

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 28, 2011

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

Re: AC# 3-SDV-C7 – Palmetto Springdale Operating, LLC d/b/a
Springdale 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 SPRINGDALE OPERATING, LLC
D/B/A SPRINGDALE HEALTHCARE CENTER**

CAMDEN, SOUTH CAROLINA

**CONTRACT PERIODS
BEGINNING SEPTEMBER 29, 2006
AC# 3-SDV-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	23
COST OF CAPITAL REIMBURSEMENT ANALYSIS FOR THE CONTRACT PERIODS OCTOBER 1, 2006 THROUGH SEPTEMBER 30, 2007	3	24
COST OF CAPITAL REIMBURSEMENT ANALYSIS FOR THE CONTRACT PERIOD OCTOBER 1, 2007 THROUGH SEPTEMBER 30, 2008	4	25

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

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

July 11, 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 Springdale Operating, LLC d/b/a Springdale 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 Springdale Operating, LLC d/b/a Springdale 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 Springdale Operating, LLC d/b/a Springdale 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 Springdale Operating, LLC d/b/a Springdale 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
July 11, 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

SPRINGDALE HEALTHCARE CENTER
 Computation of Rate Change
 For the Contract Periods
 Beginning September 29, 2006
 AC# 3-SDV-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)	\$153.48	\$153.48	\$160.23	\$166.61
Adjusted Reimbursement Rate	<u>133.40</u>	<u>139.83</u>	<u>145.86</u>	<u>146.42</u>
Decrease in Reimbursement Rate	\$ <u>20.08</u>	\$ <u>13.65</u>	\$ <u>14.37</u>	\$ <u>20.19</u>

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

SPRINGDALE HEALTHCARE CENTER

Computation of Adjusted Reimbursement Rate

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

	<u>Incentives</u>	<u>Allowable Cost</u>	<u>Cost Standard</u>	<u>Computed Rate</u>
<u>Costs Subject to Standards:</u>				
General Services		\$ 80.75	\$ 75.11	
Dietary		14.04	12.63	
Laundry/Housekeeping/Maintenance		<u>10.46</u>	<u>10.97</u>	
Subtotal	\$ <u>-</u>	105.25	98.71	\$ 98.71
Administration & Medical Records	<u>\$2.06</u>	<u>14.07</u>	<u>16.13</u>	<u>14.07</u>
Subtotal		119.32	<u>\$114.84</u>	112.78
<u>Costs Not Subject to Standards:</u>				
Utilities		3.24		3.24
Special Services		1.03		1.03
Medical Supplies & Oxygen		5.35		5.35
Taxes and Insurance		2.10		2.10
Legal Fees		<u>.13</u>		<u>.13</u>
TOTAL		<u>\$131.17</u>		124.63
Inflation Factor (N/A)				-
Cost of Capital				7.02
Cost of Capital Limitation				-
Profit Incentive (Maximum 3.5% of Allowable Cost)				2.06
Cost Incentive				-
Effect of \$1.75 Cap on Cost/Profit Incentives				<u>(.31)</u>
ADJUSTED REIMBURSEMENT RATE				<u>\$133.40</u>

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

	<u>Incentives</u>	<u>Allowable Cost</u>	<u>Cost Standard</u>	<u>Computed Rate</u>
<u>Costs Subject to Standards:</u>				
General Services		\$ 80.75	\$ 79.77	
Dietary		14.04	13.46	
Laundry/Housekeeping/Maintenance		<u>10.46</u>	<u>12.03</u>	
Subtotal	\$ <u>.01</u>	105.25	105.26	\$105.25
Administration & Medical Records	\$ <u>2.80</u>	<u>14.07</u>	<u>16.87</u>	<u>14.07</u>
Subtotal		119.32	<u>\$122.13</u>	119.32
<u>Costs Not Subject to Standards:</u>				
Utilities		3.24		3.24
Special Services		1.03		1.03
Medical Supplies & Oxygen		5.35		5.35
Taxes and Insurance		2.10		2.10
Legal Fees		<u>.13</u>		<u>.13</u>
TOTAL		<u>\$131.17</u>		131.17
Inflation Factor (N/A)				-
Cost of Capital				6.91
Cost of Capital Limitation				-
Profit Incentive (Maximum 3.5% of Allowable Cost)				2.80
Cost Incentive				.01
Effect of \$1.75 Cap on Cost/Profit Incentives				<u>(1.06)</u>
ADJUSTED REIMBURSEMENT RATE				<u>\$139.83</u>

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

	<u>Incentives</u>	<u>Allowable Cost</u>	<u>Cost Standard</u>	<u>Computed Rate</u>
<u>Costs Subject to Standards:</u>				
General Services		\$ 80.75	\$ 79.77	
Dietary		14.04	13.46	
Laundry/Housekeeping/Maintenance		<u>10.46</u>	<u>12.03</u>	
Subtotal	\$ <u>.01</u>	105.25	105.26	\$105.25
Administration & Medical Records	\$ <u>2.80</u>	<u>14.07</u>	<u>16.87</u>	<u>14.07</u>
Subtotal		119.32	<u>\$122.13</u>	119.32
<u>Costs Not Subject to Standards:</u>				
Utilities		3.24		3.24
Special Services		1.03		1.03
Medical Supplies & Oxygen		5.35		5.35
Taxes and Insurance		2.10		2.10
Legal Fees		<u>.13</u>		<u>.13</u>
TOTAL		<u>\$131.17</u>		131.17
Inflation Factor (4.60%)				6.03
Cost of Capital				6.91
Cost of Capital Limitation				-
Profit Incentive (Maximum 3.5% of Allowable Cost)				2.80
Cost Incentive				.01
Effect of \$1.75 Cap on Cost/Profit Incentives				<u>(1.06)</u>
ADJUSTED REIMBURSEMENT RATE				<u>\$145.86</u>

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

	<u>Incentives</u>	<u>Allowable Cost</u>	<u>Cost Standard</u>	<u>Computed Rate</u>
<u>Costs Subject to Standards:</u>				
General Services		\$ 80.75	\$ 82.94	
Dietary		14.04	13.85	
Laundry/Housekeeping/Maintenance		<u>10.46</u>	<u>12.55</u>	
Subtotal	\$ <u>4.09</u>	105.25	109.34	\$105.25
Administration & Medical Records	\$ <u>4.15</u>	<u>14.07</u>	<u>18.22</u>	<u>14.07</u>
Subtotal		119.32	<u>\$127.56</u>	119.32
<u>Costs Not Subject to Standards:</u>				
Utilities		3.24		3.24
Special Services		1.03		1.03
Medical Supplies & Oxygen		5.35		5.35
Taxes and Insurance		2.10		2.10
Legal Fees		<u>.13</u>		<u>.13</u>
TOTAL		<u>\$131.17</u>		131.17
Inflation Factor (4.60%)				6.03
Cost of Capital				7.06
Cost of Capital Limitation				-
Profit Incentive (Maximum 3.5% of Allowable Cost)				4.15
Cost Incentive				4.09
Effect of \$1.75 Cap on Cost/Profit Incentives				(6.49)
Transportation Escort Add-On				<u>.41</u>
ADJUSTED REIMBURSEMENT RATE				<u>\$146.42</u>

SPRINGDALE 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-SDV-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	\$2,186,564	\$ 1,490 (13)	\$10,963 (3) 24,779 (10) 33,878 (11) 1,758 (11) 1,735 (12) 24 (12) 1,345 (15)	\$2,113,572
Dietary	358,823	10,963 (3) 2,844 (13)	2,546 (11) 2,601 (15)	367,483
Laundry	26,563	-	312 (11) 546 (15)	25,705
Housekeeping	149,684	755 (13)	1,864 (11) 13,479 (15)	135,096
Maintenance	134,395	21,743 (13)	9,605 (1) 8,922 (4) 1,298 (11) 23,448 (15)	112,865
Administration & Medical Records	448,321	11,763 (10) 12,386 (13)	20,381 (2) 73,525 (5) 573 (11) 272 (11) 3,745 (12) 5,612 (15)	368,362
Utilities	92,084	646 (13)	7,501 (6) 496 (15)	84,733

SPRINGDALE 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-SDV-C7

<u>Expenses</u>	Totals (From Schedule SC 13) as <u>Adjusted by DH&HS</u>	Adjustments <u>Debit</u>	<u>Credit</u>	<u>Adjusted Totals</u>
Special Services	27,441	1,671 (12) 6,015 (16)	8,079 (11)	27,048
Medical Supplies & Oxygen	275,284	-	16,800 (3) 3,561 (9) 292 (11) 575 (15) 113,939 (16)	140,117
Taxes and Insurance	243,701	8,447 (7) 38,845 (13)	225,132 (8) 10,929 (15)	54,932
Legal Fees	3,285	101 (13)	2 (12) 56 (15)	3,328
Cost of Capital	177,887	2,867 (1) 1,196 (13) <u>2,148 (17)</u>	312 (15)	183,786
Subtotal	4,124,032	123,880	630,885	3,617,027
Ancillary	243,161	-	-	243,161

SPRINGDALE 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-SDV-C7

<u>Expenses</u>	Totals (From Schedule SC 13) as Adjusted by DH&HS	Debit	Adjustments Credit	Adjusted Totals
Nonallowable	879,530	20,381 (2)	2,867 (1)	1,367,997
		8,922 (4)	74,376 (13)	
		73,525 (5)	2,148 (17)	
		1,291 (6)		
		225,132 (8)		
		3,561 (9)		
		13,016 (10)		
		50,872 (11)		
		3,835 (12)		
		59,399 (15)		
		107,924 (16)		
 CNA Training and Testing	 <u>150</u>	 <u>-</u>	 <u>-</u>	 <u>150</u>
 Total Operating Expenses	 <u>\$5,246,873</u>	 <u>\$691,738</u>	 <u>\$710,276</u>	 <u>\$5,228,335</u>
 Total Patient Days	 <u>26,143</u>	 <u>32 (20)</u>	 <u>-</u>	 <u>26,175</u>
 Total Beds	 <u>148</u>			

SPRINGDALE 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-SDV-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	\$2,186,564	\$ 1,490 (13)	\$10,963 (3) 24,779 (10) 33,878 (11) 1,758 (11) 1,735 (12) 24 (12) 1,345 (15)	\$2,113,572
Dietary	358,823	10,963 (3) 2,844 (13)	2,546 (11) 2,601 (15)	367,483
Laundry	26,563	-	312 (11) 546 (15)	25,705
Housekeeping	149,684	755 (13)	1,864 (11) 13,479 (15)	135,096
Maintenance	134,395	21,743 (13)	9,605 (1) 8,922 (4) 1,298 (11) 23,448 (15)	112,865
Administration & Medical Records	448,321	11,763 (10) 12,386 (13)	20,381 (2) 73,525 (5) 573 (11) 272 (11) 3,745 (12) 5,612 (15)	368,362
Utilities	92,084	646 (13)	7,501 (6) 496 (15)	84,733

SPRINGDALE 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-SDV-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>
Special Services	27,441	1,671 (12) 6,015 (16)	8,079 (11)	27,048
Medical Supplies & Oxygen	275,284	-	16,800 (3) 3,561 (9) 292 (11) 575 (15) 113,939 (16)	140,117
Taxes and Insurance	243,701	8,447 (7) 38,845 (13)	225,132 (8) 10,929 (15)	54,932
Legal Fees	3,285	101 (13)	2 (12) 56 (15)	3,328
Cost of Capital	177,887	2,867 (1) <u>1,196 (13)</u>	312 (15) <u>817 (18)</u>	180,821
Subtotal	4,124,032	121,732	631,702	3,614,062
Ancillary	243,161	-	-	243,161

SPRINGDALE 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-SDV-C7

<u>Expenses</u>	Totals (From Schedule SC 13) as Adjusted by DH&HS	Debit	Adjustments Credit	Adjusted Totals
Nonallowable	879,530	20,381 (2)	2,867 (1)	1,370,962
		8,922 (4)	74,376 (13)	
		73,525 (5)		
		1,291 (6)		
		225,132 (8)		
		3,561 (9)		
		13,016 (10)		
		50,872 (11)		
		3,835 (12)		
		59,399 (15)		
		107,924 (16)		
		817 (18)		
 CNA Training and Testing	 <u>150</u>	 <u>-</u>	 <u>-</u>	 <u>150</u>
 Total Operating Expenses	 <u>\$5,246,873</u>	 <u>\$690,407</u>	 <u>\$708,945</u>	 <u>\$5,228,335</u>
 Total Patient Days	 <u>26,143</u>	 <u>32 (20)</u>	 <u>-</u>	 <u>26,175</u>
 Total Beds	 <u>148</u>			

SPRINGDALE 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-SDV-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	\$2,186,564	\$ 1,490 (14)	\$10,963 (3) 24,779 (10) 33,878 (11) 1,758 (11) 1,735 (12) 24 (12) 1,345 (15)	\$2,113,572
Dietary	358,822	10,963 (3) 2,845 (14)	2,546 (11) 2,601 (15)	367,483
Laundry	26,563	-	312 (11) 546 (15)	25,705
Housekeeping	149,684	755 (14)	1,864 (11) 13,479 (15)	135,096
Maintenance	134,394	21,744 (14)	9,605 (1) 8,922 (4) 1,298 (11) 23,448 (15)	112,865
Administration & Medical Records	451,170	11,763 (10) 9,537 (14)	20,381 (2) 73,525 (5) 573 (11) 272 (11) 3,745 (12) 5,612 (15)	368,362
Utilities	96,527	-	7,501 (6) 3,797 (14) 496 (15)	84,733

SPRINGDALE 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-SDV-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>
Special Services	27,441	1,671 (12) 6,015 (16)	8,079 (11)	27,048
Medical Supplies & Oxygen	275,284	-	16,800 (3) 3,561 (9) 292 (11) 575 (15) 113,939 (16)	140,117
Taxes and Insurance	243,726	8,447 (7) 38,820 (14)	225,132 (8) 10,929 (15)	54,932
Legal Fees	3,306	80 (14)	2 (12) 56 (15)	3,328
Cost of Capital	181,888	2,867 (1) <u>1,199 (14)</u>	312 (15) <u>831 (19)</u>	184,811
Subtotal	4,135,369	118,196	635,513	3,618,052
Ancillary	243,161	-	-	243,161

SPRINGDALE 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-SDV-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	868,193	20,381 (2)	2,867 (1)	1,366,972
		8,922 (4)	67,043 (14)	
		73,525 (5)		
		1,291 (6)		
		225,132 (8)		
		3,561 (9)		
		13,016 (10)		
		50,872 (11)		
		3,835 (12)		
		59,399 (15)		
		107,924 (16)		
		831 (19)		
 CNA Training and Testing	 <u>150</u>	 <u>-</u>	 <u>-</u>	 <u>150</u>
 Total Operating Expenses	 <u>\$5,246,873</u>	 <u>\$686,885</u>	 <u>\$705,423</u>	 <u>\$5,228,335</u>
 Total Patient Days	 <u>26,143</u>	 <u>32 (20)</u>	 <u>-</u>	 <u>26,175</u>
 Total Beds	 <u>148</u>			

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

<u>ADJUSTMENT</u> <u>NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
1	Accumulated Depreciation	\$12,276	
	Other Equity	8,272	
	Cost of Capital	2,867	
	Fixed Assets		\$10,943
	Maintenance		9,605
	Nonallowable		2,867
	To adjust fixed assets and related depreciation		
	HIM-15-1, Section 2304		
	State Plan, Attachment 4.19D		
2	Nonallowable	20,381	
	Administration		20,381
	To disallow interest expense		
	HIM-15-1, Section 2304		
	State Plan, Attachment 4.19D		
3	Accounts Payable	16,800	
	Dietary	10,963	
	Nursing		10,963
	Medical Supplies		16,800
	To reclassify expense to the proper cost center and remove expense not applicable to the period		
	HIM-15-1, Section 2304		
	DH&HS Expense Crosswalk		
4	Nonallowable	8,922	
	Maintenance		8,922
	To disallow expense due to lack of adequate documentation		
	HIM-15-1, Section 2304		
5	Nonallowable	73,525	
	Administration		73,525
	To disallow related party expense		
	HIM-15-1, Sections 1005 and 2304		

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

<u>ADJUSTMENT NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
6	Retained Earnings Nonallowable Utilities	6,210 1,291	 7,501
	To reclassify expense to the proper cost center and remove expense applicable to the prior period HIM-15-1, Section 2302.1 DH&HS Expense Crosswalk		
7	Taxes and Insurance Accrued Property Taxes	8,447	 8,447
	To adjust property tax expense HIM-15-1, Sections 2302.1 and 2304		
8	Nonallowable Taxes and Insurance	225,132	 225,132
	To adjust liability insurance expense HIM-15-1, Section 2304 State Plan, Attachment 4.19D		
9	Nonallowable Medical Supplies	3,561	 3,561
	To disallow expense due to lack of documentation HIM-15-1, Section 2304		
10	Administration Nonallowable Nursing	11,763 13,016	 24,779
	To reclassify expense to the proper cost center HIM-15-1, Section 2304 DH&HS Expense Crosswalk		

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

<u>ADJUSTMENT</u> <u>NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
11	Nonallowable	50,872	
	Nursing		33,878
	Restorative		1,758
	Dietary		2,546
	Laundry		312
	Housekeeping		1,864
	Maintenance		1,298
	Administration		573
	Medical Records		272
	Medical Supplies		292
	Special Services		8,079
	To adjust fringe benefits and related allocation		
	HIM-15-1, Section 2304		
	State Plan, Attachment 4.19D		
12	Special Services	1,671	
	Nonallowable	3,835	
	Nursing		1,735
	Restorative		24
	Administration		3,745
	Legal		2
	To adjust home office cost allocation		
	HIM-15-1, Section 2304		
	State Plan, Attachment 4.19D		

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

<u>ADJUSTMENT</u> <u>NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
13	Nursing	1,490	
	Dietary	2,844	
	Housekeeping	755	
	Maintenance	21,743	
	Administration	12,386	
	Legal	101	
	Utilities	646	
	Taxes and Insurance	38,845	
	Cost of Capital	1,196	
	Other Income		5,630
	Nonallowable		74,376
	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)		
14	Nursing	1,490	
	Dietary	2,845	
	Housekeeping	755	
	Maintenance	21,744	
	Administration	9,537	
	Legal	80	
	Taxes and Insurance	38,820	
	Cost of Capital	1,199	
	Other Income		5,630
	Utilities		3,797
	Nonallowable		67,043
	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)		

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

<u>ADJUSTMENT</u> <u>NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
15	Nonallowable	59,399	
	Restorative		1,345
	Dietary		2,601
	Laundry		546
	Housekeeping		13,479
	Maintenance		23,448
	Administration		5,612
	Legal		56
	Utilities		496
	Taxes and Insurance		10,929
	Medical Supplies		575
	Cost of Capital		312
	To remove indirect cost applicable to non-reimbursable cost centers HIM-15-1, Section 2102.3 State Plan, Attachment 4.19D		
16	Special Services	6,015	
	Nonallowable	107,924	
	Medical Supplies		113,939
	To remove special (ancillary) services reimbursed by Medicare State Plan, Attachment 4.19D		
17	Cost of Capital	2,148	
	Nonallowable		2,148
	To adjust capital return State Plan, Attachment 4.19D (This adjustment applies only to the contract period 9/29/06 - 9/30/06)		
18	Nonallowable	817	
	Cost of Capital		817
	To adjust capital return State Plan, Attachment 4.19D (This adjustment applies only to the contract periods 10/1/06 - 9/30/07)		

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

<u>ADJUSTMENT NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
19	Nonallowable Cost of Capital	831	831
	To adjust capital return State Plan, Attachment 4.19D (This adjustment applies only to the contract period 10/1/07 - 9/30/08)		
20	<u>Memo Adjustment:</u> To increase total patient days by 32 to 26,175		
	<u>TOTAL ADJUSTMENTS</u>	<u>\$813,414</u>	<u>\$813,414</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.

SPRINGDALE 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-SDV-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	514,019
Accumulated Depreciation at 3/31/07	<u>(1,733,158)</u>
Deemed Depreciated Value	5,056,357
Market Rate of Return	<u>.0516</u>
Total Annual Return	260,908
Number of Days in Period	<u>184/365</u>
Adjusted Annual Return	131,526
Return Applicable to Non-Reimbursable Cost Centers	(769)
Allocation of Interest to Non-Reimbursable Cost Centers	<u>-</u>
Allowable Annual Return	130,757
Depreciation Expense	52,890
Amortization Expense	451
Capital Related Income Offsets	-
Allocation of Capital Expenses to Non-Reimbursable Cost Centers	<u>(312)</u>
Allowable Cost of Capital Expense	183,786
Total Patient Days (Actual)	<u>26,175</u>
Cost of Capital Per Diem	\$ <u><u>7.02</u></u>

SPRINGDALE 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-SDV-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	514,019
Accumulated Depreciation at 3/31/07	<u>(1,733,158)</u>
Deemed Depreciated Value	5,203,913
Market Rate of Return	<u>.0490</u>
Total Annual Return	254,992
Number of Days in Period	<u>184/365</u>
Adjusted Annual Return	128,544
Return Applicable to Non-Reimbursable Cost Centers	(752)
Allocation of Interest to Non-Reimbursable Cost Centers	<u>-</u>
Allowable Annual Return	127,792
Depreciation Expense	52,890
Amortization Expense	451
Capital Related Income Offsets	-
Allocation of Capital Expenses to Non-Reimbursable Cost Centers	<u>(312)</u>
Allowable Cost of Capital Expense	180,821
Total Patient Days (Actual)	<u>26,175</u>
Cost of Capital Per Diem	\$ <u><u>6.91</u></u>

SPRINGDALE 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-SDV-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	514,019
Accumulated Depreciation at 3/31/07	<u>(1,733,158)</u>
Deemed Depreciated Value	5,377,369
Market Rate of Return	<u>.0489</u>
Total Annual Return	262,953
Number of Days in Period	<u>184/365</u>
Adjusted Annual Return	132,557
Return Applicable to Non-Reimbursable Cost Centers	(775)
Allocation of Interest to Non-Reimbursable Cost Centers	<u>-</u>
Allowable Annual Return	131,782
Depreciation Expense	52,890
Amortization Expense	451
Capital Related Income Offsets	-
Allocation of Capital Expenses to Non-Reimbursable Cost Centers	<u>(312)</u>
Allowable Cost of Capital Expense	184,811
Total Patient Days (Actual)	<u>26,175</u>
Cost of Capital Per Diem	\$ <u>7.06</u>

2 copies of this document were published at an estimated printing cost of \$1.81 each, and a total printing cost of \$3.62. Section 1-11-125 of the South Carolina Code of Laws, as amended requires this information on printing costs be added to the document.