

*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 27, 2010

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

Re: AC# 3-LBO-J5 – Laurel Baye Healthcare of Orangeburg, LLC d/b/a  
Laurel Baye Healthcare of Orangeburg

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 ORANGEBURG, LLC  
D/B/A LAUREL BAYE HEALTHCARE OF ORANGEBURG  
ORANGEBURG, SOUTH CAROLINA**

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

April 30, 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 Orangeburg, LLC d/b/a Laurel Baye Healthcare of Orangeburg, 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 Orangeburg, LLC d/b/a Laurel Baye Healthcare of Orangeburg 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 Orangeburg, LLC d/b/a Laurel Baye Healthcare of Orangeburg, 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 Orangeburg, LLC d/b/a Laurel Baye Healthcare of Orangeburg 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  
April 30, 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 ORANGEBURG**  
Computation of Rate Change  
For the Contract Period  
Beginning October 1, 2006  
AC# 3-LBO-J5

10/01/06-  
09/30/07

Interim Reimbursement Rate (1)	\$130.78
Adjusted Reimbursement Rate	<u>123.52</u>
Decrease in Reimbursement Rate	\$ <u>7.26</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 ORANGEBURG**  
 Computation of Adjusted Reimbursement Rate  
 For the Contract Period October 1, 2006 Through September 30, 2007  
 AC# 3-LBO-J5

	<u>Incentives</u>	<u>Allowable Cost</u>	<u>Cost Standard</u>	<u>Computed Rate</u>
<u>Costs Subject to Standards:</u>				
General Services		\$ 60.93	\$ 79.77	
Dietary		12.13	13.46	
Laundry/Housekeeping/Maintenance		<u>10.46</u>	<u>12.03</u>	
Subtotal	<u>\$7.37</u>	83.52	105.26	\$ 83.52
Administration & Medical Records	<u>\$ -</u>	<u>17.95</u>	<u>16.87</u>	<u>16.87</u>
Subtotal		101.47	<u>\$122.13</u>	100.39
<u>Costs Not Subject to Standards:</u>				
Utilities		2.50		2.50
Special Services		.19		.19
Medical Supplies & Oxygen		4.20		4.20
Taxes and Insurance		2.34		2.34
Legal Fees		<u>.06</u>		<u>.06</u>
<b>TOTAL</b>		<u>\$110.76</u>		109.68
Inflation Factor (4.60%)				5.05
Cost of Capital				7.04
Cost of Capital Limitation				-
Profit Incentive (Maximum 3.5% of Allowable Cost)				-
Cost Incentive				7.37
Effect of \$1.75 Cap on Cost/Profit Incentives				<u>(5.62)</u>
<b>ADJUSTED REIMBURSEMENT RATE</b>				<u>\$123.52</u>

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

<u>Expenses</u>	Totals (From Schedule SC 13) as <u>Adjusted by DH&amp;HS</u>	Adjustments		Adjusted <u>Totals</u>
		<u>Debit</u>	<u>Credit</u>	
General Services	\$2,412,390	\$ -	\$ -	\$2,412,390
Dietary	480,456	-	-	480,456
Laundry	101,915	-	-	101,915
Housekeeping	156,562	-	-	156,562
Maintenance	155,698	-	-	155,698
Administration & Medical Records	710,600	-	-	710,600
Utilities	99,005	-	-	99,005
Special Services	7,429	-	-	7,429
Medical Supplies & Oxygen	166,271	-	-	166,271
Taxes and Insurance	367,771	-	274,942 (1)	92,829
Legal Fees	2,493	-	-	2,493
Cost of Capital	<u>278,737</u>	<u>-</u>	<u>-</u>	<u>278,737</u>
Subtotal	4,939,327	-	274,942	4,664,385
Ancillary	288,602	-	-	288,602

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

<u>Expenses</u>	Totals (From Schedule SC 13) as <u>Adjusted by DH&amp;HS</u>	Adjustments		<u>Adjusted Totals</u>
		<u>Debit</u>	<u>Credit</u>	
Nonallowable	630,920	274,942 (1)	-	905,862
CNA Training and Testing	<u>875</u>	<u>-</u>	<u>-</u>	<u>875</u>
Total Operating Expenses	<u>\$5,859,724</u>	<u>\$274,942</u>	<u>\$274,942</u>	<u>\$5,859,724</u>
Total Patient Days	<u>39,595</u>	<u>-</u>	<u>-</u>	<u>39,595</u>
Total Beds	<u>113</u>			

**LAUREL BAYE HEALTHCARE OF ORANGEBURG**  
 Adjustment Report  
 Cost Report Period Ended September 30, 2005  
 AC# 3-LBO-J5

<u>ADJUSTMENT NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
1	Nonallowable Taxes and Insurance	\$274,942	\$274,942
	To adjust liability insurance HIM-15-1, Sections 2162.2 and 2304		
		\$274,942	\$274,942
	TOTAL ADJUSTMENTS	\$274,942	\$274,942

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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