

State of South Carolina



Office of the State Auditor

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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-PGV-C7 – Palmetto Prince George Operating, LLC d/b/a
Prince George 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 September 29, 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/cwc

cc: Ms. Brenda L. Hyleman
Mr. Jeff Saxon
Ms. Kathleen C. Snider
Mr. Terry K. Schmoyer, Jr.

**PALMETTO PRINCE GEORGE OPERATING, LLC D/B/A
PRINCE GEORGE HEALTHCARE CENTER**

GEORGETOWN, SOUTH CAROLINA

**CONTRACT PERIODS
BEGINNING SEPTEMBER 29, 2006
AC# 3-PGV-C7**

AGREED-UPON PROCEDURES REPORT

ON CONTRACT

FOR

PURCHASE OF NURSING CARE SERVICES

WITH

STATE OF SOUTH CAROLINA

DEPARTMENT OF HEALTH AND HUMAN SERVICES

CONTENTS

	<u>EXHIBIT OR SCHEDULE</u>	<u>PAGE</u>
INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES		1
COMPUTATION OF RATE CHANGE FOR THE CONTRACT PERIODS BEGINNING SEPTEMBER 29, 2006	A	3
COMPUTATION OF ADJUSTED REIMBURSEMENT RATE FOR THE CONTRACT PERIOD SEPTEMBER 29, 2006 THROUGH SEPTEMBER 30, 2006	B-1	4
COMPUTATION OF ADJUSTED REIMBURSEMENT RATE FOR THE CONTRACT PERIOD OCTOBER 1, 2006 THROUGH MARCH 31, 2007	B-2	5
COMPUTATION OF ADJUSTED REIMBURSEMENT RATE FOR THE CONTRACT PERIOD APRIL 1, 2007 THROUGH SEPTEMBER 30, 2007	B-3	6
COMPUTATION OF ADJUSTED REIMBURSEMENT RATE FOR THE CONTRACT PERIOD OCTOBER 1, 2007 THROUGH SEPTEMBER 30, 2008	B-4	7
SUMMARY OF COSTS AND TOTAL PATIENT DAYS FOR THE COST REPORT PERIOD ENDED MARCH 31, 2007 FOR THE CONTRACT PERIOD SEPTEMBER 29, 2006 THROUGH SEPTEMBER 30, 2006	C-1	8
SUMMARY OF COSTS AND TOTAL PATIENT DAYS FOR THE COST REPORT PERIOD ENDED MARCH 31, 2007 FOR THE CONTRACT PERIODS OCTOBER 1, 2006 THROUGH SEPTEMBER 30, 2007	C-2	11
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	C-3	14
ADJUSTMENT REPORT	1	17
COST OF CAPITAL REIMBURSEMENT ANALYSIS FOR THE CONTRACT PERIOD SEPTEMBER 29, 2006 THROUGH SEPTEMBER 30, 2006	2	22
COST OF CAPITAL REIMBURSEMENT ANALYSIS FOR THE CONTRACT PERIODS OCTOBER 1, 2006 THROUGH SEPTEMBER 30, 2007	3	23
COST OF CAPITAL REIMBURSEMENT ANALYSIS FOR THE CONTRACT PERIOD OCTOBER 1, 2007 THROUGH SEPTEMBER 30, 2008	4	24

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

June 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 Prince George Operating, LLC d/b/a Prince George Healthcare Center, for the contract periods beginning September 29, 2006, and for the six month cost report period ended March 31, 2007, as set forth in the accompanying schedules. The management of Palmetto Prince George Operating, LLC d/b/a Prince George 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.

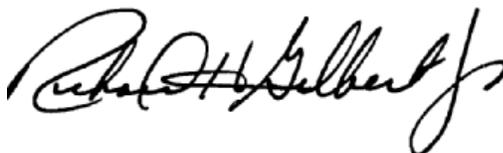
The procedures and the associated findings are as follows:

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 Prince George Operating, LLC d/b/a Prince George 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 contracts between the South Carolina Department of Health and Human Services and Palmetto Prince George Operating, LLC d/b/a Prince George Healthcare Center dated as of October 1, 2001 and 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
June 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

PRINCE GEORGE HEALTHCARE CENTER
 Computation of Rate Change
 For the Contract Periods
 Beginning September 29, 2006
 AC# 3-PGV-C7

	09/29/06- <u>09/30/06</u>	10/01/06- <u>03/31/07</u>	04/01/07- <u>09/30/07</u>	10/01/07- <u>09/30/08</u>
Interim Reimbursement Rate (1)	\$150.02	\$150.02	\$156.62	\$161.59
Adjusted Reimbursement Rate	<u>130.49</u>	<u>134.94</u>	<u>140.76</u>	<u>141.35</u>
Decrease in Reimbursement Rate	\$ <u>19.53</u>	\$ <u>15.08</u>	\$ <u>15.86</u>	\$ <u>20.24</u>

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

PRINCE GEORGE HEALTHCARE CENTER

Computation of Adjusted Reimbursement Rate

For the Contract Period September 29, 2006 Through September 30, 2006
AC# 3-PGV-C7

	<u>Incentives</u>	<u>Allowable Cost</u>	<u>Cost Standard</u>	<u>Computed Rate</u>
<u>Costs Subject to Standards:</u>				
General Services		\$ 80.21	\$ 75.11	
Dietary		13.52	12.63	
Laundry/Housekeeping/Maintenance		<u>9.54</u>	<u>10.97</u>	
Subtotal	\$ <u>-</u>	103.27	98.71	\$ 98.71
Administration & Medical Records	<u>\$1.90</u>	<u>14.23</u>	<u>16.13</u>	<u>14.23</u>
Subtotal		117.50	<u>\$114.84</u>	112.94
<u>Costs Not Subject to Standards:</u>				
Utilities		3.60		3.60
Special Services		-		-
Medical Supplies & Oxygen		3.32		3.32
Taxes and Insurance		2.05		2.05
Legal Fees		<u>.13</u>		<u>.13</u>
TOTAL		<u>\$126.60</u>		122.04
Inflation Factor (N/A)				-
Cost of Capital				6.70
Cost of Capital Limitation				-
Profit Incentive (Maximum 3.5% of Allowable Cost)				1.90
Cost Incentive				-
Effect of \$1.75 Cap on Cost/Profit Incentives				<u>(.15)</u>
ADJUSTED REIMBURSEMENT RATE				<u>\$130.49</u>

PRINCE GEORGE HEALTHCARE CENTER
 Computation of Adjusted Reimbursement Rate
 For the Contract Period October 1, 2006 Through March 31, 2007
 AC# 3-PGV-C7

	<u>Incentives</u>	<u>Allowable Cost</u>	<u>Cost Standard</u>	<u>Computed Rate</u>
<u>Costs Subject to Standards:</u>				
General Services		\$ 80.21	\$ 79.77	
Dietary		13.52	13.46	
Laundry/Housekeeping/Maintenance		<u>9.54</u>	<u>12.03</u>	
Subtotal	\$ <u>1.99</u>	103.27	105.26	\$103.27
Administration & Medical Records	\$ <u>2.64</u>	<u>14.23</u>	<u>16.87</u>	<u>14.23</u>
Subtotal		117.50	<u>\$122.13</u>	117.50
<u>Costs Not Subject to Standards:</u>				
Utilities		3.60		3.60
Special Services		-		-
Medical Supplies & Oxygen		3.32		3.32
Taxes and Insurance		2.05		2.05
Legal Fees		<u>.13</u>		<u>.13</u>
TOTAL		<u>\$126.60</u>		126.60
Inflation Factor (N/A)				-
Cost of Capital				6.59
Cost of Capital Limitation				-
Profit Incentive (Maximum 3.5% of Allowable Cost)				2.64
Cost Incentive				1.99
Effect of \$1.75 Cap on Cost/Profit Incentives				<u>(2.88)</u>
ADJUSTED REIMBURSEMENT RATE				<u>\$134.94</u>

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

	<u>Incentives</u>	<u>Allowable Cost</u>	<u>Cost Standard</u>	<u>Computed Rate</u>
<u>Costs Subject to Standards:</u>				
General Services		\$ 80.21	\$ 79.77	
Dietary		13.52	13.46	
Laundry/Housekeeping/Maintenance		<u>9.54</u>	<u>12.03</u>	
Subtotal	<u>\$1.99</u>	103.27	105.26	\$103.27
Administration & Medical Records	<u>\$2.64</u>	<u>14.23</u>	<u>16.87</u>	<u>14.23</u>
Subtotal		117.50	<u>\$122.13</u>	117.50
<u>Costs Not Subject to Standards:</u>				
Utilities		3.60		3.60
Special Services		-		-
Medical Supplies & Oxygen		3.32		3.32
Taxes and Insurance		2.05		2.05
Legal Fees		<u>.13</u>		<u>.13</u>
TOTAL		<u>\$126.60</u>		126.60
Inflation Factor (4.60%)				5.82
Cost of Capital				6.59
Cost of Capital Limitation				-
Profit Incentive (Maximum 3.5% of Allowable Cost)				2.64
Cost Incentive				1.99
Effect of \$1.75 Cap on Cost/Profit Incentives				<u>(2.88)</u>
ADJUSTED REIMBURSEMENT RATE				<u>\$140.76</u>

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

	<u>Incentives</u>	<u>Allowable Cost</u>	<u>Cost Standard</u>	<u>Computed Rate</u>
<u>Costs Subject to Standards:</u>				
General Services		\$ 80.21	\$ 82.94	
Dietary		13.52	13.85	
Laundry/Housekeeping/Maintenance		<u>9.54</u>	<u>12.55</u>	
Subtotal	\$ <u>6.07</u>	103.27	109.34	\$103.27
Administration & Medical Records	\$ <u>3.99</u>	<u>14.23</u>	<u>18.22</u>	<u>14.23</u>
Subtotal		117.50	<u>\$127.56</u>	117.50
<u>Costs Not Subject to Standards:</u>				
Utilities		3.60		3.60
Special Services		-		-
Medical Supplies & Oxygen		3.32		3.32
Taxes and Insurance		2.05		2.05
Legal Fees		<u>.13</u>		<u>.13</u>
TOTAL		<u>\$126.60</u>		126.60
Inflation Factor (4.60%)				5.82
Cost of Capital				6.74
Cost of Capital Limitation				-
Profit Incentive (Maximum 3.5% of Allowable Cost)				3.99
Cost Incentive				6.07
Effect of \$1.75 Cap on Cost/Profit Incentives				(8.31)
Transportation Escort Add-On				<u>.44</u>
ADJUSTED REIMBURSEMENT RATE				<u>\$141.35</u>

PRINCE GEORGE HEALTHCARE CENTER
 Summary of Costs and Total Patient Days
 For the Cost Report Period Ended March 31, 2007
 For the Contract Period September 29, 2006 Through September 30, 2006
 AC# 3-PGV-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	\$2,175,741	\$ -	\$10,174 (3) 13,929 (7) 22,928 (8) 1,083 (8) 14,349 (9) 638 (9) 2,076 (10) 152 (10) 2,573 (13)	\$2,107,839
Dietary	359,975	2,664 (11)	2,098 (8) 1,052 (9) 4,223 (13)	355,266
Laundry	44,332	15 (11)	691 (8) 276 (9) 1,495 (13)	41,885
Housekeeping	127,292	713 (11)	1,360 (8) 654 (9) 2,243 (13)	123,748
Maintenance	86,227	14,724 (11)	475 (8) 301 (9) 15,104 (13)	85,071
Administration & Medical Records	455,765	8,120 (7) 2,544 (8) 411 (8) 1,627 (9) 53 (9) 11,242 (11)	30,107 (2) 67,035 (4) 4,383 (10) 4,285 (13)	373,952

PRINCE GEORGE HEALTHCARE CENTER
Summary of Costs and Total Patient Days
For the Cost Report Period Ended March 31, 2007
For the Contract Period September 29, 2006 Through September 30, 2006
AC# 3-PGV-C7

<u>Expenses</u>	Totals (From Schedule SC 13) as <u>Adjusted by DH&HS</u>	<u>Debit</u>	Adjustments <u>Credit</u>	<u>Adjusted Totals</u>
Utilities	102,172	2,544 (11)	9,634 (5) 582 (13)	94,500
Special Services	-	9,499 (14)	6,476 (8) 3,023 (9)	-
Medical Supplies & Oxygen	205,266	-	5,250 (3) 36 (9) 1,471 (13) 111,246 (14)	87,263
Taxes and Insurance	246,525	41,544 (11)	225,132 (6) 2 (10) 9,120 (13)	53,815
Legal Fees	3,302	90 (11)	12 (10) 40 (13)	3,340
Cost of Capital	171,716	2,518 (1) 649 (11) <u>1,414 (15)</u>	333 (13)	175,964
Subtotal	3,978,313	100,371	576,041	3,502,643
Ancillary	121,810	-	-	121,810

PRINCE GEORGE HEALTHCARE CENTER
 Summary of Costs and Total Patient Days
 For the Cost Report Period Ended March 31, 2007
 For the Contract Period September 29, 2006 Through September 30, 2006
 AC# 3-PGV-C7

<u>Expenses</u>	Totals (From Schedule SC 13) as Adjusted by DH&HS	Adjustments		Adjusted Totals
		<u>Debit</u>	<u>Credit</u>	
Nonallowable	894,523	30,107 (2)	2,518 (1)	1,360,309
		5,540 (3)	74,185 (11)	
		67,035 (4)	1,414 (15)	
		9,634 (5)		
		225,132 (6)		
		5,809 (7)		
		32,156 (8)		
		18,649 (9)		
		6,625 (10)		
		41,469 (13)		
		101,747 (14)		
 CNA Training and Testing	 <u>450</u>	 <u>-</u>	 <u>-</u>	 <u>450</u>
 Total Operating Expenses	 <u>\$4,995,096</u>	 <u>\$644,274</u>	 <u>\$654,158</u>	 <u>\$4,985,212</u>
 Total Patient Days	 <u>26,143</u>	 <u>136 (17)</u>	 <u>-</u>	 <u>26,279</u>
 Total Beds	 <u>148</u>			

PRINCE GEORGE HEALTHCARE CENTER
 Summary of Costs and Total Patient Days
 For the Cost Report Period Ended March 31, 2007
 For the Contract Periods October 1, 2006 Through September 30, 2007
 AC# 3-PGV-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	\$2,175,741	\$ -	\$ 10,174 (3) 13,929 (7) 22,928 (8) 1,083 (8) 14,349 (9) 638 (9) 2,076 (10) 152 (10) 2,573 (13)	\$2,107,839
Dietary	359,975	2,664 (11)	2,098 (8) 1,052 (9) 4,223 (13)	355,266
Laundry	44,332	15 (11)	691 (8) 276 (9) 1,495 (13)	41,885
Housekeeping	127,292	713 (11)	1,360 (8) 654 (9) 2,243 (13)	123,748
Maintenance	86,227	14,724 (11)	475 (8) 301 (9) 15,104 (13)	85,071
Administration & Medical Records	455,765	8,120 (7) 2,544 (8) 411 (8) 1,627 (9) 53 (9) 11,242 (11)	30,107 (2) 67,035 (4) 4,383 (10) 4,285 (13)	373,952

PRINCE GEORGE HEALTHCARE CENTER
Summary of Costs and Total Patient Days
For the Cost Report Period Ended March 31, 2007
For the Contract Periods October 1, 2006 Through September 30, 2007
AC# 3-PGV-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>	
Utilities	102,172	2,544 (11)	9,634 (5) 582 (13)	94,500
Special Services	-	9,499 (14)	6,476 (8) 3,023 (9)	-
Medical Supplies & Oxygen	205,266	-	5,250 (3) 36 (9) 1,471 (13) 111,246 (14)	87,263
Taxes and Insurance	246,525	41,544 (11)	225,132 (6) 2 (10) 9,120 (13)	53,815
Legal Fees	3,302	90 (11)	12 (10) 40 (13)	3,340
Cost of Capital	171,716	2,518 (1) <u>649 (11)</u>	333 (13) <u>1,310 (16)</u>	173,240
Subtotal	3,978,313	98,957	577,351	3,499,919
Ancillary	121,810	-	-	121,810

PRINCE GEORGE HEALTHCARE CENTER
 Summary of Costs and Total Patient Days
 For the Cost Report Period Ended March 31, 2007
 For the Contract Periods October 1, 2006 Through September 30, 2007
 AC# 3-PGV-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>	
Nonallowable	894,523	30,107 (2)	2,518 (1)	1,363,033
		5,540 (3)	74,185 (11)	
		67,035 (4)		
		9,634 (5)		
		225,132 (6)		
		5,809 (7)		
		32,156 (8)		
		18,649 (9)		
		6,625 (10)		
		41,469 (13)		
		101,747 (14)		
		1,310 (16)		
 CNA Training and Testing	 <u>450</u>	 <u>-</u>	 <u>-</u>	 <u>450</u>
 Total Operating Expenses	 <u>\$4,995,096</u>	 <u>\$644,170</u>	 <u>\$654,054</u>	 <u>\$4,985,212</u>
 Total Patient Days	 <u>26,143</u>	 <u>136 (17)</u>	 <u>-</u>	 <u>26,279</u>
 Total Beds	 <u>148</u>			

PRINCE GEORGE 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-PGV-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	\$2,175,741	\$ -	\$ 10,174 (3) 13,929 (7) 22,928 (8) 1,083 (8) 14,349 (9) 638 (9) 2,076 (10) 152 (10) 2,573 (13)	\$2,107,839
Dietary	359,975	2,664 (12)	2,098 (8) 1,052 (9) 4,223 (13)	355,266
Laundry	44,332	15 (12)	691 (8) 276 (9) 1,495 (13)	41,885
Housekeeping	127,292	713 (12)	1,360 (8) 654 (9) 2,243 (13)	123,748
Maintenance	86,227	14,724 (12)	475 (8) 301 (9) 15,104 (13)	85,071
Administration & Medical Records	458,015	8,120 (7) 2,544 (8) 411 (8) 1,627 (9) 53 (9) 8,992 (12)	30,107 (2) 67,035 (4) 4,383 (10) 4,285 (13)	373,952

PRINCE GEORGE 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-PGV-C7

<u>Expenses</u>	Totals (From Schedule SC 13) as <u>Adjusted by DH&HS</u>	<u>Debit</u>	Adjustments <u>Credit</u>	<u>Adjusted Totals</u>
Utilities	109,529	-	9,634 (5) 4,813 (12) 582 (13)	94,500
Special Services	-	9,499 (14)	6,476 (8) 3,023 (9)	-
Medical Supplies & Oxygen	205,266	-	5,250 (3) 36 (9) 1,471 (13) 111,246 (14)	87,263
Taxes and Insurance	246,543	41,526 (12)	225,132 (6) 2 (10) 9,120 (13)	53,815
Legal Fees	3,321	71 (12)	12 (10) 40 (13)	3,340
Cost of Capital	175,702	2,518 (1) <u>658 (12)</u>	333 (13) <u>1,310 (16)</u>	177,235
Subtotal	3,991,943	94,135	582,164	3,503,914
Ancillary	121,810	-	-	121,810

PRINCE GEORGE 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-PGV-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>	
Nonallowable	880,893	30,107 (2)	2,518 (1)	1,359,038
		5,540 (3)	64,550 (12)	
		67,035 (4)		
		9,634 (5)		
		225,132 (6)		
		5,809 (7)		
		32,156 (8)		
		18,649 (9)		
		6,625 (10)		
		41,469 (13)		
		101,747 (14)		
		1,310 (16)		
 CNA Training and Testing	 <u>450</u>	 <u>-</u>	 <u>-</u>	 <u>450</u>
 Total Operating Expenses	 <u>\$4,995,096</u>	 <u>\$639,348</u>	 <u>\$649,232</u>	 <u>\$4,985,212</u>
 Total Patient Days	 <u>26,143</u>	 <u>136 (17)</u>	 <u>-</u>	 <u>26,279</u>
 Total Beds	 <u>148</u>			

PRINCE GEORGE HEALTHCARE CENTER
Adjustment Report
Cost Report Period Ended March 31, 2007
AC# 3-PGV-C7

<u>ADJUSTMENT</u> <u>NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
1	Cost of Capital	\$ 2,518	
	Other Equity	26,819	
	Fixed Assets		\$12,024
	Accumulated Depreciation		14,795
	Nonallowable		2,518
	To adjust fixed assets and related depreciation		
	HIM-15-1, Section 2304		
	State Plan, Attachment 4.19D		
2	Nonallowable	30,107	
	Administration		30,107
	To disallow interest expense and related loan cost		
	HIM-15-1, Section 2304		
	State Plan, Attachment 4.19D		
3	Accounts Payable	9,884	
	Nonallowable	5,540	
	Nursing		10,174
	Medical Supplies		5,250
	To properly charge expense applicable to subsequent period and disallow expense due to lack of adequate documentation		
	HIM-15-1, Section 2304		
	State Plan, Attachment 4.19D		
4	Nonallowable	67,035	
	Administration		67,035
	To disallow related party expense		
	HIM-15-1, Sections 1005 and 2304		
5	Nonallowable	9,634	
	Utilities		9,634
	To reclassify expense to the proper cost center		
	HIM-15-1, Section 2304		
	DH&HS Expense Crosswalk		

PRINCE GEORGE HEALTHCARE CENTER
 Adjustment Report
 Cost Report Period Ended March 31, 2007
 AC# 3-PGV-C7

<u>ADJUSTMENT NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
6	Nonallowable Taxes and Insurance	225,132	225,132
	To adjust liability insurance expense HIM-15-1, Section 2304 State Plan, Attachment 4.19D		
7	Administration Nonallowable Nursing	8,120 5,809	13,929
	To reclassify expense to the proper cost center HIM-15-1, Section 2304 DH&HS Expense Crosswalk		
8	Administration Medical Records Nonallowable Nursing Restorative Dietary Laundry Housekeeping Maintenance Special Services	2,544 411 32,156	22,928 1,083 2,098 691 1,360 475 6,476
	To disallow expense due to lack of documentation HIM-15-1, Section 2304		
9	Administration Medical Records Nonallowable Nursing Restorative Dietary Laundry Housekeeping Maintenance Medical Supplies Special Services	1,627 53 18,649	14,349 638 1,052 276 654 301 36 3,023
	To adjust fringe benefits and related allocation HIM-15-1, Section 2304 State Plan, Attachment 4.19D		

PRINCE GEORGE HEALTHCARE CENTER
 Adjustment Report
 Cost Report Period Ended March 31, 2007
 AC# 3-PGV-C7

<u>ADJUSTMENT</u>			
<u>NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
10	Nonallowable	6,625	
	Nursing		2,076
	Restorative		152
	Administrative		4,383
	Legal		12
	Taxes and Insurance		2
	To adjust home office cost allocation		
	HIM-15-1, Section 2304		
	State Plan, Attachment 4.19D		
11	Dietary	2,664	
	Laundry	15	
	Housekeeping	713	
	Maintenance	14,724	
	Administration	11,242	
	Legal	90	
	Utilities	2,544	
	Taxes and Insurance	41,544	
	Cost of Capital	649	
	Nonallowable		74,185
	To reverse Provider/DH&HS adjustments		
	to remove indirect cost applicable to		
	non-reimbursable cost centers and adjust		
	utility expense allocation		
	HIM-15-1, Section 2102.3		
	State Plan, Attachment 4.19D		
	(This adjustment applies only to the		
	contract periods 9/29/06 - 9/30/07)		

PRINCE GEORGE HEALTHCARE CENTER
Adjustment Report
Cost Report Period Ended March 31, 2007
AC# 3-PGV-C7

<u>ADJUSTMENT NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
12	Dietary	2,664	
	Laundry	15	
	Housekeeping	713	
	Maintenance	14,724	
	Administration	8,992	
	Legal	71	
	Taxes and Insurance	41,526	
	Cost of Capital	658	
	Utilities		4,813
	Nonallowable		64,550
	To reverse Provider/DH&HS adjustments to remove indirect cost applicable to non-reimbursable cost centers and adjust utility expense allocation HIM-15-1, Section 2102.3 State Plan, Attachment 4.19D (This adjustment applies only to the contract period 10/1/07 - 9/30/08)		
13	Nonallowable	41,469	
	Restorative		2,573
	Dietary		4,223
	Laundry		1,495
	Housekeeping		2,243
	Maintenance		15,104
	Administration		4,285
	Legal		40
	Utilities		582
	Taxes and Insurance		9,120
	Medical Supplies		1,471
	Cost of Capital		333
	To remove indirect cost applicable to non-reimbursable cost centers HIM-15-1, Section 2102.3 State Plan, Attachment 4.19D		
14	Special Services	9,499	
	Nonallowable	101,747	
	Medical Supplies		111,246
	To remove special (ancillary) services reimbursed by Medicare State Plan, Attachment 4.19D		

PRINCE GEORGE HEALTHCARE CENTER
Adjustment Report
Cost Report Period Ended March 31, 2007
AC# 3-PGV-C7

<u>ADJUSTMENT NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
15	Cost of Capital Nonallowable	1,414	1,414
	To adjust capital return State Plan, Attachment 4.19D (This adjustment applies only to the contract period 9/29/06 - 9/30/06)		
16	Nonallowable Cost of Capital	1,310	1,310
	To adjust capital return State Plan, Attachment 4.19D (This adjustment applies only to the contract periods 10/1/06 - 9/30/08)		
17	<u>Memo Adjustment:</u> To increase total patient days by 136 to 26,279		
	TOTAL ADJUSTMENTS	\$ <u>751,650</u>	\$ <u>751,650</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.

PRINCE GEORGE HEALTHCARE CENTER
 Cost of Capital Reimbursement Analysis
 For the Cost Report Period Ended March 31, 2007
 For the Contract Period September 29, 2006 Through September 30, 2006
 AC# 3-PGV-C7

Original Asset Cost (Per Bed)	\$ 15,618
Inflation Adjustment	<u>2.71494</u>
Deemed Asset Value (Per Bed)	42,402
Number of Beds	<u>148</u>
Deemed Asset Value	6,275,496
Improvements Since 1981	378,381
Accumulated Depreciation at 3/31/07	<u>(1,780,383)</u>
Deemed Depreciated Value	4,873,494
Market Rate of Return	<u>.0516</u>
Total Annual Return	251,472
Number of Days in Period	<u>184/365</u>
Adjusted Annual Return	126,769
Return Applicable to Non-Reimbursable Cost Centers	(838)
Allocation of Interest to Non-Reimbursable Cost Centers	<u>-</u>
Allowable Annual Return	125,931
Depreciation Expense	50,312
Amortization Expense	54
Capital Related Income Offsets	-
Allocation of Capital Expenses to Non-Reimbursable Cost Centers	<u>(333)</u>
Allowable Cost of Capital Expense	175,964
Total Patient Days (Actual)	<u>26,279</u>
Cost of Capital Per Diem	\$ <u><u>6.70</u></u>

PRINCE GEORGE HEALTHCARE CENTER
 Cost of Capital Reimbursement Analysis
 For the Cost Report Period Ended March 31, 2007
 For the Contract Periods October 1, 2006 Through September 30, 2007
 AC# 3-PGV-C7

Original Asset Cost (Per Bed)	\$ 15,618
Inflation Adjustment	<u>2.77878</u>
Deemed Asset Value (Per Bed)	43,399
Number of Beds	<u>148</u>
Deemed Asset Value	6,423,052
Improvements Since 1981	378,381
Accumulated Depreciation at 3/31/07	<u>(1,780,383)</u>
Deemed Depreciated Value	5,021,050
Market Rate of Return	<u>.0490</u>
Total Annual Return	246,031
Number of Days in Period	<u>184/365</u>
Adjusted Annual Return	124,027
Return Applicable to Non-Reimbursable Cost Centers	(820)
Allocation of Interest to Non-Reimbursable Cost Centers	<u>-</u>
Allowable Annual Return	123,207
Depreciation Expense	50,312
Amortization Expense	54
Capital Related Income Offsets	-
Allocation of Capital Expenses to Non-Reimbursable Cost Centers	<u>(333)</u>
Allowable Cost of Capital Expense	173,240
Total Patient Days (Actual)	<u>26,279</u>
Cost of Capital Per Diem	\$ <u><u>6.59</u></u>

PRINCE GEORGE 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-PGV-C7

Original Asset Cost (Per Bed)	\$ 15,618
Inflation Adjustment	<u>2.85382</u>
Deemed Asset Value (Per Bed)	44,571
Number of Beds	<u>148</u>
Deemed Asset Value	6,596,508
Improvements Since 1981	378,381
Accumulated Depreciation at 3/31/07	<u>(1,780,383)</u>
Deemed Depreciated Value	5,194,506
Market Rate of Return	<u>.0489</u>
Total Annual Return	254,011
Number of Days in Period	<u>184/365</u>
Adjusted Annual Return	128,049
Return Applicable to Non-Reimbursable Cost Centers	(847)
Allocation of Interest to Non-Reimbursable Cost Centers	<u>-</u>
Allowable Annual Return	127,202
Depreciation Expense	50,312
Amortization Expense	54
Capital Related Income Offsets	-
Allocation of Capital Expenses to Non-Reimbursable Cost Centers	<u>(333)</u>
Allowable Cost of Capital Expense	177,235
Total Patient Days (Actual)	<u>26,279</u>
Cost of Capital Per Diem	\$ <u><u>6.74</u></u>

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