
Legal Fees		<u>-</u>		<u>-</u>
TOTAL		<u>\$116.30</u>		114.99
Inflation Factor (4.60%)				5.29
Cost of Capital				6.00
Cost of Capital Limitation				-
Profit Incentive (Maximum 3.5% of Allowable Cost)				-
Cost Incentive				7.37
Effect of \$1.75 Cap on Cost/Profit Incentives				<u>(5.62)</u>
ADJUSTED REIMBURSEMENT RATE				<u>\$128.03</u>

SUMTER - EAST HEALTH AND REHABILITATION CENTER
 Summary of Costs and Total Patient Days
 For the Cost Report Period Ended March 31, 2006
 For the Contract Periods October 1, 2005 Through September 30, 2006
 AC# 3-MAE-C6

<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	\$2,163,411	\$ 5,312 (1) 155 (1) 319 (11)	\$ 2,130 (2) 4,333 (3) 2,417 (3) 7,543 (7) 5,466 (7) 2,542 (8) 7,106 (9) 405 (9)	\$2,137,255
Dietary	378,354	1,476 (1)	17,714 (3) 1,694 (7) 1,660 (9) 101 (11)	358,661
Laundry	121,787	-	25,534 (3)	96,253
Housekeeping	83,660	-	-	83,660
Maintenance	135,534	7,957 (11)	444 (2) 7,312 (3) 23,935 (4) 18 (7) 103 (9) 101 (10)	111,578
Administration & Medical Records	583,955	2,520 (1) 383 (1) 9,781 (7) 2,542 (8) 2,029 (9)	14,615 (3) 460 (9) 19,709 (11)	566,426
Utilities	103,496	-	-	103,496
Special Services	403	1,462 (1) 526 (10)	1,908 (9)	483

SUMTER - EAST HEALTH AND REHABILITATION CENTER
 Summary of Costs and Total Patient Days
 For the Cost Report Period Ended March 31, 2006
 For the Contract Periods October 1, 2005 Through September 30, 2006
 AC# 3-MAE-C6

<u>Expenses</u>	Totals (From Schedule SC 13) as <u>Adjusted by DH&HS</u>	Adjustments <u>Debit</u>	<u>Credit</u>	<u>Adjusted Totals</u>
Medical Supplies & Oxygen	142,211	368 (1)	27 (9) 16,100 (10)	126,452
Taxes and Insurance	74,352	1,233 (1)	8,813 (5) 27,678 (6) 13 (11)	39,081
Legal Fees	-	-	-	-
Cost of Capital	194,847	590 (2) <u>939 (4)</u>	5,503 (11) <u>658 (12)</u>	190,215
Subtotal	3,982,010	37,592	206,042	3,813,560
Ancillary	106,137	-	2,733 (1)	103,404
Nonallowable	(301,732)	80,445 (1) 57,577 (3) 27,678 (6) 4,940 (7) 9,640 (9) 15,675 (10) 17,050 (11) 658 (12)	590 (2)	(88,659)
CNA Training and Testing	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Operating Expenses	<u>\$3,786,415</u>	<u>\$251,255</u>	<u>\$209,365</u>	<u>\$3,828,305</u>
Total Patient Days	<u>31,154</u>	<u>-</u>	<u>-</u>	<u>31,154</u>
Total Beds	<u>176</u>			

SUMTER - EAST HEALTH AND REHABILITATION CENTER
 Summary of Costs and Total Patient Days
 For the Cost Report Period Ended March 31, 2006
 For the Contract Period October 1, 2006 Through September 30, 2007
 AC# 3-MAE-C6

<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	\$2,163,411	\$ 5,312 (1) 155 (1) 319 (11)	\$ 2,130 (2) 4,333 (3) 2,417 (3) 7,543 (7) 5,466 (7) 2,542 (8) 7,106 (9) 405 (9)	\$2,137,255
Dietary	378,354	1,476 (1)	17,714 (3) 1,694 (7) 1,660 (9) 101 (11)	358,661
Laundry	121,787	-	25,534 (3)	96,253
Housekeeping	83,660	-	-	83,660
Maintenance	135,534	7,957 (11)	444 (2) 7,312 (3) 23,935 (4) 18 (7) 103 (9) 101 (10)	111,578
Administration & Medical Records	583,955	2,520 (1) 383 (1) 9,781 (7) 2,542 (8) 2,029 (9)	14,615 (3) 460 (9) 19,709 (11)	566,426
Utilities	103,496	-	-	103,496
Special Services	403	1,462 (1) 526 (10)	1,908 (9)	483

SUMTER - EAST HEALTH AND REHABILITATION CENTER
 Summary of Costs and Total Patient Days
 For the Cost Report Period Ended March 31, 2006
 For the Contract Period October 1, 2006 Through September 30, 2007
 AC# 3-MAE-C6

<u>Expenses</u>	Totals (From Schedule SC 13) as <u>Adjusted by DH&HS</u>	Adjustments <u>Debit</u>	<u>Credit</u>	<u>Adjusted Totals</u>
Medical Supplies & Oxygen	142,211	368 (1)	27 (9) 16,100 (10)	126,452
Taxes and Insurance	74,352	1,233 (1)	8,813 (5) 27,678 (6) 13 (11)	39,081
Legal Fees	-	-	-	-
Cost of Capital	191,544	590 (2) <u>939 (4)</u>	5,503 (11) <u>637 (13)</u>	186,933
Subtotal	3,978,707	37,592	206,021	3,810,278
Ancillary	106,137	-	2,733 (1)	103,404
Nonallowable	(298,429)	80,445 (1) 57,577 (3) 27,678 (6) 4,940 (7) 9,640 (9) 15,675 (10) 17,050 (11) 637 (13)	590 (2)	(85,377)
CNA Training and Testing	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Operating Expenses	<u>\$3,786,415</u>	<u>\$251,234</u>	<u>\$209,344</u>	<u>\$3,828,305</u>
Total Patient Days	<u>31,154</u>	<u>-</u>	<u>-</u>	<u>31,154</u>
Total Beds	<u>176</u>			

SUMTER - EAST HEALTH AND REHABILITATION CENTER
Adjustment Report
Cost Report Period Ended March 31, 2006
AC# 3-MAE-C6

<u>ADJUSTMENT NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
1	Nursing	\$ 5,312	
	Restorative	155	
	Dietary	1,476	
	Administration	2,520	
	Medical Records	383	
	Taxes and Insurance	1,233	
	Medical Supplies	368	
	Special Services	1,462	
	Nonallowable	80,445	
	Retained Earnings		\$89,922
	Revenue		699
	Ancillary		2,733
	To adjust trial balance account balances to amounts per general ledger HIM-15-1, Section 2304		
2	Fixed Assets	63,445	
	Cost of Capital	590	
	Accumulated Depreciation		48,968
	Other Equity		11,903
	Nursing		2,130
	Maintenance		444
	Nonallowable		590
	To adjust fixed assets and related depreciation HIM-15-1, Section 2304 State Plan, Attachment 4.19D		
3	Nonallowable	57,577	
	Retained Earnings	14,348	
	Nursing		4,333
	Restorative		2,417
	Dietary		17,714
	Laundry		25,534
	Maintenance		7,312
	Administration		14,615
	To properly charge expense applicable to the prior period, reclassify expense to the proper cost center, and adjust estimated expense to invoiced amounts HIM-15-1, Section 2304 State Plan, Attachment 4.19D DH&HS Expense Crosswalk		

SUMTER - EAST HEALTH AND REHABILITATION CENTER
Adjustment Report
Cost Report Period Ended March 31, 2006
AC# 3-MAE-C6

<u>ADJUSTMENT NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
4	Fixed Assets	23,935	
	Cost of Capital	939	
	Maintenance		23,935
	Accumulated Depreciation		939
	To capitalize assets and record related depreciation HIM-15-1, Section 108.1		
5	Retained Earnings	6,661	
	Other Equity	44,424	
	Accrued Property Taxes		42,272
	Taxes and Insurance		8,813
	To adjust property tax expense and related accrual HIM-15-1, Sections 2302.1 and 2304		
6	Nonallowable	27,678	
	Taxes and Insurance		27,678
	To adjust liability insurance expense HIM-15-1, Section 2304		
7	Administration	9,781	
	Nonallowable	4,940	
	Nursing		7,543
	Restorative		5,466
	Dietary		1,694
	Maintenance		18
	To reclassify expense to the proper cost center State Plan, Attachment 4.19D DH&HS Expense Crosswalk		
8	Administration	2,542	
	Nursing		2,542
	To reclassify expense to the proper cost center DH&HS Expense Crosswalk		

SUMTER - EAST HEALTH AND REHABILITATION CENTER

Adjustment Report
Cost Report Period Ended March 31, 2006
AC# 3-MAE-C6

<u>ADJUSTMENT NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
9	Administration	2,029	
	Nonallowable	9,640	
	Nursing		7,106
	Restorative		405
	Dietary		1,660
	Maintenance		103
	Medical Records		460
	Medical Supplies		27
	Special Services		1,908
	To adjust fringe benefits and related allocation HIM-15-1, Section 2304 State Plan, Attachment 4.19D		
10	Special Services	526	
	Nonallowable	15,675	
	Maintenance		101
	Medical Supplies		16,100
	To remove special (ancillary) services reimbursed by Medicare State Plan, Attachment 4.19D		
11	Nursing	319	
	Maintenance	7,957	
	Nonallowable	17,050	
	Dietary		101
	Administration		19,709
	Taxes and Insurance		13
	Cost of Capital		5,503
	To adjust home office cost allocation HIM-15-1, Section 2304 State Plan, Attachment 4.19D		
12	Nonallowable	658	
	Cost of Capital		658
	To adjust capital return State Plan, Attachment 4.19D (This adjustment applies only to the rate periods 10/1/05 - 9/30/06)		

SUMTER - EAST HEALTH AND REHABILITATION CENTER
 Adjustment Report
 Cost Report Period Ended March 31, 2006
 AC# 3-MAE-C6

<u>ADJUSTMENT NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
13	Nonallowable Cost of Capital	637	637
	To adjust capital return State Plan, Attachment 4.19D (This adjustment applies only to the rate period 10/1/06 - 9/30/07)		
	TOTAL ADJUSTMENTS	<u>\$404,705</u>	<u>\$404,705</u>

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.

SUMTER - EAST HEALTH AND REHABILITATION CENTER
 Cost of Capital Reimbursement Analysis
 For the Cost Report Period Ended March 31, 2006
 For the Contract Periods October 1, 2005 Through September 30, 2006
 AC# 3-MAE-C6

Original Asset Cost (Per Bed)	\$ 15,618	\$ 15,618	
Inflation Adjustment	<u>2.71494</u>	<u>2.71494</u>	
Deemed Asset Value (Per Bed)	42,402	42,402	
Number of Beds	<u>88</u>	<u>88</u>	
Deemed Asset Value	3,731,376	3,731,376	
Improvements Since 1981	711,944	720,070	
Accumulated Depreciation at 3/31/06	<u>(1,667,079)</u>	<u>(1,389,971)</u>	
Deemed Depreciated Value	2,776,241	3,061,475	
Market Rate of Return	<u>.0516</u>	<u>.0516</u>	
Total Annual Return	143,254	157,972	
Number of Days in Period	<u>182/365</u>	<u>182/365</u>	
Adjusted Annual Return	71,431	78,770	
Return Applicable to Non-Reimbursable Cost Centers	-	-	
Allocation of Interest to Non-Reimbursable Cost Centers	<u>-</u>	<u>-</u>	
Allowable Annual Return	71,431	78,770	
Depreciation Expense	28,261	17,024	
Amortization Expense	11	11	
Capital Related Income Offsets	(2,647)	(2,646)	
Allocation of Capital Expenses to Non-Reimbursable Cost Centers	<u>-</u>	<u>-</u>	<u>Total</u>
Allowable Cost of Capital Expense	97,056	93,159	\$190,215
Total Patient Days (Actual)	<u>15,577</u>	<u>15,577</u>	<u>31,154</u>
Cost of Capital Per Diem	\$ <u>6.23</u>	\$ <u>5.98</u>	\$ <u>6.11</u>

SUMTER - EAST HEALTH AND REHABILITATION CENTER
 Cost of Capital Reimbursement Analysis
 For the Cost Report Period Ended March 31, 2006
 For the Contract Periods October 1, 2005 Through September 30, 2006
 AC# 3-MAE-C6

6/30/89 Cost of Capital and Return on Equity Capital Per Diem Reimbursement	\$4.13	\$2.13
Adjustment for Maximum Increase	<u>3.99</u>	<u>3.99</u>
Maximum Cost of Capital Per Diem	<u>\$8.12</u>	<u>\$6.12</u>
Reimbursable Cost of Capital Per Diem	\$6.11	
Cost of Capital Per Diem	<u>6.11</u>	
Cost of Capital Per Diem Limitation	<u>\$ -</u>	

SUMTER - EAST HEALTH AND REHABILITATION CENTER
 Cost of Capital Reimbursement Analysis
 For the Cost Report Period Ended March 31, 2006
 For the Contract Period October 1, 2006 Through September 30, 2007
 AC# 3-MAE-C6

Original Asset Cost (Per Bed)	\$ 15,618	\$ 15,618	
Inflation Adjustment	<u>2.77878</u>	<u>2.77878</u>	
Deemed Asset Value (Per Bed)	43,399	43,399	
Number of Beds	<u>88</u>	<u>88</u>	
Deemed Asset Value	3,819,112	3,819,112	
Improvements Since 1981	711,944	720,070	
Accumulated Depreciation at 3/31/06	<u>(1,667,079)</u>	<u>(1,389,971)</u>	
Deemed Depreciated Value	2,863,977	3,149,211	
Market Rate of Return	<u>.0490</u>	<u>.0490</u>	
Total Annual Return	140,335	154,311	
Number of Days in Period	<u>182/365</u>	<u>182/365</u>	
Adjusted Annual Return	69,975	76,944	
Return Applicable to Non-Reimbursable Cost Centers	-	-	
Allocation of Interest to Non-Reimbursable Cost Centers	<u>-</u>	<u>-</u>	
Allowable Annual Return	69,975	76,944	
Depreciation Expense	28,261	17,024	
Amortization Expense	11	11	
Capital Related Income Offsets	(2,647)	(2,646)	
Allocation of Capital Expenses to Non-Reimbursable Cost Centers	<u>-</u>	<u>-</u>	<u>Total</u>
Allowable Cost of Capital Expense	95,600	91,333	\$186,933
Total Patient Days (Actual)	<u>15,577</u>	<u>15,577</u>	<u>31,154</u>
Cost of Capital Per Diem	\$ <u><u>6.14</u></u>	\$ <u><u>5.86</u></u>	\$ <u><u>6.00</u></u>

SUMTER - EAST HEALTH AND REHABILITATION CENTER
 Cost of Capital Reimbursement Analysis
 For the Cost Report Period Ended March 31, 2006
 For the Contract Period October 1, 2006 Through September 30, 2007
 AC# 3-MAE-C6

6/30/89 Cost of Capital and Return on Equity Capital Per Diem Reimbursement	\$4.13	\$2.13
Adjustment for Maximum Increase	<u>3.99</u>	<u>3.99</u>
Maximum Cost of Capital Per Diem	<u>\$8.12</u>	<u>\$6.12</u>
Reimbursable Cost of Capital Per Diem	\$6.00	
Cost of Capital Per Diem	<u>6.00</u>	
Cost of Capital Per Diem Limitation	<u>\$ -</u>	

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