

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-J6 – 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, 2005 through September 30, 2006. That report was used to set the rate covering the contract period beginning October 1, 2007.

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, 2007
AC# 3-MTN-J6**

**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, 2007	A	3
COMPUTATION OF ADJUSTED REIMBURSEMENT RATE FOR THE CONTRACT PERIOD OCTOBER 1, 2007 THROUGH SEPTEMBER 30, 2008	B	4
SUMMARY OF COSTS AND TOTAL PATIENT DAYS FOR THE COST REPORT PERIOD ENDED SEPTEMBER 30, 2006	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, 2007, and for the twelve month cost report period ended September 30, 2006, 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 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 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, 2007
AC# 3-MTN-J6

	10/01/07
	<u>09/30/08</u>
Interim Reimbursement Rate (1)	\$156.93
Adjusted Reimbursement Rate	<u>155.78</u>
Decrease in Reimbursement Rate	\$ <u><u>1.15</u></u>

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

MOUNTAINVIEW NURSING HOME
 Computation of Adjusted Reimbursement Rate
 For the Contract Period October 1, 2007 Through September 30, 2008
 AC# 3-MTN-J6

	<u>Incentives</u>	<u>Allowable Cost</u>	<u>Cost Standard</u>	<u>Computed Rate</u>
<u>Costs Subject to Standards:</u>				
General Services		\$ 79.61	\$ 88.72	
Dietary		15.03	13.85	
Laundry/Housekeeping/Maintenance		<u>14.45</u>	<u>12.55</u>	
Subtotal	<u>\$6.03</u>	109.09	115.12	\$109.09
Administration & Medical Records	<u>\$4.78</u>	<u>13.44</u>	<u>18.22</u>	<u>13.44</u>
Subtotal		122.53	<u>\$133.34</u>	122.53
<u>Costs Not Subject to Standards:</u>				
Utilities		3.92		3.92
Special Services		1.43		1.43
Medical Supplies & Oxygen		8.86		8.86
Taxes and Insurance		4.42		4.42
Legal Fees		<u>.02</u>		<u>.02</u>
TOTAL		<u>\$141.18</u>		141.18
Inflation Factor (4.60%)				6.49
Cost of Capital				6.52
Cost of Capital Limitation				(.75)
Profit Incentive (Maximum 3.5% of Allowable Cost)				4.78
Cost Incentive				6.03
Effect of \$1.75 Cap on Cost/Profit Incentives				(9.06)
Transportation Escort Add-On				<u>.59</u>
ADJUSTED REIMBURSEMENT RATE				<u>\$155.78</u>

MOUNTAINVIEW NURSING HOME
 Summary of Costs and Total Patient Days
 For the Cost Report Period Ended September 30, 2006
 AC# 3-MTN-J6

<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	\$3,802,048	\$ 6,976 (5) 379 (5)	\$ -	\$3,809,403
Dietary	718,377	1,051 (5) 23,086 (7)	23,127 (8)	719,387
Laundry	149,542	63 (5)	-	149,605
Housekeeping	312,264	656 (5) 4,488 (7)	4,122 (8)	313,286
Maintenance	228,189	283 (5) 3,163 (7)	3,009 (8)	228,626
Administration & Medical Records	672,411	144 (5) 18,948 (7)	14,491 (3) 12,444 (4) 3,462 (5) 18,184 (8)	642,922
Utilities	187,684	2,529 (7)	2,398 (8)	187,815
Special Services	68,142	239 (5)	-	68,381
Medical Supplies & Oxygen	458,404	-	34,543 (6)	423,861
Taxes and Insurance	211,167	2,822 (7)	2,631 (8)	211,358
Legal Fees	1,020	33 (7)	32 (8)	1,021
Cost of Capital	276,112	39,521 (2) <u>1,354 (7)</u>	3,772 (1) <u>1,216 (8)</u>	311,999
Subtotal	7,085,360	105,735	123,431	7,067,664

MOUNTAINVIEW NURSING HOME
Summary of Costs and Total Patient Days
For the Cost Report Period Ended September 30, 2006
AC# 3-MTN-J6

<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	86,148	-	-	86,148
Nonallowable	426,196	14,491 (3) 12,444 (4) 34,543 (6) 54,719 (8)	39,521 (2) 6,329 (5) 56,423 (7)	440,120
CNA Training and Testing	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Operating Expenses	<u>\$7,597,704</u>	<u>\$221,932</u>	<u>\$225,704</u>	<u>\$7,593,932</u>
Total Patient Days	<u>47,853</u>	<u>-</u>	<u>-</u>	<u>47,853</u>
Total Beds	<u>132</u>			

MOUNTAINVIEW NURSING HOME
Adjustment Report
Cost Report Period Ended September 30, 2006
AC# 3-MTN-J6

<u>ADJUSTMENT</u> <u>NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
1	Fixed Assets	\$81,183	
	Accumulated Depreciation		\$48,475
	Other Equity		28,936
	Cost of Capital		3,772
	To adjust fixed assets and related depreciation HIM-15-1, Section 2304 State Plan, Attachment 4.19D		
2	Cost of Capital	39,521	
	Nonallowable		39,521
	To adjust capital return State Plan, Attachment 4.19D		
3	Nonallowable	14,491	
	Administration		14,491
	To remove pension expense from administration amount included in AJE #5 State Plan, Attachment 4.19D DH&HS Expense Crosswalk		
4	Nonallowable	12,444	
	Administration		12,444
	To adjust vacation expense HIM-15-1, Section 2304		
5	Nursing	6,976	
	Restorative	379	
	Dietary	1,051	
	Laundry	63	
	Housekeeping	656	
	Maintenance	283	
	Medical Records	144	
	Special Services	239	
	Administration		3,462
	Nonallowable		6,329
	To adjust fringe benefits and related allocation HIM-15-1, Section 2304 State Plan, Attachment 4.19D		
6	Nonallowable	34,543	
	Medical Supplies & Oxygen		34,543
	To remove special (ancillary) services reimbursable by Medicare State Plan, Attachment 4.19D		

MOUNTAINVIEW NURSING HOME
Adjustment Report
Cost Report Period Ended September 30, 2006
AC# 3-MTN-J6

<u>ADJUSTMENT</u> <u>NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
7	Dietary	23,086	
	Housekeeping	4,488	
	Maintenance	3,163	
	Administration	18,948	
	Legal	33	
	Utilities	2,529	
	Taxes and Insurance	2,822	
	Cost of Capital	1,354	
	Nonallowable		56,423
	To reverse DH&HS adjustment to remove indirect cost applicable to non-reimbursable cost centers HIM-15-1, Section 2102.3 State Plan, Attachment 4.19D		
8	Nonallowable	54,719	
	Dietary		23,127
	Housekeeping		4,122
	Maintenance		3,009
	Administration		18,184
	Legal		32
	Utilities		2,398
	Taxes and Insurance		2,631
	Cost of Capital		1,216
	To remove indirect cost applicable to a non-reimbursable cost center HIM-15-1, Section 2102.3 State Plan, Attachment 4.19D		
	<u>TOTAL ADJUSTMENTS</u>	<u>\$303,115</u>	<u>\$303,115</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, 2006
 AC# 3-MTN-J6

Original Asset Cost (Per Bed)	\$ 15,618
Inflation Adjustment	<u>2.85382</u>
Deemed Asset Value (Per Bed)	44,571
Number of Beds	<u>132</u>
Deemed Asset Value	5,883,372
Improvements Since 1981	1,093,202
Accumulated Depreciation at 9/30/06	<u>(2,539,682)</u>
Deemed Depreciated Value	4,436,892
Market Rate of Return	<u>.0489</u>
Total Annual Return	216,964
Return Applicable to Non-Reimbursable Cost Centers	(2,667)
Allocation of Interest to Non-Reimbursable Cost Centers	<u>-</u>
Allowable Annual Return	214,297
Depreciation Expense	105,251
Amortization Expense	-
Capital Related Income Offsets	(6,333)
Allocation of Capital Expenses to Non-Reimbursable Cost Centers	<u>(1,216)</u>
Allowable Cost of Capital Expense	311,999
Total Patient Days (Actual)	<u>47,853</u>
Cost of Capital Per Diem	\$ <u><u>6.52</u></u>

MOUNTAINVIEW NURSING HOME
Cost of Capital Reimbursement Analysis
For the Cost Report Period Ended September 30, 2006
AC# 3-MTN-J6

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>6.52</u>
Cost of Capital Per Diem Limitation	<u>\$(.75)</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.