

*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 2, 2011

Mr. Tom Turner, President  
South Carolina Baptist Ministries for the Aging  
190 Stoneridge Drive  
Columbia, South Carolina 29210

Re: AC# 3-BBH-J7 – South Carolina Baptist Ministry d/b/a Bethea Baptist Health Care Center

Dear Mr. Turner:

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, 2006 through September 30, 2007. That report was used to set the rate covering the contract periods beginning October 1, 2008.

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  
Mr. Terry K. Schmoyer, Jr.  
Mr. Benjamin Spurling  
Mrs. Kathy B. Wine

**SOUTH CAROLINA BAPTIST MINISTRY D/B/A  
BETHEA BAPTIST HEALTH CARE CENTER**

**DARLINGTON, SOUTH CAROLINA**

**CONTRACT PERIOD  
BEGINNING OCTOBER 1, 2008  
AC# 3-BBH-J7**

**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 18, 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 South Carolina Baptist Ministry d/b/a Bethea Baptist Health Care Center, for the contract period beginning October 1, 2008, and for the twelve month cost report period ended September 30, 2007, as set forth in the accompanying schedules. The management of South Carolina Baptist Ministry d/b/a Bethea Baptist Health Care Center 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 South Carolina Baptist Ministry d/b/a Bethea Baptist Health Care Center, 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 South Carolina Baptist Ministry d/b/a Bethea Baptist Health Care Center dated as of April 1, 2007, 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 18, 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.", written in a cursive style.

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

**BETHEA BAPTIST HEALTH CARE CENTER**

Computation of Rate Change  
For the Contract Period  
Beginning October 1, 2008  
AC# 3-BBH-J7

10/01/08-  
09/30/09

Interim Reimbursement Rate (1)	\$143.20
Adjusted Reimbursement Rate	<u>124.93</u>
Decrease in Reimbursement Rate	\$ <u>18.27</u>

- (1) Interim reimbursement rate from the South Carolina Medicaid Management Information System (MMIS) Provider Rate Listing dated October 20, 2010.

**BETHEA BAPTIST HEALTH CARE CENTER**  
 Computation of Adjusted Reimbursement Rate  
 For the Contract Period October 1, 2008 Through September 30, 2009  
 AC# 3-BBH-J7

<u>Costs Subject to Standards:</u>	<u>Incentives</u>	<u>Allowable Cost</u>	<u>Cost Standard</u>	<u>Computed Rate</u>
General Services		\$ 69.05	\$ 79.06	
Dietary		12.40	14.42	
Laundry/Housekeeping/Maintenance		<u>5.66</u>	<u>13.38</u>	
Subtotal	<u>\$7.48</u>	87.11	106.86	\$ 87.11
Administration & Medical Records	<u>\$4.66</u>	<u>14.75</u>	<u>19.41</u>	<u>14.75</u>
Subtotal		101.86	<u>\$126.27</u>	101.86
 <u>Costs Not Subject to Standards:</u>				
Utilities		2.04		2.04
Special Services		.27		.27
Medical Supplies & Oxygen		5.13		5.13
Taxes and Insurance		.97		.97
Legal Fees		<u>.37</u>		<u>.37</u>
<b>TOTAL</b>		<u>\$110.64</u>		110.64
Inflation Factor (4.80%)				5.31
Cost of Capital				6.36
Cost of Capital Limitation				-
Profit Incentive (Maximum 3.5% of Allowable Cost)				3.87
Cost Incentive				7.48
Effect of \$1.75 Cap on Cost/Profit Incentives				(9.60)
Transportation Escort Add-On				<u>.87</u>
 ADJUSTED REIMBURSEMENT RATE				 <u>\$124.93</u>

**BETHEA BAPTIST HEALTH CARE CENTER**  
 Summary of Costs and Total Patient Days  
 For the Cost Report Period Ended September 30, 2007  
 AC# 3-BBH-J7

<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>	
General Services	\$2,216,351	\$ 3,386 (18) 7,469 (22)	\$ 13,749 (2) 6,981 (18) 77,461 (26)	\$2,129,015
Dietary	444,089	309,485 (25)	4,153 (3) 2,913 (4) 1,209 (18) 362,891 (26)	382,408
Laundry	36,963	7,967 (5)	111 (18)	44,819
Housekeeping	158,427	8,651 (25)	7,967 (5) 421 (18) 112,120 (26)	46,570
Maintenance	125,250	278,048 (25)	2,000 (6) 2,476 (7) 1,682 (8) 565 (18) 7,469 (22) 306,065 (26)	83,041
Administration & Medical Records	567,965	888 (17) 6,326 (19) 521 (23) 132,435 (25)	15,000 (10) 18,879 (11) 3,072 (12) 43,213 (13) 804 (18) 154 (18) 172,135 (26)	454,878
Utilities	84,130	232,331 (25)	21,740 (14) 231,707 (26)	63,014

**BETHEA BAPTIST HEALTH CARE CENTER**  
Summary of Costs and Total Patient Days  
For the Cost Report Period Ended September 30, 2007  
AC# 3-BBH-J7

<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>	
Special Services	8,308	1,095 (20)	1,123 (18)	8,280
Medical Supplies & Oxygen	161,594	3,441 (16)	3,441 (16) 77 (18) 3,441 (20)	158,076
Taxes and Insurance	39,904	75,493 (25)	7,322 (15) 1 (23) 78,064 (26)	30,010
Legal Fees	15,620	4,623 (25)	3,078 (9) 5,646 (26)	11,519
Cost of Capital	290,721	1,148 (23) 3,139 (25)	447 (1) 3,625 (9) 1,531 (21) 4,653 (24) 3,336 (26) 34,866 (27) 235 (27) 50,127 (28)	196,188
Subtotal	4,149,322	1,076,446	1,617,950	3,607,818
Ancillary	108,034	-	-	108,034

**BETHEA BAPTIST HEALTH CARE CENTER**  
Summary of Costs and Total Patient Days  
For the Cost Report Period Ended September 30, 2007  
AC# 3-BBH-J7

<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>	
Nonallowable	1,651,809	447 (1)	8,435 (19)	2,190,410
		13,749 (2)	2,733 (23)	
		4,153 (3)	1,044,205 (25)	
		2,913 (4)		
		2,000 (6)		
		2,476 (7)		
		6,703 (9)		
		15,000 (10)		
		18,879 (11)		
		3,072 (12)		
		43,213 (13)		
		21,740 (14)		
		7,322 (15)		
		8,059 (18)		
		2,346 (20)		
		1,531 (21)		
		1,065 (23)		
		4,653 (24)		
		1,349,425 (26)		
		35,101 (27)		
		50,127 (28)		
CNA Training and Testing	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Operating Expenses	<u>\$5,909,165</u>	<u>\$2,670,420</u>	<u>\$2,673,323</u>	<u>\$5,906,262</u>
Total Patient Days	<u>30,835</u>	<u>-</u>	<u>-</u>	<u>30,835</u>
Total Beds	<u>88</u>			

**BETHEA BAPTIST HEALTH CARE CENTER**  
Adjustment Report  
Cost Report Period Ended September 30, 2007  
AC# 3-BBH-J7

<u>ADJUSTMENT</u> <u>NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
1	Mother's Day Offering	\$ 3,393	
	Estates and Wills	16,451	
	Baptist Churches	897	
	Miscellaneous Income	44,665	
	Other Equity	305,174	
	Nonallowable	447	
	Interest Income		\$ 2,482
	Contributions		142,964
	SC Baptist Foundation Endowment		174,164
	SCBMA Coop Contribution		8,626
	SCBC Designations		42,344
	Cost of Capital - Amortization Expense		447
	To agree the trial balance to the general ledger HIM-15-1, Section 2304		
2	Nonallowable	13,749	
	Nursing		13,749
	To reclassify physician fees DH&HS Expense Crosswalk		
3	Nonallowable	4,153	
	Dietary		4,153
	To remove expenses which are not adequately documented HIM-15-1, Section 2304		
4	Nonallowable	2,913	
	Dietary		2,913
	To remove the expense effect of duplicate entries HIM-15-1, Section 2304		
5	Laundry	7,967	
	Housekeeping		7,967
	To reclassify expenses to the proper cost center DH&HS Expense Crosswalk		

**BETHEA BAPTIST HEALTH CARE CENTER**  
Adjustment Report  
Cost Report Period Ended September 30, 2007  
AC# 3-BBH-J7

<u>ADJUSTMENT NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
6	Nonallowable Maintenance	2,000	2,000
	To remove expense not adequately documented HIM-15-1, Section 2304 State Plan, Attachment 4.19D		
7	Nonallowable Maintenance	2,476	2,476
	To remove expenses not related to patient care HIM-15-1, Section 2304 State Plan, Attachment 4.19D		
8	Other Equity Maintenance	1,682	1,682
	To remove prior period expenses HIM-15-1, Sections 2302.1 and 2304		
9	Nonallowable Cost of Capital Legal	6,703	3,625 3,078
	To remove expense not related to patient care HIM-15-1, Sections 2102.3 and 2304		
10	Nonallowable Administration	15,000	15,000
	To remove expenses which are not adequately documented HIM-15-1, Section 2304		
11	Nonallowable Administration	18,879	18,879
	To remove a duplicate invoice HIM-15-1, Section 2304		

**BETHEA BAPTIST HEALTH CARE CENTER**  
Adjustment Report  
Cost Report Period Ended September 30, 2007  
AC# 3-BBH-J7

<u>ADJUSTMENT NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
12	Nonallowable Administration	3,072	3,072
	To adjust management fees based on documented days HIM-15-1, Section 2304		
13	Nonallowable Administration	43,213	43,213
	To remove advertising expense HIM-15-1, Sections 2136.2		
14	Nonallowable Utilities	21,740	21,740
	To remove nonallowable costs HIM-15-1, Section 2106.1		
15	Nonallowable Taxes and Insurance	7,322	7,322
	To adjust liability insurance expense HIM-15-1, Sections 2161 and 2302.4 State Plan, Attachment 4.19D		
16	Medical Supplies and Oxygen - Other Medical Supplies and Oxygen - Billable Supplies	3,441	3,441
	To properly record expense HIM-15-1, Section 2304 State Plan, Attachment 4.19D		
17	Administration Other Equity	888	888
	To include expense improperly recorded at another facility HIM-15-1, Section 2304		

**BETHEA BAPTIST HEALTH CARE CENTER**  
Adjustment Report  
Cost Report Period Ended September 30, 2007  
AC# 3-BBH-J7

<u>ADJUSTMENT NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
18	Restorative	3,386	
	Nonallowable	8,059	
	Nursing		6,981
	Dietary		1,209
	Laundry		111
	Housekeeping		421
	Maintenance		565
	Administration		804
	Medical Records		154
	Medical Supplies and Oxygen		77
	Therapy		1,123
	To adjust fringe benefits and related allocation HIM-15-1, Section 2304 State Plan, Attachment 4.19D		
19	Prepaid Expenses	2,109	
	Administration	6,326	
	Nonallowable		8,435
	To properly classify annual license and support fees for computer system DH&HS Expense Crosswalk HIM-15-1, Section 2302.1		
20	Therapy	1,095	
	Nonallowable	2,346	
	Medical Supplies and Oxygen		3,441
	To remove special (ancillary) services reimbursed by Medicare State Plan, Attachment 4.19D		
21	Accumulated Depreciation	3,727,929	
	Other Equity	2,157,189	
	Nonallowable	1,531	
	Fixed Assets		5,885,118
	Cost of Capital		1,531
	To adjust fixed assets and related depreciation HIM-15-1, Section 2304 State Plan, Attachment 4.19D		

**BETHEA BAPTIST HEALTH CARE CENTER**  
Adjustment Report  
Cost Report Period Ended September 30, 2007  
AC# 3-BBH-J7

<u>ADJUSTMENT NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
22	Restorative Maintenance	7,469	7,469
	To reclassify revenue to the proper cost center HIM-15-1, Section 133		
23	Administration Cost of Capital Nonallowable Non-SNF Taxes and Insurance Nonallowable	521 1,148 1,065	1 2,733
	To adjust the home office cost allocation HIM-15-1, Section 2304 State Plan, Attachment 4.19D		
24	Nonallowable-Non-SNF Cost of Capital	4,653	4,653
	To remove Non-SNF amortization HIM-15-1, Section 2304 State Plan, Attachment 4.19D		
25	Dietary Housekeeping Maintenance Administration Legal Utilities Taxes and Insurance Cost of Capital Nonallowable	309,485 8,651 278,048 132,435 4,623 232,331 75,493 3,139	1,044,205
	To reverse DH&HS adjustment to remove indirect costs applicable to non-reimbursable cost centers HIM-15-1, Section 2102.3 State Plan, Attachment 4.19D		

**BETHEA BAPTIST HEALTH CARE CENTER**  
Adjustment Report  
Cost Report Period Ended September 30, 2007  
AC# 3-BBH-J7

<u>ADJUSTMENT NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
26	Nonallowable	1,349,425	
	Restorative		77,461
	Dietary		362,891
	Housekeeping		112,120
	Maintenance		306,065
	Administration		172,135
	Legal		5,646
	Utilities		231,707
	Taxes and Insurance		78,064
	Cost of Capital		3,336
	To remove indirect costs applicable to non-reimbursable cost centers HIM-15-1, Section 2102.3 State Plan, Attachment 4.19D		
27	Nonallowable	35,101	
	Cost of Capital - Depreciation		34,866
	Cost of Capital - Amortization		235
	To adjust depreciation and amortization to comply with capital cost policy State Plan, Attachment 4.19D		
28	Nonallowable	50,127	
	Cost of Capital		50,127
	To adjust capital return State Plan, Attachment 4.19D		
	TOTAL ADJUSTMENTS	\$8,929,909	\$8,929,909

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.

**BETHEA BAPTIST HEALTH CARE CENTER**  
 Cost of Capital Reimbursement Analysis  
 For the Cost Report Period Ended September 30, 2007  
 AC# 3-BBH-J7

Original Asset Cost (Per Bed)	\$ 15,618	\$ 15,618	
Inflation Adjustment	<u>2.94141</u>	<u>2.94141</u>	
Deemed Asset Value (Per Bed)	45,939	45,939	
Number of Beds	<u>44</u>	<u>44</u>	
Deemed Asset Value	2,021,316	2,021,316	
Improvements Since 1981	310,769	12,228	
Accumulated Depreciation at 9/30/07	<u>(1,437,680)</u>	<u>(367,884)</u>	
Deemed Depreciated Value	894,405	1,665,660	
Market Rate of Return	<u>.0483</u>	<u>.0483</u>	
Total Annual Return	43,200	80,451	
Return Applicable to Non-Reimbursable Cost Centers	(1,158)	(2,157)	
Allocation of Interest to Non-Reimbursable Cost Centers	<u>173</u>	<u>107</u>	
Allowable Annual Return	42,215	78,401	
Depreciation Expense	55,032	23,133	
Amortization Expense	370	373	
Capital Related Income Offsets	-	-	
Allocation of Capital Expenses to Non-Reimbursable Cost Centers	<u>(2,599)</u>	<u>(737)</u>	<u>Total</u>
Allowable Cost of Capital Expense	95,018	101,170	\$196,188
Total Patient Days (Minimum 96% Occupancy)	<u>15,418</u>	<u>15,417</u>	<u>30,835</u>
Cost of Capital Per Diem	\$ <u>6.16</u>	\$ <u>6.56</u>	\$ <u>6.36</u>

**BETHEA BAPTIST HEALTH CARE CENTER**  
 Cost of Capital Reimbursement Analysis  
 For the Cost Report Period Ended September 30, 2007  
 AC# 3-BBH-J7

6/30/89 Cost of Capital and Return on Equity		
Capital Per Diem Reimbursement	\$ N/A	\$ N/A
Adjustment for Maximum Increase	<u>N/A</u>	<u>N/A</u>
Maximum Cost of Capital Per Diem	<u>\$6.16</u>	<u>\$6.56</u>
Reimbursable Cost of Capital Per Diem		\$6.36
Cost of Capital Per Diem		<u>6.36</u>
Cost of Capital Per Diem Limitation		<u>\$ -</u>

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