

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-MCH-J0 – UniHealth Post Acute Care - Aiken, LLC d/b/a
UniHealth Post Acute Care – Aiken

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/sag

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

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

AIKEN, SOUTH CAROLINA

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

April 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 - Aiken, LLC d/b/a UniHealth Post Acute Care - Aiken, 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 UniHealth Post Acute Care - Aiken, LLC d/b/a UniHealth Post Acute Care - Aiken 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 - Aiken, LLC d/b/a UniHealth Post Acute Care - Aiken, 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 - Aiken, LLC d/b/a UniHealth Post Acute Care - Aiken 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
April 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 - AIKEN

Computation of Rate Change
For the Contract Period
Beginning November 1, 2011
AC# 3-MCH-J0

11/01/11-
09/30/12

Interim Reimbursement Rate (1)	\$168.93
Adjusted Reimbursement Rate	<u>164.58</u>
Decrease in Reimbursement Rate	\$ <u>4.35</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 - AIKEN
 Computation of Adjusted Reimbursement Rate
 For the Contract Period November 1, 2011 Through September 30, 2012
 AC# 3-MCH-J0

	<u>Incentives</u>	<u>Allowable Cost</u>	<u>Cost Standard</u>	<u>Computed Rate</u>
<u>Costs Subject to Standards:</u>				
General Services		\$ 79.45	\$101.78	
Dietary		16.45	15.92	
Laundry/Housekeeping/Maintenance		<u>17.66</u>	<u>14.77</u>	
Subtotal	<u>\$9.27</u>	113.56	132.47	\$113.56
Administration & Medical Records	<u>\$ -</u>	<u>20.99</u>	<u>20.62</u>	<u>20.62</u>
Subtotal		134.55	<u>\$153.09</u>	134.18
<u>Costs Not Subject to Standards:</u>				
Utilities		5.03		5.03
Special Services		.73		.73
Medical Supplies & Oxygen		7.37		7.37
Taxes and Insurance		8.96		8.96
Legal Fees		<u>1.03</u>		<u>1.03</u>
TOTAL		<u>\$157.67</u>		157.30
Inflation Factor (N/A)				-
Cost of Capital				10.65
Cost of Capital Limitation				-
Profit Incentive (Maximum 3.5% of Allowable Cost)				-
Cost Incentive				9.27
Effect of \$1.75 Cap on Cost/Profit Incentives				(7.52)
Budget Neutrality Adjustment (3.02%)				<u>(5.12)</u>
ADJUSTED REIMBURSEMENT RATE				<u>\$164.58</u>

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

<u>Expenses</u>	Totals (From Schedule SC 13) as <u>Adjusted by DH&HS</u>	Adjustments		Adjusted <u>Totals</u>
		<u>Debit</u>	<u>Credit</u>	
General Services	\$4,904,835	\$ -	\$ 4,638 (1) 507 (6) 2 (6)	\$4,899,688
Dietary	1,017,180	-	663 (1) 2,257 (6)	1,014,260
Laundry	170,295	-	1,317 (6)	168,978
Housekeeping	530,652	-	1,824 (6)	528,828
Maintenance	657,783	-	174,619 (3) 45,143 (4) 42,209 (5) 4,625 (6)	391,187
Administration & Medical Records	1,295,667	-	861 (6) 87 (6)	1,294,719
Utilities	310,092	-	-	310,092
Special Services	40,234	5,050 (2)	411 (6)	44,873
Medical Supplies & Oxygen	460,917	-	6,432 (6)	454,485
Taxes and Insurance	562,986	-	10,615 (7)	552,371

UNIHEALTH POST ACUTE CARE - AIKEN
Summary of Costs and Total Patient Days
For the Cost Report Period Ended September 30, 2010
AC# 3-MCH-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>
Legal Fees	63,803	-	-	63,803
Cost of Capital	<u>645,221</u>	<u>16,483</u> (2)	<u>5,210</u> (8)	<u>656,494</u>
Subtotal	10,659,665	21,533	301,420	10,379,778
Ancillary	556,979	-	-	556,979
Nonallowable	3,239,897	5,301 (1) 174,619 (3) 45,143 (4) 42,209 (5) 18,323 (6) 10,615 (7) 5,210 (8)	21,533 (2)	3,519,784
CNA Training and Testing	<u>952</u>	<u>-</u>	<u>-</u>	<u>952</u>
Total Operating Expenses	<u>\$14,457,493</u>	<u>\$322,953</u>	<u>\$322,953</u>	<u>\$14,457,493</u>
Total Patient Days	<u>61,670</u>	<u>-</u>	<u>-</u>	<u>61,670</u>
Total Beds	<u>176</u>			

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

<u>ADJUSTMENT</u> <u>NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
1	Nonallowable Nursing Dietary	\$ 5,301	\$ 4,638 663
	To adjust related party United Clinical expense HIM-15-1, Section 2304 State Plan, Attachment 4.19D		
2	Fixed Assets Special Services - Therapy Cost of Capital Other Equity Nonallowable Accumulated Depreciation	380,039 5,050 16,483	356,180 21,533 23,859
	To adjust fixed assets and related depreciation HIM-15-1, Section 2304 State Plan, Attachment 4.19D		
3	Nonallowable Maintenance	174,619	174,619
	To reclassify assets which were capitalized HIM-15-1, Section 2304 State Plan, Attachment 4.19D		
4	Nonallowable Maintenance	45,143	45,143
	To disallow expense for patient room TVs HIM-15-1, Section 2106.1		
5	Nonallowable Maintenance	42,209	42,209
	To disallow maintenance expense due to lack of documentation HIM-15-1, Section 2304 State Plan, Attachment 4.19D		

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

ADJUSTMENT NUMBER	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
6	Nonallowable	18,323	
	Nursing		507
	Restorative		2
	Dietary		2,257
	Laundry		1,317
	Housekeeping		1,824
	Maintenance		4,625
	Administration		861
	Medical Records		87
	Medical Supplies & Oxygen		6,432
	Special Services - Therapy		411
	To adjust related party, United Medical expense HIM-15-1, Section 2304 State Plan, Attachment 4.19D		
7	Nonallowable	10,615	
	Taxes and Insurance		10,615
	To adjust property taxes to actual HIM-15-1, Sections 2302.1 and 2304		
8	Nonallowable	5,210	
	Cost of Capital		5,210
	To adjust capital return State Plan, Attachment 4.19D		
	TOTAL ADJUSTMENTS	\$702,992	\$702,992

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 - AIKEN
 Cost of Capital Reimbursement Analysis
 For the Cost Report Period Ended September 30, 2010
 AC# 3-MCH-J0

Original Asset Cost (Per Bed)	\$ 15,618	\$ 15,618	
Inflation Adjustment	<u>3.15264</u>	<u>3.15264</u>	
Deemed Asset Value (Per Bed)	49,238	49,238	
Number of Beds	<u>132</u>	<u>44</u>	
Deemed Asset Value	6,499,416	2,166,472	
Improvements Since 1981	3,485,170	318,900	
Accumulated Depreciation at 9/30/10	<u>(3,454,331)</u>	<u>(923,310)</u>	
Deemed Depreciated Value	6,530,255	1,562,062	
Market Rate of Return	<u>.042</u>	<u>.042</u>	
Total Annual Return	274,271	65,607	
Return Applicable to Non-Reimbursable Cost Centers	-	-	
Allocation of Interest to Non-Reimbursable Cost Centers	<u>-</u>	<u>-</u>	
Allowable Annual Return	274,271	65,607	
Depreciation Expense	248,031	68,619	
Amortization Expense	-	-	
Capital Related Income Offsets	(26)	(8)	
Allocation of Capital Expenses to Non-Reimbursable Cost Centers	<u>-</u>	<u>-</u>	<u>Total</u>
Allowable Cost of Capital Expense	522,276	134,218	\$656,494
Total Patient Days (Minimum 96% occupancy)	<u>46,253</u>	<u>15,417</u>	<u>61,670</u>
Cost of Capital Per Diem	\$ <u>11.29</u>	\$ <u>8.71</u>	\$ <u>10.65</u>

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

6/30/89 Cost of Capital and Return on Equity Capital Per Diem Reimbursement	\$ 7.79	\$ N/A
Adjustment for Maximum Increase	<u>3.99</u>	<u>N/A</u>
Maximum Cost of Capital Per Diem	<u>\$11.78</u>	<u>\$8.71</u>
Reimbursable Cost of Capital Per Diem		\$10.65
Cost of Capital Per Diem		<u>10.65</u>
Cost of Capital Per Diem Limitation		\$ <u>-</u>

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