

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

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April 25, 2013

Mr. Chris Stenger, Vice President
Planning and Reimbursement
Sava Senior Care Administrative Services, LLC
5300 West Sam Houston Parkway North, Suite 100
Houston, Texas 77041

Re: AC# 3-MAE-J0 – SSC Sumter East Operating Company, LLC d/b/a
Sumter East Health and Rehabilitation Center

Dear Mr. Stenger:

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, 2009 through September 30, 2010. That report was used to set the rate covering the contract period beginning November 1, 2011.

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
Ms. Nicole Mitchell Threat
Ms. Melissa Simmons

**SSC SUMTER EAST OPERATING COMPANY, LLC D/B/A
SUMTER EAST HEALTH AND REHABILITATION CENTER**

SUMTER, SOUTH CAROLINA

**CONTRACT PERIOD
BEGINNING NOVEMBER 1, 2011
AC# 3-MAE-J0**

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

March 25, 2013

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 SSC Sumter East Operating Company, LLC d/b/a Sumter East Health and Rehabilitation Center, for the contract period beginning November 1, 2011, and for the twelve month cost report period ended September 30, 2010, as set forth in the accompanying schedules. The management of SSC Sumter East Operating Company, LLC d/b/a Sumter East Health and Rehabilitation 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 SSC Sumter East Operating Company, LLC d/b/a Sumter East Health and Rehabilitation 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 and Adjustment Report sections of this report.
2. We recomputed the Computation of Reimbursement Rate using the adjusted costs and calculated the rate change in accordance with the provisions of the contract between the South Carolina Department of Health and Human Services and SSC Sumter East Operating Company, LLC d/b/a Sumter East Health and Rehabilitation Center dated as of October 1, 2011, 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
March 25, 2013

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

SUMTER EAST HEALTH AND REHABILITATION CENTER
Computation of Rate Change
For the Contract Period
Beginning November 1, 2011
AC# 3-MAE-J0

	<u>11/01/11-</u> <u>09/30/12</u>
Interim Reimbursement Rate (1)	\$116.58
Adjusted Reimbursement Rate	<u>115.30</u>
Decrease in Reimbursement Rate	\$ <u><u>1.28</u></u>

(1) Interim reimbursement rate from the South Carolina Medicaid Management Information System (MMIS) Provider Rate Listing dated April 10, 2012.

SUMTER EAST HEALTH AND REHABILITATION CENTER
 Computation of Adjusted Reimbursement Rate
 For the Contract Period November 1, 2011 Through September 30, 2012
 AC# 3-MAE-J0

	<u>Incentives</u>	<u>Allowable Cost</u>	<u>Cost Standard</u>	<u>Computed Rate</u>
<u>Costs Subject to Standards:</u>				
General Services		\$ 62.88	\$ 95.14	
Dietary		12.22	15.92	
Laundry/Housekeeping/Maintenance		<u>9.83</u>	<u>14.77</u>	
Subtotal	<u>\$8.81</u>	84.93	125.83	\$ 84.93
Administration & Medical Records	<u>\$3.58</u>	<u>17.04</u>	<u>20.62</u>	<u>17.04</u>
Subtotal		101.97	<u>\$146.45</u>	101.97
<u>Costs Not Subject to Standards:</u>				
Utilities		4.07		4.07
Special Services		.13		.13
Medical Supplies & Oxygen		2.87		2.87
Taxes and Insurance		1.93		1.93
Legal Fees		<u>.02</u>		<u>.02</u>
TOTAL		<u>\$110.99</u>		110.99
Inflation Factor (N/A)				-
Cost of Capital				6.15
Profit Incentive (Maximum 3.5% of Allowable Cost)				3.58
Cost Incentive				8.81
Effect of \$1.75 Cap on Cost/Profit Incentives				(10.64)
Budget Neutrality Adjustment (3.02%)				<u>(3.59)</u>
ADJUSTED REIMBURSEMENT RATE				<u>\$115.30</u>

SUMTER EAST HEALTH AND REHABILITATION CENTER
Summary of Costs and Total Patient Days
For the Cost Report Period Ended September 30, 2010
AC# 3-MAE-J0

<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	\$3,921,367	\$ -	\$ -	\$3,921,367
Dietary	762,153	-	-	762,153
Laundry	128,363	-	-	128,363
Housekeeping	170,112	-	-	170,112
Maintenance	320,675	-	5,855 (1)	314,820
Administration & Medical Records	1,109,953	-	47,368 (2)	1,062,585
Utilities	253,789	-	-	253,789
Special Services	7,992	-	-	7,992
Medical Supplies & Oxygen	207,981	-	29,059 (3)	178,922
Taxes & Insurance	120,577	-	-	120,577
Legal Fees	1,219	-	-	1,219
Cost of Capital	<u>383,699</u>	<u>-</u>	<u>-</u>	<u>383,699</u>
Subtotal	7,387,880	-	82,282	7,305,598

SUMTER EAST HEALTH AND REHABILITATION CENTER
Summary of Costs and Total Patient Days
For the Cost Report Period Ended September 30, 2010
AC# 3-MAE-J0

<u>Expenses</u>	Totals (From Schedule SC 13) as Adjusted by DH&HS	Adjustments		Adjusted Totals
		<u>Debit</u>	<u>Credit</u>	
Ancillary	304,590	29,059 (3)	-	333,649
Non-Allowable	2,939,011	5,855 (1) 47,368 (2)	-	2,992,234
CNA Training and Testing	<u>309</u>	<u>-</u>	<u>-</u>	<u>309</u>
Total Operating Expenses	<u>\$10,631,790</u>	<u>\$82,282</u>	<u>\$82,282</u>	<u>\$10,631,790</u>
Total Patient Days	<u>62,366</u>	<u>-</u>	<u>-</u>	<u>62,366</u>
Total Beds	<u>176</u>			

SUMTER EAST HEALTH AND REHABILITATION CENTER
Adjustment Report
Cost Report Period Ended September 30, 2010
AC# 3-MAE-J0

<u>ADJUSTMENT NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
1	Nonallowable Maintenance	\$ 5,855	\$ 5,855
	To adjust year-end accrual and disallow expense due to lack of adequate documentation HIM-15-1, Section 2304		
2	Nonallowable Administration	47,368	47,368
	To reclassify expense to the proper cost center HIM-15-1, Section 2136 DH&HS Expense Crosswalk		
3	Ancillary Medical Supplies	29,059	29,059
	To reclassify expense to the proper cost center State Plan, Attachment 4.19D DH&HS Expense Crosswalk		
	TOTAL ADJUSTMENTS	<u>\$82,282</u>	<u>\$82,282</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.

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