

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

September 29, 2009

Ms. Sheila Raby, Administrator
Georgetown Healthcare Rehab, Inc.
Post Office Box 577
Georgetown, South Carolina 29440

Re: AC# 3-WIN-J6 – Georgetown Healthcare Rehab, Inc.

Dear Ms. Raby:

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

GEORGETOWN HEALTHCARE REHAB, INC.

GEORGETOWN, SOUTH CAROLINA

**CONTRACT PERIOD
BEGINNING OCTOBER 1, 2007
AC# 3-WIN-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

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 24, 2009

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 Georgetown Healthcare Rehab, Inc., 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 Georgetown Healthcare Rehab, Inc. 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 Georgetown Healthcare Rehab, Inc., 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 and Adjustment Report 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 Georgetown Healthcare Rehab, Inc. 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 24, 2009

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.", with a stylized flourish at the end.

Richard H. Gilbert, Jr., CPA
Deputy State Auditor

GEORGETOWN HEALTHCARE REHAB, INC.

Computation of Rate Change
For the Contract Period
Beginning October 1, 2007
AC# 3-WIN-J6

10/01/07-
09/30/08

Interim Reimbursement Rate (1)	\$132.31
Adjusted Reimbursement Rate	<u>122.68</u>
Decrease in Reimbursement Rate	\$ <u>9.63</u>

(1) Interim reimbursement rate from the South Carolina Medicaid Management Information System (MMIS) Provider Rate Listing dated June 8, 2009.

GEORGETOWN HEALTHCARE REHAB, INC.
 Computation of Adjusted Reimbursement Rate
 For the Contract Period October 1, 2007 Through September 30, 2008
 AC# 3-WIN-J6

	<u>Incentives</u>	<u>Allowable Cost</u>	<u>Cost Standard</u>	<u>Computed Rate</u>
<u>Costs Subject to Standards:</u>				
General Services		\$ 59.45	\$ 88.99	
Dietary		13.49	13.90	
Laundry/Housekeeping/Maintenance		<u>12.70</u>	<u>13.36</u>	
Subtotal	<u>\$8.14</u>	85.64	116.25	\$ 85.64
Administration & Medical Records	<u>\$4.36</u>	<u>12.71</u>	<u>17.07</u>	<u>12.71</u>
Subtotal		98.35	<u>\$133.32</u>	98.35
<u>Costs Not Subject to Standards:</u>				
Utilities		3.33		3.33
Special Services		-		-
Medical Supplies & Oxygen		5.06		5.06
Taxes and Insurance		3.11		3.11
Legal Fees		<u>-</u>		<u>-</u>
TOTAL		<u>\$109.85</u>		109.85
Inflation Factor (4.60%)				5.05
Cost of Capital				5.27
Cost of Capital Limitation				-
Profit Incentive (Maximum 3.5% of Allowable Cost)				3.84
Cost Incentive				8.14
Effect of \$1.75 Cap on Cost/Profit Incentives				(10.23)
Transportation Escort Add-On				<u>.76</u>
ADJUSTED REIMBURSEMENT RATE				<u>\$122.68</u>

GEORGETOWN HEALTHCARE REHAB, INC.
 Summary of Costs and Total Patient Days
 For the Cost Report Period Ended September 30, 2006
 AC# 3-WIN-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	\$1,949,207	\$ 1,400 (1)	\$157,834 (5) 3,601 (5)	\$1,789,172
Dietary	432,111	-	8,787 (2) 17,414 (5)	405,910
Laundry	152,238	-	21,281 (3) 1,629 (5)	129,328
Housekeeping	168,534	-	12,811 (5)	155,723
Maintenance	101,099	-	4,075 (5)	97,024
Administration & Medical Records	397,973	833 (1) 119,920 (5)	134,373 (1) 1,983 (5)	382,370
Utilities	98,050	2,087 (1)	-	100,137
Special Services	-	-	-	-
Medical Supplies & Oxygen	190,009	-	31,499 (4) 6,075 (6)	152,435
Taxes and Insurance	93,634	-	-	93,634
Legal Fees	-	-	-	-
Cost of Capital	<u>158,469</u>	<u>-</u>	<u>-</u>	<u>158,469</u>
Subtotal	3,741,324	124,240	401,362	3,464,202

GEORGETOWN HEALTHCARE REHAB, INC.
Summary of Costs and Total Patient Days
For the Cost Report Period Ended September 30, 2006
AC# 3-WIN-J6

<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>	
Ancillary	80,822	-	-	80,822
Nonallowable	698,043	77,611 (1)	-	837,368
		31,499 (4)		
		24,140 (5)		
		6,075 (6)		
CNA Training and Testing	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Operating Expenses	<u>\$4,520,189</u>	<u>\$263,565</u>	<u>\$401,362</u>	<u>\$4,382,392</u>
Total Patient Days	<u>30,096</u>	<u>-</u>	<u>-</u>	<u>30,096</u>
Total Beds	<u>84</u>			

GEORGETOWN HEALTHCARE REHAB, INC.
Adjustment Report
Cost Report Period Ended September 30, 2006
AC# 3-WIN-J6

<u>ADJUSTMENT</u> <u>NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
1	Cash	\$443,352	
	Accounts Payable	1,206	
	Note Payable	266,393	
	Other Payable	57,629	
	Owner Payable	28,177	
	Restorative	1,400	
	Medical Records	833	
	Utilities	2,087	
	Nonallowable	77,611	
	Accounts Receivable		\$326,957
	Owner Receivable		26,976
	Fixed Assets		11,250
	Other Assets		511
	Salaries Payable		83,612
	Accrued Employee Benefits		80,506
	Payroll Withholdings		214,503
	Administration		134,373
	To adjust trial balance account balances to amounts per the general ledger HIM-15-1, Section 2304		
2	Retained Earnings	8,787	
	Dietary		8,787
	To properly charge expense applicable to the prior period HIM-15-1, Section 2302.1		
3	Retained Earnings	21,281	
	Laundry		21,281
	To properly charge expense applicable to the prior period HIM-15-1, Section 2302.1		
4	Nonallowable	31,499	
	Medical Supplies		31,499
	To remove duplicate posting of expense and disallow expense due to lack of documentation HIM-15-1, Section 2304		

GEORGETOWN HEALTHCARE REHAB, INC.
Adjustment Report
Cost Report Period Ended September 30, 2006
AC# 3-WIN-J6

<u>ADJUSTMENT NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
5	Accrued Employee Benefits	55,287	
	Administration	119,920	
	Nonallowable	24,140	
	Nursing		157,834
	Restorative		3,601
	Dietary		17,414
	Laundry		1,629
	Housekeeping		12,811
	Maintenance		4,075
	Medical Records		1,983
	To adjust fringe benefits and related allocation HIM-15-1, Section 2304 State Plan, Attachment 4.19D		
6	Nonallowable	6,075	
	Medical Supplies		6,075
	To remove special (ancillary) services reimbursed by Medicare State Plan, Attachment 4.19D		
		\$1,145,677	\$1,145,677
	TOTAL ADJUSTMENTS	\$1,145,677	\$1,145,677

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.

2 copies of this document were published at an estimated printing cost of \$1.32 each, and a total printing cost of \$2.64. Section 1-11-125 of the South Carolina Code of Laws, as amended requires this information on printing costs be added to the document.