

*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 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-MMM-J9 – UniHealth Post Acute Care of Moncks Corner, LLC d/b/a  
UniHealth Post Acute Care of Moncks Corner

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 OF MONCKS CORNER, LLC D/B/A  
UNIHEALTH POST ACUTE CARE OF MONCKS CORNER  
MONCKS CORNER, SOUTH CAROLINA**

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

**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 PERIODS BEGINNING OCTOBER 1, 2010	A	3
COMPUTATION OF ADJUSTED REIMBURSEMENT RATE FOR THE CONTRACT PERIOD OCTOBER 1, 2010 THROUGH APRIL 7, 2011	B-1	4
COMPUTATION OF ADJUSTED REIMBURSEMENT RATE FOR THE CONTRACT PERIOD APRIL 8, 2011 THROUGH OCTOBER 31, 2011	B-2	5
SUMMARY OF COSTS AND TOTAL PATIENT DAYS FOR THE COST REPORT PERIOD ENDED SEPTEMBER 30, 2009	C	6
ADJUSTMENT REPORT	1	9
COST OF CAPITAL REIMBURSEMENT ANALYSIS	2	14

# 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

### INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

May 6, 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 of Moncks Corner, LLC d/b/a UniHealth Post Acute Care of Moncks Corner, 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 of Moncks Corner, LLC d/b/a UniHealth Post Acute Care of Moncks Corner 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 of Moncks Corner, LLC d/b/a UniHealth Post Acute Care of Moncks Corner, 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 of Moncks Corner, LLC d/b/a UniHealth Post Acute Care of Moncks Corner 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 6, 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 OF MONCKS CORNER**

Computation of Rate Change  
For the Contract Periods  
Beginning October 1, 2010  
AC# 3-MMM-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)	\$185.12	\$179.57
Adjusted Reimbursement Rate	<u>183.00</u>	<u>177.51</u>
Decrease in Reimbursement Rate	\$ <u>2.12</u>	\$ <u>2.06</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 OF MONCKS CORNER**  
 Computation of Adjusted Reimbursement Rate  
 For the Contract Period October 1, 2010 Through April 7, 2011  
 AC# 3-MMM-J9

	<u>Incentives</u>	<u>Allowable Cost</u>	<u>Cost Standard</u>	<u>Computed Rate</u>
<u>Costs Subject to Standards:</u>				
General Services		\$ 95.95	\$106.09	
Dietary		13.25	15.58	
Laundry/Housekeeping/Maintenance		<u>19.73</u>	<u>14.87</u>	
Subtotal	\$ <u>7.61</u>	128.93	136.54	\$128.93
Administration & Medical Records	\$ <u>-</u>	<u>23.53</u>	<u>20.15</u>	<u>20.15</u>
Subtotal		152.46	<u>\$156.69</u>	149.08
<u>Costs Not Subject to Standards:</u>				
Utilities		3.30		3.30
Special Services		1.53		1.53
Medical Supplies & Oxygen		6.45		6.45
Taxes and Insurance		7.22		7.22
Legal Fees		<u>.80</u>		<u>.80</u>
<b>TOTAL</b>		<u>\$171.76</u>		168.38
Inflation Factor (2.00%)				3.37
Cost of Capital				9.50
Cost of Capital Limitation				-
Profit Incentive (Maximum 3.5% of Allowable Cost)				-
Cost Incentive				7.61
Effect of \$1.75 Cap on Cost/Profit Incentives				<u>(5.86)</u>
<b>ADJUSTED REIMBURSEMENT RATE</b>				<u>\$183.00</u>

**UNIHEALTH POST ACUTE CARE OF MONCKS CORNER**  
 Computation of Adjusted Reimbursement Rate  
 For the Contract Period April 8, 2011 Through October 31, 2011  
 AC# 3-MMM-J9

	<u>Incentives</u>	<u>Allowable Cost</u>	<u>Cost Standard</u>	<u>Computed Rate</u>
<u>Costs Subject to Standards:</u>				
General Services		\$ 95.95	\$106.09	
Dietary		13.25	15.58	
Laundry/Housekeeping/Maintenance		<u>19.73</u>	<u>14.87</u>	
Subtotal	<u>\$7.61</u>	128.93	136.54	\$128.93
Administration & Medical Records	<u>\$ -</u>	<u>23.53</u>	<u>20.15</u>	<u>20.15</u>
Subtotal		152.46	<u>\$156.69</u>	149.08
<u>Costs Not Subject to Standards:</u>				
Utilities		3.30		3.30
Special Services		1.53		1.53
Medical Supplies & Oxygen		6.45		6.45
Taxes and Insurance		7.22		7.22
Legal Fees		<u>.80</u>		<u>.80</u>
<b>TOTAL</b>		<u>\$171.76</u>		168.38
Inflation Factor (2.00%)				3.37
Cost of Capital				9.50
Cost of Capital Limitation				-
Profit Incentive (Maximum 3.5% of Allowable Cost)				-
Cost Incentive				7.61
Effect of \$1.75 Cap on Cost/Profit Incentives				(5.86)
Effect of 3.00% Rate Reduction				<u>(5.49)</u>
<b>ADJUSTED REIMBURSEMENT RATE</b>				<u>\$177.51</u>

**UNIHEALTH POST ACUTE CARE OF MONCK'S CORNER**  
 Summary of Costs and Total Patient Days  
 For the Cost Report Period Ended September 30, 2009  
 AC# 3-MMM-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	\$4,244,052	\$125,373 (4) 10,431 (4) 958 (5) 107,354 (9)	\$ 49,763 (1) 558 (14) 48 (14)	\$4,437,799
Dietary	624,009	49 (5)	2,200 (1) 1,593 (2) 3,725 (10) 3,626 (14)	612,914
Laundry	110,013	11,670 (5)	2,209 (14)	119,474
Housekeeping	354,997	-	705 (10) 3,205 (14)	351,087
Maintenance	672,815	6,682 (9) 114,036 (12)	7,429 (3) 174,827 (4) 22,551 (5) 777 (6) 120,413 (10) 3,875 (13) 21,765 (14)	441,896
Administration & Medical Records	1,148,901	9,874 (5)	1,369 (1) 1,300 (3) 66,098 (13) 1,623 (14) 179 (14)	1,088,206
Utilities	153,450	-	964 (13)	152,486

**UNIHEALTH POST ACUTE CARE OF MONCK'S CORNER**  
Summary of Costs and Total Patient Days  
For the Cost Report Period Ended September 30, 2009  
AC# 3-MMM-J9

<u>Expenses</u>	Totals (From Schedule SC 13) as Adjusted by DH&HS	Adjustments	Adjusted Totals
		<u>Debit</u>	<u>Credit</u>
Special Services	70,706	2,540 (11)	804 (14) 1,482 (15)
Medical Supplies & Oxygen	327,036	-	524 (8) 4,735 (10) 18,149 (14) 5,193 (15)
Taxes and Insurance	343,089	-	6,429 (7) 2,489 (13)
Legal Fees	43,744	-	6,945 (13)
Cost of Capital	447,145	424 (3) 13,943 (11)	3,747 (12) 8,191 (13) <u>10,365 (16)</u>
Subtotal	8,539,957	403,334	559,855
Ancillary	349,163	-	266 (14)

**UNIHEALTH POST ACUTE CARE OF MONCKS CORNER**  
Summary of Costs and Total Patient Days  
For the Cost Report Period Ended September 30, 2009  
AC# 3-MMM-J9

<u>Expenses</u>	Totals (From Schedule SC 13) as Adjusted by DH&HS	Debit	Adjustments Credit	Adjusted Totals
Nonallowable	1,039,770	53,332 (1)	10 (3)	1,166,271
		1,593 (2)	16,483 (11)	
		39,023 (4)	110,289 (12)	
		777 (6)		
		524 (8)		
		88,562 (13)		
		52,432 (14)		
		6,675 (15)		
		10,365 (16)		
CNA Training and Testing	<u>578</u>	<u>-</u>	<u>-</u>	<u>578</u>
Total Operating Expenses	<u>\$9,929,468</u>	<u>\$656,617</u>	<u>\$686,903</u>	<u>\$9,899,182</u>
Total Patient Days	<u>46,253</u>	<u>-</u>	<u>-</u>	<u>46,253</u>
Total Beds	<u>132</u>			

**UNIHEALTH POST ACUTE CARE OF MONCK'S CORNER**  
Adjustment Report  
Cost Report Period Ended September 30, 2009  
AC# 3-MMM-J9

<u>ADJUSTMENT</u> <u>NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
1	Nonallowable	\$ 53,332	
	Nursing		\$ 49,763
	Dietary		2,200
	Administration		1,369
	To adjust related party United Clinical expense HIM-15-1, Section 2304 State Plan, Attachment 4.19D		
2	Nonallowable	1,593	
	Dietary		1,593
	To disallow expenses due to lack of documentation HIM-15-1, Section 2304 State Plan, Attachment 4.19D		
3	Fixed Assets	8,739	
	Cost of Capital	424	
	Accumulated Depreciation		424
	Maintenance		7,429
	Administration		1,300
	Nonallowable		10
	To capitalize expense HIM-15-1, Section 108 State Plan, Attachment 4.19D		
4	Nursing	125,373	
	Restorative	10,431	
	Nonallowable	39,023	
	Maintenance		174,827
	To properly classify expenses DH&HS Expense Crosswalk State Plan, Attachment 4.19D		

**UNIHEALTH POST ACUTE CARE OF MONCK'S CORNER**  
 Adjustment Report  
 Cost Report Period Ended September 30, 2009  
 AC# 3-MMM-J9

<u>ADJUSTMENT NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
5	Restorative	958	
	Dietary	49	
	Laundry	11,670	
	Administration	9,874	
	Maintenance		22,551
	To properly classify expenses		
	DH&HS Expense Crosswalk		
	State Plan, Attachment 4.19D		
6	Nonallowable	777	
	Maintenance		777
	To disallow expense due to a lack of		
	documentation		
	HIM-15-1, Section 2304		
	State Plan, Attachment 4.19D		
7	Retained Earnings	6,429	
	Taxes and Insurance		6,429
	To adjust property taxes		
	HIM-15-1, Sections 2302.1 and 2304		
8	Nonallowable	524	
	Medical Supplies & Oxygen		524
	To disallow expense due to a lack of		
	documentation		
	HIM-15-1, Section 2304		
	State Plan, Attachment 4.19D		
9	Nursing	107,354	
	Maintenance	6,682	
	Retained Earnings		114,036
	To properly charge expenses reported		
	in the subsequent period		
	HIM-15-1, Section 2302.1		

**UNIHEALTH POST ACUTE CARE OF MONCK'S CORNER**  
Adjustment Report  
Cost Report Period Ended September 30, 2009  
AC# 3-MMM-J9

<u>ADJUSTMENT</u> <u>NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
10	Retained Earnings	129,578	
	Dietary		3,725
	Housekeeping		705
	Maintenance		120,413
	Medical Supplies & Oxygen		4,735
	To properly charge expense applicable to the prior or subsequent periods HIM-15-1, Section 2302.1		
11	Fixed Assets	6,256	
	Accumulated Depreciation	2,779	
	Special Services - Therapy	2,540	
	Cost of Capital	13,943	
	Nonallowable		16,483
	Other Equity		9,035
	To adjust fixed assets and related depreciation HIM-15-1, Section 2304 State Plan, Attachment 4.19D		
12	Accumulated Depreciation	3,747	
	Retained Earnings	221,076	
	Maintenance	114,036	
	Fixed Assets		224,823
	Cost of Capital		3,747
	Nonallowable		110,289
	To remove expense reported in the prior period HIM-15-1, Section 2302.1		

**UNIHEALTH POST ACUTE CARE OF MONCK'S CORNER**  
Adjustment Report  
Cost Report Period Ended September 30, 2009  
AC# 3-MMM-J9

<u>ADJUSTMENT</u> <u>NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
13	Nonallowable	88,562	
	Maintenance		3,875
	Administration		66,098
	Legal		6,945
	Utilities		964
	Taxes and Insurance		2,489
	Cost of Capital - Home Office		
	Depreciation		8,191
	To adjust home office costs		
	HIM-15-1, Section 2304		
	State Plan, Attachment 4.19D		
14	Nonallowable	52,432	
	Nursing		558
	Restorative		48
	Dietary		3,626
	Laundry		2,209
	Housekeeping		3,205
	Maintenance		21,765
	Administration		1,623
	Medical Records		179
	Medical Supplies & Oxygen		18,149
	Special Services - Therapy		804
	Ancillary		266
	To adjust related party United Medical		
	expense		
	HIM-15-1, Section 2304		
	State Plan, Attachment 4.19D		
15	Nonallowable	6,675	
	Medical Supplies & Oxygen		5,193
	Special Services - Therapy		1,482
	To remove special (ancillary) services		
	reimbursed by Medicare		
	State Plan, Attachment 4.19D		

**UNIHEALTH POST ACUTE CARE OF MONCK'S CORNER**  
 Adjustment Report  
 Cost Report Period Ended September 30, 2009  
 AC# 3-MMM-J9

<u>ADJUSTMENT NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
16	Nonallowable Cost of Capital	10,365	10,365
	To adjust capital return State Plan, Attachment 4.19D		
	TOTAL ADJUSTMENTS	\$1,035,221	\$1,035,221

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 OF MONCKS CORNER**  
**Cost of Capital Reimbursement Analysis**  
**For the Cost Report Period Ended September 30, 2009**  
**AC# 3-MMM-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>132</u>
Deemed Asset Value	6,410,448
Improvements Since 1981	1,538,511
Accumulated Depreciation at 9/30/09	<u>(1,955,682)</u>
Deemed Depreciated Value	5,993,277
Market Rate of Return	<u>.044</u>
Total Annual Return	263,704
Return Applicable to Non-Reimbursable Cost Centers	-
Allocation of Interest to Non-Reimbursable Cost Centers	<u>-</u>
Allowable Annual Return	263,704
Depreciation Expense	182,185
Amortization Expense	-
Capital Related Income Offsets	(6,680)
Allocation of Capital Expenses to Non-Reimbursable Cost Centers	<u>-</u>
Allowable Cost of Capital Expense	439,209
Total Patient Days (Minimum 96% Occupancy)	<u>46,253</u>
Cost of Capital Per Diem	\$ <u><u>9.50</u></u>

**UNIHEALTH POST ACUTE CARE OF MONCKS CORNER**  
Cost of Capital Reimbursement Analysis  
For the Cost Report Period Ended September 30, 2009  
AC# 3-MMM-J9

6/30/89 Cost of Capital and Return on Equity Capital Per Diem Reimbursement	\$ 7.52
Adjustment for Maximum Increase	<u>3.99</u>
Maximum Cost of Capital Per Diem	<u><u>\$11.51</u></u>
Reimbursable Cost of Capital Per Diem	\$ 9.50
Cost of Capital Per Diem	<u>9.50</u>
Cost of Capital Per Diem Limitation	<u><u>\$ -</u></u>

4 copies of this document were published at an estimated printing cost of \$1.52 each, and a total printing cost of \$6.08. Section 1-11-125 of the South Carolina Code of Laws, as amended requires this information on printing costs be added to the document.