

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
FAX (803) 343-0723

June 11, 2009

Ms. Rhonda Nelson, Director of Accounting
Epic Management, LLC
402 Hunting Crest Court
Boiling Springs, South Carolina 29316

Re: AC# 3-CHS-L5 – Mount Pleasant Manor, LLC

Dear Ms. Nelson:

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 May 7, 2005 through November 30, 2005. That report was used to set the rate covering the contract periods beginning May 7, 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

**MOUNT PLEASANT MANOR, LLC
MT. PLEASANT, SOUTH CAROLINA**

**CONTRACT PERIODS
BEGINNING MAY 7, 2005
AC# 3-CHS-L5**

**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 17, 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 Mount Pleasant Manor, LLC, for the contract periods beginning May 7, 2005, and for the seven month cost report period ended November 30, 2005, as set forth in the accompanying schedules. The management of Mount Pleasant Manor, LLC 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 Mount Pleasant Manor, LLC, 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, Summaries of Costs and Total Patient Days, and 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 contract between the South Carolina Department of Health and Human Services and Mount Pleasant Manor, LLC 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 Computation of Adjusted Reimbursement Rate sections of this report.

Department of Health and Human Services
State of South Carolina
September 17, 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

MOUNT PLEASANT MANOR, LLC
 Computation of Rate Change
 For the Contract Periods
 Beginning May 7, 2005
 AC# 3-CHS-L5

	05/07/05- <u>05/31/05</u>	06/01/05- <u>09/30/05</u>	10/01/05- <u>11/30/05</u>	12/01/05- <u>09/30/06</u>	10/01/06- <u>09/30/07</u>
Interim Reimbursement Rate (1)	\$124.90	\$125.39	\$125.29	\$130.79	\$130.70
Adjusted Reimbursement Rate	<u>121.60</u>	<u>121.60</u>	<u>121.64</u>	<u>126.98</u>	<u>126.75</u>
Decrease in Reimbursement Rate	\$ <u>3.30</u>	\$ <u>3.79</u>	\$ <u>3.65</u>	\$ <u>3.81</u>	\$ <u>3.95</u>

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

MOUNT PLEASANT MANOR, LLC
 Computation of Adjusted Reimbursement Rate
 For the Contract Periods May 7, 2005 Through September 30, 2005
 AC# 3-CHS-L5

	<u>Incentives</u>	<u>Allowable Cost</u>	<u>Cost Standard</u>	<u>Computed Rate</u>
<u>Costs Subject to Standards:</u>				
General Services		\$ 65.88	\$ 66.04	
Dietary		11.70	12.15	
Laundry/Housekeeping/Maintenance		<u>9.07</u>	<u>10.42</u>	
Subtotal	<u>\$1.96</u>	86.65	88.61	\$ 86.65
Administration & Medical Records	<u>\$3.19</u>	<u>11.87</u>	<u>15.06</u>	<u>11.87</u>
Subtotal		98.52	<u>\$103.67</u>	98.52
<u>Costs Not Subject to Standards:</u>				
Utilities		3.61		3.61
Special Services		.20		.20
Medical Supplies & Oxygen		4.68		4.68
Taxes and Insurance		6.58		6.58
Legal Fees		<u>-</u>		<u>-</u>
TOTAL		<u>\$113.59</u>		113.59
Inflation Factor (N/A)				-
Cost of Capital				6.26
Cost of Capital Limitation				-
Profit Incentive (Maximum 3.5% of Allowable Cost)				3.19
Cost Incentive				1.96
Effect of \$1.75 Cap on Cost/Profit Incentives				<u>(3.40)</u>
ADJUSTED REIMBURSEMENT RATE				<u>\$121.60</u>

MOUNT PLEASANT MANOR, LLC
 Computation of Adjusted Reimbursement Rate
 For the Contract Period October 1, 2005 Through November 30, 2005
 AC# 3-CHS-L5

	<u>Incentives</u>	<u>Allowable Cost</u>	<u>Cost Standard</u>	<u>Computed Rate</u>
<u>Costs Subject to Standards:</u>				
General Services		\$ 65.88	\$ 64.63	
Dietary		11.70	12.63	
Laundry/Housekeeping/Maintenance		<u>9.07</u>	<u>10.97</u>	
Subtotal	<u>\$1.58</u>	86.65	88.23	\$ 86.65
Administration & Medical Records	<u>\$4.26</u>	<u>11.87</u>	<u>16.13</u>	<u>11.87</u>
Subtotal		98.52	<u>\$104.36</u>	98.52
<u>Costs Not Subject to Standards:</u>				
Utilities		3.61		3.61
Special Services		.20		.20
Medical Supplies & Oxygen		4.68		4.68
Taxes and Insurance		6.58		6.58
Legal Fees		<u>-</u>		<u>-</u>
TOTAL		<u>\$113.59</u>		113.59
Inflation Factor (N/A)				-
Cost of Capital				6.30
Cost of Capital Limitation				-
Profit Incentive (Maximum 3.5% of Allowable Cost)				3.98
Cost Incentive				1.58
Effect of \$1.75 Cap on Cost/Profit Incentives				<u>(3.81)</u>
ADJUSTED REIMBURSEMENT RATE				<u>\$121.64</u>

MOUNT PLEASANT MANOR, LLC
 Computation of Adjusted Reimbursement Rate
 For the Contract Period December 1, 2005 Through September 30, 2006
 AC# 3-CHS-L5

<u>Costs Subject to Standards:</u>	<u>Incentives</u>	<u>Allowable Cost</u>	<u>Cost Standard</u>	<u>Computed Rate</u>
General Services		\$ 65.88	\$ 64.63	
Dietary		11.70	12.63	
Laundry/Housekeeping/Maintenance		<u>9.07</u>	<u>10.97</u>	
Subtotal	<u>\$1.58</u>	86.65	88.23	\$ 86.65
Administration & Medical Records	<u>\$4.26</u>	<u>11.87</u>	<u>16.13</u>	<u>11.87</u>
Subtotal		98.52	<u>\$104.36</u>	98.52
 <u>Costs Not Subject to Standards:</u>				
Utilities		3.61		3.61
Special Services		.20		.20
Medical Supplies & Oxygen		4.68		4.68
Taxes and Insurance		6.58		6.58
Legal Fees		<u>-</u>		<u>-</u>
TOTAL		<u>\$113.59</u>		113.59
Inflation Factor (4.70%)				5.34
Cost of Capital				6.30
Cost of Capital Limitation				-
Profit Incentive (Maximum 3.5% of Allowable Cost)				3.98
Cost Incentive				1.58
Effect of \$1.75 Cap on Cost/Profit Incentives				<u>(3.81)</u>
ADJUSTED REIMBURSEMENT RATE				<u>\$126.98</u>

MOUNT PLEASANT MANOR, LLC
 Computation of Adjusted Reimbursement Rate
 For the Contract Period October 1, 2006 Through September 30, 2007
 AC# 3-CHS-L5

	<u>Incentives</u>	<u>Allowable Cost</u>	<u>Cost Standard</u>	<u>Computed Rate</u>
<u>Costs Subject to Standards:</u>				
General Services		\$ 65.88	\$ 74.20	
Dietary		11.70	13.46	
Laundry/Housekeeping/Maintenance		<u>9.07</u>	<u>12.03</u>	
Subtotal	<u>\$6.98</u>	86.65	99.69	\$ 86.65
Administration & Medical Records	<u>\$5.00</u>	<u>11.87</u>	<u>16.87</u>	<u>11.87</u>
Subtotal		98.52	<u>\$116.56</u>	98.52
<u>Costs Not Subject to Standards:</u>				
Utilities		3.61		3.61
Special Services		.20		.20
Medical Supplies & Oxygen		4.68		4.68
Taxes and Insurance		6.58		6.58
Legal Fees		<u>-</u>		<u>-</u>
TOTAL		<u>\$113.59</u>		113.59
Inflation Factor (4.60%)				5.23
Cost of Capital				6.18
Cost of Capital Limitation				-
Profit Incentive (Maximum 3.5% of Allowable Cost)				3.98
Cost Incentive				6.98
Effect of \$1.75 Cap on Cost/Profit Incentives				<u>(9.21)</u>
ADJUSTED REIMBURSEMENT RATE				<u>\$126.75</u>

MOUNT PLEASANT MANOR, LLC
 Summary of Costs and Total Patient Days
 For the Cost Report Period Ended November 30, 2005
 For the Contract Periods May 7, 2005 through September 30, 2005
 AC# 3-CHS-L5

<u>Expenses</u>	Totals (From Schedule SC 13) as <u>Adjusted by DH&HS</u>	<u>Adjustments</u>		<u>Adjusted Totals</u>
		<u>Debit</u>	<u>Credit</u>	
General Services	\$1,755,799	\$ 358 (15) 31 (16)	\$ 3,341 (12) 16,327 (14)	\$1,736,520
Dietary	317,010	-	7,397 (12) 1,183 (14) 123 (15)	308,307
Laundry	51,120	-	3,780 (12) 426 (14) 62 (15) 1,381 (17)	45,471
Housekeeping	112,072	-	1,168 (14) 169 (15)	110,735
Maintenance	93,315	-	5,480 (1) 4,275 (12) 687 (14) 108 (15)	82,765
Administration & Medical Records	339,819	-	17,500 (5) 508 (13) 2,222 (14) 375 (15) 6,264 (16)	312,950
Utilities	102,558	6,887 (7)	14,254 (6)	95,191

MOUNT PLEASANT MANOR, LLC
Summary of Costs and Total Patient Days
For the Cost Report Period Ended November 30, 2005
For the Contract Periods May 7, 2005 Through September 30, 2005
AC# 3-CHS-L5

<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>	
Special Services	6,682	4,521 (18)	2,127 (12) 3,130 (14) 584 (15)	5,362
Medical Supplies & Oxygen	125,409	22 (15)	2,117 (18)	123,314
Taxes and Insurance	183,770	-	1,868 (8) 643 (9) 1,025 (10) 6,815 (11)	173,419
Legal Fees	-	-	-	-
Cost of Capital	<u>171,609</u>	<u>334</u> (2)	<u>6,877</u> (1)	<u>165,066</u>
Subtotal	3,259,163	12,153	112,216	3,159,100
Ancillary	61,770	-	-	61,770
Nonallowable	438,029	17,500 (5) 254 (6) 1,868 (8) 643 (9) 1,025 (10) 508 (13) 25,143 (14) 1,041 (15) 6,233 (16)	334 (2) 2,404 (18)	489,506

MOUNT PLEASANT MANOR, LLC
 Summary of Costs and Total Patient Days
 For the Cost Report Period Ended November 30, 2005
 For the Contract Periods May 7, 2005 Through September 30, 2005
 AC# 3-CHS-L5

<u>Expenses</u>	Totals (From Schedule SC 13) as Adjusted by DH&HS	Adjustments		Adjusted Totals
		<u>Debit</u>	<u>Credit</u>	
CNA Training & Testing	<u>25</u>	<u>-</u>	<u>-</u>	<u>25</u>
Total Operating Expenses	\$ <u>3,758,987</u>	\$ <u>66,368</u>	\$ <u>114,954</u>	\$ <u>3,710,401</u>
Total Patient Days	* <u>26,358</u>	<u>-</u>	<u>-</u>	<u>26,358</u>

*Adjusted to 96% Occupancy

Total Beds 132

MOUNT PLEASANT MANOR, LLC
 Summary of Costs and Total Patient Days
 For the Cost Report Period Ended November 30, 2005
 For the Contract Periods October 1, 2005 through September 30, 2006
 AC# 3-CHS-L5

<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	\$1,755,799	\$ 358 (15) 31 (16)	\$ 3,341 (12) 16,327 (14)	\$1,736,520
Dietary	317,010	-	7,397 (12) 1,183 (14) 123 (15)	308,307
Laundry	51,120	-	3,780 (12) 426 (14) 62 (15) 1,381 (17)	45,471
Housekeeping	112,072	-	1,168 (14) 169 (15)	110,735
Maintenance	93,315	-	5,480 (1) 4,275 (12) 687 (14) 108 (15)	82,765
Administration & Medical Records	339,819	-	17,500 (5) 508 (13) 2,222 (14) 375 (15) 6,264 (16)	312,950
Utilities	102,558	6,887 (7)	14,254 (6)	95,191

MOUNT PLEASANT MANOR, LLC
Summary of Costs and Total Patient Days
For the Cost Report Period Ended November 30, 2005
For the Contract Periods October 1, 2005 Through September 30, 2006
AC# 3-CHS-L5

<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>	
Special Services	6,682	4,521 (18)	2,127 (12) 3,130 (14) 584 (15)	5,362
Medical Supplies & Oxygen	125,409	22 (15)	2,117 (18)	123,314
Taxes and Insurance	183,770	-	1,868 (8) 643 (9) 1,025 (10) 6,815 (11)	173,419
Legal Fees	-	-	-	-
Cost of Capital	<u>172,555</u>	<u>324</u> (3)	<u>6,877</u> (1)	<u>166,002</u>
Subtotal	3,260,109	12,143	112,216	3,160,036
Ancillary	61,770	-	-	61,770
Nonallowable	437,083	17,500 (5) 254 (6) 1,868 (8) 643 (9) 1,025 (10) 508 (13) 25,143 (14) 1,041 (15) 6,233 (16)	324 (3) 2,404 (18)	488,570

MOUNT PLEASANT MANOR, LLC
 Summary of Costs and Total Patient Days
 For the Cost Report Period Ended November 30, 2005
 For the Contract Periods October 1 2005 Through September 30, 2006
 AC# 3-CHS-L5

<u>Expenses</u>	Totals (From Schedule SC 13) as <u>Adjusted by DH&HS</u>	Adjustments		Adjusted <u>Totals</u>
		<u>Debit</u>	<u>Credit</u>	
CNA Training & Testing	<u>25</u>	<u>-</u>	<u>-</u>	<u>25</u>
Total Operating Expenses	<u>\$3,758,987</u>	<u>\$66,358</u>	<u>\$114,944</u>	<u>\$3,710,401</u>
Total Patient Days	* <u>26,358</u>	<u>-</u>	<u>-</u>	<u>26,358</u>

*Adjusted to 96% Occupancy

Total Beds 132

MOUNT PLEASANT MANOR, LLC
 Summary of Costs and Total Patient Days
 For the Cost Report Period Ended November 30, 2005
 For the Contract Period October 1, 2006 through September 30, 2007
 AC# 3-CHS-L5

<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	\$1,755,799	\$ 358 (15) 31 (16)	\$ 3,341 (12) 16,327 (14)	\$1,736,520
Dietary	317,010	-	7,397 (12) 1,183 (14) 123 (15)	308,307
Laundry	51,120	-	3,780 (12) 426 (14) 62 (15) 1,381 (17)	45,471
Housekeeping	112,072	-	1,168 (14) 169 (15)	110,735
Maintenance	93,315	-	5,480 (1) 4,275 (12) 687 (14) 108 (15)	82,765
Administration & Medical Records	339,819	-	17,500 (5) 508 (13) 2,222 (14) 375 (15) 6,264 (16)	312,950
Utilities	102,558	6,887 (7)	14,254 (6)	95,191

MOUNT PLEASANT MANOR, LLC
 Summary of Costs and Total Patient Days
 For the Cost Report Period Ended November 30, 2005
 For the Contract Period October 1, 2006 Through September 30, 2007
 AC# 3-CHS-L5

<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>	
Special Services	6,682	4,521 (18)	2,127 (12) 3,130 (14) 584 (15)	5,362
Medical Supplies & Oxygen	125,409	22 (15)	2,117 (18)	123,314
Taxes and Insurance	183,770	-	1,868 (8) 643 (9) 1,025 (10) 6,815 (11)	173,419
Legal Fees	-	-	-	-
Cost of Capital	<u>169,534</u>	<u>308</u> (4)	<u>6,877</u> (1)	<u>162,965</u>
Subtotal	3,257,088	12,127	112,216	3,156,999
Ancillary	61,770	-	-	61,770
Nonallowable	440,104	17,500 (5) 254 (6) 1,868 (8) 643 (9) 1,025 (10) 508 (13) 25,143 (14) 1,041 (15) 6,233 (16)	308 (4) 2,404 (18)	491,607

MOUNT PLEASANT MANOR, LLC
 Summary of Costs and Total Patient Days
 For the Cost Report Period Ended November 30, 2005
 For the Contract Period October 1, 2006 Through September 30, 2007
 AC# 3-CHS-L5

<u>Expenses</u>	Totals (From Schedule SC 13) as Adjusted by DH&HS	Adjustments		Adjusted Totals
		<u>Debit</u>	<u>Credit</u>	
CNA Training & Testing	<u>25</u>	<u>-</u>	<u>-</u>	<u>25</u>
Total Operating Expenses	\$ <u>3,758,987</u>	\$ <u>66,342</u>	\$ <u>114,928</u>	\$ <u>3,710,401</u>
Total Patient Days	* <u>26,358</u>	<u>-</u>	<u>-</u>	<u>26,358</u>

*Adjusted to 96% Occupancy

Total Beds 132

MOUNT PLEASANT MANOR, LLC
Adjustment Report
Cost Report Period Ended November 30, 2005
AC# 3-CHS-L5

<u>ADJUSTMENT</u> <u>NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
1	Accumulated Depreciation	\$316,465	
	Other Equity	2,153	
	Fixed Assets		\$306,261
	Cost of Capital		6,877
	Maintenance		5,480
	To adjust fixed assets and related depreciation expense to allowable HIM-15-1, Section 2304 State Plan, Attachment 4.19D		
2	Cost of Capital	334	
	Nonallowable		334
	To adjust capital return to allowable State Plan, Attachment 4.19D (This adjustment applies only to the rate periods 5/7/05 - 9/30/05)		
3	Cost of Capital	324	
	Nonallowable		324
	To adjust capital return to allowable State Plan, Attachment 4.19D (This adjustment applies only to the rate periods 10/1/05 - 9/30/06)		
4	Cost of Capital	308	
	Nonallowable		308
	To adjust capital return to allowable State Plan, Attachment 4.19D (This adjustment applies only to the rate period 10/1/06 - 9/30/07)		
5	Nonallowable	17,500	
	Administration & Medical Records		17,500
	To reclassify expense to the proper cost center HIM-15-1, Section 2135 State Plan, Attachment 4.19D		

MOUNT PLEASANT MANOR, LLC
Adjustment Report
Cost Report Period Ended November 30, 2005
AC# 3-CHS-L5

<u>ADJUSTMENT NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
6	Other Assets - Security Deposit Nonallowable Utilities	14,000 254	 14,254
	To reclassify expense to the proper cost center DH&HS Crosswalk HIM-15-1, Section 2300		
7	Utilities Accrued Expenses	6,887	 6,887
	To record expense applicable to the current period HIM-15-1, Section 2302.1		
8	Nonallowable Taxes and Insurance	1,868	 1,868
	To adjust property insurance HIM-15-1, Section 2304		
9	Nonallowable Taxes and Insurance	643	 643
	To adjust general insurance HIM-15-1, Section 2304		
10	Nonallowable Taxes and Insurance	1,025	 1,025
	To remove expense not adequately documented HIM-15-1, Section 2304		
11	Prepaid Expense Taxes and Insurance	6,815	 6,815
	To remove expense applicable to the subsequent period HIM-15-1, Section 2302.1		

MOUNT PLEASANT MANOR, LLC
Adjustment Report
Cost Report Period Ended November 30, 2005
AC# 3-CHS-L5

<u>ADJUSTMENT NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
12	Accrued Expenses	20,920	
	General Services		3,341
	Dietary		7,397
	Laundry		3,780
	Maintenance		4,275
	Special Services		2,127
	To remove expense applicable to the subsequent period HIM-15-1, Sections 2302.1 and 2304		
13	Nonallowable	508	
	Administration & Medical Records		508
	To remove undocumented travel expense State Plan, Attachment 4.19D		
14	Nonallowable	25,143	
	General Services		16,327
	Dietary		1,183
	Laundry		426
	Housekeeping		1,168
	Maintenance		687
	Administration & Medical Records		2,222
	Special Services		3,130
	To remove nonvested PTO HIM-15-1, Section 2144.9		
15	Nonallowable	1,041	
	Medical Supplies & Oxygen	22	
	General Services	358	
	Dietary		123
	Laundry		62
	Housekeeping		169
	Maintenance		108
	Administration & Medical Records		375
	Special Services		584
	To adjust fringe benefits and related allocation HIM-15-1, Section 2304 State Plan, Attachment 4.19D		

MOUNT PLEASANT MANOR, LLC
Adjustment Report
Cost Report Period Ended November 30, 2005
AC# 3-CHS-L5

<u>ADJUSTMENT NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
16	Nonallowable General Services Administration & Medical Records	6,233 31	6,264
	To adjust home office allocation HIM-15-1, Section 2304 State Plan, Attachment 4.19D		
17	Revenue - Patient Laundry Laundry	1,381	1,381
	To offset income to related expense State Plan, Attachment 4.19D		
18	Special Services Nonallowable Medical Supplies & Oxygen	4,521	2,404 2,117
	To adjust special (ancillary) services cost State Plan, Attachment 4.19D		
	TOTAL ADJUSTMENTS	<u>\$428,734</u>	<u>\$428,734</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.

MOUNT PLEASANT MANOR, LLC
 Cost of Capital Reimbursement Analysis
 For the Cost Report Period Ended November 30, 2005
 For the Contract Periods May 7, 2005 Through September 30, 2005
 AC# 3-CHS-L5

Original Asset Cost (Per Bed)	\$ 15,618
Inflation Adjustment	<u>2.63785</u>
Deemed Asset Value (Per Bed)	41,198
Number of Beds	<u>132</u>
Deemed Asset Value	5,438,136
Improvements Since 1981	615,665
Accumulated Depreciation at 11/30/05	<u>(1,682,694)</u>
Deemed Depreciated Value	4,371,107
Market Rate of Return	<u>.0531</u>
Total Annual Return	232,106
Number of Days in Period	208/365
Adjusted Annual Return	132,269
Return Applicable to Non-Reimbursable Cost Centers	-
Allocation of Interest to Non-Reimbursable Cost Centers	<u>-</u>
Allowable Annual Return	132,269
Depreciation Expense	29,948
Amortization Expense	2,849
Capital Related Income Offsets	-
Allocation of Capital Expenses to Non-Reimbursable Cost Centers	<u>-</u>
Allowable Cost of Capital Expense	165,066
Total Patient Days (Adjusted to 96%)	<u>26,358</u>
Cost of Capital Per Diem	<u>\$ 6.26</u>

MOUNT PLEASANT MANOR, LLC
Cost of Capital Reimbursement Analysis
For the Cost Report Period Ended November 30, 2005
For the Contract Periods May 7, 2005 Through September 30, 2005
AC# 3-CHS-L5

6/30/89 Cost of Capital and Return on Equity Capital Per Diem Reimbursement	\$4.66*
Adjustment for Maximum Increase	<u>3.99</u>
Maximum Cost of Capital Per Diem	<u>\$8.65</u>
Reimbursable Cost of Capital Per Diem	\$6.26
Cost of Capital Per Diem	<u>6.26</u>
Cost of Capital Per Diem Limitation	<u>\$ -</u>

* - Cost of Capital and Return on Equity per diem as recalculated by DH&HS as a result of settlement agreement and communicated to the provider by letter dated January 6, 1995.

MOUNT PLEASANT MANOR, LLC
Cost of Capital Reimbursement Analysis
For the Cost Report Period Ended November 30, 2005
For the Contract Periods October 1, 2005 Through September 30, 2006
AC# 3-CHS-L5

Original Asset Cost (Per Bed)	\$ 15,618
Inflation Adjustment	<u>2.71494</u>
Deemed Asset Value (Per Bed)	42,402
Number of Beds	<u>132</u>
Deemed Asset Value	5,597,064
Improvements Since 1981	615,665
Accumulated Depreciation at 11/30/05	<u>(1,682,694)</u>
Deemed Depreciated Value	4,530,035
Market Rate of Return	<u>.0516</u>
Total Annual Return	233,750
Number of Days in Period	208/365
Adjusted Annual Return	133,205
Return Applicable to Non-Reimbursable Cost Centers	-
Allocation of Interest to Non-Reimbursable Cost Centers	<u>-</u>
Allowable Annual Return	133,205
Depreciation Expense	29,948
Amortization Expense	2,849
Capital Related Income Offsets	-
Allocation of Capital Expenses to Non-Reimbursable Cost Centers	<u>-</u>
Allowable Cost of Capital Expense	166,002
Total Patient Days (Adjusted to 96%)	<u>26,358</u>
Cost of Capital Per Diem	<u>\$ 6.30</u>

MOUNT PLEASANT MANOR, LLC
Cost of Capital Reimbursement Analysis
For the Cost Report Period Ended November 30, 2005
For the Contract Periods October 1, 2005 Through September 30, 2006
AC# 3-CHS-L5

6/30/89 Cost of Capital and Return on Equity Capital Per Diem Reimbursement	\$4.66*
Adjustment for Maximum Increase	<u>3.99</u>
Maximum Cost of Capital Per Diem	<u>\$8.65</u>
Reimbursable Cost of Capital Per Diem	\$6.30
Cost of Capital Per Diem	<u>6.30</u>
Cost of Capital Per Diem Limitation	<u>\$ -</u>

* - Cost of Capital and Return on Equity per diem as recalculated by DH&HS as a result of settlement agreement and communicated to the provider by letter dated January 6, 1995.

MOUNT PLEASANT MANOR, LLC
Cost of Capital Reimbursement Analysis
For the Cost Report Period Ended November 30, 2005
For the Contract Period October 1, 2006 Through September 30, 2007
AC# 3-CHS-L5

Original Asset Cost (Per Bed)	\$ 15,618
Inflation Adjustment	<u>2.77878</u>
Deemed Asset Value (Per Bed)	43,399
Number of Beds	<u>132</u>
Deemed Asset Value	5,728,668
Improvements Since 1981	615,665
Accumulated Depreciation at 11/30/05	<u>(1,682,694)</u>
Deemed Depreciated Value	4,661,639
Market Rate of Return	<u>.0490</u>
Total Annual Return	228,420
Number of Days in Period	208/365
Adjusted Annual Return	130,168
Return Applicable to Non-Reimbursable Cost Centers	-
Allocation of Interest to Non-Reimbursable Cost Centers	<u>-</u>
Allowable Annual Return	130,168
Depreciation Expense	29,948
Amortization Expense	2,849
Capital Related Income Offsets	-
Allocation of Capital Expenses to Non-Reimbursable Cost Centers	<u>-</u>
Allowable Cost of Capital Expense	162,965
Total Patient Days (Adjusted to 96%)	<u>26,358</u>
Cost of Capital Per Diem	<u>\$ 6.18</u>

MOUNT PLEASANT MANOR, LLC
Cost of Capital Reimbursement Analysis
For the Cost Report Period Ended November 30, 2005
For the Contract Period October 1, 2006 Through September 30, 2007
AC# 3-CHS-L5

6/30/89 Cost of Capital and Return on Equity Capital Per Diem Reimbursement	\$4.66*
Adjustment for Maximum Increase	<u>3.99</u>
Maximum Cost of Capital Per Diem	<u>\$8.65</u>
Reimbursable Cost of Capital Per Diem	\$6.18
Cost of Capital Per Diem	<u>6.18</u>
Cost of Capital Per Diem Limitation	<u>\$ -</u>

* - Cost of Capital and Return on Equity per diem as recalculated by DH&HS as a result of settlement agreement and communicated to the provider by letter dated January 6, 1995.

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