

*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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September 25, 2013

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

Re: AC# 3-OBG-C9 – UniHealth Post Acute Care - Orangeburg, LLC d/b/a  
UniHealth Post Acute Care - Orangeburg

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 September 26, 2008 through March 31, 2009. That report was used to set the rate covering the contract periods beginning April 1, 2009.

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

**ORANGEBURG, SOUTH CAROLINA**

**CONTRACT PERIODS  
BEGINNING APRIL 1, 2009  
AC# 3-OBG-C9**

**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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DEPUTY STATE AUDITOR

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

May 29, 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 - Orangeburg, LLC d/b/a UniHealth Post Acute Care - Orangeburg, for the contract periods beginning April 1, 2009, and for the six month cost report period ended March 31, 2009, as set forth in the accompanying schedules. The management of UniHealth Post Acute Care - Orangeburg, LLC d/b/a UniHealth Post Acute Care - Orangeburg 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 - Orangeburg, LLC d/b/a UniHealth Post Acute Care - Orangeburg, 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 Summaries of Costs and Total Patient Days, Adjustment Report, and Cost of Capital Reimbursement Analyses 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 - Orangeburg, LLC d/b/a UniHealth Post Acute Care - Orangeburg dated as of October 1, 2006, 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 29, 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 - ORANGEBURG**

Computation of Rate Change  
For the Contract Periods  
Beginning April 1, 2009  
AC# 3-OBG-C9

|                                | <u>04/01/09-</u><br><u>09/30/09</u> | <u>10/01/09-</u><br><u>09/30/10</u> |
|--------------------------------|-------------------------------------|-------------------------------------|
| Interim Reimbursement Rate (1) | \$161.38                            | \$175.36                            |
| Adjusted Reimbursement Rate    | <u>160.83</u>                       | (2) <u>169.89</u>                   |
| Decrease in Reimbursement Rate | \$ <u>.55</u>                       | \$ <u>5.47</u>                      |

(1) Interim reimbursement rate from the South Carolina Medicaid Management Information System (MMIS) Provider Rate Listing dated April 20, 2012.

(2) As provided under Article IV, Section E of the Provider's contract dated October 1, 2006 as amended, "The Provider agrees that the rate charged to DH&HS for service to an eligible Medicaid recipient under this contract will not be greater than that charged for a similar service to a private pay patient." Accordingly, the reimbursement rate is limited to the customary charges to private pay clients.

**UNIHEALTH POST ACUTE CARE - ORANGEBURG**  
 Computation of Adjusted Reimbursement Rate  
 For the Contract Period April 1, 2009 Through September 30, 2009  
 AC# 3-OBG-C9

|   | <u>Incentives</u> | <u>Allowable<br/>Cost</u> | <u>Cost<br/>Standard</u> | <u>Computed<br/>Rate</u> |
|---|-------------------|---------------------------|--------------------------|--------------------------|
| <u>Costs Subject to Standards:</u>                |                   |                           |                          |                          |
| General Services                                  |                   | \$ 89.13                  | \$ 84.99                 |                          |
| Dietary   |                   | 18.92                     | 14.42                    |                          |
| Laundry/Housekeeping/Maintenance                  |                   | <u>17.79</u>              | <u>13.38</u>             |                          |
| Subtotal  | \$ <u>-</u>       | 125.84                    | 112.79                   | \$112.79                 |
| Administration & Medical Records                  | \$ <u>.35</u>     | <u>19.06</u>              | <u>19.41</u>             | <u>19.06</u>             |
| Subtotal  |                   | 144.90                    | <u>\$132.20</u>          | 131.85                   |
| <u>Costs Not Subject to Standards:</u>            |                   |                           |                          |                          |
| Utilities   |                   | 2.87                      |                          | 2.87                     |
| Special Services                                  |                   | .19                       |                          | .19                      |
| Medical Supplies & Oxygen                         |                   | 4.79                      |                          | 4.79                     |
| Taxes and Insurance                               |                   | 6.72                      |                          | 6.72                     |
| Legal Fees  |                   | <u>.36</u>                |                          | <u>.36</u>               |
| <b>TOTAL</b>                                      |                   | <u>\$159.83</u>           |                          | 146.78                   |
| Inflation Factor (4.80%)                          |                   |                           |                          | 7.05                     |
| Cost of Capital                                   |                   |                           |                          | 6.65                     |
| Cost of Capital Limitation                        |                   |                           |                          | -                        |
| Profit Incentive (Maximum 3.5% of Allowable Cost) |                   |                           |                          | .35                      |
| Cost Incentive                                    |                   |                           |                          | -                        |
| Effect of \$1.75 Cap on Cost/Profit Incentives    |                   |                           |                          | <u>-</u>                 |
| <b>ADJUSTED REIMBURSEMENT RATE</b>                |                   |                           |                          | <u>\$160.83</u>          |

**UNIHEALTH POST ACUTE CARE - ORANGEBURG**  
 Computation of Adjusted Reimbursement Rate  
 For the Contract Period October 1, 2009 Through September 30, 2010  
 AC# 3-OBG-C9

|   | <u>Incentives</u> | <u>Allowable<br/>Cost</u> | <u>Cost<br/>Standard</u> | <u>Computed<br/>Rate</u> |
|---|-------------------|---------------------------|--------------------------|--------------------------|
| <u>Costs Subject to Standards:</u>                |                   |                           |                          |                          |
| General Services                                  |                   | \$ 89.13                  | \$ 95.71                 |                          |
| Dietary   |                   | 18.92                     | 15.19                    |                          |
| Laundry/Housekeeping/Maintenance                  |                   | <u>17.79</u>              | <u>14.24</u>             |                          |
| Subtotal  | \$ <u>-</u>       | 125.84                    | 125.14                   | \$125.14                 |
| Administration & Medical Records                  | <u>\$1.45</u>     | <u>19.06</u>              | <u>20.51</u>             | <u>19.06</u>             |
| Subtotal  |                   | 144.90                    | <u>\$145.65</u>          | 144.20                   |
| <u>Costs Not Subject to Standards:</u>            |                   |                           |                          |                          |
| Utilities   |                   | 2.87                      |                          | 2.87                     |
| Special Services                                  |                   | .19                       |                          | .19                      |
| Medical Supplies & Oxygen                         |                   | 4.79                      |                          | 4.79                     |
| Taxes and Insurance                               |                   | 6.72                      |                          | 6.72                     |
| Legal Fees  |                   | <u>.36</u>                |                          | <u>.36</u>               |
| <b>TOTAL</b>                                      |                   | <u>\$159.83</u>           |                          | 159.13                   |
| Inflation Factor (4.70%)                          |                   |                           |                          | 7.48                     |
| Cost of Capital                                   |                   |                           |                          | 6.71                     |
| Cost of Capital Limitation                        |                   |                           |                          | -                        |
| Profit Incentive (Maximum 3.5% of Allowable Cost) |                   |                           |                          | 1.45                     |
| Cost Incentive                                    |                   |                           |                          | -                        |
| Effect of \$1.75 Cap on Cost/Profit Incentives    |                   |                           |                          | <u>-</u>                 |
| <b>ADJUSTED REIMBURSEMENT RATE</b>                |                   |                           |                          | <u>\$174.77</u>          |

**UNIHEALTH POST ACUTE CARE - ORANGEBURG**  
 Summary of Costs and Total Patient Days  
 For the Cost Report Period Ended March 31, 2009  
 For the Contract Period April 1, 2009 Through September 30, 2009  
 AC# 3-OBG-C9

| <u>Expenses</u>  | Totals (From<br>Schedule SC 13) as<br><u>Adjusted by DH&amp;HS</u> | Adjustments                              |   | <u>Adjusted<br/>Totals</u> |
|------------------|--|--|---|----------------------------|
|                  |  | <u>Debit</u>                             | <u>Credit</u>   |                            |
| General Services | \$1,336,652  | \$ 4,940 (4)<br>65,744 (8)<br>36,430 (8) | \$ 5,737 (2)<br>16,976 (3)<br>6,999 (14)<br>639 (14)<br>5,156 (16)<br>180 (16)                            | \$1,408,079                |
| Dietary          | 306,446  | 6,005 (8)                                | 6,652 (2)<br>614 (14)<br>6,221 (16)   | 298,964                    |
| Laundry          | 45,347   | -  | 221 (14)<br>911 (16)  | 44,215                     |
| Housekeeping     | 99,107   | 13,666 (8)                               | 589 (14)<br>834 (16)  | 111,350                    |
| Maintenance      | 363,661  | 3,065 (18)                               | 3,069 (5)<br>3,707 (6)<br>42,895 (7)<br>137,169 (8)<br>44,625 (9)<br>241 (14)<br>8,472 (16)<br>1,098 (17) | 125,450                    |

**UNIHEALTH POST ACUTE CARE - ORANGEBURG**  
 Summary of Costs and Total Patient Days  
 For the Cost Report Period Ended March 31, 2009  
 For the Contract Period April 1, 2009 Through September 30, 2009  
 AC# 3-OBG-C9

| <u>Expenses</u>                     | Totals (From<br>Schedule SC 13) as<br><u>Adjusted by DH&amp;HS</u> | Adjustments<br><u>Debit</u>                       | <u>Credit</u>  | <u>Adjusted<br/>Totals</u> |
|-------------------------------------|--|---|--|----------------------------|
| Administration &<br>Medical Records | 315,453  | 299 (2)<br>3,707 (6)<br>2,217 (13)<br>25,465 (18) | 12,683 (10)<br>4,051 (11)<br>8,274 (12)<br>627 (14)<br>28 (14)<br>1,182 (16)<br>49 (16)<br>19,111 (17) | 301,136                    |
| Utilities                           | 45,494   | 123 (18)  | 273 (17)   | 45,344                     |
| Special Services                    | 3,042  | -   | 12 (16)  | 3,030                      |
| Medical Supplies &<br>Oxygen        | 85,404   | -   | 4,940 (4)<br>4,832 (16)  | 75,632                     |
| Taxes and Insurance                 | 106,849  | 41 (18)   | 705 (17)   | 106,185                    |
| Legal Fees                          | 5,767  | 1,865 (18)  | 1,968 (17)   | 5,664                      |
| Cost of Capital                     | 102,383  | 1,528 (1)<br>1,501 (7)<br><u>2,795 (20)</u>       | 2,321 (17)<br>742 (18)<br><u>81 (19)</u>   | 105,063                    |
| Subtotal                            | 2,815,605  | 169,391   | 354,884  | 2,630,112                  |

**UNIHEALTH POST ACUTE CARE - ORANGEBURG**  
 Summary of Costs and Total Patient Days  
 For the Cost Report Period Ended March 31, 2009  
 For the Contract Period April 1, 2009 Through September 30, 2009  
 AC# 3-OBG-C9

| <u>Expenses</u>             | Totals (From<br>Schedule SC 13) as<br><u>Adjusted by DH&amp;HS</u> | Adjustments<br><u>Debit</u> | <u>Credit</u>    | Adjusted<br><u>Totals</u> |
|-----------------------------|--|-----------------------------|------------------|---------------------------|
| Ancillary                   | 102,703  | -                           | 32 (16)          | 102,671                   |
| Nonallowable                | 139,173  | 12,090 (2)                  | 1,528 (1)        | 263,948                   |
|                             |  | 16,976 (3)                  | 21,573 (13)      |                           |
|                             |  | 3,069 (5)                   | 29,817 (18)      |                           |
|                             |  | 15,324 (8)                  | 2,795 (20)       |                           |
|                             |  | 44,625 (9)                  |                  |                           |
|                             |  | 12,683 (10)                 |                  |                           |
|                             |  | 4,051 (11)                  |                  |                           |
|                             |  | 8,274 (12)                  |                  |                           |
|                             |  | 9,958 (14)                  |                  |                           |
|                             |  | 27,881 (16)                 |                  |                           |
|                             |  | 25,476 (17)                 |                  |                           |
|                             |  | 81 (19)                     |                  |                           |
| CNA Training and Testing    | <u>450</u>   | <u>-</u>                    | <u>-</u>         | <u>450</u>                |
| Total Operating<br>Expenses | <u>\$3,057,931</u>   | <u>\$349,879</u>            | <u>\$410,629</u> | <u>\$2,997,181</u>        |
| Total Patient Days          | <u>15,798</u>  | <u>-</u>                    | <u>-</u>         | <u>15,798</u>             |
| Total Beds                  | <u>88</u>  |                             |                  |                           |

**UNIHEALTH POST ACUTE CARE - ORANGEBURG**  
 Summary of Costs and Total Patient Days  
 For the Cost Report Period Ended March 31, 2009  
 For the Contract Period October 1, 2009 Through September 30, 2010  
 AC# 3-OBG-C9

| <u>Expenses</u>  | Totals (From<br>Schedule SC 13) as<br><u>Adjusted by DH&amp;HS</u> | Adjustments                              |   | <u>Adjusted<br/>Totals</u> |
|------------------|--|--|---|----------------------------|
|                  |  | <u>Debit</u>                             | <u>Credit</u>   |                            |
| General Services | \$1,336,652  | \$ 4,940 (4)<br>65,744 (8)<br>36,430 (8) | \$ 5,737 (2)<br>16,976 (3)<br>6,999 (14)<br>639 (14)<br>5,156 (16)<br>180 (16)                            | \$1,408,079                |
| Dietary          | 306,446  | 6,005 (8)                                | 6,652 (2)<br>614 (14)<br>6,221 (16)   | 298,964                    |
| Laundry          | 45,347   | -  | 221 (14)<br>911 (16)  | 44,215                     |
| Housekeeping     | 99,107   | 13,666 (8)                               | 589 (14)<br>834 (16)  | 111,350                    |
| Maintenance      | 363,661  | 3,065 (18)                               | 3,069 (5)<br>3,707 (6)<br>42,895 (7)<br>137,169 (8)<br>44,625 (9)<br>241 (14)<br>8,472 (16)<br>1,098 (17) | 125,450                    |

**UNIHEALTH POST ACUTE CARE - ORANGEBURG**  
 Summary of Costs and Total Patient Days  
 For the Cost Report Period Ended March 31, 2009  
 For the Contract Period October 1, 2009 Through September 30, 2010  
 AC# 3-OBG-C9

| <u>Expenses</u>                     | Totals (From<br>Schedule SC 13) as<br><u>Adjusted by DH&amp;HS</u> | Adjustments       |                | <u>Adjusted<br/>Totals</u> |
|-------------------------------------|--|-------------------|----------------|----------------------------|
|                                     |  | <u>Debit</u>      | <u>Credit</u>  |                            |
| Administration &<br>Medical Records | 315,453  | 299 (2)           | 12,683 (10)    | 301,136                    |
|                                     |  | 3,707 (6)         | 4,051 (11)     |                            |
|                                     |  | 2,217 (13)        | 8,274 (12)     |                            |
|                                     |  | 25,465 (18)       | 627 (14)       |                            |
|                                     |  |                   | 28 (14)        |                            |
|                                     |  |                   | 1,182 (16)     |                            |
|                                     |  |                   | 49 (16)        |                            |
|                                     |  |                   | 19,111 (17)    |                            |
| Utilities                           | 45,494   | 123 (18)          | 273 (17)       | 45,344                     |
| Special Services                    | 3,042  | -                 | 12 (16)        | 3,030                      |
| Medical Supplies &<br>Oxygen        | 85,404   | -                 | 4,940 (4)      | 75,632                     |
|                                     |  |                   | 4,832 (16)     |                            |
| Taxes and Insurance                 | 106,849  | 41 (18)           | 705 (17)       | 106,185                    |
| Legal Fees                          | 5,767  | 1,865 (18)        | 1,968 (17)     | 5,664                      |
| Cost of Capital                     | 103,420  | 1,528 (1)         | 2,321 (17)     | 106,032                    |
|                                     |  | 1,501 (7)         | 742 (18)       |                            |
|                                     |  | <u>2,727</u> (15) | <u>81</u> (19) |                            |
| Subtotal                            | 2,816,642  | 169,323           | 354,884        | 2,631,081                  |

**UNIHEALTH POST ACUTE CARE - ORANGEBURG**  
 Summary of Costs and Total Patient Days  
 For the Cost Report Period Ended March 31, 2009  
 For the Contract Period October 1, 2009 Through September 30, 2010  
 AC# 3-OBG-C9

| <u>Expenses</u>             | Totals (From<br>Schedule SC 13) as<br><u>Adjusted by DH&amp;HS</u> | Adjustments<br><u>Debit</u> | <u>Credit</u>    | <u>Adjusted<br/>Totals</u> |
|-----------------------------|--|-----------------------------|------------------|----------------------------|
| Ancillary                   | 102,703  | -                           | 32 (16)          | 102,671                    |
| Nonallowable                | 138,136  | 12,090 (2)                  | 1,528 (1)        | 262,979                    |
|                             |  | 16,976 (3)                  | 21,573 (13)      |                            |
|                             |  | 3,069 (5)                   | 2,727 (15)       |                            |
|                             |  | 15,324 (8)                  | 29,817 (18)      |                            |
|                             |  | 44,625 (9)                  |                  |                            |
|                             |  | 12,683 (10)                 |                  |                            |
|                             |  | 4,051 (11)                  |                  |                            |
|                             |  | 8,274 (12)                  |                  |                            |
|                             |  | 9,958 (14)                  |                  |                            |
|                             |  | 27,881 (16)                 |                  |                            |
|                             |  | 25,476 (17)                 |                  |                            |
|                             |  | 81 (19)                     |                  |                            |
| CNA Training and Testing    | <u>450</u>   | <u>-</u>                    | <u>-</u>         | <u>450</u>                 |
| Total Operating<br>Expenses | <u>\$3,057,931</u>   | <u>\$349,811</u>            | <u>\$410,561</u> | <u>\$2,997,181</u>         |
| Total Patient Days          | <u>15,798</u>  | <u>-</u>                    | <u>-</u>         | <u>15,798</u>              |
| Total Beds                  | <u>88</u>  |                             |                  |                            |

**UNIHEALTH POST ACUTE CARE - ORANGEBURG**  
Adjustment Report  
Cost Report Period Ended March 31, 2009  
AC# 3-OBG-C9

| <u>ADJUSTMENT</u><br><u>NUMBER</u> | <u>ACCOUNT TITLE</u>   | <u>DEBIT</u> | <u>CREDIT</u> |
|------------------------------------|--|--------------|---------------|
| 1                                  | Fixed Assets   | \$60,639     |               |
|                                    | Accumulated Depreciation                                     | 15,233       |               |
|                                    | Cost of Capital  | 1,528        |               |
|                                    | Other Equity   |              | \$75,872      |
|                                    | Nonallowable   |              | 1,528         |
|                                    | To adjust fixed assets and related depreciation              |              |               |
|                                    | HIM-15-1, Section 2304                                       |              |               |
|                                    | State Plan, Attachment 4.19D                                 |              |               |
| 2                                  | Administration   | 299          |               |
|                                    | Nonallowable   | 12,090       |               |
|                                    | Nursing  |              | 5,737         |
|                                    | Dietary  |              | 6,652         |
|                                    | To adjust related party United Clinical expense              |              |               |
|                                    | HIM-15-1, Section 2304                                       |              |               |
|                                    | State Plan, Attachment 4.19D                                 |              |               |
| 3                                  | Nonallowable   | 16,976       |               |
|                                    | Nursing  |              | 16,976        |
|                                    | To adjust medication carts which were capitalized            |              |               |
|                                    | HIM-15-1, Section 108  |              |               |
| 4                                  | Nursing  | 4,940        |               |
|                                    | Medical Supplies & Oxygen                                    |              | 4,940         |
|                                    | To properly classify expenses                                |              |               |
|                                    | HIM-15-1, Section 2304                                       |              |               |
|                                    | DH&HS Expense Crosswalk                                      |              |               |
| 5                                  | Nonallowable   | 3,069        |               |
|                                    | Maintenance  |              | 3,069         |
|                                    | To disallow maintenance expense due to lack of documentation |              |               |
|                                    | HIM-15-1, Section 2304                                       |              |               |
|                                    | State Plan, Attachment 4.19D                                 |              |               |

**UNIHEALTH POST ACUTE CARE - ORANGEBURG**  
Adjustment Report  
Cost Report Period Ended March 31, 2009  
AC# 3-OBG-C9

| <u>ADJUSTMENT</u><br><u>NUMBER</u> | <u>ACCOUNT TITLE</u>   | <u>DEBIT</u>                                  | <u>CREDIT</u>   |
|------------------------------------|--|---|-----------------|
| 6                                  | Administration<br>Maintenance  | 3,707   | 3,707           |
|                                    | To properly classify software<br>maintenance expense<br>DH&HS Expense Crosswalk    |   |                 |
| 7                                  | Fixed Assets<br>Cost of Capital<br>Accumulated Depreciation<br>Maintenance         | 42,895<br>1,501                               | 1,501<br>42,895 |
|                                    | To capitalize expense<br>HIM-15-1, Section 108<br>State Plan, Attachment 4.19D     |   |                 |
| 8                                  | Nursing<br>Restorative<br>Dietary<br>Housekeeping<br>Nonallowable<br>Maintenance   | 65,744<br>36,430<br>6,005<br>13,666<br>15,324 | 137,169         |
|                                    | To properly classify expenses<br>HIM-15-1, Section 108<br>DH&HS Expense Crosswalk  |   |                 |
| 9                                  | Nonallowable<br>Maintenance  | 44,625  | 44,625          |
|                                    | To remove expense capitalized<br>by DH&HS<br>HIM-15-1, Sections 108 and 2304       |   |                 |
| 10                                 | Nonallowable<br>Administration   | 12,683  | 12,683          |
|                                    | To remove start-up costs<br>HIM-15-1, Section 2132<br>State Plan, Attachment 4.19D |   |                 |

**UNIHEALTH POST ACUTE CARE - ORANGEBURG**  
 Adjustment Report  
 Cost Report Period Ended March 31, 2009  
 AC# 3-OBG-C9

| <u>ADJUSTMENT<br/>NUMBER</u> | <u>ACCOUNT TITLE</u>   | <u>DEBIT</u> | <u>CREDIT</u> |
|------------------------------|--|--------------|---------------|
| 11                           | Nonallowable<br>Administration   | 4,051        | 4,051         |
|                              | To disallow invoices not made out<br>to the facility<br>HIM-15-1, Section 2304<br>State Plan, Attachment 4.19D |              |               |
| 12                           | Nonallowable<br>Administration   | 8,274        | 8,274         |
|                              | To disallow expense due to lack<br>of documentation<br>HIM-15-1, Section 2304<br>State Plan, Attachment 4.19D  |              |               |
| 13                           | Start-Up Costs<br>Administration   | 21,573       |               |
|                              | Accumulated Amortization<br>Nonallowable   | 2,217        | 2,217         |
|                              | To record start-up cost and<br>related amortization<br>HIM-15-1, Section 2132<br>State Plan, Attachment 4.19D  |              |               |
| 14                           | Nonallowable   | 9,958        |               |
|                              | Nursing  |              | 6,999         |
|                              | Restorative  |              | 639           |
|                              | Dietary  |              | 614           |
|                              | Laundry  |              | 221           |
|                              | Housekeeping   |              | 589           |
|                              | Maintenance  |              | 241           |
|                              | Administration   |              | 627           |
|                              | Medical Records  |              | 28            |
|                              | To disallow expenses due to lack<br>of documentation<br>HIM-15-1, Section 2304<br>State Plan, Attachment 4.19D |              |               |

**UNIHEALTH POST ACUTE CARE - ORANGEBURG**  
 Adjustment Report  
 Cost Report Period Ended March 31, 2009  
 AC# 3-OBG-C9

| <u>ADJUSTMENT<br/>NUMBER</u> | <u>ACCOUNT TITLE</u>  | <u>DEBIT</u> | <u>CREDIT</u> |
|------------------------------|---|--------------|---------------|
| 15                           | Cost of Capital<br>Nonallowable   | 2,727        | 2,727         |
|                              | To adjust capital return<br>State Plan, Attachment 4.19D<br>(This adjustment applies only to the<br>rate period 10/01/09 - 9/30/10) |              |               |
| 16                           | Nonallowable  | 27,881       |               |
|                              | Nursing   |              | 5,156         |
|                              | Restorative   |              | 180           |
|                              | Dietary   |              | 6,221         |
|                              | Laundry   |              | 911           |
|                              | Housekeeping  |              | 834           |
|                              | Maintenance   |              | 8,472         |
|                              | Administration  |              | 1,182         |
|                              | Medical Records   |              | 49            |
|                              | Medical Supplies & Oxygen   |              | 4,832         |
|                              | Special Services - Therapy  |              | 12            |
|                              | Ancillary   |              | 32            |
|                              | To adjust related party United<br>Medical expense<br>HIM-15-1, Section 2304<br>State Plan, Attachment 4.19D                         |              |               |
| 17                           | Nonallowable  | 25,476       |               |
|                              | Maintenance   |              | 1,098         |
|                              | Administration  |              | 19,111        |
|                              | Legal   |              | 1,968         |
|                              | Utilities   |              | 273           |
|                              | Taxes and Insurance   |              | 705           |
|                              | Cost of Capital   |              | 2,321         |
|                              | To adjust home office costs<br>HIM-15-1, Section 2304<br>State Plan, Attachment 4.19D   |              |               |

**UNIHEALTH POST ACUTE CARE - ORANGEBURG**  
Adjustment Report  
Cost Report Period Ended March 31, 2009  
AC# 3-OBG-C9

| <u>ADJUSTMENT<br/>NUMBER</u> | <u>ACCOUNT TITLE</u>   | <u>DEBIT</u>     | <u>CREDIT</u>    |
|------------------------------|--|------------------|------------------|
| 18                           | Maintenance  | 3,065            |                  |
|                              | Administration   | 25,465           |                  |
|                              | Legal  | 1,865            |                  |
|                              | Utilities  | 123              |                  |
|                              | Taxes & Insurance  | 41               |                  |
|                              | Cost of Capital  |                  | 742              |
|                              | Nonallowable   |                  | 29,817           |
|                              | To adjust home office costs<br>HIM-15-1, Section 2304<br>State Plan, Attachment 4.19D  |                  |                  |
| 19                           | Accumulated Depreciation   | 36,880           |                  |
|                              | Nonallowable   | 81               |                  |
|                              | Other Equity   |                  | 36,880           |
|                              | Cost of Capital  |                  | 81               |
|                              | To adjust accumulated depreciation<br>and depreciation expense to comply<br>with capital cost policy<br>State Plan, Attachment 4.19D |                  |                  |
| 20                           | Cost of Capital  | 2,795            |                  |
|                              | Nonallowable   |                  | 2,795            |
|                              | To adjust capital return<br>State Plan, Attachment 4.19D<br>(This adjustment applies only to the<br>rate period 4/01/09 - 9/30/09)   |                  |                  |
|                              | TOTAL ADJUSTMENTS  | <u>\$529,826</u> | <u>\$529,826</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.

**UNIHEALTH POST ACUTE CARE - ORANGEBURG**  
 Cost of Capital Reimbursement Analysis  
 For the Cost Report Period Ended March 31, 2009  
 For the Contract Period April 1, 2009 Through September 30, 2009  
 AC# 3-OBG-C9

|   |                    |                  |                |
|---|--------------------|------------------|----------------|
| Original Asset Cost (Per Bed)                                       | \$ 15,618          | \$ 15,618        |                |
| Inflation Adjustment  | <u>2.94141</u>     | <u>2.94141</u>   |                |
| Deemed Asset Value (Per Bed)  | 45,939             | 45,939           |                |
| Number of Beds  | <u>74</u>          | <u>14</u>        |                |
| Deemed Asset Value  | 3,399,486          | 643,146          |                |
| Improvements Since 1981   | 634,678            | 26,790           |                |
| Accumulated Depreciation at 3/31/09                                 | <u>(1,203,741)</u> | <u>(225,144)</u> |                |
| Deemed Depreciated Value  | 2,830,423          | 444,792          |                |
| Market Rate of Return   | <u>.0483</u>       | <u>.0483</u>     |                |
| Total Annual Return   | 136,709            | 21,483           |                |
| Number of Days in Period  | <u>187/365</u>     | <u>187/365</u>   |                |
| Adjusted Annual Return  | 70,040             | 11,006           |                |
| Return Applicable to Non-Reimbursable<br>Cost Centers               | -                  | -                |                |
| Allocation of Rent and Interest to<br>Non-Reimbursable Cost Centers | <u>-</u>           | <u>-</u>         |                |
| Allowable Annual Return   | 70,040             | 11,006           |                |
| Depreciation Expense  | 17,439             | 6,579            |                |
| Amortization Expense  | -                  | -                |                |
| Capital Related Income Offsets                                      | (1)                | -                |                |
| Allocation of Capital Expenses to<br>Non-Reimbursable Cost Centers  | <u>-</u>           | <u>-</u>         | <u>Total</u>   |
| Allowable Cost of Capital Expense                                   | 87,478             | 17,585           | \$105,063      |
| Total Patient Days (Minimum 96% Occupancy)                          | <u>13,285</u>      | <u>2,513</u>     | <u>15,798</u>  |
| Cost of Capital Per Diem  | <u>\$ 6.58</u>     | <u>\$ 7.00</u>   | <u>\$ 6.65</u> |

**UNIHEALTH POST ACUTE CARE - ORANGEBURG**  
Cost of Capital Reimbursement Analysis  
For the Cost Report Period Ended March 31, 2009  
For the Contract Period April 1, 2009 Through September 30, 2009  
AC# 3-OBG-C9

|  |               |               |
|--|---------------|---------------|
| 6/30/89 Cost of Capital and Return on Equity<br>Capital Per Diem Reimbursement | \$4.81        | \$ N/A        |
| Adjustment for Maximum Increase  | <u>3.99</u>   | <u>N/A</u>    |
| Maximum Cost of Capital Per Diem   | <u>\$8.80</u> | <u>\$7.00</u> |
| Reimbursable Cost of Capital Per Diem  |               | \$6.65        |
| Cost of Capital Per Diem   |               | <u>6.65</u>   |
| Cost of Capital Per Diem Limitation  |               | <u>\$ -</u>   |

**UNIHEALTH POST ACUTE CARE - ORANGEBURG**  
 Cost of Capital Reimbursement Analysis  
 For the Cost Report Period Ended March 31, 2009  
 For the Contract Period October 1, 2009 Through September 30, 2010  
 AC# 3-OBG-C9

|   |                    |                  |                |
|---|--------------------|------------------|----------------|
| Original Asset Cost (Per Bed)                                       | \$ 15,618          | \$ 15,618        |                |
| Inflation Adjustment  | <u>3.03131</u>     | <u>3.03131</u>   |                |
| Deemed Asset Value (Per Bed)  | 47,343             | 47,343           |                |
| Number of Beds  | <u>74</u>          | <u>14</u>        |                |
| Deemed Asset Value  | 3,503,382          | 662,802          |                |
| Improvements Since 1981   | 634,678            | 26,790           |                |
| Accumulated Depreciation at 3/31/09                                 | <u>(1,203,741)</u> | <u>(225,144)</u> |                |
| Deemed Depreciated Value  | 2,934,319          | 464,448          |                |
| Market Rate of Return   | <u>.0471</u>       | <u>.0471</u>     |                |
| Total Annual Return   | 138,206            | 21,876           |                |
| Number of Days in Period  | <u>187/365</u>     | <u>187/365</u>   |                |
| Adjusted Annual Return  | 70,807             | 11,208           |                |
| Return Applicable to Non-Reimbursable<br>Cost Centers               | -                  | -                |                |
| Allocation of Rent and Interest to<br>Non-Reimbursable Cost Centers | <u>-</u>           | <u>-</u>         |                |
| Allowable Annual Return   | 70,807             | 11,208           |                |
| Depreciation Expense  | 17,439             | 6,579            |                |
| Amortization Expense  | -                  | -                |                |
| Capital Related Income Offsets                                      | (1)                | -                |                |
| Allocation of Capital Expenses to<br>Non-Reimbursable Cost Centers  | <u>-</u>           | <u>-</u>         | <u>Total</u>   |
| Allowable Cost of Capital Expense                                   | 88,245             | 17,787           | \$106,032      |
| Total Patient Days (Minimum 96% Occupancy)                          | <u>13,285</u>      | <u>2,513</u>     | <u>15,798</u>  |
| Cost of Capital Per Diem  | <u>\$ 6.64</u>     | <u>\$ 7.08</u>   | <u>\$ 6.71</u> |

**UNIHEALTH POST ACUTE CARE - ORANGEBURG**  
Cost of Capital Reimbursement Analysis  
For the Cost Report Period Ended March 31, 2009  
For the Contract Period October 1, 2009 Through September 30, 2010  
AC# 3-OBG-C9

|  |               |               |
|--|---------------|---------------|
| 6/30/89 Cost of Capital and Return on Equity<br>Capital Per Diem Reimbursement | \$4.81        | \$ N/A        |
| Adjustment for Maximum Increase  | <u>3.99</u>   | <u>N/A</u>    |
| Maximum Cost of Capital Per Diem   | <u>\$8.80</u> | <u>\$7.08</u> |
| Reimbursable Cost of Capital Per Diem  |               | \$6.71        |
| Cost of Capital Per Diem   |               | <u>6.71</u>   |
| Cost of Capital Per Diem Limitation  |               | <u>\$ -</u>   |

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