

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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January 14, 2014

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

Re: AC# 3-DHC-J0 – Heritage Healthcare at The Pines, LLC d/b/a
Heritage Healthcare at The Pines

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.", 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

**HERITAGE HEALTHCARE AT THE PINES, LLC D/B/A
HERITAGE HEALTHCARE AT THE PINES**

DILLON, SOUTH CAROLINA

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

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 PERIOD BEGINNING NOVEMBER 1, 2011	A	3
COMPUTATION OF ADJUSTED REIMBURSEMENT RATE FOR THE CONTRACT PERIOD NOVEMBER 1, 2011 THROUGH SEPTEMBER 30, 2012	B	4
SUMMARY OF COSTS AND TOTAL PATIENT DAYS FOR THE COST REPORT PERIOD ENDED SEPTEMBER 30, 2010	C	5
ADJUSTMENT REPORT	1	7

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

August 28, 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 Heritage Healthcare at The Pines, LLC d/b/a Heritage Healthcare at The Pines, 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 Heritage Healthcare at The Pines, LLC d/b/a Heritage Healthcare at The Pines 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 Heritage Healthcare at The Pines, LLC d/b/a Heritage Healthcare at The Pines, 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 Heritage Healthcare at The Pines, LLC d/b/a Heritage Healthcare at The Pines 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
August 28, 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

HERITAGE HEALTHCARE AT THE PINES
Computation of Rate Change
For the Contract Period
Beginning November 1, 2011
AC# 3-DHC-J0

	11/01/11- <u>09/30/12</u>
Interim Reimbursement Rate (1)	\$149.26
Adjusted Reimbursement Rate	<u>148.63</u>
Decrease in Reimbursement Rate	\$ <u><u>.63</u></u>

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

HERITAGE HEALTHCARE AT THE PINES

Computation of Adjusted Reimbursement Rate

For the Contract Period November 1, 2011 Through September 30, 2012
AC# 3-DHC-J0

	<u>Incentives</u>	<u>Allowable Cost</u>	<u>Cost Standard</u>	<u>Computed Rate</u>
<u>Costs Subject to Standards:</u>				
General Services		\$ 77.54	\$101.89	
Dietary		14.91	16.01	
Laundry/Housekeeping/Maintenance		<u>17.57</u>	<u>15.28</u>	
Subtotal	<u>\$9.32</u>	110.02	133.18	\$110.02
Administration & Medical Records	<u>\$3.74</u>	<u>18.74</u>	<u>22.48</u>	<u>18.74</u>
Subtotal		128.76	<u>\$155.66</u>	128.76
<u>Costs Not Subject to Standards:</u>				
Utilities		3.22		3.22
Special Services		.49		.49
Medical Supplies & Oxygen		4.44		4.44
Taxes and Insurance		8.54		8.54
Legal Fees		<u>.50</u>		<u>.50</u>
TOTAL		<u>\$145.95</u>		145.95
Inflation Factor (N/A)				-
Cost of Capital				5.56
Cost of Capital Limitation				-
Profit Incentive (Maximum 3.5% of Allowable Cost)				3.74
Cost Incentive				9.32
Effect of \$1.75 Cap on Cost/Profit Incentives				(11.31)
Budget Neutrality Adjustment (3.02%)				<u>(4.63)</u>
ADJUSTED REIMBURSEMENT RATE				<u>\$148.63</u>

HERITAGE HEALTHCARE AT THE PINES
 Summary of Costs and Total Patient Days
 For the Cost Report Period Ended September 30, 2010
 AC# 3-DHC-J0

<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	\$2,289,619	\$ -	\$ 6,956 (1) 235 (2)	\$2,282,428
Dietary	440,089	-	663 (1) 554 (2)	438,872
Laundry	99,402	-	318 (2)	99,084
Housekeeping	222,760	-	691 (2)	222,069
Maintenance	201,682	-	1,153 (2) 4,500 (3)	196,029
Administration & Medical Records	552,054	-	504 (2) 11 (2)	551,539
Utilities	94,675	-	-	94,675
Special Services	14,559	-	60 (2)	14,499
Medical Supplies & Oxygen	133,802	-	3,191 (2)	130,611
Taxes and Insurance	251,484	-	-	251,484
Legal Fees	14,779	-	-	14,779
Cost of Capital	<u>163,653</u>	<u>-</u>	<u>-</u>	<u>163,653</u>
Subtotal	4,478,558	-	18,836	4,459,722

HERITAGE HEALTHCARE AT THE PINES
Summary of Costs and Total Patient Days
For the Cost Report Period Ended September 30, 2010
AC# 3-DHC-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>	
Ancillary	182,015	-	-	182,015
Nonallowable	1,009,715	7,619 (1) 6,717 (2) 4,500 (3)	-	1,028,551
CNA Training and Testing	<u>455</u>	<u>-</u>	<u>-</u>	<u>455</u>
Total Operating Expenses	<u>\$5,670,743</u>	<u>\$18,836</u>	<u>\$18,836</u>	<u>\$5,670,743</u>
Total Patient Days	<u>29,434</u>	<u>-</u>	<u>-</u>	<u>29,434</u>
Total Beds	<u>84</u>			

HERITAGE HEALTHCARE AT THE PINES
Adjustment Report
Cost Report Period Ended September 30, 2010
AC# 3-DHC-J0

<u>ADJUSTMENT</u> <u>NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
1	Nonallowable	\$ 7,619	
	Nursing		\$ 6,956
	Dietary		663
	To adjust related party United Clinical expense HIM-15-1, Section 2304 State Plan, Attachment 4.19D		
2	Nonallowable	6,717	
	Nursing		235
	Dietary		554
	Laundry		318
	Housekeeping		691
	Maintenance		1,153
	Administration		504
	Medical Records		11
	Medical Supplies & Oxygen		3,191
	Special Services - Therapy		60
	To adjust related party United Medical expense HIM-15-1, Section 2304 State Plan, Attachment 4.19D		
3	Nonallowable	4,500	
	Maintenance		4,500
	To properly charge expense applicable to the prior period HIM-15-1, Section 2302.1		
	TOTAL ADJUSTMENTS	<u>\$18,836</u>	<u>\$18,836</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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