

*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  
FAX (803) 343-0723

October 30, 2013

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

Re: AC# 3-MCP-J9 – 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, 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

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

**INMAN, SOUTH CAROLINA**

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

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 THI of South Carolina at Camp Care, LLC d/b/a Camp Care, 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 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 contracts 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, 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  
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

**CAMP CARE**  
Computation of Rate Change  
For the Contract Periods  
Beginning October 1, 2010  
AC# 3-MCP-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)	\$151.85	\$147.29
Adjusted Reimbursement Rate	<u>148.88</u>	<u>144.41</u>
Decrease in Reimbursement Rate	\$ <u>2.97</u>	\$ <u>2.88</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 October 1, 2010 Through April 7, 2011  
 AC# 3-MCP-J9

	<u>Incentives</u>	<u>Allowable Cost</u>	<u>Cost Standard</u>	<u>Computed Rate</u>
<u>Costs Subject to Standards:</u>				
General Services		\$ 82.33	\$ 86.47	
Dietary		13.51	15.32	
Laundry/Housekeeping/Maintenance		<u>10.05</u>	<u>14.84</u>	
Subtotal	<u>\$8.16</u>	105.89	116.63	\$105.89
Administration & Medical Records	<u>\$ .98</u>	<u>20.44</u>	<u>21.42</u>	<u>20.44</u>
Subtotal		126.33	<u>\$138.05</u>	126.33
<u>Costs Not Subject to Standards:</u>				
Utilities		3.03		3.03
Special Services		-		-
Medical Supplies & Oxygen		4.43		4.43
Taxes and Insurance		2.39		2.39
Legal Fees		<u>.83</u>		<u>.83</u>
<b>TOTAL</b>		<u>\$137.01</u>		137.01
Inflation Factor (2.00%)				2.74
Cost of Capital				7.38
Cost of Capital Limitation				-
Profit Incentive (Maximum 3.5% of Allowable Cost)				.98
Cost Incentive				8.16
Effect of \$1.75 Cap on Cost/Profit Incentives				<u>(7.39)</u>
ADJUSTED REIMBURSEMENT RATE				<u>\$148.88</u>

**CAMP CARE**  
 Computation of Adjusted Reimbursement Rate  
 For the Contract Period April 8, 2011 Through October 31, 2011  
 AC# 3-MCP-J9

	<u>Incentives</u>	<u>Allowable Cost</u>	<u>Cost Standard</u>	<u>Computed Rate</u>
<u>Costs Subject to Standards:</u>				
General Services		\$ 82.33	\$ 86.47	
Dietary		13.51	15.32	
Laundry/Housekeeping/Maintenance		<u>10.05</u>	<u>14.84</u>	
Subtotal	<u>\$8.16</u>	105.89	116.63	\$105.89
Administration & Medical Records	<u>\$ .98</u>	<u>20.44</u>	<u>21.42</u>	<u>20.44</u>
Subtotal		126.33	<u>\$138.05</u>	126.33
<u>Costs Not Subject to Standards:</u>				
Utilities		3.03		3.03
Special Services		-		-
Medical Supplies & Oxygen		4.43		4.43
Taxes and Insurance		2.39		2.39
Legal Fees		<u>.83</u>		<u>.83</u>
<b>TOTAL</b>		<u>\$137.01</u>		137.01
Inflation Factor (2.00%)				2.74
Cost of Capital				7.38
Cost of Capital Limitation				-
Profit Incentive (Maximum 3.5% of Allowable Cost)				.98
Cost Incentive				8.16
Effect of \$1.75 Cap on Cost/Profit Incentives				(7.39)
Effect of 3% Rate Reduction				<u>(4.47)</u>
<b>ADJUSTED REIMBURSEMENT RATE</b>				<u>\$144.41</u>

**CAMP CARE**  
 Summary of Costs and Total Patient Days  
 For the Cost Report Period Ended September 30, 2009  
 AC# 3-MCP-J9

<u>Expenses</u>	Totals (From Schedule SC 13) as <u>Adjusted by DH&amp;HS</u>	Adjustments		<u>Adjusted Totals</u>
		<u>Debit</u>	<u>Credit</u>	
General Services	\$2,622,362	\$ -	\$ 4,080 (2) 26,602 (3) 1,035 (3) 5,290 (4)	\$2,585,355
Dietary	427,009	-	2,896 (3)	424,113
Laundry	95,700	-	-	95,700
Housekeeping	128,912	-	-	128,912
Maintenance	91,616	-	559 (3)	91,057
Administration & Medical Records	673,179	-	3,212 (3) 190 (3) 27,951 (4)	641,826
Utilities	95,191	-	-	95,191
Special Services	-	-	-	-
Medical Supplies & Oxygen	156,094	-	292 (3) 16,815 (5)	138,987
Taxes and Insurance	74,953	-	-	74,953
Legal Fees	25,953	-	-	25,953
Cost of Capital	234,794	3,189 (6)	5,071 (1) 1,147 (4)	231,765
Subtotal	4,625,763	3,189	95,140	4,533,812

**CAMP CARE**  
Summary of Costs and Total Patient Days  
For the Cost Report Period Ended September 30, 2009  
AC# 3-MCP-J9

<u>Expenses</u>	Totals (From Schedule SC 13) as Adjusted by DH&HS	Adjustments <u>Debit</u>	<u>Credit</u>	<u>Adjusted Totals</u>
Ancillary	134,413	216 (5)	-	134,629
Nonallowable	813,162	5,071 (1) 4,080 (2) 34,786 (3) 34,388 (4) 16,599 (5)	3,189 (6)	904,897
CNA Training and Testing	<u>900</u>	<u>-</u>	<u>-</u>	<u>900</u>
Total Operating Expenses	<u>\$5,574,238</u>	<u>\$98,329</u>	<u>\$98,329</u>	<u>\$5,574,238</u>
Total Patient Days	<u>31,402</u>	<u>-</u>	<u>-</u>	<u>31,402</u>
Total Beds	<u>88</u>			

**CAMP CARE**  
Adjustment Report  
Cost Report Period Ended September 30, 2009  
AC# 3-MCP-J9

<u>ADJUSTMENT NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
1	Construction in Progress	\$ 1,000	
	Fixed Assets	59,691	
	Nonallowable	5,071	
	Accumulated Depreciation		\$54,321
	Other Equity		6,370
	Cost of Capital		5,071
	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	Nonallowable	34,786	
	Nursing		26,602
	Restorative		1,035
	Dietary		2,896
	Maintenance		559
	Administration		3,212
	Medical Records		190
	Medical Supplies		292
	To adjust fringe benefits and related allocation HIM-15-1, Section 2304 State Plan, Attachment 4.19D		
4	Nonallowable	34,388	
	Nursing		5,290
	Administration		27,951
	Cost of Capital		1,147
	To adjust home office cost allocation HIM-15-1, Section 2304 State Plan, Attachment 4.19D		

**CAMP CARE**  
Adjustment Report  
Cost Report Period Ended September 30, 2009  
AC# 3-MCP-J9

<u>ADJUSTMENT NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
5	Ancillary Nonallowable Medical Supplies	216 16,599	  16,815
	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		
6	Cost of Capital Nonallowable	3,189	  3,189
	To adjust capital return State Plan, Attachment 4.19D		
	TOTAL ADJUSTMENTS	<hr style="width: 100px; margin: 0 auto;"/> \$159,020	<hr style="width: 100px; margin: 0 auto;"/> \$159,020

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, 2009  
 AC# 3-MCP-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>88</u>
Deemed Asset Value	4,273,632
Improvements Since 1981	882,333
Accumulated Depreciation at 9/30/09	<u>(1,464,246)</u>
Deemed Depreciated Value	3,691,719
Market Rate of Return	<u>.0440</u>
Total Annual Return	162,436
Return Applicable to Non-Reimbursable Cost Centers	-
Allocation of Interest to Non-Reimbursable Cost Centers	<u>-</u>
Allowable Annual Return	162,436
Depreciation Expense	70,476
Amortization Expense	-
Capital Related Income Offsets	(1,147)
Allocation of Capital Expenses to Non-Reimbursable Cost Centers	<u>-</u>
Allowable Cost of Capital Expense	231,765
Total Patient Days (Actual)	<u>31,402</u>
Cost of Capital Per Diem	\$ <u><u>7.38</u></u>

**CAMP CARE**  
Cost of Capital Reimbursement Analysis  
For the Cost Report Period Ended September 30, 2009  
AC# 3-MCP-J9

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	\$7.38
Cost of Capital Per Diem	<u>7.38</u>
Cost of Capital Per Diem Limitation	<u>\$ -</u>

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