

*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

January 14, 2014

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

Re: AC# 3-RHH-J9 – UniHealth Post Acute Care – Rock Hill, LLC d/b/a  
UniHealth Post Acute Care – Rock Hill

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 - ROCK HILL, LLC D/B/A  
UNIHEALTH POST ACUTE CARE – ROCK HILL**

**ROCK HILL, SOUTH CAROLINA**

**CONTRACT PERIODS  
BEGINNING OCTOBER 1, 2010  
AC# 3-RHH-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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# State of South Carolina



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

September 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 – Rock Hill, LLC d/b/a UniHealth Post Acute Care – Rock Hill, 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 – Rock Hill, LLC d/b/a UniHealth Post Acute Care – Rock Hill 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 – Rock Hill, LLC d/b/a UniHealth Post Acute Care – Rock Hill, 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 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 – Rock Hill, LLC d/b/a UniHealth Post Acute Care – Rock Hill 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  
September 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 – ROCK HILL**

Computation of Rate Change  
For the Contract Periods  
Beginning October 1, 2010  
AC# 3-RHH-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)	\$154.80	\$150.16
Adjusted Reimbursement Rate	<u>152.15</u>	<u>147.47</u>
Decrease in Reimbursement Rate	\$ <u>2.65</u>	\$ <u>2.69</u>

(1) Interim reimbursement rate from the South Carolina Medicaid Management Information System (MMIS) Provider Rate Listing dated September 14, 2012.

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

	<u>Incentives</u>	<u>Allowable Cost</u>	<u>Cost Standard</u>	<u>Computed Rate</u>
<u>Costs Subject to Standards:</u>				
General Services		\$ 79.02	\$ 99.59	
Dietary		12.14	15.58	
Laundry/Housekeeping/Maintenance		<u>12.89</u>	<u>14.87</u>	
Subtotal	<u>\$9.10</u>	104.05	130.04	\$104.05
Administration & Medical Records	<u>\$.28</u>	<u>19.87</u>	<u>20.15</u>	<u>19.87</u>
Subtotal		123.92	<u>\$150.19</u>	123.92
<u>Costs Not Subject to Standards:</u>				
Utilities		4.10		4.10
Special Services		.10		.10
Medical Supplies & Oxygen		4.55		4.55
Taxes and Insurance		6.79		6.79
Legal Fees		<u>.38</u>		<u>.38</u>
<b>TOTAL</b>		<u>\$139.84</u>		139.84
Inflation Factor (2.00%)				2.80
Cost of Capital				8.78
Cost of Capital Limitation				(1.02)
Profit Incentive (Maximum 3.5% of Allowable Cost)				.28
Cost Incentive				9.10
Effect of \$1.75 Cap on Cost/Profit Incentives				<u>(7.63)</u>
<b>ADJUSTED REIMBURSEMENT RATE</b>				<u>\$152.15</u>

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

	<u>Incentives</u>	<u>Allowable Cost</u>	<u>Cost Standard</u>	<u>Computed Rate</u>
<u>Costs Subject to Standards:</u>				
General Services		\$ 79.02	\$ 99.59	
Dietary		12.14	15.58	
Laundry/Housekeeping/Maintenance		<u>12.89</u>	<u>14.87</u>	
Subtotal	<u>\$9.10</u>	104.05	130.04	\$104.05
Administration & Medical Records	<u>\$ .39</u>	<u>19.76</u>	<u>20.15</u>	<u>19.76</u>
Subtotal		123.81	<u>\$150.19</u>	123.81
<u>Costs Not Subject to Standards:</u>				
Utilities		4.10		4.10
Special Services		.10		.10
Medical Supplies & Oxygen		4.55		4.55
Taxes and Insurance		6.79		6.79
Legal Fees		<u>.38</u>		<u>.38</u>
<b>TOTAL</b>		<u>\$139.73</u>		139.73
Inflation Factor (2.00%)				2.79
Cost of Capital				8.78
Cost of Capital Limitation				(1.02)
Profit Incentive (Maximum 3.5% of Allowable Cost)				.39
Cost Incentive				9.10
Effect of \$1.75 Cap on Cost/Profit Incentives				(7.74)
Effect of 3% Rate Reduction				<u>(4.56)</u>
<b>ADJUSTED REIMBURSEMENT RATE</b>				<u>\$147.47</u>

**UNIHEALTH POST ACUTE CARE – ROCK HILL**  
 Summary of Costs and Total Patient Days  
 For the Cost Report Period Ended September 30, 2009  
 For the Contract Period October 1, 2010 Through April 7, 2011  
 AC# 3-RHH-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	\$3,678,425	\$ -	\$21,750 (2) 1,426 (8) 165 (8)	\$3,655,084
Dietary	564,219	-	27 (2) 2,749 (8)	561,443
Laundry	110,216	17,858 (3)	1,712 (8)	126,362
Housekeeping	248,517	-	2,230 (8)	246,287
Maintenance	299,015	-	17,858 (3) 39,131 (4) 2,664 (5) 9,725 (6) 2,819 (8) 3,424 (9)	223,394
Administration & Medical Records	980,667	-	1,210 (2) 1,098 (8) 30 (8) 59,455 (9)	918,874
Utilities	190,441	-	852 (9)	189,589
Special Services	2,205	2,851 (1)	259 (8)	4,797
Medical Supplies & Oxygen	222,328	-	12,058 (8)	210,270
Taxes and Insurance	316,419	-	2,199 (9)	314,220

**UNIHEALTH POST ACUTE CARE – ROCK HILL**  
 Summary of Costs and Total Patient Days  
 For the Cost Report Period Ended September 30, 2009  
 For the Contract Period October 1, 2010 Through April 7, 2011  
 AC# 3-RHH-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>	
Legal Fees	23,826	-	6,138 (9)	17,688
Cost of Capital	358,923	1,899 (1)	7,239 (9)	405,872
		159 (6)		
	<u>                    </u>	<u>52,130 (7)</u>	<u>                    </u>	<u>                    </u>
Subtotal	6,995,201	74,897	196,218	6,873,880
Ancillary	423,997	-	8 (8)	423,989
Nonallowable	1,539,513	22,987 (2)	4,750 (1)	1,608,224
		2,664 (5)	3,921 (6)	
		24,554 (8)	52,130 (7)	
		79,307 (9)		
CNA Training and Testing	<u>          125</u>	<u>          -</u>	<u>          -</u>	<u>          125</u>
Total Operating Expenses	<u>\$8,958,836</u>	<u>\$204,409</u>	<u>\$257,027</u>	<u>\$8,906,218</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 – ROCK HILL**  
 Summary of Costs and Total Patient Days  
 For the Cost Report Period Ended September 30, 2009  
 For the Contract Period April 8, 2011 Through October 31, 2011  
 AC# 3-RHH-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	\$3,678,425	\$ -	\$21,750 (2) 1,426 (8) 165 (8)	\$3,655,084
Dietary	564,219	-	27 (2) 2,749 (8)	561,443
Laundry	110,216	17,858 (3)	1,712 (8)	126,362
Housekeeping	248,517	-	2,230 (8)	246,287
Maintenance	299,015	-	17,858 (3) 39,131 (4) 2,664 (5) 9,725 (6) 2,819 (8) 3,424 (9)	223,394
Administration & Medical Records	975,635	-	1,210 (2) 1,098 (8) 30 (8) 59,455 (9)	913,842
Utilities	190,441	-	852 (9)	189,589
Special Services	2,205	2,851 (1)	259 (8)	4,797
Medical Supplies & Oxygen	222,328	-	12,058 (8)	210,270
Taxes and Insurance	316,419	-	2,199 (9)	314,220

**UNIHEALTH POST ACUTE CARE – ROCK HILL**  
 Summary of Costs and Total Patient Days  
 For the Cost Report Period Ended September 30, 2009  
 For the Contract Period April 8, 2011 Through October 31, 2011  
 AC# 3-RHH-J9

<u>Expenses</u>	Totals (From Schedule SC 13) as <u>Adjusted by DH&amp;HS</u>	Adjustments <u>Debit</u>	<u>Credit</u>	<u>Adjusted Totals</u>
Legal Fees	23,826	-	6,138 (9)	17,688
Cost of Capital	358,923	1,899 (1) 159 (6) <u>52,130 (7)</u>	7,239 (9)	405,872
Subtotal	6,990,169	74,897	196,218	6,868,848
Ancillary	423,997	-	8 (8)	423,989
Nonallowable	1,544,545	22,987 (2) 2,664 (5) 24,554 (8) 79,307 (9)	4,750 (1) 3,921 (6) 52,130 (7)	1,613,256
CNA Training and Testing	<u>125</u>	<u>-</u>	<u>-</u>	<u>125</u>
Total Operating Expenses	<u>\$8,958,836</u>	<u>\$204,409</u>	<u>\$257,027</u>	<u>\$8,906,218</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 – ROCK HILL**  
Adjustment Report  
Cost Report Period Ended September 30, 2009  
AC# 3-RHH-J9

<u>ADJUSTMENT</u> <u>NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
1	Accumulated Depreciation	\$58,504	
	Special Services - Therapy	2,851	
	Cost of Capital	1,899	
	Fixed Assets		\$19,411
	Other Equity		39,093
	Nonallowable		4,750
	To adjust fixed assets and related depreciation HIM-15-1, Section 2304 State Plan, Attachment 4.19D		
2	Nonallowable	22,987	
	Nursing		21,750
	Dietary		27
	Administration		1,210
	To adjust related party United Clinical expense HIM-15-1, Section 2304 State Plan, Attachment 4.19D		
3	Laundry	17,858	
	Maintenance		17,858
	To properly classify expenses DH&HS Expense Crosswalk		
4	Fixed Assets	39,131	
	Maintenance		39,131
	To properly classify capital expenses HIM-15-1, Section 108		
5	Nonallowable	2,664	
	Maintenance		2,664
	To remove duplicate expense HIM-15-1, Section 2304		

**UNIHEALTH POST ACUTE CARE – ROCK HILL**  
Adjustment Report  
Cost Report Period Ended September 30, 2009  
AC# 3-RHH-J9

<u>ADJUSTMENT</u> <u>NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
6	Fixed Assets	13,646	
	Cost of Capital	159	
	Accumulated Depreciation		159
	Maintenance		9,725
	Nonallowable		3,921
	To capitalize expense		
	HIM-15-1, Section 108		
	State Plan, Attachment 4.19D		
7	Cost of Capital	52,130	
	Nonallowable		52,130
	To adjust capital return		
	State Plan, Attachment 4.19D		
8	Nonallowable	24,554	
	Nursing		1,426
	Restorative		165
	Dietary		2,749
	Laundry		1,712
	Housekeeping		2,230
	Maintenance		2,819
	Administration		1,098
	Medical Records		30
	Medical Supplies & Oxygen		12,058
	Special Services - Therapy		259
	Ancillary		8
	To adjust related party United Medical		
	expense		
	HIM-15-1, Section 2304		
	State Plan, Attachment 4.19D		

**UNIHEALTH POST ACUTE CARE – ROCK HILL**  
 Adjustment Report  
 Cost Report Period Ended September 30, 2009  
 AC# 3-RHH-J9

<u>ADJUSTMENT NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
9	Nonallowable	79,307	
	Maintenance		3,424
	Administration		59,455
	Legal		6,138
	Utilities		852
	Taxes and Insurance		2,199
	Cost of Capital		7,239
	To adjust home office cost allocation HIM-15-1, Section 2304 State Plan, Attachment 4.19D		
	TOTAL ADJUSTMENTS	\$315,690	\$315,690

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 – ROCK HILL**  
 Cost of Capital Reimbursement Analysis  
 For the Cost Report Period Ended September 30, 2009  
 AC# 3-RHH-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	2,144,425
Accumulated Depreciation at 9/30/09	<u>(2,566,921)</u>
Deemed Depreciated Value	5,987,952
Market Rate of Return	<u>.044</u>
Total Annual Return	263,470
Return Applicable to Non-Reimbursable Cost Centers	-
Allocation of Interest to Non-Reimbursable Cost Centers	<u>-</u>
Allowable Annual Return	263,470
Depreciation Expense	145,688
Amortization Expense	-
Capital Related Income Offsets	(3,286)
Allocation of Capital Expenses to Non-Reimbursable Cost Centers	<u>-</u>
Allowable Cost of Capital Expense	405,872
Total Patient Days (Minimum 96% Occupancy)	<u>46,253</u>
Cost of Capital Per Diem	\$ <u><u>8.78</u></u>

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

6/30/89 Cost of Capital and Return on Equity Capital Per Diem Reimbursement	\$ 3.77
Adjustment for Maximum Increase	<u>3.99</u>
Maximum Cost of Capital Per Diem	\$ <u>7.76</u>
Reimbursable Cost of Capital Per Diem	\$ 7.76
Cost of Capital Per Diem	<u>8.78</u>
Cost of Capital Per Diem Limitation	\$ <u>(1.02)</u>

4 copies of this document were published at an estimated printing cost of \$1.49 each, and a total printing cost of \$5.96. Section 1-11-125 of the South Carolina Code of Laws, as amended requires this information on printing costs be added to the document.