

*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

March 13, 2014

Mr. Joey Haney, Vice President of Finance  
White Oak Management, Inc.  
Post Office Box 3347  
Spartanburg, South Carolina 29304

Re: AC# 3-WON-J1 – White Oak Manor, Inc. d/b/a White Oak Manor - Newberry

Dear Mr. Haney:

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, 2010 through September 30, 2011. That report was used to set the rate covering the contract period beginning October 1, 2012.

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

**WHITE OAK MANOR, INC. D/B/A  
WHITE OAK MANOR - NEWBERRY**

**NEWBERRY, SOUTH CAROLINA**

**CONTRACT PERIOD  
BEGINNING OCTOBER 1, 2012  
AC# 3-WON-J1**

**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 OCTOBER 1, 2012	A	3
COMPUTATION OF ADJUSTED REIMBURSEMENT RATE FOR THE CONTRACT PERIOD OCTOBER 1, 2012 THROUGH SEPTEMBER 30, 2013	B	4
SUMMARY OF COSTS AND TOTAL PATIENT DAYS FOR THE COST REPORT PERIOD ENDED SEPTEMBER 30, 2011	C	5
ADJUSTMENT REPORT	1	7

# 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

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

December 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 White Oak Manor, Inc. d/b/a White Oak Manor - Newberry, for the contract period beginning October 1, 2012, and for the twelve month cost report period ended September 30, 2011, as set forth in the accompanying schedules. The management of White Oak Manor, Inc. d/b/a White Oak Manor - Newberry 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 White Oak Manor, Inc. d/b/a White Oak Manor - Newberry, 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 and Adjustment Report 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 White Oak Manor, Inc. d/b/a White Oak Manor - Newberry 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  
December 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.", with a stylized flourish at the end.

Richard H. Gilbert, Jr., CPA  
Deputy State Auditor

**WHITE OAK MANOR - NEWBERRY**  
Computation of Rate Change  
For the Contract Period  
Beginning October 1, 2012  
AC# 3-WON-J1

10/01/12-  
09/30/13

Interim Reimbursement Rate (1)	\$157.38
Adjusted Reimbursement Rate	<u>152.37</u>
Decrease in Reimbursement Rate	\$ <u><u>5.01</u></u>

(1) Interim reimbursement rate from the South Carolina Medicaid Management Information System (MMIS) Provider Rate Listing dated August 23, 2013.

**WHITE OAK MANOR - NEWBERRY**  
 Computation of Adjusted Reimbursement Rate  
 For the Contract Period October 1, 2012 Through September 30, 2013  
 AC# 3-WON-J1

	<u>Incentives</u>	<u>Allowable Cost</u>	<u>Cost Standard</u>	<u>Computed Rate</u>
<u>Costs Subject to Standards:</u>				
General Services		\$ 92.35	\$108.17	
Dietary		16.97	17.37	
Laundry/Housekeeping/Maintenance		<u>13.81</u>	<u>15.73</u>	
Subtotal	<u>\$9.89</u>	123.13	141.27	\$123.13
Administration & Medical Records	<u>\$7.24</u>	<u>15.71</u>	<u>22.95</u>	<u>15.71</u>
Subtotal		138.84	<u>\$164.22</u>	138.84
<u>Costs Not Subject to Standards:</u>				
Utilities		3.70		3.70
Special Services		.13		.13
Medical Supplies & Oxygen		5.66		5.66
Taxes and Insurance		2.17		2.17
Legal Fees		<u>.06</u>		<u>.06</u>
<b>TOTAL</b>		<u>\$150.56</u>		150.56
Inflation Factor (N/A)				-
Cost of Capital				6.09
Cost of Capital Limitation				-
Profit Incentive (Maximum 3.5% of Allowable Cost)				5.27
Cost Incentive				9.89
Effect of \$1.75 Cap on Cost/Profit Incentives				(13.41)
Budget Neutrality Adjustment (3.805%)				<u>(6.03)</u>
ADJUSTED REIMBURSEMENT RATE				<u>\$152.37</u>

**WHITE OAK MANOR - NEWBERRY**  
 Summary of Costs and Total Patient Days  
 For the Cost Report Period Ended September 30, 2011  
 AC# 3-WON-J1

<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	\$4,806,702	\$ -	\$191,118 (1) 9,868 (1) 1,004 (2) 183 (2)	\$4,604,529
Dietary	863,737	1,494 (2)	18,999 (1)	846,232
Laundry	183,844	-	6,011 (1)	177,833
Housekeeping	335,915	-	12,395 (1) 69 (2)	323,451
Maintenance	191,381	33 (2)	4,080 (1)	187,334
Administration & Medical Records	800,668	865 (2) 549 (2)	17,854 (1) 1,081 (1)	783,147
Utilities	184,308	-	50 (2)	184,258
Special Services	6,472	-	-	6,472
Medical Supplies & Oxygen	282,374	-	-	282,374
Taxes and Insurance	108,361	-	171 (2)	108,190
Legal Fees	3,179	-	-	3,179
Cost of Capital	<u>303,768</u>	<u>-</u>	<u>-</u>	<u>303,768</u>
Subtotal	8,070,709	2,941	262,883	7,810,767

**WHITE OAK MANOR - NEWBERRY**  
Summary of Costs and Total Patient Days  
For the Cost Report Period Ended September 30, 2011  
AC# 3-WON-J1

<u>Expenses</u>	Totals (From Schedule SC 13) as <u>Adjusted by DH&amp;HS</u>	Adjustments		Adjusted <u>Totals</u>
		<u>Debit</u>	<u>Credit</u>	
Ancillary	138,594	-	-	138,594
Nonallowable	501,846	261,406 (1)	1,464 (2)	761,788
CNA Training and Testing	<u>1,232</u>	<u>-</u>	<u>-</u>	<u>1,232</u>
Total Operating Expenses	<u>\$8,712,381</u>	<u>\$264,347</u>	<u>\$264,347</u>	<u>\$8,712,381</u>
Total Patient Days	<u>49,857</u>	<u>-</u>	<u>-</u>	<u>49,857</u>
 Total Beds	 <u>146</u>			

**WHITE OAK MANOR - NEWBERRY**  
Adjustment Report  
Cost Report Period Ended September 30, 2011  
AC# 3-WON-J1

<u>ADJUSTMENT</u> <u>NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
1	Nonallowable	\$261,406	
	Nursing		\$191,118
	Restorative		9,868
	Dietary		18,999
	Laundry		6,011
	Housekeeping		12,395
	Maintenance		4,080
	Administration		17,854
	Medical Records		1,081
	To adjust fringe benefits and related allocation HIM-15-1, Section 2304 State Plan, Attachment 4.19D		
2	Dietary	1,494	
	Maintenance	33	
	Administration	865	
	Medical Records	549	
	Nursing		1,004
	Restorative		183
	Housekeeping		69
	Utilities		50
	Taxes and Insurance		171
	Nonallowable		1,464
	To adjust home office cost allocation HIM-15-1, Section 2304 State Plan, Attachment 4.19D		
	<u>TOTAL ADJUSTMENTS</u>	<u>\$264,347</u>	<u>\$264,347</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.

2 copies of this document were published at an estimated printing cost of \$1.29 each, and a total printing cost of \$2.58. Section 1-11-125 of the South Carolina Code of Laws, as amended requires this information on printing costs be added to the document.