

State of South Carolina



Office of the State Auditor

1401 MAIN STREET, SUITE 1200
COLUMBIA, S.C. 29201

RICHARD H. GILBERT, JR., CPA
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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-SMR-J0 – UniHealth Post Acute Care - Tanglewood, LLC d/b/a
UniHealth Post Acute Care - Tanglewood

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

RIDGEWAY, SOUTH CAROLINA

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

August 9, 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 - Tanglewood, LLC d/b/a UniHealth Post Acute Care - Tanglewood, 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 - Tanglewood, LLC d/b/a UniHealth Post Acute Care - Tanglewood 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 - Tanglewood, LLC d/b/a UniHealth Post Acute Care - Tanglewood, 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 - Tanglewood, LLC d/b/a UniHealth Post Acute Care - Tanglewood 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
August 9, 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 - TANGLEWOOD

Computation of Rate Change
For the Contract Period
Beginning November 1, 2011
AC# 3-SMR-J0

11/01/11-
09/30/12

Interim Reimbursement Rate (1)	\$152.69
Adjusted Reimbursement Rate	<u>151.43</u>
Decrease in Reimbursement Rate	\$ <u><u>1.26</u></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 - TANGLEWOOD
 Computation of Adjusted Reimbursement Rate
 For the Contract Period November 1, 2011 Through September 30, 2012
 AC# 3-SMR-J0

	<u>Incentives</u>	<u>Allowable Cost</u>	<u>Cost Standard</u>	<u>Computed Rate</u>
<u>Costs Subject to Standards:</u>				
General Services		\$ 77.69	\$101.78	
Dietary		12.79	15.92	
Laundry/Housekeeping/Maintenance		<u>18.24</u>	<u>14.77</u>	
Subtotal	<u>\$9.27</u>	108.72	132.47	\$108.72
Administration & Medical Records	<u>\$1.98</u>	<u>18.64</u>	<u>20.62</u>	<u>18.64</u>
Subtotal		127.36	<u>\$153.09</u>	127.36
<u>Costs Not Subject to Standards:</u>				
Utilities		6.06		6.06
Special Services		.47		.47
Medical Supplies & Oxygen		5.05		5.05
Taxes and Insurance		8.36		8.36
Legal Fees		<u>.47</u>		<u>.47</u>
TOTAL		<u>\$147.77</u>		147.77
Inflation Factor (N/A)				-
Cost of Capital				6.63
Cost of Capital Limitation				-
Profit Incentive (Maximum 3.5% of Allowable Cost)				1.98
Cost Incentive				9.27
Effect of \$1.75 Cap on Cost/Profit Incentives				(9.50)
Budget Neutrality Adjustment (3.02%)				<u>(4.72)</u>
ADJUSTED REIMBURSEMENT RATE				<u>\$151.43</u>

UNIHEALTH POST ACUTE CARE - TANGLEWOOD
Summary of Costs and Total Patient Days
For the Cost Report Period Ended September 30, 2010
AC# 3-SMR-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	\$4,099,754	\$ -	\$15,073 (2) 1,119 (6) 16 (6)	\$4,083,546
Dietary	680,973	-	7,290 (2) 1,232 (6)	672,451
Laundry	145,495	-	1,069 (6)	144,426
Housekeeping	507,866	-	1,307 (6)	506,559
Maintenance	331,070	3,357 (1)	24,927 (3) 1,542 (6)	307,958
Administration & Medical Records	980,648	-	677 (6) 24 (6)	979,947
Utilities	321,626	-	3,357 (1)	318,269
Special Services	24,476	4,085 (4)	520 (6) 3,444 (7)	24,597
Medical Supplies & Oxygen	272,382	1,021 (7)	8,060 (6)	265,343
Taxes and Insurance	439,225	-	-	439,225

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

<u>Expenses</u>	Totals (From Schedule SC 13) as <u>Adjusted by DH&HS</u>	Adjustments		Adjusted <u>Totals</u>
		<u>Debit</u>	<u>Credit</u>	
Legal Fees	24,884	-	-	24,884
Cost of Capital	<u>354,114</u>	<u>1,105</u> (3)	5,919 (4) <u>910</u> (5)	<u>348,390</u>
Subtotal	8,182,513	9,568	76,486	8,115,595
Ancillary	392,743	-	41 (6)	392,702
Nonallowable	1,390,577	22,363 (2) 1,834 (4) 910 (5) 15,607 (6) 2,423 (7)	857 (3)	1,432,857
CNA Training and Testing	<u>851</u>	<u>-</u>	<u>-</u>	<u>851</u>
Total Operating Expenses	<u>\$9,966,684</u>	<u>\$52,705</u>	<u>\$77,384</u>	<u>\$9,942,005</u>
Total Patient Days	<u>52,560</u>	<u>-</u>	<u>-</u>	<u>52,560</u>
Total Beds	<u>150</u>			

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

<u>ADJUSTMENT NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
1	Maintenance Utilities	\$ 3,357	\$ 3,357
	To properly classify expenses DH&HS Expense Crosswalk		
2	Nonallowable Nursing Dietary	22,363	15,073 7,290
	To adjust related party United Clinical expense HIM-15-1, Section 2304 State Plan, Attachment 4.19D		
3	Fixed Assets Cost of Capital Accumulated Depreciation Maintenance Nonallowable	25,784 1,105	1,105 24,927 857
	To capitalize expense HIM-15-1, Sections 108 and 2304 State Plan, Attachment 4.19D		
4	Accumulated Depreciation Special Services - Therapy Nonallowable Fixed Assets Other Equity Cost of Capital	6,222 4,085 1,834	1,785 4,437 5,919
	To adjust fixed assets and related depreciation HIM-15-1, Section 2304 State Plan, Attachment 4.19D		
5	Nonallowable Cost of Capital	910	910
	To adjust capital return State Plan, Attachment 4.19D		

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

<u>ADJUSTMENT NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
6	Nonallowable	15,607	
	Nursing		1,119
	Restorative		16
	Dietary		1,232
	Laundry		1,069
	Housekeeping		1,307
	Maintenance		1,542
	Administration		677
	Medical Records		24
	Medical Supplies & Oxygen		8,060
	Special Services - Therapy		520
	Ancillary		41
	To adjust related party United Medical expense HIM-15-1, Section 2304 State Plan, Attachment 4.19D		
7	Nonallowable	2,423	
	Medical Supplies & Oxygen	1,021	
	Special Services - Therapy		3,444
	To remove special (ancillary) services reimbursed by Medicare State Plan, Attachment 4.19D		
	TOTAL ADJUSTMENTS	\$84,711	\$84,711

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 - TANGLEWOOD
 Cost of Capital Reimbursement Analysis
 For the Cost Report Period Ended September 30, 2010
 AC# 3-SMR-J0

Original Asset Cost (Per Bed)	\$ 15,618
Inflation Adjustment	<u>3.15264</u>
Deemed Asset Value (Per Bed)	49,238
Number of Beds (Average Number of Beds)	<u>150</u>
Deemed Asset Value	7,385,700
Improvements Since 1981	1,806,052
Accumulated Depreciation at 9/30/10	<u>(3,715,899)</u>
Deemed Depreciated Value	5,475,853
Market Rate of Return	<u>.0420</u>
Total Annual Return	229,986
Return Applicable to Non-Reimbursable Cost Centers	-
Allocation of Interest to Non-Reimbursable Cost Centers	<u>-</u>
Allowable Annual Return	229,986
Depreciation Expense	118,635
Amortization Expense	-
Capital Related Income Offsets	(231)
Allocation of Capital Expenses to Non-Reimbursable Cost Centers	<u>-</u>
Allowable Cost of Capital Expense	348,390
Total Patient Days (Minimum 96% Occupancy)	<u>52,560</u>
Cost of Capital Per Diem	\$ <u><u>6.63</u></u>

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

6/30/89 Cost of Capital and Return on Equity Capital Per Diem Reimbursement	\$ 6.24
Adjustment for Maximum Increase	<u>3.99</u>
Maximum Cost of Capital Per Diem	<u>\$10.23</u>
Reimbursable Cost of Capital Per Diem	\$ 6.63
Cost of Capital Per Diem	<u>6.63</u>
Cost of Capital Per Diem Limitation	<u>\$ -</u>

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