

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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September 28, 2011

Mr. Fred Fauth, Controller
Millennium Management, LLC
10800 Biscayne Boulevard, Suite 600
Miami, Florida 33161

Re: AC# 3-BKV-C7 – Palmetto Brookview Operating, LLC d/b/a Brookview Healthcare Center

Dear Mr. Fauth:

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 September 29, 2006 through March 31, 2007. That report was used to set the rate covering the contract periods beginning April 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.

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.

**PALMETTO BROOKVIEW OPERATING, LLC D/B/A
BROOKVIEW HEALTHCARE CENTER**

GAFFNEY, SOUTH CAROLINA

**CONTRACT PERIODS
BEGINNING APRIL 1, 2007
AC# 3-BKV-C7**

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

February 22, 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 Palmetto Brookview Operating, LLC d/b/a Brookview Healthcare Center, for the contract periods beginning April 1, 2007, and for the six month cost report period ended March 31, 2007, as set forth in the accompanying schedules. The management of Palmetto Brookview Operating, LLC d/b/a Brookview Healthcare 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 Palmetto Brookview Operating, LLC d/b/a Brookview Healthcare 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 Summaries of Costs and Total Patient Days, Adjustment Report, and Cost of Capital Reimbursement Analyses 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 Palmetto Brookview Operating, LLC d/b/a Brookview Healthcare 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 Computations of Adjusted Reimbursement Rate sections of this report.

Department of Health and Human Services
State of South Carolina
February 22, 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

BROOKVIEW HEALTHCARE CENTER
Computation of Rate Change
For the Contract Periods
Beginning April 1, 2007
AC# 3-BKV-C7

	<u>04/01/07-</u> <u>09/30/07</u>	<u>10/01/07-</u> <u>09/30/08</u>
Interim Reimbursement Rate (1)	\$162.27	\$164.08
Adjusted Reimbursement Rate	<u>138.32</u>	<u>139.15</u>
Decrease in Reimbursement Rate	\$ <u>23.95</u>	\$ <u>24.93</u>

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

BROOKVIEW HEALTHCARE CENTER
 Computation of Adjusted Reimbursement Rate
 For the Contract Period April 1, 2007 Through September 30, 2007
 AC# 3-BKV-C7

	<u>Incentives</u>	<u>Allowable Cost</u>	<u>Cost Standard</u>	<u>Computed Rate</u>
<u>Costs Subject to Standards:</u>				
General Services		\$ 69.77	\$ 79.77	
Dietary		13.72	13.46	
Laundry/Housekeeping/Maintenance		<u>12.74</u>	<u>12.03</u>	
Subtotal	\$ <u>7.37</u>	96.23	105.26	\$ 96.23
Administration & Medical Records	\$ <u>2.20</u>	<u>14.67</u>	<u>16.87</u>	<u>14.67</u>
Subtotal		110.90	<u>\$122.13</u>	110.90
<u>Costs Not Subject to Standards:</u>				
Utilities		3.10		3.10
Special Services		.08		.08
Medical Supplies & Oxygen		8.11		8.11
Taxes and Insurance		1.46		1.46
Legal Fees		<u>.11</u>		<u>.11</u>
TOTAL		<u>\$123.76</u>		123.76
Inflation Factor (4.60%)				5.69
Cost of Capital				7.12
Cost of Capital Limitation				-
Profit Incentive (Maximum 3.5% of Allowable Cost)				2.20
Cost Incentive				7.37
Effect of \$1.75 Cap on Cost/Profit Incentives				<u>(7.82)</u>
ADJUSTED REIMBURSEMENT RATE				<u>\$138.32</u>

BROOKVIEW HEALTHCARE CENTER
 Computation of Adjusted Reimbursement Rate
 For the Contract Period October 1, 2007 Through September 30, 2008
 AC# 3-BKV-C7

	<u>Incentives</u>	<u>Allowable Cost</u>	<u>Cost Standard</u>	<u>Computed Rate</u>
<u>Costs Subject to Standards:</u>				
General Services		\$ 69.77	\$ 82.94	
Dietary		13.72	13.85	
Laundry/Housekeeping/Maintenance		<u>12.74</u>	<u>12.55</u>	
Subtotal	<u>\$7.65</u>	96.23	109.34	\$ 96.23
Administration & Medical Records	<u>\$3.55</u>	<u>14.67</u>	<u>18.22</u>	<u>14.67</u>
Subtotal		110.90	<u>\$127.56</u>	110.90
<u>Costs Not Subject to Standards:</u>				
Utilities		3.10		3.10
Special Services		.08		.08
Medical Supplies & Oxygen		8.11		8.11
Taxes and Insurance		1.46		1.46
Legal Fees		<u>.11</u>		<u>.11</u>
TOTAL		<u>\$123.76</u>		123.76
Inflation Factor (4.60%)				5.69
Cost of Capital				7.27
Cost of Capital Limitation				-
Profit Incentive (Maximum 3.5% of Allowable Cost)				3.55
Cost Incentive				7.65
Effect of \$1.75 Cap on Cost/Profit Incentives				(9.45)
Transportation Escort Add-On				<u>.68</u>
ADJUSTED REIMBURSEMENT RATE				<u>\$139.15</u>

BROOKVIEW HEALTHCARE CENTER
 Summary of Costs and Total Patient Days
 For the Cost Report Period Ended March 31, 2007
 For the Contract Period April 1, 2007 Through September 30, 2007
 AC# 3-BKV-C7

<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	\$1,758,683	\$ 1,963 (13)	\$ 1 (1) 91,997 (3) 13,276 (8) 441 (8) 13,171 (9) 2,386 (9) 1,051 (10) 7,580 (10) 1,568 (11) 25 (11)	\$1,629,150
Dietary	322,842	-	1,186 (8) 1,270 (9)	320,386
Laundry	36,562	-	478 (8) 303 (9)	35,781
Housekeeping	127,104	-	952 (8) 894 (9) 1,058 (14)	124,200
Maintenance	147,978	-	7,612 (4) 958 (8) 697 (9) 1,167 (14)	137,544
Administration & Medical Records	415,806	4,417 (8)	17,590 (2) 53,568 (5) 215 (8) 443 (9) 204 (9) 670 (10) 3,379 (11) 1,496 (14)	342,658

BROOKVIEW HEALTHCARE CENTER
Summary of Costs and Total Patient Days
For the Cost Report Period Ended March 31, 2007
For the Contract Period April 1, 2007 Through September 30, 2007
AC# 3-BKV-C7

<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>	
Utilities	72,888	-	612 (14)	72,276
Special Services	2,432	2,918 (8)	246 (9)	1,864
		8 (11)	3,248 (12)	
Medical Supplies & Oxygen	320,627	-	31,500 (3)	189,347
			8,157 (7)	
			657 (8)	
			510 (9)	
			90,456 (12)	
Taxes and Insurance	235,164	-	200,794 (6)	34,091
			1 (11)	
			278 (14)	
Legal Fees	2,563	-	2 (11)	2,548
			13 (14)	
Cost of Capital	169,935	-	821 (1)	166,278
			509 (14)	
			<u>2,327 (15)</u>	
Subtotal	3,612,584	9,306	565,767	3,056,123
Ancillary	154,132	-	-	154,132

BROOKVIEW HEALTHCARE CENTER
Summary of Costs and Total Patient Days
For the Cost Report Period Ended March 31, 2007
For the Contract Period April 1, 2007 Through September 30, 2007
AC# 3-BKV-C7

<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>	
Nonallowable	335,346	822 (1)	-	759,445
		17,590 (2)		
		7,612 (4)		
		53,568 (5)		
		200,794 (6)		
		8,157 (7)		
		20,124 (9)		
		9,301 (10)		
		4,967 (11)		
		93,704 (12)		
		5,133 (14)		
		2,327 (15)		
 CNA Training and Testing	 <u>600</u>	 <u>-</u>	 <u>-</u>	 <u>600</u>
Total Operating Expenses	 <u>\$4,102,662</u>	 <u>\$433,405</u>	 <u>\$565,767</u>	 <u>\$3,970,300</u>
 Total Patient Days	 <u>23,350</u>	 <u>-</u>	 <u>-</u>	 <u>23,350</u>
 Total Beds	 <u>132</u>			

BROOKVIEW HEALTHCARE CENTER
 Summary of Costs and Total Patient Days
 For the Cost Report Period Ended March 31, 2007
 For the Contract Period October 1, 2007 Through September 30, 2008
 AC# 3-BKV-C7

<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	\$1,758,683	\$ 1,963 (13)	\$ 1 (1) 91,997 (3) 13,276 (8) 441 (8) 13,171 (9) 2,386 (9) 1,051 (10) 7,580 (10) 1,568 (11) 25 (11)	\$1,629,150
Dietary	322,842	-	1,186 (8) 1,270 (9)	320,386
Laundry	36,562	-	478 (8) 303 (9)	35,781
Housekeeping	127,104	-	952 (8) 894 (9) 1,058 (14)	124,200
Maintenance	147,978	-	7,612 (4) 958 (8) 697 (9) 1,167 (14)	137,544
Administration & Medical Records	415,806	4,417 (8)	17,590 (2) 53,568 (5) 215 (8) 443 (9) 204 (9) 670 (10) 3,379 (11) 1,496 (14)	342,658

BROOKVIEW HEALTHCARE CENTER
Summary of Costs and Total Patient Days
For the Cost Report Period Ended March 31, 2007
For the Contract Period October 1, 2007 Through September 30, 2008
AC# 3-BKV-C7

<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>	
Utilities	72,888	-	612 (14)	72,276
Special Services	2,432	2,918 (8) 8 (11)	246 (9) 3,248 (12)	1,864
Medical Supplies & Oxygen	320,627	-	31,500 (3) 8,157 (7) 657 (8) 510 (9) 90,456 (12)	189,347
Taxes and Insurance	235,164	-	200,794 (6) 1 (11) 278 (14)	34,091
Legal Fees	2,563	-	2 (11) 13 (14)	2,548
Cost of Capital	173,491		821 (1) 509 (14) <u>2,311 (16)</u>	169,850
Subtotal	3,616,140	9,306	565,751	3,059,695
Ancillary	154,132	-	-	154,132

BROOKVIEW HEALTHCARE CENTER
 Summary of Costs and Total Patient Days
 For the Cost Report Period Ended March 31, 2007
 For the Contract Period October 1, 2007 Through September 30, 2008
 AC# 3-BKV-C7

<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>	
Nonallowable	331,790	822 (1)	-	755,873
		17,590 (2)		
		7,612 (4)		
		53,568 (5)		
		200,794 (6)		
		8,157 (7)		
		20,124 (9)		
		9,301 (10)		
		4,967 (11)		
		93,704 (12)		
		5,133 (14)		
		2,311 (16)		
 CNA Training and Testing	 <u>600</u>	 <u>-</u>	 <u>-</u>	 <u>600</u>
Total Operating Expenses	 <u>\$4,102,662</u>	 <u>\$433,389</u>	 <u>\$565,751</u>	 <u>\$3,970,300</u>
 Total Patient Days	 <u>23,350</u>	 <u>-</u>	 <u>-</u>	 <u>23,350</u>
 Total Beds	 <u>132</u>			

BROOKVIEW HEALTHCARE CENTER
Adjustment Report
Cost Report Period Ended March 31, 2007
AC# 3-BKV-C7

<u>ADJUSTMENT</u> <u>NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
1	Fixed Assets	\$127,506	
	Other Equity	16,848	
	Nonallowable	822	
	Accumulated Depreciation		\$144,354
	Restorative		1
	Cost of Capital		821
	To adjust fixed assets and related depreciation HIM-15-1, Section 2304 State Plan, Attachment 4.19D		
2	Nonallowable	17,590	
	Administration		17,590
	To disallow interest expense and related loan cost HIM-15-1, Section 2304 State Plan, Attachment 4.19D		
3	Other Assets	9,972	
	Accounts Payable	113,525	
	Nursing		91,997
	Medical Supplies		31,500
	To properly charge expense applicable to subsequent period HIM-15-1, Section 2304		
4	Nonallowable	7,612	
	Maintenance		7,612
	To disallow expense due to lack of adequate documentation HIM-15-1, Section 2304		
5	Nonallowable	53,568	
	Administration		53,568
	To disallow related party expense HIM-15-1, Sections 1005 and 2304		

BROOKVIEW HEALTHCARE CENTER
Adjustment Report
Cost Report Period Ended March 31, 2007
AC# 3-BKV-C7

<u>ADJUSTMENT</u> <u>NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
6	Nonallowable Taxes and Insurance	200,794	200,794
	To adjust liability insurance expense HIM-15-1, Section 2304 State Plan, Attachment 4.19D		
7	Nonallowable Medical Supplies	8,157	8,157
	To disallow expense not related to patient care HIM-15-1, Section 2304		
8	Accrued Salaries Administration Special Services	10,828 4,417 2,918	
	Nursing		13,276
	Restorative		441
	Dietary		1,186
	Laundry		478
	Housekeeping		952
	Maintenance		958
	Medical Records		215
	Medical Supplies		657
	To adjust salary accrual HIM-15-1, Sections 2302.1 and 2304		
9	Nonallowable	20,124	
	Nursing		13,171
	Restorative		2,386
	Dietary		1,270
	Laundry		303
	Housekeeping		894
	Maintenance		697
	Administration		443
	Medical Records		204
	Medical Supplies		510
	Special Services		246
	To adjust fringe benefits and related allocation HIM-15-1, Section 2304 State Plan, Attachment 4.19D		

BROOKVIEW HEALTHCARE CENTER
Adjustment Report
Cost Report Period Ended March 31, 2007
AC# 3-BKV-C7

<u>ADJUSTMENT</u> <u>NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
10	Nonallowable	9,301	
	Nursing		1,051
	Restorative		7,580
	Administration		670
	To reclassify expense to the proper cost center HIM-15-1, Section 2304 DH&HS Expense Crosswalk		
11	Special Services	8	
	Nonallowable	4,967	
	Nursing		1,568
	Restorative		25
	Administration		3,379
	Legal		2
	Taxes and Insurance		1
	To adjust home office cost allocation HIM-15-1, Section 2304 State Plan, Attachment 4.19D		
12	Nonallowable	93,704	
	Medical Supplies		90,456
	Special Services		3,248
	To remove special (ancillary) services reimbursed by Medicare State Plan, Attachment 4.19D		
13	Restorative	1,963	
	Other Revenue		1,963
	To reverse Provider offset of income applicable to a non-reimbursable cost center HIM-15-1, Sections 2102.3 and 2328 State Plan, Attachment 4.19D		

BROOKVIEW HEALTHCARE CENTER
Adjustment Report
Cost Report Period Ended March 31, 2007
AC# 3-BKV-C7

<u>ADJUSTMENT</u> <u>NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
14	Nonallowable Housekeeping Maintenance Administration Utilities Taxes and Insurance Legal Cost of Capital	5,133	1,058 1,167 1,496 612 278 13 509
	To remove indirect cost applicable to a non-reimbursable cost center HIM-15-1, Section 2102.3 State Plan, Attachment 4.19D		
15	Nonallowable Cost of Capital	2,327	2,327
	To adjust capital return State Plan, Attachment 4.19D (This adjustment applies only to the contract period 4/1/07 - 9/30/07)		
16	Nonallowable Cost of Capital	2,311	2,311
	To adjust capital return State Plan, Attachment 4.19D (This adjustment applies only to the contract period 10/1/07 - 9/30/08)		
	TOTAL ADJUSTMENTS	\$ <u>714,395</u>	\$ <u>714,395</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.

BROOKVIEW HEALTHCARE CENTER
 Cost of Capital Reimbursement Analysis
 For the Cost Report Period Ended March 31, 2007
 For the Contract Period April 1, 2007 Through September 30, 2007
 AC# 3-BKV-C7

Original Asset Cost (Per Bed)	\$ 15,618	\$ 15,618	
Inflation Adjustment	<u>2.77878</u>	<u>2.77878</u>	
Deemed Asset Value (Per Bed)	43,399	43,399	
Number of Beds	<u>88</u>	<u>44</u>	
Deemed Asset Value	3,819,112	1,909,556	
Improvements Since 1981	913,896	114,158	
Accumulated Depreciation at 3/31/07	<u>(1,787,237)</u>	<u>(732,625)</u>	
Deemed Depreciated Value	2,945,771	1,291,089	
Market Rate of Return	<u>.0490</u>	<u>.0490</u>	
Total Annual Return	144,343	63,263	
Number of Days in Period	<u>184/365</u>	<u>184/365</u>	
Adjusted Annual Return	72,765	31,891	
Return Applicable to Non-Reimbursable Cost Centers	(587)	(259)	
Allocation of Interest to Non-Reimbursable Cost Centers	<u>-</u>	<u>-</u>	
Allowable Annual Return	72,178	31,632	
Depreciation Expense	42,032	20,945	
Amortization Expense	-	-	
Capital Related Income Offsets	-	-	
Allocation of Capital Expenses to Non-Reimbursable Cost Centers	<u>(339)</u>	<u>(170)</u>	<u>Total</u>
Allowable Cost of Capital Expense	113,871	52,407	\$166,278
Total Patient Days (Actual)	<u>15,567</u>	<u>7,783</u>	<u>23,350</u>
Cost of Capital Per Diem	\$ <u>7.31</u>	\$ <u>6.73</u>	\$ <u>7.12</u>

BROOKVIEW HEALTHCARE CENTER
 Cost of Capital Reimbursement Analysis
 For the Cost Report Period Ended March 31, 2007
 For the Contract Period April 1, 2007 Through September 30, 2007
 AC# 3-BKV-C7

6/30/89 Cost of Capital and Return on Equity		
Capital Per Diem Reimbursement	\$3.54	\$ N/A
Adjustment for Maximum Increase	<u>3.99</u>	<u>N/A</u>
Maximum Cost of Capital Per Diem	<u>\$7.53</u>	<u>\$6.73</u>
Reimbursable Cost of Capital Per Diem		\$7.12
Cost of Capital Per Diem		<u>7.12</u>
Cost of Capital Per Diem Limitation		<u>\$ -</u>

BROOKVIEW HEALTHCARE CENTER
 Cost of Capital Reimbursement Analysis
 For the Cost Report Period Ended March 31, 2007
 For the Contract Period October 1, 2007 Through September 30, 2008
 AC# 3-BKV-C7

Original Asset Cost (Per Bed)	\$ 15,618	\$ 15,618	
Inflation Adjustment	<u>2.85382</u>	<u>2.85382</u>	
Deemed Asset Value (Per Bed)	44,571	44,571	
Number of Beds	<u>88</u>	<u>44</u>	
Deemed Asset Value	3,922,248	1,961,124	
Improvements Since 1981	913,896	114,158	
Accumulated Depreciation at 3/31/07	<u>(1,787,237)</u>	<u>(732,625)</u>	
Deemed Depreciated Value	3,048,907	1,342,657	
Market Rate of Return	<u>.0489</u>	<u>.0489</u>	
Total Annual Return	149,092	65,656	
Number of Days in Period	<u>184/365</u>	<u>184/365</u>	
Adjusted Annual Return	75,159	33,098	
Return Applicable to Non-Reimbursable Cost Centers	(606)	(269)	
Allocation of Interest to Non-Reimbursable Cost Centers	<u>-</u>	<u>-</u>	
Allowable Annual Return	74,553	32,829	
Depreciation Expense	42,032	20,945	
Amortization Expense	-	-	
Capital Related Income Offsets	-	-	
Allocation of Capital Expenses to Non-Reimbursable Cost Centers	<u>(339)</u>	<u>(170)</u>	<u>Total</u>
Allowable Cost of Capital Expense	116,246	53,604	\$169,850
Total Patient Days (Actual)	<u>15,567</u>	<u>7,783</u>	<u>23,350</u>
Cost of Capital Per Diem	\$ <u>7.47</u>	\$ <u>6.89</u>	\$ <u>7.27</u>

BROOKVIEW HEALTHCARE CENTER
 Cost of Capital Reimbursement Analysis
 For the Cost Report Period Ended March 31, 2007
 For the Contract Period October 1, 2007 Through September 30, 2008
 AC# 3-BKV-C7

6/30/89 Cost of Capital and Return on Equity		
Capital Per Diem Reimbursement	\$3.54	\$ N/A
Adjustment for Maximum Increase	<u>3.99</u>	<u>N/A</u>
Maximum Cost of Capital Per Diem	<u>\$7.53</u>	<u>\$6.89</u>
Reimbursable Cost of Capital Per Diem		\$7.27
Cost of Capital Per Diem		<u>7.27</u>
Cost of Capital Per Diem Limitation		<u>\$ -</u>

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