

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-WOR-J1 – White Oak Manor, Inc. d/b/a White Oak Manor – Rock Hill

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 payable for amounts underpaid as a result of the rate change shown on Exhibit A. You will be notified of settlement 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 – ROCK HILL**

ROCK HILL, SOUTH CAROLINA

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

**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

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 – Rock Hill, 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 – 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 White Oak Manor, Inc. d/b/a White Oak Manor – 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 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 – Rock Hill 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.", written in a cursive style.

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

WHITE OAK MANOR - ROCK HILL
Computation of Rate Change
For the Contract Period
Beginning October 1, 2012
AC# 3-WOR-J1

	<u>10/01/12-</u> <u>09/30/13</u>
Adjusted Reimbursement Rate	\$163.29
Interim Reimbursement Rate (1)	<u>162.31</u>
Increase in Reimbursement Rate	\$ <u><u>.98</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 - ROCK HILL
 Computation of Adjusted Reimbursement Rate
 For the Contract Period October 1, 2012 Through September 30, 2013
 AC# 3-WOR-J1

	<u>Incentives</u>	<u>Allowable Cost</u>	<u>Cost Standard</u>	<u>Computed Rate</u>
<u>Costs Subject to Standards:</u>				
General Services		\$ 98.31	\$115.22	
Dietary		17.38	17.37	
Laundry/Housekeeping/Maintenance		<u>15.60</u>	<u>15.73</u>	
Subtotal	\$ <u>10.38</u>	131.29	148.32	\$131.29
Administration & Medical Records	\$ <u>3.62</u>	<u>19.33</u>	<u>22.95</u>	<u>19.33</u>
Subtotal		150.62	<u>\$171.27</u>	150.62
<u>Costs Not Subject to Standards:</u>				
Utilities		3.47		3.47
Special Services		.03		.03
Medical Supplies & Oxygen		5.17		5.17
Taxes and Insurance		2.00		2.00
Legal Fees		<u>.04</u>		<u>.04</u>
TOTAL		<u>\$161.33</u>		161.33
Inflation Factor (N/A)				-
Cost of Capital				6.67
Cost of Capital Limitation				-
Profit Incentive (Maximum 3.5% of Allowable Cost)				3.62
Cost Incentive				10.38
Effect of \$1.75 Cap on Cost/Profit Incentives				(12.25)
Budget Neutrality Adjustment (3.805%)				<u>(6.46)</u>
ADJUSTED REIMBURSEMENT RATE				<u>\$163.29</u>

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

<u>Expenses</u>	Totals (From Schedule SC 13) as <u>Adjusted by DH&HS</u>	Adjustments <u>Debit</u>	<u>Credit</u>	Adjusted <u>Totals</u>
General Services	\$4,782,996	\$47,499 (1) 2,448 (1)	\$ 1,157 (2) 90 (2)	\$4,831,696
Dietary	850,164	4,280 (1)	195 (2)	854,249
Laundry	201,910	1,523 (1)	-	203,433
Housekeeping	322,152	2,994 (1)	67 (2)	325,079
Maintenance	236,861	939 (1) 201 (2)	-	238,001
Administration & Medical Records	957,817	571 (1) 3,723 (2) 541 (2)	12,645 (1)	950,007
Utilities	170,600	-	49 (2)	170,551
Special Services	1,586	-	-	1,586
Medical Supplies & Oxygen	254,334	-	-	254,334
Taxes and Insurance	98,636	-	168 (2)	98,468
Legal Fees	1,780	-	-	1,780
Cost of Capital	<u>327,596</u>	<u>-</u>	<u>-</u>	<u>327,596</u>
Subtotal	8,206,432	64,719	14,371	8,256,780

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

<u>Expenses</u>	Totals (From Schedule SC 13) as <u>Adjusted by DH&HS</u>	Adjustments <u>Debit</u>	<u>Credit</u>	<u>Adjusted Totals</u>
Ancillary	178,381	-	-	178,381
Nonallowable	822,328	-	47,609 (1) 2,739 (2)	771,980
CNA Training and Testing	<u>1,465</u>	<u>-</u>	<u>-</u>	<u>1,465</u>
Total Operating Expenses	<u>\$9,208,606</u>	<u>\$64,719</u>	<u>\$64,719</u>	<u>\$9,208,606</u>
Total Patient Days	<u>49,148</u>	<u>-</u>	<u>-</u>	<u>49,148</u>
 Total Beds	 <u>141</u>			

WHITE OAK MANOR - ROCK HILL
Adjustment Report
Cost Report Period Ended September 30, 2011
AC# 3-WOR-J1

<u>ADJUSTMENT</u> <u>NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
1	Nursing	\$47,499	
	Restorative	2,448	
	Dietary	4,280	
	Laundry	1,523	
	Housekeeping	2,994	
	Maintenance	939	
	Medical Records	571	
	Administration		\$12,645
	Nonallowable		47,609
	To adjust fringe benefits and related allocation HIM-15-1, Section 2304 State Plan, Attachment 4.19D		
2	Maintenance	201	
	Administration	3,723	
	Medical Records	541	
	Nursing		1,157
	Restorative		90
	Dietary		195
	Housekeeping		67
	Utilities		49
	Taxes and Insurance		168
	Nonallowable		2,739
	To adjust home office cost allocation HIM-15-1, Section 2304 State Plan, Attachment 4.19D		
	TOTAL ADJUSTMENTS	<u>\$64,719</u>	<u>\$64,719</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.

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