

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-OBG-J0 – 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 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 - ORANGEBURG, LLC D/B/A
UNIHEALTH POST ACUTE CARE - ORANGEBURG
ORANGEBURG, SOUTH CAROLINA**

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

June 17, 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 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 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 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 - Orangeburg, LLC d/b/a UniHealth Post Acute Care - Orangeburg 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
June 17, 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 Period
Beginning November 1, 2011
AC# 3-OBG-J0

11/01/11-
09/30/12

Interim Reimbursement Rate (1)	\$177.13
Adjusted Reimbursement Rate	<u>171.26</u>
Decrease in Reimbursement Rate	\$ <u>5.87</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 - ORANGEBURG
 Computation of Adjusted Reimbursement Rate
 For the Contract Period November 1, 2011 Through September 30, 2012
 AC# 3-OBG-J0

	<u>Incentives</u>	<u>Allowable Cost</u>	<u>Cost Standard</u>	<u>Computed Rate</u>
<u>Costs Subject to Standards:</u>				
General Services		\$ 86.91	\$101.89	
Dietary		16.68	16.01	
Laundry/Housekeeping/Maintenance		<u>18.45</u>	<u>15.28</u>	
Subtotal	<u>\$9.32</u>	122.04	133.18	\$122.04
Administration & Medical Records	<u>\$ -</u>	<u>24.58</u>	<u>22.48</u>	<u>22.48</u>
Subtotal		146.62	<u>\$155.66</u>	144.52
<u>Costs Not Subject to Standards:</u>				
Utilities		3.81		3.81
Special Services		1.36		1.36
Medical Supplies & Oxygen		6.74		6.74
Taxes and Insurance		9.02		9.02
Legal Fees		<u>.37</u>		<u>.37</u>
TOTAL		<u>\$167.92</u>		165.82
Inflation Factor (N/A)				-
Cost of Capital				10.12
Cost of Capital Limitation				(1.10)
Profit Incentive (Maximum 3.5% of Allowable Cost)				-
Cost Incentive				9.32
Effect of \$1.75 Cap on Cost/Profit Incentives				(7.57)
Budget Neutrality Adjustment (3.02%)				<u>(5.33)</u>
ADJUSTED REIMBURSEMENT RATE				<u>\$171.26</u>

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

<u>Expenses</u>	Totals (From Schedule SC 13) as <u>Adjusted by DH&HS</u>	Adjustments		<u>Adjusted Totals</u>
		<u>Debit</u>	<u>Credit</u>	
General Services	\$2,496,308	\$ 40 (7) 1,029 (8)	\$105,506 (1) 101 (7) 14,642 (9)	\$2,377,128
Dietary	435,356	3,750 (4) 19,887 (8)	1,326 (1) 1,470 (7)	456,197
Laundry	80,764	-	568 (7)	80,196
Housekeeping	244,699	-	748 (7)	243,951
Maintenance	242,472	6,263 (8)	12,766 (2) 53,890 (4) 1,480 (7))	180,599
Administration & Medical Records	644,563	4,315 (6) 18,919 (8) 5,274 (9)	664 (7) 136 (7)	672,271
Utilities	104,267	-	-	104,267
Special Services	35,640	5,012 (3) 9,368 (9)	340 (7) 12,559 (11)	37,121
Medical Supplies & Oxygen	189,004	159 (11)	4,911 (7)	184,252
Taxes and Insurance	246,595	-	-	246,595
Legal Fees	10,207	-	-	10,207

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

<u>Expenses</u>	Totals (From Schedule SC 13) as Adjusted by DH&HS	Adjustments <u>Debit</u>	<u>Credit</u>	<u>Adjusted Totals</u>
Cost of Capital	248,019	705 (2) 4,723 (5) 35,162 (10) <u>147 (12)</u>	12,047 (3)	276,709
Subtotal	4,977,894	114,753	223,154	4,869,493
Ancillary	257,822	-	2 (7)	257,820
Nonallowable	1,009,866	106,832 (1) 7,035 (3) 50,140 (4) 10,380 (7) 12,400 (11)	1,201 (2) 4,723 (5) 4,315 (6) 46,098 (8) 35,162 (10) 147 (12)	1,105,007
CNA Training and Testing	<u>364</u>	<u>-</u>	<u>-</u>	<u>364</u>
Total Operating Expenses	<u>\$6,245,946</u>	<u>\$301,540</u>	<u>\$314,802</u>	<u>\$6,232,684</u>
Total Patient Days	<u>27,353</u>	<u>-</u>	<u>-</u>	<u>27,353</u>
Total Beds	<u>88</u>			

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

<u>ADJUSTMENT</u> <u>NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
1	Nonallowable	\$106,832	
	Nursing		\$105,506
	Dietary		1,326
	To adjust related party United Clinical expense		
	HIM-15-1, Section 2304		
	State Plan, Attachment 4.19D		
2	Fixed Assets	13,967	
	Cost of Capital	705	
	Accumulated Depreciation		705
	Maintenance		12,766
	Nonallowable		1,201
	To capitalize expense		
	HIM-15-1, Section 108		
	State Plan, Attachment 4.19D		
3	Fixed Assets	80,006	
	Special Services - Therapy	5,012	
	Accumulated Depreciation	19,741	
	Nonallowable	7,035	
	Cost of Capital		12,047
	Other Equity		99,747
	To adjust fixed assets and related depreciation		
	HIM-15-1, Section 2304		
	State Plan, Attachment 4.19D		
4	Dietary	3,750	
	Nonallowable	50,140	
	Maintenance		53,890
	To properly classify expenses		
	HIM-15-1, Section 108		
	DH&HS Expense Crosswalk		

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

<u>ADJUSTMENT NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
5	Fixed Assets	56,677	
	Cost of Capital	4,723	
	Accumulated Depreciation		8,259
	Other Equity		48,418
	Nonallowable		4,723
	To carry forward adjustment to capitalize expense HIM-15-1, Section 108 State Plan, Attachment 4.19D		
6	Start-Up Cost	21,573	
	Administration	4,315	
	Accumulated Amortization		8,629
	Other Equity		12,944
	Nonallowable		4,315
	To record start-up cost and related amortization HIM-15-1, Section 2132 State Plan, Attachment 4.19D		
7	Nonallowable	10,380	
	Nursing	40	
	Restorative		101
	Dietary		1,470
	Laundry		568
	Housekeeping		748
	Maintenance		1,480
	Administration		664
	Medical Records		136
	Medical Supplies & Oxygen		4,911
	Special Services - Therapy		340
	Ancillary		2
	To adjust related party United Medical expense HIM-15-1, Section 2304 State Plan, Attachment 4.19D		

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

<u>ADJUSTMENT NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
8	Restorative	1,029	
	Dietary	19,887	
	Maintenance	6,263	
	Administration	18,919	
	Nonallowable		46,098
	To properly classify expenses		
	DH&HS Expense Crosswalk		
	State Plan, Attachment 4.19D		
9	Medical Records	5,274	
	Special Services - Therapy	9,368	
	Nursing		14,642
	To reclassify expenses to the proper		
	cost centers		
	DH&HS Expense Crosswalk		
	State Plan, Attachment 4.19D		
10	Cost of Capital	35,162	
	Nonallowable		35,162
	To adjust capital return		
	State Plan, Attachment 4.19D		
11	Medical Supplies & Oxygen	159	
	Nonallowable	12,400	
	Special Services - Therapy		12,559
	To remove special (ancillary) services		
	reimbursed by Medicare		
	State Plan, Attachment 4.19D		

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

<u>ADJUSTMENT NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
12	Accumulated Depreciation	40,376	
	Cost of Capital	147	
	Other Equity		40,376
	Nonallowable		147
	<p>To adjust accumulated depreciation and depreciation expense to comply with capital cost policy State Plan, Attachment 4.19D</p>		
		_____	_____
	TOTAL ADJUSTMENTS	<u>\$533,880</u>	<u>\$533,880</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 September 30, 2010
 AC# 3-OBG-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>74</u>	<u>14</u>	
Deemed Asset Value	3,643,612	689,332	
Improvements Since 1981	1,300,107	134,963	
Accumulated Depreciation at 9/30/10	<u>(1,272,763)</u>	<u>(246,484)</u>	
Deemed Depreciated Value	3,670,956	577,811	
Market Rate of Return	<u>.0420</u>	<u>.0420</u>	
Total Annual Return	154,180	24,268	
Return Applicable to Non-Reimbursable Cost Centers	-	-	
Allocation of Rent and Interest to Non-Reimbursable Cost Centers	<u>-</u>	<u>-</u>	
Allowable Annual Return	154,180	24,268	
Depreciation Expense	78,263	20,017	
Amortization Expense	-	-	
Capital Related Income Offsets	(16)	(3)	
Allocation of Capital Expenses to Non-Reimbursable Cost Centers	<u>-</u>	<u>-</u>	<u>Total</u>
Allowable Cost of Capital Expense	232,427	44,282	\$276,709
Total Patient Days (Minimum 85.16% Occupancy)	<u>23,001</u>	<u>4,352</u>	<u>27,353</u>
Cost of Capital Per Diem	\$ <u>10.11</u>	\$ <u>10.18</u>	\$ <u>10.12</u>

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

6/30/89 Cost of Capital and Return on Equity 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>\$10.18</u>
Reimbursable Cost of Capital Per Diem		\$ 9.02
Cost of Capital Per Diem		<u>10.12</u>
Cost of Capital Per Diem Limitation		<u>\$(1.10)</u>

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