

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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October 24, 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-J9 – 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, 2008 through September 30, 2009. That report was used to set the rate covering the contract periods beginning October 1, 2010.

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

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

COLUMBIA, SOUTH CAROLINA

**CONTRACT PERIODS
BEGINNING OCTOBER 1, 2010
AC# 3-BCC-J9**

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 15, 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 periods beginning October 1, 2010, and for the twelve month cost report period ended September 30, 2009, 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 contracts 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, 2006 and October 1, 2011, 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
May 15, 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 Periods
Beginning October 1, 2010
AC# 3-BCC-J9

	<u>10/01/10-</u> <u>04/07/11</u>	<u>04/08/11-</u> <u>10/31/11</u>
Interim Reimbursement Rate (1)	\$155.81	\$151.14
Adjusted Reimbursement Rate	<u>150.38</u>	<u>145.87</u>
Decrease in Reimbursement Rate	\$ <u>5.43</u>	\$ <u>5.27</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 October 1, 2010 Through April 7, 2011
 AC# 3-BCC-J9

	<u>Incentives</u>	<u>Allowable Cost</u>	<u>Cost Standard</u>	<u>Computed Rate</u>
<u>Costs Subject to Standards:</u>				
General Services		\$ 74.94	\$106.09	
Dietary		12.54	15.58	
Laundry/Housekeeping/Maintenance		<u>18.23</u>	<u>14.87</u>	
Subtotal	\$ <u>9.56</u>	105.71	136.54	\$105.71
Administration & Medical Records	\$ <u>.82</u>	<u>19.33</u>	<u>20.15</u>	<u>19.33</u>
Subtotal		125.04	<u>\$156.69</u>	125.04
<u>Costs Not Subject to Standards:</u>				
Utilities		3.74		3.74
Special Services		.44		.44
Medical Supplies & Oxygen		4.11		4.11
Taxes and Insurance		6.30		6.30
Legal Fees		<u>.33</u>		<u>.33</u>
TOTAL		<u>\$139.96</u>		139.96
Inflation Factor (2.00%)				2.80
Cost of Capital				9.05
Cost of Capital Limitation				(3.18)
Profit Incentive (Maximum 3.5% of Allowable Cost)				.82
Cost Incentive				9.56
Effect of \$1.75 Cap on Cost/Profit Incentives				<u>(8.63)</u>
ADJUSTED REIMBURSEMENT RATE				<u>\$150.38</u>

UNIHEALTH POST ACUTE CARE - COLUMBIA
 Computation of Adjusted Reimbursement Rate
 For the Contract Period April 8, 2011 Through October 31, 2011
 AC# 3-BCC-J9

	<u>Incentives</u>	<u>Allowable Cost</u>	<u>Cost Standard</u>	<u>Computed Rate</u>
<u>Costs Subject to Standards:</u>				
General Services		\$ 74.94	\$106.09	
Dietary		12.54	15.58	
Laundry/Housekeeping/Maintenance		<u>18.23</u>	<u>14.87</u>	
Subtotal	<u>\$9.56</u>	105.71	136.54	\$105.71
Administration & Medical Records	<u>\$.82</u>	<u>19.33</u>	<u>20.15</u>	<u>19.33</u>
Subtotal		125.04	<u>\$156.69</u>	125.04
<u>Costs Not Subject to Standards:</u>				
Utilities		3.74		3.74
Special Services		.44		.44
Medical Supplies & Oxygen		4.11		4.11
Taxes and Insurance		6.30		6.30
Legal Fees		<u>.33</u>		<u>.33</u>
TOTAL		<u>\$139.96</u>		139.96
Inflation Factor (2.00%)				2.80
Cost of Capital				9.05
Cost of Capital Limitation				(3.18)
Profit Incentive (Maximum 3.5% of Allowable Cost)				.82
Cost Incentive				9.56
Effect of \$1.75 Cap on Cost/Profit Incentives				(8.63)
Effect of 3% Rate Reduction				<u>(4.51)</u>
ADJUSTED REIMBURSEMENT RATE				<u>\$145.87</u>

UNIHEALTH POST ACUTE CARE - COLUMBIA
 Summary of Costs and Total Patient Days
 For the Cost Report Period Ended September 30, 2009
 AC# 3-BCC-J9

<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>
General Services	\$5,080,083	\$ -	\$ 15,501 (2) 20,000 (3) 52,092 (8) 3,397 (18) 27 (18)	\$4,989,066
Dietary	839,053	-	4,017 (18)	835,036
Laundry	215,775	12,279 (8)	3,019 (18)	225,035
Housekeeping	514,025	-	3,639 (18)	510,386
Maintenance	679,982	-	6,792 (4) 11,745 (5) 19,180 (6) 991 (7) 128,750 (8) 1,000 (9) 4,655 (10) 8,789 (11) 8,069 (12) 3,942 (16) 3,792 (18) 4,214 (19)	478,063
Administration & Medical Records	1,315,726	39,813 (8) 8,069 (12) 1,432 (15)	1,569 (2) 1,068 (18) 82 (18) 75,093 (19)	1,287,228

UNIHEALTH POST ACUTE CARE - COLUMBIA
Summary of Costs and Total Patient Days
For the Cost Report Period Ended September 30, 2009
AC# 3-BCC-J9

<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	249,957	-	1,049 (19)	248,908
Special Services	28,014	814 (1) 20,000 (3)	19,385 (17) 104 (18)	29,339
Medical Supplies & Oxygen	292,953	1,744 (17)	1,432 (15) 2,416 (16) 17,161 (18)	273,688
Taxes and Insurance	427,227	-	4,865 (14) 2,706 (19)	419,656
Legal Fees	29,518	-	7,554 (19)	21,964
Cost of Capital	390,801	479 (5) <u>221,249 (13)</u>	813 (1) <u>8,909 (19)</u>	602,807
Subtotal	10,063,114	305,879	447,817	9,921,176
Ancillary	318,265	-	-	318,265

UNIHEALTH POST ACUTE CARE - COLUMBIA
Summary of Costs and Total Patient Days
For the Cost Report Period Ended September 30, 2009
AC# 3-BCC-J9

<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	1,676,636	17,070 (2)	4 (5)	1,673,690
		6,792 (4)	221,249 (13)	
		19,180 (6)		
		991 (7)		
		1,000 (9)		
		4,655 (10)		
		8,789 (11)		
		6,358 (16)		
		17,641 (17)		
		36,306 (18)		
		99,525 (19)		
 CNA Training and Testing	 <u>165</u>	 <u>-</u>	 <u>-</u>	 <u>165</u>
 Total Operating Expenses	 <u>\$12,058,180</u>	 <u>\$524,186</u>	 <u>\$669,070</u>	 <u>\$11,913,296</u>
 Total Patient Days	 <u>66,576</u>	 <u>-</u>	 <u>-</u>	 <u>66,576</u>
 Total Beds	 <u>190</u>			

UNIHEALTH POST ACUTE CARE - COLUMBIA
Adjustment Report
Cost Report Period Ended September 30, 2009
AC# 3-BCC-J9

<u>ADJUSTMENT NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
1	Special Services - Therapy Other Equity Accumulated Depreciation Cost of Capital	\$ 814 428	\$ 429 813
	To adjust fixed assets and related depreciation HIM-15-1, Section 2304 State Plan, Attachment 4.19D		
2	Nonallowable Nursing Administration	17,070	15,501 1,569
	To adjust related party United Clinical expense HIM-15-1, Section 2304 State Plan, Attachment 4.19D		
3	Special Services - Therapy Nursing	20,000	20,000
	To properly classify expenses DH&HS Expense Crosswalk HIM-15-1, Section 2304 State Plan, Attachment 4.19D		
4	Nonallowable Maintenance	6,792	6,792
	To properly charge expense applicable to the prior period HIM-15-1, Section 2302.1		
5	Fixed Assets Cost of Capital Accumulated Depreciation Maintenance Nonallowable	11,749 479	479 11,745 4
	To capitalize expense HIM-15-1, Section 108 State Plan, Attachment 4.19D		

UNIHEALTH POST ACUTE CARE - COLUMBIA
Adjustment Report
Cost Report Period Ended September 30, 2009
AC# 3-BCC-J9

<u>ADJUSTMENT NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
6	Nonallowable Maintenance	19,180	19,180
	To properly charge expense applicable to the prior period HIM-15-1, Section 2302.1		
7	Nonallowable Maintenance	991	991
	To remove an expense which was expensed twice HIM-15-1, Section 2304 State Plan, Attachment 4.19D		
8	Fixed Assets	128,750	
	Laundry	12,279	
	Administration	39,813	
	Nursing		52,092
	Maintenance		128,750
	To properly classify expenses DH&HS Expense Crosswalk HIM-15-1, Section 108 State Plan, Attachment 4.19D		
9	Nonallowable Maintenance	1,000	1,000
	To disallow expense due to lack of documentation HIM-15-1, Section 2304 State Plan, Attachment 4.19D		
10	Nonallowable Maintenance	4,655	4,655
	To properly charge expense applicable to the prior period HIM-15-1, Section 2302.1		

UNIHEALTH POST ACUTE CARE - COLUMBIA
Adjustment Report
Cost Report Period Ended September 30, 2009
AC# 3-BCC-J9

<u>ADJUSTMENT NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
11	Nonallowable Maintenance	8,789	8,789
	To disallow expense due to lack of documentation and remove expense not related to the facility HIM-15-1, Sections 2102 and 2304 State Plan, Attachment 4.19D		
12	Administration Maintenance	8,069	8,069
	To properly classify expenses DH&HS Expense Crosswalk State Plan, Attachment 4.19D		
13	Cost of Capital Nonallowable	221,249	221,249
	To adjust capital return State Plan, Attachment 4.19D		
14	Retained Earnings Taxes and Insurance	4,865	4,865
	To adjust property taxes HIM-15-1, Sections 2302.1 and 2304		
15	Medical Records Medical Supplies & Oxygen	1,432	1,432
	To properly classify expense DH&HS Expense Crosswalk		

UNIHEALTH POST ACUTE CARE - COLUMBIA
 Adjustment Report
 Cost Report Period Ended September 30, 2009
 AC# 3-BCC-J9

<u>ADJUSTMENT NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
16	Nonallowable	6,358	
	Maintenance		3,942
	Medical Supplies & Oxygen		2,416
	To properly charge expense applicable to the prior period HIM-15-1, Section 2302.1		
17	Nonallowable	17,641	
	Medical Supplies & Oxygen	1,744	
	Special Services - Therapy		19,385
	To remove special (ancillary) services reimbursed by Medicare State Plan, Attachment 4.19D		
18	Nonallowable	36,306	
	Nursing		3,397
	Restorative		27
	Dietary		4,017
	Laundry		3,019
	Housekeeping		3,639
	Maintenance		3,792
	Administration		1,068
	Medical Records		82
	Medical Supplies & Oxygen		17,161
	Special Services - Therapy		104
	To adjust related party United Medical expense HIM-15-1, Section 2304 State Plan, Attachment 4.19D		

UNIHEALTH POST ACUTE CARE - COLUMBIA
 Adjustment Report
 Cost Report Period Ended September 30, 2009
 AC# 3-BCC-J9

<u>ADJUSTMENT NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
19	Nonallowable	99,525	
	Maintenance		4,214
	Administration		75,093
	Legal		7,554
	Utilities		1,049
	Taxes and Insurance		2,706
	Cost of Capital - Home Office Depreciation		8,909
	To adjust home office costs HIM-15-1, Section 2304 State Plan, Attachment 4.19D		
		-----	-----
	TOTAL ADJUSTMENTS	\$669,978	\$669,978

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, 2009
 AC# 3-BCC-J9

Original Asset Cost (Per Bed)	\$ 15,618
Inflation Adjustment	<u>3,10948</u>
Deemed Asset Value (Per Bed)	48,564
Number of Beds	<u>190</u>
Deemed Asset Value	9,227,160
Improvements Since 1981	3,014,923
Accumulated Depreciation at 9/30/09	<u>(3,778,566)</u>
Deemed Depreciated Value	8,463,517
Market Rate of Return	<u>.0440</u>
Total Annual Return	372,395
Return Applicable to Non-Reimbursable Cost Centers	-
Allocation of Rent and Interest to Non-Reimbursable Cost Centers	<u>-</u>
Allowable Annual Return	372,395
Depreciation Expense	230,412
Capital Related Income Offsets	-
Allocation of Capital Expenses to Non-Reimbursable Cost Centers	<u>-</u>
Allowable Cost of Capital Expense	602,807
Total Patient Days (Minimum 96% Occupancy)	<u>66,576</u>
Cost of Capital Per Diem	\$ <u><u>9.05</u></u>

UNIHEALTH POST ACUTE CARE - COLUMBIA
Cost of Capital Reimbursement Analysis
For the Cost Report Period Ended September 30, 2009
AC# 3-BCC-J9

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>9.05</u>
Cost of Capital Per Diem Limitation	\$ <u>(3.18)</u>

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