

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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September 27, 2010

Ms. Kylie Grieco, Controller
Laurel Baye Healthcare, LLC
3409 Salterbeck Street
Mt. Pleasant, South Carolina 29466

Re: AC# 3-LBB-J5 – Laurel Baye Healthcare of Blackville

Dear Ms. Grieco:

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 periods 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.

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

**LAUREL BAYE HEALTHCARE OF BLACKVILLE
BLACKVILLE, SOUTH CAROLINA**

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

May 5, 2010

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 Laurel Baye Healthcare of Blackville, 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 Laurel Baye Healthcare of Blackville 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 Laurel Baye Healthcare of Blackville, 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 Laurel Baye Healthcare of Blackville 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
May 5, 2010

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

LAUREL BAYE HEALTHCARE OF BLACKVILLE
Computation of Rate Change
For the Contract Period
Beginning October 1, 2006
AC# 3-LBB-J5

10/01/06-
09/30/07

Interim Reimbursement Rate (1)	\$115.05
Adjusted Reimbursement Rate	<u>106.16</u>
Decrease in Reimbursement Rate	\$ <u><u>8.89</u></u>

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

LAUREL BAYE HEALTHCARE OF BLACKVILLE
 Computation of Adjusted Reimbursement Rate
 For the Contract Period October 1, 2006 Through September 30, 2007
 AC# 3-LBB-J5

	<u>Incentives</u>	<u>Allowable Cost</u>	<u>Cost Standard</u>	<u>Computed Rate</u>
<u>Costs Subject to Standards:</u>				
General Services		\$ 51.65	\$ 79.89	
Dietary		10.35	13.72	
Laundry/Housekeeping/Maintenance		<u>8.23</u>	<u>12.61</u>	
Subtotal	<u>\$7.44</u>	70.23	106.22	\$ 70.23
Administration & Medical Records	<u>\$ -</u>	<u>17.02</u>	<u>16.31</u>	<u>16.31</u>
Subtotal		87.25	<u>\$122.53</u>	86.54
<u>Costs Not Subject to Standards:</u>				
Utilities		3.07		3.07
Special Services		.01		.01
Medical Supplies & Oxygen		3.86		3.86
Taxes and Insurance		1.20		1.20
Legal Fees		<u>.05</u>		<u>.05</u>
TOTAL		<u>\$95.44</u>		94.73
Inflation Factor (4.60%)				4.36
Cost of Capital				5.32
Cost of Capital Limitation				-
Profit Incentive (Maximum 3.5% of Allowable Cost)				-
Cost Incentive				7.44
Effect of \$1.75 Cap on Cost/Profit Incentives				<u>(5.69)</u>
ADJUSTED REIMBURSEMENT RATE				<u>\$106.16</u>

LAUREL BAYE HEALTHCARE OF BLACKVILLE
Summary of Costs and Total Patient Days
For the Cost Report Period Ended September 30, 2005
AC# 3-LBB-J5

<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>	
General Services	\$1,538,465	\$ -	\$ -	\$1,538,465
Dietary	308,302	-	-	308,302
Laundry	66,447	-	-	66,447
Housekeeping	100,761	-	-	100,761
Maintenance	77,909	-	-	77,909
Administration & Medical Records	506,995	-	-	506,995
Utilities	91,538	-	-	91,538
Special Services	304	-	-	304
Medical Supplies & Oxygen	114,971	-	-	114,971
Taxes and Insurance	289,009	-	253,160 (1)	35,849
Legal Fees	1,613	-	-	1,613
Cost of Capital	<u>158,349</u>	<u>-</u>	<u>-</u>	<u>158,349</u>
Subtotal	3,254,663	-	253,160	3,001,503
Ancillary	46,314	-	-	46,314

LAUREL BAYE HEALTHCARE OF BLACKVILLE
 Summary of Costs and Total Patient Days
 For the Cost Report Period Ended September 30, 2005
 AC# 3-LBB-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>	
Nonallowable	116,423	253,160 (1)	-	369,583
CNA Training and Testing	<u>375</u>	<u>-</u>	<u>-</u>	<u>375</u>
Total Operating Expenses	<u>\$3,417,775</u>	<u>\$253,160</u>	<u>\$253,160</u>	<u>\$3,417,775</u>
Total Patient Days	<u>29,784</u>	<u>-</u>	<u>-</u>	<u>29,784</u>
 Total Beds	 <u>85</u>			

LAUREL BAYE HEALTHCARE OF BLACKVILLE
 Adjustment Report
 Cost Report Period Ended September 30, 2005
 AC# 3-LBB-J5

<u>ADJUSTMENT NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
1	Nonallowable Taxes and Insurance	\$253,160	\$253,160
	To adjust liability insurance HIM-15-1, Sections 2162.2 and 2304		
		\$253,160	\$253,160
	TOTAL ADJUSTMENTS	\$253,160	\$253,160

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.

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