

*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

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-J9 – 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, 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 - ORANGEBURG, LLC D/B/A  
UNIHEALTH POST ACUTE CARE - ORANGEBURG**

**ORANGEBURG, SOUTH CAROLINA**

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

May 24, 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 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 - 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 contracts 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 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 24, 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 October 1, 2010  
AC# 3-OBG-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)	\$170.96	\$165.83
Adjusted Reimbursement Rate	<u>162.84</u>	<u>157.95</u>
Decrease in Reimbursement Rate	\$ <u>8.12</u>	\$ <u>7.88</u>

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

**UNIHEALTH POST ACUTE CARE - ORANGEBURG**  
 Computation of Adjusted Reimbursement Rate  
 For the Contract Period October 1, 2010 Through April 7, 2011  
 AC# 3-OBG-J9

	<u>Incentives</u>	<u>Allowable Cost</u>	<u>Cost Standard</u>	<u>Computed Rate</u>
<u>Costs Subject to Standards:</u>				
General Services		\$ 81.25	\$105.93	
Dietary		16.68	15.32	
Laundry/Housekeeping/Maintenance		<u>17.90</u>	<u>14.84</u>	
Subtotal	<u>\$9.53</u>	115.83	136.09	\$115.83
Administration & Medical Records	<u>\$2.34</u>	<u>19.08</u>	<u>21.42</u>	<u>19.08</u>
Subtotal		134.91	<u>\$157.51</u>	134.91
<u>Costs Not Subject to Standards:</u>				
Utilities		2.76		2.76
Special Services		.15		.15
Medical Supplies & Oxygen		5.32		5.32
Taxes and Insurance		7.30		7.30
Legal Fees		<u>.36</u>		<u>.36</u>
<b>TOTAL</b>		<u>\$150.80</u>		150.80
Inflation Factor (2.00%)				3.02
Cost of Capital				7.27
Cost of Capital Limitation				-
Profit Incentive (Maximum 3.5% of Allowable Cost)				2.34
Cost Incentive				9.53
Effect of \$1.75 Cap on Cost/Profit Incentives				<u>(10.12)</u>
<b>ADJUSTED REIMBURSEMENT RATE</b>				<u>\$162.84</u>

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

	<u>Incentives</u>	<u>Allowable Cost</u>	<u>Cost Standard</u>	<u>Computed Rate</u>
<u>Costs Subject to Standards:</u>				
General Services		\$ 81.25	\$105.93	
Dietary		16.68	15.32	
Laundry/Housekeeping/Maintenance		<u>17.90</u>	<u>14.84</u>	
Subtotal	<u>\$9.53</u>	115.83	136.09	\$115.83
Administration & Medical Records	<u>\$2.34</u>	<u>19.08</u>	<u>21.42</u>	<u>19.08</u>
Subtotal		134.91	<u>\$157.51</u>	134.91
<u>Costs Not Subject to Standards:</u>				
Utilities		2.76		2.76
Special Services		.15		.15
Medical Supplies & Oxygen		5.32		5.32
Taxes and Insurance		7.30		7.30
Legal Fees		<u>.36</u>		<u>.36</u>
<b>TOTAL</b>		<u>\$150.80</u>		150.80
Inflation Factor (2.00%)				3.02
Cost of Capital				7.27
Cost of Capital Limitation				-
Profit Incentive (Maximum 3.5% of Allowable Cost)				2.34
Cost Incentive				9.53
Effect of \$1.75 Cap on Cost/Profit Incentives				(10.12)
Effect of 3% Rate Reduction				<u>(4.89)</u>
<b>ADJUSTED REIMBURSEMENT RATE</b>				<u>\$157.95</u>

**UNIHEALTH POST ACUTE CARE - ORANGEBURG**  
 Summary of Costs and Total Patient Days  
 For the Cost Report Period Ended September 30, 2009  
 AC# 3-OBG-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	\$2,476,207	\$ 2,297 (4) 65,744 (8) 36,430 (8) 1,195 (9) 1,502 (9)	\$ 25,983 (2) 16,976 (3) 11,637 (5) 7,312 (17) 408 (17) 8,241 (19) 524 (19) 6,686 (21) 133 (21)	\$2,505,475
Dietary	513,447	4,028 (2) 6,005 (8) 448 (9)	784 (17) 736 (19) 7,958 (21)	514,450
Laundry	84,940	5,529 (9)	36 (17) 194 (19) 1,473 (21)	88,766
Housekeeping	209,469	13,666 (8) 1,070 (9)	1,147 (17) 807 (19) 1,451 (21)	220,800
Maintenance	463,183	6,535 (4) 72 (17)	10,084 (6) 56,632 (7) 137,169 (8) 9,744 (9) 1,000 (10) 162 (19) 10,494 (21) 2,143 (22)	242,362

**UNIHEALTH POST ACUTE CARE - ORANGEBURG**  
Summary of Costs and Total Patient Days  
For the Cost Report Period Ended September 30, 2009  
AC# 3-OBG-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>	
Administration & Medical Records	662,771	5,694 (2) 10,084 (6) 4,315 (16)	12,683 (11) 16,662 (12) 12,196 (13) 3,686 (14) 9,524 (15) 942 (17) 723 (19) 41 (19) 757 (21) 161 (21) 37,304 (22)	588,185
Utilities	85,663	-	533 (22)	85,130
Special Services	3,404	4,459 (5) 88,000 (20)	98 (21) 91,229 (23)	4,536
Medical Supplies & Oxygen	166,588	7,178 (5) 344 (23)	9,938 (21)	164,172
Taxes and Insurance	226,321	-	1,376 (22)	224,945
Legal Fees	14,897	-	3,840 (22)	11,057
Cost of Capital	214,955	6,399 (1) 3,536 (7) <u>4,158 (18)</u>	4,528 (22) 223 (24)	224,297
Subtotal	5,121,845	278,688	526,358	4,874,175

**UNIHEALTH POST ACUTE CARE - ORANGEBURG**  
Summary of Costs and Total Patient Days  
For the Cost Report Period Ended September 30, 2009  
AC# 3-OBG-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	196,830	-	75 (21)	196,755
Nonallowable	366,634	16,261 (2)	6,399 (1)	543,980
		16,976 (3)	8,832 (4)	
		15,324 (8)	45 (7)	
		1,000 (10)	21,573 (16)	
		12,683 (11)	4,158 (18)	
		16,662 (12)	88,000 (20)	
		12,196 (13)		
		3,686 (14)		
		9,524 (15)		
		10,557 (17)		
		11,428 (19)		
		39,224 (21)		
		49,724 (22)		
		90,885 (23)		
		223 (24)		
CNA Training and Testing	<u>603</u>	<u>-</u>	<u>-</u>	<u>603</u>
Total Operating Expenses	<u>\$5,685,912</u>	<u>\$585,041</u>	<u>\$655,440</u>	<u>\$5,615,513</u>
Total Patient Days	<u>30,835</u>	<u>-</u>	<u>-</u>	<u>30,835</u>
Total Beds	<u>88</u>			

**UNIHEALTH POST ACUTE CARE - ORANGEBURG**  
Adjustment Report  
Cost Report Period Ended September 30, 2009  
AC# 3-OBG-J9

<u>ADJUSTMENT NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
1	Fixed Assets	\$91,336	
	Cost of Capital	6,399	
	Accumulated Depreciation		\$11,482
	Other Equity		79,854
	Nonallowable		6,399
	To adjust fixed assets and related depreciation		
	HIM-15-1, Section 2304		
	State Plan, Attachment 4.19D		
2	Dietary	4,028	
	Administration	5,694	
	Nonallowable	16,261	
	Nursing		25,983
	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	Restorative	2,297	
	Maintenance	6,535	
	Nonallowable		8,832
	To properly classify expenses capitalized by DH&HS		
	HIM-15-1, Section 108		
	DH&HS Expense Crosswalk		
5	Medical Supplies & Oxygen	7,178	
	Special Services - Therapy	4,459	
	Nursing		11,637
	To properly classify expenses		
	DH&HS Expense Crosswalk		
	State Plan, Attachment 4.19D		

**UNIHEALTH POST ACUTE CARE - ORANGEBURG**  
 Adjustment Report  
 Cost Report Period Ended September 30, 2009  
 AC# 3-OBG-J9

<u>ADJUSTMENT</u> <u>NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
6	Administration Maintenance	10,084	10,084
	To properly classify software maintenance expense DH&HS Expense Crosswalk		
7	Fixed Assets Cost of Capital Accumulated Depreciation Maintenance Nonallowable	56,677 3,536	3,536 56,632 45
	To capitalize expense HIM-15-1, Sections 108 and 2304 State Plan, Attachment 4.19D		
8	Nursing Restorative Dietary Housekeeping Nonallowable Maintenance	65,744 36,430 6,005 13,666 15,324	137,169
	To properly classify expenses HIM-15-1, Section 108 DH&HS Expense Crosswalk		
9	Nursing Restorative Dietary Laundry Housekeeping Maintenance	1,195 1,502 448 5,529 1,070	9,744
	To properly classify expenses DH&HS Expense Crosswalk		
10	Nonallowable Maintenance	1,000	1,000
	To disallow maintenance expense due to a lack of documentation HIM-15-1, Section 2304 State Plan, Attachment 4.19D		

**UNIHEALTH POST ACUTE CARE - ORANGEBURG**  
 Adjustment Report  
 Cost Report Period Ended September 30, 2009  
 AC# 3-OBG-J9

ADJUSTMENT NUMBER	ACCOUNT TITLE	DEBIT	CREDIT
11	Nonallowable Administration	12,683	12,683
	To adjust start-up costs HIM-15-1, Section 2132		
12	Nonallowable Administration	16,662	16,662
	To disallow data cable which was capitalized HIM-15-1, Section 108		
13	Nonallowable Administration	12,196	12,196
	To disallow invoices not made out to the facility HIM-15-1, Section 2304 State Plan, Attachment 4.19D		
14	Nonallowable Administration	3,686	3,686
	To properly charge expense applicable to the prior period HIM-15-1, Section 2302.1		
15	Nonallowable Administration	9,524	9,524
	To disallow administrative expense not documented or applicable to the facility HIM-15-1, Section 2304 State Plan, Attachment 4.19D		
16	Start-Up Costs Administration	21,573	
	Accumulated Amortization Nonallowable	4,315	4,315
	To record start-up cost and related amortization HIM-15-1, Section 2132 State Plan, Attachment 4.19D		

**UNIHEALTH POST ACUTE CARE - ORANGEBURG**  
Adjustment Report  
Cost Report Period Ended September 30, 2009  
AC# 3-OBG-J9

<u>ADJUSTMENT</u> <u>NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
17	Nonallowable	10,557	
	Maintenance	72	
	Nursing		7,312
	Restorative		408
	Dietary		784
	Laundry		36
	Housekeeping		1,147
	Administration		942
	To properly charge expense applicable to the prior period HIM-15-1, Section 2302.1		
18	Cost of Capital	4,158	
	Nonallowable		4,158
	To adjust capital return State Plan, Attachment 4.19D		
19	Nonallowable	11,428	
	Nursing		8,241
	Restorative		524
	Dietary		736
	Laundry		194
	Housekeeping		807
	Maintenance		162
	Administration		723
	Medical Records		41
	To adjust fringe benefits and related allocation HIM-15-1, Section 2304 State Plan, Attachment 4.19D		
20	Special Services - Therapy	88,000	
	Nonallowable		88,000
	To adjust related party United Rehab expense HIM-15-1, Section 2304 State Plan, Attachment 4.19D		

**UNIHEALTH POST ACUTE CARE - ORANGEBURG**  
 Adjustment Report  
 Cost Report Period Ended September 30, 2009  
 AC# 3-OBG-J9

<u>ADJUSTMENT</u> <u>NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
21	Nonallowable	39,224	
	Nursing		6,686
	Restorative		133
	Dietary		7,958
	Laundry		1,473
	Housekeeping		1,451
	Maintenance		10,494
	Administration		757
	Medical Records		161
	Medical Supplies & Oxygen		9,938
	Special Services - Therapy		98
	Ancillary		75
	To adjust related party United Medical expense HIM-15-1, Section 2304 State Plan, Attachment 4.19D		
22	Nonallowable	49,724	
	Maintenance		2,143
	Administration		37,304
	Legal		3,840
	Utilities		533
	Taxes and Insurance		1,376
	Cost of Capital		4,528
	To adjust home office costs HIM-15-1, Section 2304 State Plan, Attachment 4.19D		
23	Medical Supplies & Oxygen	344	
	Nonallowable	90,885	
	Special Services - Therapy		91,229
	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, 2009  
AC# 3-OBG-J9

<u>ADJUSTMENT NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
24	Accumulated Depreciation	37,734	
	Nonallowable	223	
	Other Equity		37,734
	Cost of Capital		223
	To adjust accumulated depreciation and depreciation expense to comply with capital cost policy State Plan, Attachment 4.19D		
		\$792,361	\$792,361
	TOTAL ADJUSTMENTS	\$792,361	\$792,361

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, 2009  
 AC# 3-OBG-J9

Original Asset Cost (Per Bed)	\$ 15,618	\$ 15,618	
Inflation Adjustment	<u>3.10948</u>	<u>3.10948</u>	
Deemed Asset Value (Per Bed)	48,564	48,564	
Number of Beds	<u>74</u>	<u>14</u>	
Deemed Asset Value	3,593,736	679,896	
Improvements Since 1981	1,006,017	87,155	
Accumulated Depreciation at 9/30/09	<u>(1,215,040)</u>	<u>(230,355)</u>	
Deemed Depreciated Value	3,384,713	536,696	
Market Rate of Return	<u>.0440</u>	<u>.0440</u>	
Total Annual Return	148,927	23,615	
Return Applicable to Non-Reimbursable Cost Centers	-	-	
Allocation of Rent and Interest to Non-Reimbursable Cost Centers	<u>-</u>	<u>-</u>	
Allowable Annual Return	148,927	23,615	
Depreciation Expense	38,488	13,543	
Amortization Expense	-	-	
Capital Related Income Offsets	(232)	(44)	
Allocation of Capital Expenses to Non-Reimbursable Cost Centers	<u>-</u>	<u>-</u>	<u>Total</u>
Allowable Cost of Capital Expense	187,183	37,114	\$224,297
Total Patient Days (Minimum 96% Occupancy)	<u>25,929</u>	<u>4,906</u>	<u>30,835</u>
Cost of Capital Per Diem	\$ <u><u>7.22</u></u>	\$ <u><u>7.57</u></u>	\$ <u><u>7.27</u></u>

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

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>\$7.57</u>
Reimbursable Cost of Capital Per Diem		\$7.27
Cost of Capital Per Diem		<u>7.27</u>
Cost of Capital Per Diem Limitation		<u>\$ -</u>

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