

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
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December 14, 2011

Mr. Alan Hughes, Administrator
Abbeville Nursing Home, Inc.
Post Office Box 190
Abbeville, South Carolina 29620

Re: AC# 3-ABV-J8 – Abbeville Nursing Home, Inc.

Dear Mr. Hughes:

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, 2007 through September 30, 2008. That report was used to set the rate covering the contract periods beginning October 1, 2009.

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

ABBEVILLE NURSING HOME, INC.

ABBEVILLE, SOUTH CAROLINA

**CONTRACT PERIOD
BEGINNING OCTOBER 1, 2009
AC# 3-ABV-J8**

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

October 27, 2011

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 Abbeville Nursing Home, Inc., for the contract period beginning October 1, 2009, and for the twelve month cost report period ended September 30, 2008, as set forth in the accompanying schedules. The management of Abbeville Nursing Home, 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 Abbeville Nursing Home, 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 Abbeville Nursing Home, 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
October 27, 2011

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

ABBEVILLE NURSING HOME, INC.
Computation of Rate Change
For the Contract Period
Beginning October 1, 2009
AC# 3-ABV-J8

	<u>10/01/09-</u> <u>09/30/10</u>
Interim Reimbursement Rate (1)	\$142.94
Adjusted Reimbursement Rate	<u>142.41</u>
Decrease in Reimbursement Rate	\$ <u><u>.53</u></u>

(1) Interim reimbursement rate from the South Carolina Medicaid Management Information System (MMIS) Provider Rate Listing dated August 30, 2011.

ABBEVILLE NURSING HOME, INC.

Computation of Adjusted Reimbursement Rate
For the Contract Period October 1, 2009 Through September 30, 2010
AC# 3-ABV-J8

	<u>Incentives</u>	<u>Allowable Cost</u>	<u>Cost Standard</u>	<u>Computed Rate</u>
<u>Costs Subject to Standards:</u>				
General Services		\$ 75.20	\$ 83.23	
Dietary		13.36	15.19	
Laundry/Housekeeping/Maintenance		<u>12.87</u>	<u>14.24</u>	
Subtotal	<u>\$7.89</u>	101.43	112.66	\$101.43
Administration & Medical Records	<u>\$8.17</u>	<u>12.34</u>	<u>20.51</u>	<u>12.34</u>
Subtotal		113.77	<u>\$133.17</u>	113.77
<u>Costs Not Subject to Standards:</u>				
Utilities		3.91		3.91
Special Services		-		-
Medical Supplies & Oxygen		5.50		5.50
Taxes and Insurance		5.00		5.00
Legal Fees		<u>-</u>		<u>-</u>
TOTAL		<u>\$128.18</u>		128.18
Inflation Factor (4.70%)				6.02
Cost of Capital				6.46
Cost of Capital Limitation				-
Profit Incentive (Maximum 3.5% of Allowable Cost)				4.49
Cost Incentive				7.89
Effect of \$1.75 Cap on Cost/Profit Incentives				<u>(10.63)</u>
ADJUSTED REIMBURSEMENT RATE				<u>\$142.41</u>

ABBEVILLE NURSING HOME, INC.
Summary of Costs and Total Patient Days
For the Cost Report Period Ended September 30, 2008
AC# 3-ABV-J8

<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	\$2,493,205	\$ -	\$ 8,921 (2) 504 (2)	\$2,483,780
Dietary	441,215	-	-	441,215
Laundry	69,701	10,635 (2)	-	80,336
Housekeeping	172,490	-	-	172,490
Maintenance	172,585	-	397 (2)	172,188
Administration & Medical Records	408,727	3 (2)	1,025 (2)	407,705
Utilities	129,046	-	-	129,046
Special Services	-	-	-	-
Medical Supplies & Oxygen	197,599	-	15,868 (1)	181,731
Taxes and Insurance	165,294	-	-	165,294
Legal Fees	-	-	-	-
Cost of Capital	<u>213,426</u>	<u>-</u>	<u>-</u>	<u>213,426</u>
Subtotal	4,463,288	10,638	26,715	4,447,211

ABBEVILLE NURSING HOME, INC.
Summary of Costs and Total Patient Days
For the Cost Report Period Ended September 30, 2008
AC# 3-ABV-J8

<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	76,656	-	-	76,656
Nonallowable	135,809	15,868 (1) 209 (2)	-	151,886
CNA Training and Testing	<u>435</u>	<u>-</u>	<u>-</u>	<u>435</u>
Total Operating Expenses	<u>\$4,676,188</u>	<u>\$26,715</u>	<u>\$26,715</u>	<u>\$4,676,188</u>
Total Patient Days	<u>33,028</u>	<u>-</u>	<u>-</u>	<u>33,028</u>
Total Beds	<u>94</u>			

ABBEVILLE NURSING HOME, INC.
Adjustment Report
Cost Report Period Ended September 30, 2008
AC# 3-ABV-J8

<u>ADJUSTMENT NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
1	Nonallowable Medical Supplies	\$15,868	\$15,868
	To reclassify expense to the proper cost center State Plan, Attachment 4.19D DH&HS Expense Crosswalk		
2	Laundry Medical Records Nonallowable Nursing Restorative Maintenance Administration	10,635 3 209	8,921 504 397 1,025
	To adjust fringe benefits and related allocation HIM-15-1, Section 2304 State Plan, Attachment 4.19D		
	TOTAL ADJUSTMENTS	<u>\$26,715</u>	<u>\$26,715</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.

2 copies of this document were published at an estimated printing cost of \$1.29 each, and a total printing cost of \$2.58. Section 1-11-125 of the South Carolina Code of Laws, as amended requires this information on printing costs be added to the document.