

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
Aiken County d/b/a Mattie C. Hall Health Care Center
830 Laurens Street, North
Aiken, South Carolina 29802

Re: AC# 3-MCH-J5 – 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, 2004 through September 30, 2005. That report was used to set the rate covering the contract period beginning October 1, 2006.

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/cwc

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, 2006
AC# 3-MCH-J5**

**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, 2006, and for the twelve month cost report period ended September 30, 2005, 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, 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 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, 2006
AC# 3-MCH-J5

	Beginning <u>10/01/06</u>
Interim Reimbursement Rate (1)	\$135.77
Adjusted Reimbursement Rate	<u>135.48</u>
Decrease in Reimbursement Rate	\$ <u><u>.29</u></u>

- (1) Interim reimbursement rate from the South Carolina Medicaid Management Information System (MMIS) Provider Rate Listing dated May 17, 2007.

MATTIE C. HALL HEALTH CARE CENTER
 Computation of Adjusted Reimbursement Rate
 For the Contract Period Beginning October 1, 2006
 AC# 3-MCH-J5

	<u>Incentives</u>	<u>Allowable Cost</u>	<u>Cost Standard</u>	<u>Computed Rate</u>
<u>Costs Subject to Standards:</u>				
General Services		\$ 65.58	\$ 68.64	
Dietary		13.70	13.46	
Laundry/Housekeeping/Maintenance		<u>11.41</u>	<u>12.03</u>	
Subtotal	\$ <u>3.44</u>	90.69	94.13	\$ 90.69
Administration & Medical Records	\$ <u>-</u>	<u>18.44</u>	<u>16.87</u>	<u>16.87</u>
Subtotal		109.13	<u>\$111.00</u>	107.56
<u>Costs Not Subject to Standards:</u>				
Utilities		2.91		2.91
Special Services		.06		.06
Medical Supplies & Oxygen		4.06		4.06
Taxes and Insurance		5.05		5.05
Legal Fees		<u>.02</u>		<u>.02</u>
TOTAL		<u>\$121.23</u>		119.66
Inflation Factor (4.60%)				5.50
Cost of Capital				8.57
Cost of Capital Limitation				-
Profit Incentive (Maximum 3.5% of Allowable Cost)				-
Cost Incentive				3.44
Effect of \$1.75 Cap on Cost/Profit Incentives				<u>(1.69)</u>
ADJUSTED REIMBURSEMENT RATE				<u>\$135.48</u>

MATTIE C. HALL HEALTH CARE CENTER
 Summary of Costs and Total Patient Days
 For the Cost Report Period Ended September 30, 2005
 AC# 3-MCH-J5

<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	\$3,098,131	\$ 53,620 (3)	\$ 53,620 (4)	\$3,098,131
Dietary	647,363	194,532 (3)	194,530 (4)	647,365
Laundry	123,732	37,182 (3)	37,182 (4)	123,732
Housekeeping	251,366	102,217 (3)	102,333 (4)	251,250
Maintenance	164,288	67,293 (3)	67,363 (4)	164,218
Administration & Medical Records	886,938	236,804 (3) 18,500 (3)	252,766 (4) 18,500 (4)	870,976
Utilities	137,750	55,367 (3)	55,449 (4)	137,668
Special Services	2,799	-	-	2,799
Medical Supplies & Oxygen	191,665	57,596 (3)	57,595 (4)	191,666
Taxes and Insurance	238,745	89,376 (3)	89,511 (4)	238,610
Legal Fees	1,184	358 (3)	386 (4)	1,156
Cost of Capital	416,700	20,644 (3) <u>7,812 (5)</u>	20,868 (1) <u>19,194 (4)</u>	405,094
Subtotal	6,160,661	941,301	969,297	6,132,665

MATTIE C. HALL HEALTH CARE CENTER
Summary of Costs and Total Patient Days
For the Cost Report Period Ended September 30, 2005
AC# 3-MCH-J5

<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>
Ancillary	-	-	-	-
Nonallowable	2,080,062	20,868 (1) 9,829 (2) 948,429 (4)	9,829 (2) 933,489 (3) 7,812 (5)	2,108,058
CNA Training and Testing	<u>10,749</u>	<u>-</u>	<u>-</u>	<u>10,749</u>
Total Operating Expenses	<u>\$8,251,472</u>	<u>\$1,920,427</u>	<u>\$1,920,427</u>	<u>\$8,251,472</u>
Total Patient Days	<u>47,245</u>	<u>-</u>	<u>-</u>	<u>47,245</u>
Total Beds	<u>132</u>			

MATTIE C. HALL HEALTH CARE CENTER
Adjustment Report
Cost Report Period Ended September 30, 2005
AC# 3-MCH-J5

<u>ADJUSTMENT</u> <u>NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
1	Other Equity	\$ 80,047	
	Nonallowable	20,868	
	Accumulated Depreciation	24,218	
	Fixed Assets		\$104,265
	Cost of Capital - Depreciation		
	Expense		20,868
	To adjust fixed assets and related depreciation expense		
	HIM-15-1, Section 2304		
	State Plan, Attachment 4.19D		
2	Nonallowable - Depreciation Expense PPW	9,829	
	Fixed Assets - PPW	124,736	
	Accumulated Depreciation - PPW		41,902
	Other Equity		82,834
	Nonallowable		9,829
	To adjust private pay wing assets		
	HIM-15-1, Section 2304		
3	Cost of Capital	20,644	
	Taxes and Insurance	89,376	
	Administration	236,804	
	Legal	358	
	Maintenance	67,293	
	Utilities	55,367	
	Laundry	37,182	
	Housekeeping	102,217	
	Dietary	194,532	
	Medical Records	18,500	
	Restorative	53,620	
	Medical Supplies	57,596	
	Nonallowable		933,489
	To reverse DH&HS adjustment to remove indirect 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, 2005
AC# 3-MCH-J5

<u>ADJUSTMENT NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
4	Nonallowable	948,429	
	Cost of Capital		19,194
	Taxes and Insurance		89,511
	Administration		252,766
	Legal		386
	Maintenance		67,363
	Utilities		55,449
	Laundry		37,182
	Housekeeping		102,333
	Dietary		194,530
	Medical Records		18,500
	Restorative		53,620
	Medical Supplies		57,595
	To adjust cost applicable to non-reimbursable cost centers HIM-15-1, Section 2102 State Plan, Attachment 4.19D		
5	Cost of Capital	7,812	
	Nonallowable		7,812
	To adjust capital return State Plan, Attachment 4.19D		
		\$2,149,428	\$2,149,428
	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, 2005
 AC# 3-MCH-J5

Original Asset Cost (Per Bed)	\$ 15,618
Inflation Adjustment	<u>2,7788</u>
Deemed Asset Value (Per Bed)	43,399
Number of Beds	<u>132</u>
Deemed Asset Value	5,728,668
Improvements Since 1981	2,420,096
Accumulated Depreciation at 9/30/05	<u>(2,545,134)</u>
Deemed Depreciated Value	5,603,630
Market Rate of Return	<u>.0490</u>
Total Annual Return	274,578
Return Applicable to Non-Reimbursable Cost Centers	(21,384)
Allocation of Interest to Non-Reimbursable Cost Centers	<u>6,329</u>
Allowable Annual Return	259,523
Depreciation Expense	200,059
Amortization Expense	19,872
Capital Related Income Offsets	(55,166)
Allocation of Capital Expenses to Non-Reimbursable Cost Centers	<u>(19,194)</u>
Allowable Cost of Capital Expense	405,094
Total Patient Days (Actual)	<u>47,245</u>
Cost of Capital Per Diem	\$ <u><u>8.57</u></u>

MATTIE C. HALL HEALTH CARE CENTER
Cost of Capital Reimbursement Analysis
For the Cost Report Period Ended September 30, 2005
AC# 3-MCH-J5

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	\$ 8.57
Cost of Capital Per Diem	<u>8.57</u>
Cost of Capital Per Diem Limitation	\$ <u>-</u>

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