

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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December 5, 2013

Ms. Sybil L. Tyson, Reimbursement Director
Special Projects and Planning
UHS–Pruitt Corporation
Post Office Box 1210
Toccoa, Georgia 30577

Re: AC# 3-BCC-J0 – UniHealth Post Acute Care - Columbia, LLC d/b/a
UniHealth Post Acute Care - Columbia

Dear Ms. Tyson:

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.", is written over a faint, larger version of the signature.

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

RHGjr/sag

cc: Ms. Brenda L. Hyleman
Mr. Jeff Saxon
Ms. Kathleen C. Snider
Ms. Nicole Mitchell Threat
Ms. Melissa Simmons

**UNIHEALTH POST ACUTE CARE - COLUMBIA, LLC D/B/A
UNIHEALTH POST ACUTE CARE - COLUMBIA
COLUMBIA, SOUTH CAROLINA**

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

May 16, 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 UniHealth Post Acute Care - Columbia, LLC d/b/a UniHealth Post Acute Care - Columbia, 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 UniHealth Post Acute Care - Columbia, LLC d/b/a UniHealth Post Acute Care - Columbia 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 UniHealth Post Acute Care - Columbia, LLC d/b/a UniHealth Post Acute Care - Columbia, 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 UniHealth Post Acute Care - Columbia, LLC d/b/a UniHealth Post Acute Care - Columbia 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
May 16, 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

UNIHEALTH POST ACUTE CARE - COLUMBIA
Computation of Rate Change
For the Contract Period
Beginning November 1, 2011
AC# 3-BCC-J0

11/01/11-
09/30/12

Interim Reimbursement Rate (1)	\$149.52
Adjusted Reimbursement Rate	<u>149.09</u>
Decrease in Reimbursement Rate	\$ <u><u>.43</u></u>

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

UNIHEALTH POST ACUTE CARE - COLUMBIA
 Computation of Adjusted Reimbursement Rate
 For the Contract Period November 1, 2011 Through September 30, 2012
 AC# 3-BCC-J0

	<u>Incentives</u>	<u>Allowable Cost</u>	<u>Cost Standard</u>	<u>Computed Rate</u>
<u>Costs Subject to Standards:</u>				
General Services		\$ 77.99	\$108.41	
Dietary		12.75	15.92	
Laundry/Housekeeping/Maintenance		<u>18.67</u>	<u>14.77</u>	
Subtotal	<u>\$9.74</u>	109.41	139.10	\$109.41
Administration & Medical Records	<u>\$1.86</u>	<u>18.76</u>	<u>20.62</u>	<u>18.76</u>
Subtotal		128.17	<u>\$159.72</u>	128.17
<u>Costs Not Subject to Standards:</u>				
Utilities		3.78		3.78
Special Services		.07		.07
Medical Supplies & Oxygen		5.09		5.09
Taxes and Insurance		8.65		8.65
Legal Fees		<u>.35</u>		<u>.35</u>
TOTAL		<u>\$146.11</u>		146.11
Inflation Factor (N/A)				-
Cost of Capital				9.04
Cost of Capital Limitation				(3.17)
Profit Incentive (Maximum 3.5% of Allowable Cost)				1.86
Cost Incentive				9.74
Effect of \$1.75 Cap on Cost/Profit Incentives				(9.85)
Budget Neutrality Adjustment (3.02%)				<u>(4.64)</u>
ADJUSTED REIMBURSEMENT RATE				<u>\$149.09</u>

UNIHEALTH POST ACUTE CARE - COLUMBIA
Summary of Costs and Total Patient Days
For the Cost Report Period Ended September 30, 2010
AC# 3-BCC-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	\$5,131,268	\$ 14,596 (4)	\$ 12,753 (1) 501 (5) 1 (5)	\$5,132,609
Dietary	840,077	-	1,100 (5)	838,977
Laundry	222,269	-	1,226 (5)	221,043
Housekeeping	521,451	-	1,593 (5)	519,858
Maintenance	491,013	-	3,548 (5)	487,465
Administration & Medical Records	1,235,272	-	406 (5) 43 (5)	1,234,823
Utilities	249,046	-	-	249,046
Special Services	4,333	4,212 (3)	96 (5) 4,075 (6)	4,374
Medical Supplies & Oxygen	357,756	3,166 (6)	14,596 (4) 11,414 (5)	334,912
Taxes and Insurance	569,165	-	-	569,165
Legal Fees	22,994	-	-	22,994

UNIHEALTH POST ACUTE CARE - COLUMBIA
Summary of Costs and Total Patient Days
For the Cost Report Period Ended September 30, 2010
AC# 3-BCC-J0

<u>Expenses</u>	Totals (From Schedule SC 13) as Adjusted by DH&HS	Adjustments <u>Debit</u>	<u>Credit</u>	Adjusted <u>Totals</u>
Cost of Capital	386,305	979 (2) 6,498 (3) <u>201,012 (7)</u>	-	594,794
Subtotal	10,030,949	230,463	51,352	10,210,060
Ancillary	331,481	-	-	331,481
Nonallowable	2,670,780	12,753 (1) 19,928 (5) 909 (6)	979 (2) 10,710 (3) 201,012 (7)	2,491,669
CNA Training and Testing	<u>896</u>	<u>-</u>	<u>-</u>	<u>896</u>
Total Operating Expenses	<u>\$13,034,106</u>	<u>\$264,053</u>	<u>\$264,053</u>	<u>\$13,034,106</u>
Total Patient Days	<u>65,810</u>	<u>-</u>	<u>-</u>	<u>65,810</u>
Total Beds	<u>171</u>			

UNIHEALTH POST ACUTE CARE - COLUMBIA
Adjustment Report
Cost Report Period Ended September 30, 2010
AC# 3-BCC-J0

<u>ADJUSTMENT</u> <u>NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
1	Nonallowable Nursing	\$12,753	\$12,753
	To adjust related party United Clinical expense HIM-15-1, Section 2304 State Plan, Attachment 4.19D		
2	Fixed Assets	11,749	
	Cost of Capital	979	
	Accumulated Depreciation		1,458
	Other Equity		10,291
	Nonallowable		979
	To carry forward adjustment to capitalize expense HIM-15-1, Section 108 State Plan, Attachment 4.19D		
3	Fixed Assets	128,752	
	Cost of Capital	6,498	
	Special Services - Therapy	4,212	
	Accumulated Depreciation		10,958
	Nonallowable		10,710
	Other Equity		117,794
	To adjust fixed assets and related depreciation HIM-15-1, Section 2304 State Plan, Attachment 4.19D		
4	Nursing	14,596	
	Medical Supplies & Oxygen		14,596
	To properly classify expenses HIM-15-1, Section 2302.1 DH&HS Expense Crosswalk		

UNIHEALTH POST ACUTE CARE - COLUMBIA
Adjustment Report
Cost Report Period Ended September 30, 2010
AC# 3-BCC-J0

ADJUSTMENT NUMBER	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
5	Nonallowable	19,928	
	Nursing		501
	Restorative		1
	Dietary		1,100
	Laundry		1,226
	Housekeeping		1,593
	Maintenance		3,548
	Administration		406
	Medical Records		43
	Medical Supplies & Oxygen		11,414
	Special Services - Therapy		96
	To adjust related party United Medical expense HIM-15-1, Section 2304 State Plan, Attachment 4.19D		
6	Medical Supplies & Oxygen	3,166	
	Nonallowable	909	
	Special Services - Therapy		4,075
	To remove special (ancillary) services reimbursed by Medicare State Plan, Attachment 4.19D		
7	Cost of Capital	201,012	
	Nonallowable		201,012
	To adjust capital return State Plan, Attachment 4.19D		
		\$404,554	\$404,554
	TOTAL ADJUSTMENTS		

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.

UNIHEALTH POST ACUTE CARE - COLUMBIA
 Cost of Capital Reimbursement Analysis
 For the Cost Report Period Ended September 30, 2010
 AC# 3-BCC-J0

Original Asset Cost (Per Bed)	\$ 15,618
Inflation Adjustment	<u>3.15264</u>
Deemed Asset Value (Per Bed)	49,238
Number of Beds (Average Number of Beds)	<u>188</u>
Deemed Asset Value	9,256,744
Improvements Since 1981	3,020,978
Accumulated Depreciation at 9/30/10	(3,971,640)
Deemed Depreciated Value	8,306,082
Market Rate of Return	<u>.0420</u>
Total Annual Return	348,855
Return Applicable to Non-Reimbursable Cost Centers	-
Allocation of Interest to Non-Reimbursable Cost Centers	<u>-</u>
Allowable Annual Return	348,855
Depreciation Expense	245,939
Amortization Expense	-
Capital Related Income Offsets	-
Allocation of Capital Expenses to Non-Reimbursable Cost Centers	<u>-</u>
Allowable Cost of Capital Expense	594,794
Total Patient Days (Minimum 96% Occupancy)	<u>65,810</u>
Cost of Capital Per Diem	\$ <u><u>9.04</u></u>

UNIHEALTH POST ACUTE CARE - COLUMBIA
Cost of Capital Reimbursement Analysis
For the Cost Report Period Ended September 30, 2010
AC# 3-BCC-J0

6/30/89 Cost of Capital and Return on Equity Capital Per Diem Reimbursement	\$ 1.88
Adjustment for Maximum Increase	<u>3.99</u>
Maximum Cost of Capital Per Diem	\$ <u>5.87</u>
Reimbursable Cost of Capital Per Diem	\$ 5.87
Cost of Capital Per Diem	<u>9.04</u>
Cost of Capital Per Diem Limitation	\$ <u>(3.17)</u>

4 copies of this document were published at an estimated printing cost of \$1.38 each, and a total printing cost of \$5.52. Section 1-11-125 of the South Carolina Code of Laws, as amended requires this information on printing costs be added to the document.