

# 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

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July 28, 2009

Mr. Rhett Circle, Administrator  
Mattie C. Hall Health Care Center  
830 Laurens Street, North  
Aiken, South Carolina 29802

Re: AC# 3-MCH-J4 – Aiken County d/b/a Mattie C. Hall Health Care Center

Dear Mr. Circle:

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, 2003 through September 30, 2004. That report was used to set the rate covering the contract period 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  
Ms. Martha Hughey

**AIKEN COUNTY D/B/A  
MATTIE C. HALL HEALTH CARE CENTER  
AIKEN, SOUTH CAROLINA**

**CONTRACT PERIOD  
BEGINNING OCTOBER 1, 2005  
AC# 3-MCH-J4**

**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 24, 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 Aiken County d/b/a Mattie C. Hall Health Care Center, for the contract period beginning October 1, 2005, and for the twelve month cost report period ended September 30, 2004, as set forth in the accompanying schedules. The management of Aiken County d/b/a Mattie C. Hall Health Care 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 Aiken County d/b/a Mattie C. Hall Health Care 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 Summary of Costs and Total Patient Days, Adjustment Report, 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 Aiken County d/b/a Mattie C. Hall Health Care 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 24, 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

**MATTIE C. HALL HEALTH CARE CENTER**  
Computation of Rate Change  
For the Contract Period  
Beginning October 1, 2005  
AC# 3-MCH-J4

	10/01/05- <u>09/30/06</u>
Interim Reimbursement Rate (1)	\$130.28
Adjusted Reimbursement Rate (2)	<u>129.10</u>
Decrease in Reimbursement Rate	\$ <u><u>1.18</u></u>

- (1) Interim reimbursement rate from the South Carolina Medicaid Management Information System (MMIS) Provider Rate Listing dated May 17, 2007.
  
- (2) As provided under Article IV, Section E of the Provider's contract dated October 1, 2001 as amended, "The Provider agrees that the rate charged to SCDHHS for services to an eligible Medicaid recipient under this contract will not be greater than that charged for a similar service to a private pay patient." Accordingly, the reimbursement rate is limited to the customary charges to private pay clients.

**MATTIE C. HALL HEALTH CARE CENTER**  
 Computation of Adjusted Reimbursement Rate  
 For the Contract Period October 1, 2005 Through September 30, 2006  
 AC# 3-MCH-J4

	<u>Incentives</u>	<u>Allowable Cost</u>	<u>Cost Standard</u>	<u>Computed Rate</u>
<u>Costs Subject to Standards:</u>				
General Services		\$ 67.51	\$ 64.63	
Dietary		13.26	12.63	
Laundry/Housekeeping/Maintenance		<u>11.82</u>	<u>10.97</u>	
Subtotal	\$ <u>-</u>	92.59	88.23	\$ 88.23
Administration & Medical Records	\$ <u>-</u>	<u>16.85</u>	<u>16.13</u>	<u>16.13</u>
Subtotal		109.44	<u>\$104.36</u>	104.36
<u>Costs Not Subject to Standards:</u>				
Utilities		2.71		2.71
Special Services		.18		.18
Medical Supplies & Oxygen		3.81		3.81
Taxes and Insurance		4.55		4.55
Legal Fees		<u>-</u>		<u>-</u>
<b>TOTAL</b>		<u>\$120.69</u>		115.61
Inflation Factor (4.70%)				5.43
Cost of Capital				9.11
Cost of Capital Limitation				-
Profit Incentive (Maximum 3.5% of Allowable Cost)				-
Cost Incentive				-
Effect of \$1.75 Cap on Cost/Profit Incentives				<u>-</u>
<b>ADJUSTED REIMBURSEMENT RATE</b>				<u>\$130.15</u>

**MATTIE C. HALL HEALTH CARE CENTER**  
 Summary of Costs and Total Patient Days  
 For the Cost Report Period Ended September 30, 2004  
 AC# 3-MCH-J4

<u>Expenses</u>	Totals (From Schedule SC 13) as <u>Adjusted by DH&amp;HS</u>	Adjustments		Adjusted <u>Totals</u>
		<u>Debit</u>	<u>Credit</u>	
General Services	\$3,204,126	\$ 57,016 (3)	\$ 57,016 (4)	\$3,204,126
Dietary	623,981	194,315 (3)	189,079 (4)	629,217
Laundry	133,849	41,681 (3)	41,683 (4)	133,847
Housekeeping	257,514	105,095 (3)	104,873 (4)	257,736
Maintenance	169,362	69,629 (3)	69,495 (4)	169,496
Administration & Medical Records	811,323	214,550 (3) 17,918 (3)	226,343 (4) 17,920 (4)	799,528
Utilities	128,426	51,825 (3)	51,735 (4)	128,516
Special Services	8,738	-	-	8,738
Medical Supplies & Oxygen	180,676	56,265 (3)	56,265 (4)	180,676
Taxes and Insurance	215,896	81,302 (3)	81,206 (4)	215,992
Legal Fees	-	-	-	-
Cost of Capital	438,760	23,201 (3)	4,735 (1) 22,708 (4) <u>1,996 (5)</u>	432,522
Subtotal	6,172,651	912,797	925,054	6,160,394

**MATTIE C. HALL HEALTH CARE CENTER**  
Summary of Costs and Total Patient Days  
For the Cost Report Period Ended September 30, 2004  
AC# 3-MCH-J4

<u>Expenses</u>	Totals (From Schedule SC 13) as <u>Adjusted by DH&amp;HS</u>	Adjustments		Adjusted <u>Totals</u>
		<u>Debit</u>	<u>Credit</u>	
Ancillary	-	-	-	-
Nonallowable	2,032,705	4,735 (1)	9,512 (2)	2,044,962
		9,512 (2)	912,797 (3)	
		918,323 (4)		
	_____	<u>1,996 (5)</u>	_____	_____
Total Operating Expenses	<u>\$8,205,356</u>	<u>\$1,847,363</u>	<u>\$1,847,363</u>	<u>\$8,205,356</u>
Total Patient Days	<u>47,461</u>	=	=	<u>47,461</u>
Total Beds	<u>132</u>			

**MATTIE C. HALL HEALTH CARE CENTER**  
Adjustment Report  
Cost Report Period Ended September 30, 2004  
AC# 3-MCH-J4

<u>ADJUSTMENT</u> <u>NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
1	Other Equity	\$100,526	
	Nonallowable	4,735	
	Accumulated Depreciation	10,632	
	Fixed Assets		\$111,158
	Cost of Capital - Depreciation Expense		4,735
	To adjust fixed assets and related depreciation		
	HIM-15-1, Section 2304		
	State Plan, Attachment 4.19D		
2	Nonallowable - Depreciation Expense PPW	9,512	
	Fixed Assets - PPW	105,733	
	Accumulated Depreciation - PPW		21,692
	Other Equity		84,041
	Nonallowable		9,512
	To adjust for private pay wing		
	HIM-15-1, Sections 100 and 2102.3		
3	Cost of Capital	23,201	
	Taxes and Insurance	81,302	
	Administration	214,550	
	Maintenance	69,629	
	Utilities	51,825	
	Laundry	41,681	
	Housekeeping	105,095	
	Dietary	194,315	
	Medical Records	17,918	
	Restorative	57,016	
	Medical Supplies	56,265	
	Nonallowable		912,797
	To reverse DH&HS adjustment to remove costs applicable to non-reimbursable cost centers		
	HIM-15-1, Section 2102.3		
	State Plan, Attachment 4.19D		

**MATTIE C. HALL HEALTH CARE CENTER**  
Adjustment Report  
Cost Report Period Ended September 30, 2004  
AC# 3-MCH-J4

<u>ADJUSTMENT NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
4	Nonallowable	918,323	
	Cost of Capital		22,708
	Taxes and Insurance		81,206
	Administration		226,343
	Maintenance		69,495
	Utilities		51,735
	Laundry		41,683
	Housekeeping		104,873
	Dietary		189,079
	Medical Records		17,920
	Restorative		57,016
	Medical Supplies		56,265
	To remove costs applicable to non-reimbursable cost centers HIM-15-1, Section 2102.3 State Plan, Attachment 4.19D		
5	Nonallowable	1,996	
	Cost of Capital		1,996
	To adjust capital return State Plan, Attachment 4.19D		
		\$2,064,254	\$2,064,254
	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.

**MATTIE C. HALL HEALTH CARE CENTER**  
 Cost of Capital Reimbursement Analysis  
 For the Cost Report Period Ended September 30, 2004  
 AC# 3-MCH-J4

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	2,544,561
Accumulated Depreciation at 9/30/04	<u>(2,861,083)</u>
Deemed Depreciated Value	5,280,542
Market Rate of Return	<u>.0516</u>
Total Annual Return	272,476
Return Applicable to Non-Reimbursable Cost Centers	(21,327)
Allocation of Interest to Non-Reimbursable Cost Centers	<u>7,231</u>
Allowable Annual Return	258,335
Depreciation Expense	193,148
Amortization Expense	20,406
Capital Related Income Offsets	(16,659)
Allocation of Capital Expenses to Non-Reimbursable Cost Centers	<u>(22,708)</u>
Allowable Cost of Capital Expense	432,522
Total Patient Days	<u>47,461</u>
Cost of Capital Per Diem	\$ <u><u>9.11</u></u>

**MATTIE C. HALL HEALTH CARE CENTER**  
Cost of Capital Reimbursement Analysis  
For the Cost Report Period Ended September 30, 2004  
AC# 3-MCH-J4

6/30/89 Cost of Capital and Return on Equity Capital Per Diem Reimbursement	\$ 7.79
Adjustment for Maximum Increase	<u>3.99</u>
Maximum Cost of Capital Per Diem	<u>\$11.78</u>
Reimbursable Cost of Capital Per Diem	\$9.11
Cost of Capital Per Diem	<u>9.11</u>
Cost of Capital Per Diem Limitation	<u>\$ -</u>

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