

*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-SMW-J0 – UniHealth Post Acute Care - Oakwood, LLC d/b/a  
UniHealth Post Acute Care - Oakwood

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/cwc

cc: Ms. Brenda L. Hyleman  
Mr. Jeff Saxon  
Ms. Kathleen C. Snider  
Ms. Nicole Mitchell Threat  
Ms. Melissa Simmons

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

**WALTERBORO, SOUTH CAROLINA**

**CONTRACT PERIOD  
BEGINNING NOVEMBER 1, 2011  
AC# 3-SMW-J0**

**AGREED-UPON PROCEDURES REPORT**

**ON CONTRACT**

**FOR**

**PURCHASE OF NURSING CARE SERVICES**

**WITH**

**STATE OF SOUTH CAROLINA**

**DEPARTMENT OF HEALTH AND HUMAN SERVICES**

## CONTENTS

	<u>EXHIBIT OR SCHEDULE</u>	<u>PAGE</u>
INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES		1
COMPUTATION OF RATE CHANGE FOR THE CONTRACT PERIOD BEGINNING NOVEMBER 1, 2011	A	3
COMPUTATION OF ADJUSTED REIMBURSEMENT RATE FOR THE CONTRACT PERIOD NOVEMBER 1, 2011 THROUGH SEPTEMBER 30, 2012	B	4
SUMMARY OF COSTS AND TOTAL PATIENT DAYS FOR THE COST REPORT PERIOD ENDED SEPTEMBER 30, 2010	C	5
ADJUSTMENT REPORT	1	7
COST OF CAPITAL REIMBURSEMENT ANALYSIS	2	9

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

August 15, 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 - Oakwood, LLC d/b/a UniHealth Post Acute Care - Oakwood, 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 - Oakwood, LLC d/b/a UniHealth Post Acute Care - Oakwood 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 - Oakwood, LLC d/b/a UniHealth Post Acute Care - Oakwood, 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 - Oakwood, LLC d/b/a UniHealth Post Acute Care - Oakwood 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 15, 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 - OAKWOOD**  
Computation of Rate Change  
For the Contract Period  
Beginning November 1, 2011  
AC# 3-SMW-J0

	<u>11/01/11-</u> <u>09/30/12</u>
Interim Reimbursement Rate (1)	\$145.10
Adjusted Reimbursement Rate	<u>144.39</u>
Decrease in Reimbursement Rate	\$ <u><u>.71</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 - OAKWOOD**  
 Computation of Adjusted Reimbursement Rate  
 For the Contract Period November 1, 2011 Through September 30, 2012  
 AC# 3-SMW-J0

	<u>Incentives</u>	<u>Allowable Cost</u>	<u>Cost Standard</u>	<u>Computed Rate</u>
<u>Costs Subject to Standards:</u>				
General Services		\$ 75.25	\$101.78	
Dietary		12.57	15.92	
Laundry/Housekeeping/Maintenance		<u>16.65</u>	<u>14.77</u>	
Subtotal	<u>\$9.27</u>	104.47	132.47	\$104.47
Administration & Medical Records	<u>\$2.94</u>	<u>17.68</u>	<u>20.62</u>	<u>17.68</u>
Subtotal		122.15	<u>\$153.09</u>	122.15
<u>Costs Not Subject to Standards:</u>				
Utilities		3.56		3.56
Special Services		1.25		1.25
Medical Supplies & Oxygen		6.36		6.36
Taxes and Insurance		7.11		7.11
Legal Fees		<u>.41</u>		<u>.41</u>
<b>TOTAL</b>		<u>\$140.84</u>		140.84
Inflation Factor (N/A)				-
Cost of Capital				6.30
Cost of Capital Limitation				-
Profit Incentive (Maximum 3.5% of Allowable Cost)				2.94
Cost Incentive				9.27
Effect of \$1.75 Cap on Cost/Profit Incentives				(10.46)
Budget Neutrality Adjustment (3.02%)				<u>(4.50)</u>
ADJUSTED REIMBURSEMENT RATE				<u>\$144.39</u>

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

<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>
General Services	\$3,481,935	\$ -	\$1,159 (1) 310 (6) 16 (6)	\$3,480,450
Dietary	586,101	-	3,977 (1) 908 (6)	581,216
Laundry	113,491	-	901 (6)	112,590
Housekeeping	317,628	-	1,120 (6)	316,508
Maintenance	352,097	-	9,544 (2) 1,400 (6)	341,153
Administration & Medical Records	818,919	-	1,018 (6) 6 (6)	817,895
Utilities	164,464	-	-	164,464
Special Services	57,429	5,071 (3)	4,466 (5) 251 (6)	57,783
Medical Supplies & Oxygen	301,177	394 (5)	7,431 (6)	294,140
Taxes and Insurance	328,734	-	-	328,734

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

<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	18,974	-	-	18,974
Cost of Capital	298,493	485 (2)	5,071 (3)	291,533
			<u>2,374 (4)</u>	
Subtotal	6,839,442	5,950	39,952	6,805,440
Ancillary	602,505	-	106 (6)	602,399
Nonallowable	2,081,946	5,136 (1)	-	2,106,995
		2,374 (4)		
		4,072 (5)		
		13,467 (6)		
CNA Training and Testing	<u>217</u>	<u>-</u>	<u>-</u>	<u>217</u>
Total Operating Expenses	<u>\$9,524,110</u>	<u>\$30,999</u>	<u>\$40,058</u>	<u>\$9,515,051</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 - OAKWOOD**  
Adjustment Report  
Cost Report Period Ended September 30, 2010  
AC# 3-SMW-J0

<u>ADJUSTMENT</u> <u>NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
1	Nonallowable Nursing Dietary	\$5,136	\$1,159 3,977
	To adjust related party United Clinical expense HIM-15-1, Section 2304 State Plan, Attachment 4.19D		
2	Fixed Assets Cost of Capital Accumulated Depreciation Maintenance	9,544 485	485 9,544
	To capitalize expense HIM-15-1, Sections 108 and 2304 State Plan, Attachment 4.19D		
3	Special Services - Therapy Cost of Capital	5,071	5,071
	To adjust fixed assets and related depreciation HIM-15-1, Section 2304 State Plan, Attachment 4.19D		
4	Nonallowable Cost of Capital	2,374	2,374
	To adjust capital return State Plan, Attachment 4.19D		
5	Nonallowable Medical Supplies & Oxygen Special Services - Therapy	4,072 394	4,466
	To remove special (ancillary) services reimbursed by Medicare State Plan, Attachment 4.19D		

**UNIHEALTH POST ACUTE CARE - OAKWOOD**  
Adjustment Report  
Cost Report Period Ended September 30, 2010  
AC# 3-SMW-J0

<u>ADJUSTMENT</u> <u>NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
6	Nonallowable	13,467	
	Nursing		310
	Restorative		16
	Dietary		908
	Laundry		901
	Housekeeping		1,120
	Maintenance		1,400
	Administration		1,018
	Medical Records		6
	Medical Supplies & Oxygen		7,431
	Special Services - Therapy		251
	Ancillary		106
	To adjust related party United Medical expense HIM-15-1, Section 2304 State Plan, Attachment 4.19D		
	<u>TOTAL ADJUSTMENTS</u>	<u>\$40,543</u>	<u>\$40,543</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 - OAKWOOD**  
 Cost of Capital Reimbursement Analysis  
 For the Cost Report Period Ended September 30, 2010  
 AC# 3-SMW-J0

Original Asset Cost (Per Bed)	\$ 15,618
Inflation Adjustment	<u>3,15264</u>
Deemed Asset Value (Per Bed)	49,238
Number of Beds	<u>132</u>
Deemed Asset Value	6,499,416
Improvements Since 1981	768,856
Accumulated Depreciation at 9/30/10	<u>(2,093,010)</u>
Deemed Depreciated Value	5,175,262
Market Rate of Return	<u>.0420</u>
Total Annual Return	217,361
Return Applicable to Non-Reimbursable Cost Centers	-
Allocation of Interest to Non-Reimbursable Cost Centers	<u>-</u>
Allowable Annual Return	217,361
Depreciation Expense	74,374
Amortization Expense	-
Capital Related Income Offsets	(202)
Allocation of Capital Expenses to Non-Reimbursable Cost Centers	<u>-</u>
Allowable Cost of Capital Expense	291,533
Total Patient Days (Minimum 96% Occupancy)	<u>46,253</u>
Cost of Capital Per Diem	<u><u>\$ 6.30</u></u>

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

6/30/89 Cost of Capital and Return on Equity Capital Per Diem Reimbursement	\$4.83
Adjustment for Maximum Increase	<u>3.99</u>
Maximum Cost of Capital Per Diem	<u>\$8.82</u>
Reimbursable Cost of Capital Per Diem	\$6.30
Cost of Capital Per Diem	<u>6.30</u>
Cost of Capital Per Diem Limitation	<u>\$ -</u>

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