

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 30, 2013

Ms. Autumn Grove, Senior Reimbursement Manager
Fundamental Administrative Services
920 Ridgebrook Road
Sparks, Maryland 21152

Re: AC# 3-MCP-J0 – THI of South Carolina at Camp Care, LLC d/b/a Camp Care

Dear Ms. Grove:

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

**THI OF SOUTH CAROLINA AT CAMP CARE, LLC D/B/A
CAMP CARE**

INMAN, SOUTH CAROLINA

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

July 26, 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 THI of South Carolina at Camp Care, LLC d/b/a Camp Care, 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 THI of South Carolina at Camp Care, LLC d/b/a Camp Care 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 THI of South Carolina at Camp Care, LLC d/b/a Camp Care, 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 THI of South Carolina at Camp Care, LLC d/b/a Camp Care 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
July 26, 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.", with a stylized flourish at the end.

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

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

11/01/11-
09/30/12

Interim Reimbursement Rate (1)	\$150.06
Adjusted Reimbursement Rate	<u>148.96</u>
Decrease in Reimbursement Rate	\$ <u><u>1.10</u></u>

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

CAMP CARE
 Computation of Adjusted Reimbursement Rate
 For the Contract Period November 1, 2011 Through September 30, 2012
 AC# 3-MCP-J0

	<u>Incentives</u>	<u>Allowable Cost</u>	<u>Cost Standard</u>	<u>Computed Rate</u>
<u>Costs Subject to Standards:</u>				
General Services		\$ 85.21	\$ 88.60	
Dietary		14.16	16.01	
Laundry/Housekeeping/Maintenance		<u>11.02</u>	<u>15.28</u>	
Subtotal	<u>\$8.39</u>	110.39	119.89	\$110.39
Administration & Medical Records	<u>\$ -</u>	<u>22.57</u>	<u>22.48</u>	<u>22.48</u>
Subtotal		132.96	<u>\$142.37</u>	132.87
<u>Costs Not Subject to Standards:</u>				
Utilities		3.22		3.22
Special Services		.06		.06
Medical Supplies & Oxygen		4.56		4.56
Taxes and Insurance		1.88		1.88
Legal Fees		<u>2.04</u>		<u>2.04</u>
TOTAL		<u>\$144.72</u>		144.63
Inflation Factor (N/A)				-
Cost of Capital				7.22
Cost of Capital Limitation				-
Profit Incentive (Maximum 3.5% of Allowable Cost)				-
Cost Incentive				8.39
Effect of \$1.75 Cap on Cost/Profit Incentives				(6.64)
Budget Neutrality Adjustment (3.02%)				<u>(4.64)</u>
ADJUSTED REIMBURSEMENT RATE				<u>\$148.96</u>

CAMP CARE
 Summary of Costs and Total Patient Days
 For the Cost Report Period Ended September 30, 2010
 AC# 3-MCP-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	\$2,667,020	\$ -	\$ 4,080 (2) 22,294 (4) 904 (4) 3,627 (5)	\$2,636,115
Dietary	440,286	-	2,303 (4)	437,983
Laundry	108,079	-	-	108,079
Housekeeping	131,450	-	-	131,450
Maintenance	101,930	-	544 (4)	101,386
Administration & Medical Records	723,352	570 (4)	265 (4) 25,360 (5)	698,297
Utilities	99,736	-	-	99,736
Special Services	1,791	9 (5)	-	1,800
Medical Supplies & Oxygen	157,881	-	134 (4) 16,780 (6)	140,967
Taxes and Insurance	58,293	-	-	58,293
Legal Fees	38,763	24,483 (5)	-	63,246
Cost of Capital	232,439	160 (3)	8,892 (1) 416 (5)	223,291
Subtotal	4,761,020	25,222	85,599	4,700,643

CAMP CARE
Summary of Costs and Total Patient Days
For the Cost Report Period Ended September 30, 2010
AC# 3-MCP-J0

<u>Expenses</u>	Totals (From Schedule SC 13) as <u>Adjusted by DH&HS</u>	Adjustments <u>Debit</u>	<u>Credit</u>	Adjusted <u>Totals</u>
Ancillary	162,340	160 (6)	-	162,500
Nonallowable	1,020,452	8,892 (1) 4,080 (2) 25,874 (4) 4,911 (5) 16,620 (6)	160 (3)	1,080,669
CNA Training and Testing	<u>420</u>	<u>-</u>	<u>-</u>	<u>420</u>
Total Operating Expenses	<u>\$5,944,232</u>	<u>\$85,759</u>	<u>\$85,759</u>	<u>\$5,944,232</u>
Total Patient Days	<u>30,935</u>	<u>-</u>	<u>-</u>	<u>30,935</u>
Total Beds	<u>88</u>			

CAMP CARE
Adjustment Report
Cost Report Period Ended September 30, 2010
AC# 3-MCP-J0

<u>ADJUSTMENT</u> <u>NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
1	Construction in Progress	\$78,752	
	Nonallowable	8,892	
	Fixed Assets		\$19,060
	Accumulated Depreciation		44,228
	Other Equity		15,464
	Cost of Capital		8,892
	To adjust fixed assets and related depreciation HIM-15-1, Section 2304 State Plan, Attachment 4.19D		
2	Nonallowable	4,080	
	Restorative		4,080
	To disallow expense due to lack of adequate documentation HIM-15-1, Section 2304		
3	Cost of Capital	160	
	Nonallowable		160
	To adjust capital return State Plan, Attachment 4.19D		
4	Administration	570	
	Nonallowable	25,874	
	Nursing		22,294
	Restorative		904
	Dietary		2,303
	Maintenance		544
	Medical Records		265
	Medical Supplies		134
	To adjust fringe benefits and related allocation HIM-15-1, Section 2304 State Plan, Attachment 4.19D		

CAMP CARE
Adjustment Report
Cost Report Period Ended September 30, 2010
AC# 3-MCP-J0

<u>ADJUSTMENT NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
5	Special Services	9	
	Legal	24,483	
	Nonallowable	4,911	
	Nursing		3,627
	Administration		25,360
	Cost of Capital		416
	To adjust home office cost allocation HIM-15-1, Section 2304 State Plan, Attachment 4.19D		
6	Ancillary	160	
	Nonallowable	16,620	
	Medical Supplies		16,780
	To remove special (ancillary) services reimbursed by Medicare and reclassify expense to the proper cost center State Plan, Attachment 4.19D DH&HS Expense Crosswalk		
		\$164,511	\$164,511
	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.

CAMP CARE
 Cost of Capital Reimbursement Analysis
 For the Cost Report Period Ended September 30, 2010
 AC# 3-MCP-J0

Original Asset Cost (Per Bed)	\$ 15,618
Inflation Adjustment	<u>3.15264</u>
Deemed Asset Value (Per Bed)	49,238
Number of Beds	<u>88</u>
Deemed Asset Value	4,332,944
Improvements Since 1981	882,333
Accumulated Depreciation at 9/30/10	<u>(1,527,705)</u>
Deemed Depreciated Value	3,687,572
Market Rate of Return	<u>.0420</u>
Total Annual Return	154,878
Return Applicable to Non-Reimbursable Cost Centers	-
Allocation of Interest to Non-Reimbursable Cost Centers	<u>-</u>
Allowable Annual Return	154,878
Depreciation Expense	68,829
Amortization Expense	-
Capital Related Income Offsets	(416)
Allocation of Capital Expenses to Non-Reimbursable Cost Centers	<u>-</u>
Allowable Cost of Capital Expense	223,291
Total Patient Days (Actual)	<u>30,935</u>
Cost of Capital Per Diem	\$ <u><u>7.22</u></u>

CAMP CARE
Cost of Capital Reimbursement Analysis
For the Cost Report Period Ended September 30, 2010
AC# 3-MCP-J0

6/30/89 Cost of Capital and Return on Equity Capital Per Diem Reimbursement	\$4.38
Adjustment for Maximum Increase	<u>3.99</u>
Maximum Cost of Capital Per Diem	<u>\$8.37</u>
Reimbursable Cost of Capital Per Diem	\$7.22
Cost of Capital Per Diem	<u>7.22</u>
Cost of Capital Per Diem Limitation	<u>\$ -</u>

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