

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

January 26, 2010

Mr. Wilson K. Dillard, Administrator
Mountainview Nursing Home
340 Cedar Springs Road
Spartanburg, South Carolina 29302-4697

Re: AC# 3-MTN-J5 – Community Services for the Aging, Inc. d/b/a Mountainview Nursing Home

Dear Mr. Dillard:

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/sag

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

**COMMUNITY SERVICES FOR THE AGING, INC.
D/B/A MOUNTAINVIEW NURSING HOME**

SPARTANBURG, SOUTH CAROLINA

**CONTRACT PERIOD
BEGINNING OCTOBER 1, 2006
AC# 3-MTN-J5**

AGREED-UPON PROCEDURES REPORT

ON CONTRACT

FOR

PURCHASE OF NURSING CARE SERVICES

WITH

STATE OF SOUTH CAROLINA

DEPARTMENT OF HEALTH AND HUMAN SERVICES

CONTENTS

	<u>EXHIBIT OR SCHEDULE</u>	<u>PAGE</u>
INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES		1
COMPUTATION OF RATE CHANGE FOR THE CONTRACT PERIOD BEGINNING OCTOBER 1, 2006	A	3
COMPUTATION OF ADJUSTED REIMBURSEMENT RATE FOR THE CONTRACT PERIOD OCTOBER 1, 2006 THROUGH SEPTEMBER 30, 2007	B	4
SUMMARY OF COSTS AND TOTAL PATIENT DAYS FOR THE COST REPORT PERIOD ENDED SEPTEMBER 30, 2005	C	5
ADJUSTMENT REPORT	1	7
COST OF CAPITAL REIMBURSEMENT ANALYSIS	2	9

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

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

August 27, 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 Community Services for the Aging, Inc., d/b/a Mountainview Nursing Home, 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 Community Services for the Aging, Inc. d/b/a Mountainview Nursing Home 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.

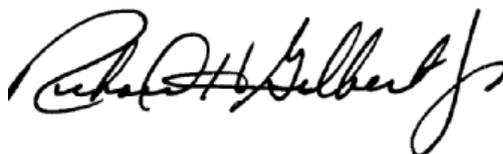
The procedures and the associated findings are as follows:

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 Community Services for the Aging, Inc. d/b/a Mountainview Nursing Home, 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 Community Services for the Aging, Inc. d/b/a Mountainview Nursing Home 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
August 27, 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

MOUNTAINVIEW NURSING HOME
Computation of Rate Change
For the Contract Period
Beginning October 1, 2006
AC# 3-MTN-J5

	10/01/06- <u>09/30/07</u>
Interim Reimbursement Rate (1)	\$153.61
Adjusted Reimbursement Rate	<u>152.96</u>
Decrease in Reimbursement Rate	\$ <u><u>.65</u></u>

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

MOUNTAINVIEW NURSING HOME
 Computation of Adjusted Reimbursement Rate
 For the Contract Period October 1, 2006 Through September 30, 2007
 AC# 3-MTN-J5

	<u>Incentives</u>	<u>Allowable Cost</u>	<u>Cost Standard</u>	<u>Computed Rate</u>
<u>Costs Subject to Standards:</u>				
General Services		\$ 77.94	\$ 85.33	
Dietary		14.86	13.46	
Laundry/Housekeeping/Maintenance		<u>14.50</u>	<u>12.03</u>	
Subtotal	<u>\$3.52</u>	107.30	110.82	\$107.30
Administration & Medical Records	<u>\$3.21</u>	<u>13.66</u>	<u>16.87</u>	<u>13.66</u>
Subtotal		120.96	<u>\$127.69</u>	120.96
<u>Costs Not Subject to Standards:</u>				
Utilities		3.75		3.75
Special Services		1.36		1.36
Medical Supplies & Oxygen		8.59		8.59
Taxes and Insurance		4.36		4.36
Legal Fees		<u>.02</u>		<u>.02</u>
TOTAL		<u>\$139.04</u>		139.04
Inflation Factor (4.60%)				6.40
Cost of Capital				6.16
Cost of Capital Limitation				(.39)
Profit Incentive (Maximum 3.5% of Allowable Cost)				3.21
Cost Incentive				3.52
Effect of \$1.75 Cap on Cost/Profit Incentives				<u>(4.98)</u>
ADJUSTED REIMBURSEMENT RATE				<u>\$152.96</u>

MOUNTAINVIEW NURSING HOME
 Summary of Costs and Total Patient Days
 For the Cost Report Period Ended September 30, 2005
 AC# 3-MTN-J5

<u>Expenses</u>	Totals (From Schedule SC 13) as <u>Adjusted by DH&HS</u>	Adjustments <u>Debit</u>	<u>Credit</u>	Adjusted <u>Totals</u>
General Services	\$3,725,959	\$ -	\$ -	\$3,725,959
Dietary	710,349	11,736 (3)	11,736 (4)	710,349
Laundry	150,420	-	-	150,420
Housekeeping	321,773	3,971 (3)	3,576 (4)	322,168
Maintenance	223,250	2,632 (3)	2,825 (1) 2,425 (4)	220,632
Administration & Medical Records	653,144	15,963 (3)	16,135 (4)	652,972
Utilities	179,076	2,075 (3)	1,933 (4)	179,218
Special Services	64,807	-	-	64,807
Medical Supplies & Oxygen	438,431	-	27,588 (2)	410,843
Taxes and Insurance	208,264	2,442 (3)	2,237 (4)	208,469
Legal Fees	745	20 (3)	21 (4)	744
Cost of Capital	275,852	1,133 (3) <u>23,669</u> (5)	5,146 (1) <u>984</u> (4)	294,524
Subtotal	6,952,070	63,641	74,606	6,941,105

MOUNTAINVIEW NURSING HOME
Summary of Costs and Total Patient Days
For the Cost Report Period Ended September 30, 2005
AC# 3-MTN-J5

<u>Expenses</u>	Totals (From Schedule SC 13) as <u>Adjusted by DH&HS</u>	<u>Debit</u>	Adjustments <u>Credit</u>	Adjusted <u>Totals</u>
Ancillary	71,775	-	-	71,775
Nonallowable	325,034	27,588 (2)	39,972 (3)	328,028
		39,047 (4)	23,669 (5)	
CNA Training & Testing	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Operating Expenses	<u>\$7,348,879</u>	<u>\$130,276</u>	<u>\$138,247</u>	<u>\$7,340,908</u>
Total Patient Days	<u>47,808</u>	<u>-</u>	<u>-</u>	<u>47,808</u>
Total Beds	<u>132</u>			

MOUNTAINVIEW NURSING HOME
Adjustment Report
Cost Report Period Ended September 30, 2005
AC# 3-MTN-J5

<u>ADJUSTMENT</u> <u>NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
1	Other Equity	\$84,539	
	Fixed Assets		\$25,377
	Accumulated Depreciation		51,191
	Maintenance		2,825
	Cost of Capital		5,146
	To adjust fixed assets and related depreciation HIM-15-1, Section 2304 State Plan, Attachment 4.19D		
2	Nonallowable	27,588	
	Medical Supplies & Oxygen		27,588
	To remove special (ancillary) services reimbursable by Medicare State Plan, Attachment 4.19D		
3	Dietary	11,736	
	Housekeeping	3,971	
	Maintenance	2,632	
	Administration	15,963	
	Legal	20	
	Utilities	2,075	
	Taxes and Insurance	2,442	
	Cost of Capital	1,133	
	Nonallowable		39,972
	To reverse DH&HS adjustments to remove indirect cost applicable to non-reimbursable cost centers HIM-15-1, Section 2102.3 State Plan, Attachment 4.19D		
4	Nonallowable	39,047	
	Dietary		11,736
	Housekeeping		3,576
	Maintenance		2,425
	Administration		16,135
	Legal		21
	Utilities		1,933
	Taxes and Insurance		2,237
	Cost of Capital		984
	To remove indirect cost applicable to a non-reimbursable cost center HIM-15-1, Section 2102.3 State Plan, Attachment 4.19D		

MOUNTAINVIEW NURSING HOME
 Adjustment Report
 Cost Report Period Ended September 30, 2005
 AC# 3-MTN-J5

<u>ADJUSTMENT NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
5	Cost of Capital Nonallowable	23,669	23,669
	To adjust capital return State Plan, Attachment 4.19D		
		_____	_____
	TOTAL ADJUSTMENTS	\$ <u>214,815</u>	\$ <u>214,815</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.

MOUNTAINVIEW NURSING HOME
 Cost of Capital Reimbursement Analysis
 For the Cost Report Period Ended September 30, 2005
 AC# 3-MTN-J5

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	902,634
Accumulated Depreciation at 9/30/05	<u>(2,446,898)</u>
Deemed Depreciated Value	4,184,404
Market Rate of Return	<u>.0490</u>
Total Annual Return	205,036
Return Applicable to Non-Reimbursable Cost Centers	(2,178)
Allocation of Interest to Non-Reimbursable Cost Centers	<u>-</u>
Allowable Annual Return	202,858
Depreciation Expense	96,240
Amortization Expense	-
Capital Related Income Offsets	(3,590)
Allocation of Capital Expenses to Non-Reimbursable Cost Centers	<u>(984)</u>
Allowable Cost of Capital Expense	294,524
Total Patient Days (Actual)	<u>47,808</u>
Cost of Capital Per Diem	\$ <u><u>6.16</u></u>

MOUNTAINVIEW NURSING HOME
Cost of Capital Reimbursement Analysis
For the Cost Report Period Ended September 30, 2005
AC# 3-MTN-J5

6/30/89 Cost of Capital and Return on Equity Capital Per Diem Reimbursement	\$1.78
Adjustment for Maximum Increase	<u>3.99</u>
Maximum Cost of Capital Per Diem	<u>\$5.77</u>
Reimbursable Cost of Capital Per Diem	\$5.77
Cost of Capital Per Diem	<u>6.16</u>
Cost of Capital Per Diem Limitation	<u>\$(.39)</u>

2 copies of this document were published at an estimated printing cost of \$1.38 each, and a total printing cost of \$2.76. Section 1-11-125 of the South Carolina Code of Laws, as amended requires this information on printing costs be added to the document.