

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
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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-WOY-J1 – White Oak Manor, Inc. d/b/a White Oak Manor – York

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/cwc

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 – YORK**

YORK, SOUTH CAROLINA

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

January 15, 2014

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 – York, 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 – York 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 – York, 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 – York 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
January 15, 2014

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 – YORK
Computation of Rate Change
For the Contract Period
Beginning October 1, 2012
AC# 3-WOY-J1

| | <u>10/01/12-</u> <u>09/30/13</u> |
|--------------------------------|-------------------------------------|
| Interim Reimbursement Rate (1) | \$163.86 |
| Adjusted Reimbursement Rate | <u>158.52</u> |
| Decrease in Reimbursement Rate | \$ <u><u>5.34</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 – YORK
Computation of Adjusted Reimbursement Rate
For the Contract Period October 1, 2012 Through September 30, 2013
AC# 3-WOY-J1

| | <u>Incentives</u> | <u>Allowable Cost</u> | <u>Cost Standard</u> | <u>Computed Rate</u> |
|---------------------------------------------------|-------------------|---------------------------|--------------------------|--------------------------|
| <u>Costs Subject to Standards:</u> | | | | |
| General Services | | \$ 90.53 | \$115.22 | |
| Dietary | | 18.39 | 17.37 | |
| Laundry/Housekeeping/Maintenance | | <u>15.88</u> | <u>15.73</u> | |
| Subtotal | \$ <u>10.38</u> | 124.80 | 148.32 | \$124.80 |
| Administration & Medical Records | \$ <u>5.63</u> | <u>17.32</u> | <u>22.95</u> | <u>17.32</u> |
| Subtotal | | 142.12 | <u>\$171.27</u> | 142.12 |
| <u>Costs Not Subject to Standards:</u> | | | | |
| Utilities | | 4.11 | | 4.11 |
| Special Services | | - | | - |
| Medical Supplies & Oxygen | | 5.03 | | 5.03 |
| Taxes and Insurance | | 2.67 | | 2.67 |
| Legal Fees | | <u>1.31</u> | | <u>1.31</u> |
| TOTAL | | <u>\$155.24</u> | | 155.24 |
| Inflation Factor (N/A) | | | | - |
| Cost of Capital | | | | 7.80 |
| Profit Incentive (Maximum 3.5% of Allowable Cost) | | | | 5.43 |
| Cost Incentive | | | | 10.38 |
| Effect of \$1.75 Cap on Cost/Profit Incentives | | | | (14.06) |
| Budget Neutrality Adjustment (3.805%) | | | | <u>(6.27)</u> |
| ADJUSTED REIMBURSEMENT RATE | | | | <u>\$158.52</u> |

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

| <u>Expenses</u> | Totals (From Schedule SC 13) as <u>Adjusted by DH&HS</u> | <u>Debit</u> | Adjustments <u>Credit</u> | <u>Adjusted Totals</u> |
|-------------------------------------|--------------------------------------------------------------------|----------------------|-------------------------------------|----------------------------|
| General Services | \$3,675,291 | \$ 630 (2) | \$121,933 (1) 9,280 (1) 7 (2) | \$3,544,701 |
| Dietary | 731,430 | 1,410 (2) | 12,696 (1) | 720,144 |
| Laundry | 109,349 | - | 3,432 (1) | 105,917 |
| Housekeeping | 294,274 | - | 8,680 (1) 54 (2) | 285,540 |
| Maintenance | 234,234 | 626 (2) | 4,632 (1) | 230,228 |
| Administration & Medical Records | 691,761 | 1,767 (2) 431 (2) | 15,594 (1) 383 (1) | 677,982 |
| Utilities | 161,048 | - | 39 (2) | 161,009 |
| Special Services | 45,173 | - | 45,084 (3) | 89 |
| Medical Supplies & Oxygen | 197,138 | - | - | 197,138 |
| Taxes and Insurance | 104,800 | - | 134 (2) | 104,666 |
| Legal Fees | 51,298 | - | - | 51,298 |
| Cost of Capital | <u>305,319</u> | <u>-</u> | <u>-</u> | <u>305,319</u> |
| Subtotal | 6,601,115 | 4,864 | 221,948 | 6,384,031 |

WHITE OAK MANOR - YORK
 Summary of Costs and Total Patient Days
 For the Cost Report Period Ended September 30, 2011
 AC# 3-WOY-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 | 165,600 | - | - | 165,600 |
| Nonallowable | 797,816 | 176,630 (1) 45,084 (3) | 4,630 (2) | 1,014,900 |
| CNA Training and Testing | <u>894</u> | <u>-</u> | <u>-</u> | <u>894</u> |
| Total Operating Expenses | <u>\$7,565,425</u> | <u>\$226,578</u> | <u>\$226,578</u> | <u>\$7,565,425</u> |
| Total Patient Days | <u>39,155</u> | <u>-</u> | <u>-</u> | <u>39,155</u> |
| Total Beds | <u>109</u> | | | |

WHITE OAK MANOR – YORK
Adjustment Report
Cost Report Period Ended September 30, 2011
AC# 3-WOY-J1

| <u>ADJUSTMENT NUMBER</u> | <u>ACCOUNT TITLE</u> | <u>DEBIT</u> | <u>CREDIT</u> |
|------------------------------|---------------------------------------------------------------------------------------------------------------|------------------|------------------|
| 1 | Nonallowable | \$176,630 | |
| | Nursing | | \$121,933 |
| | Restorative | | 9,280 |
| | Dietary | | 12,696 |
| | Laundry | | 3,432 |
| | Housekeeping | | 8,680 |
| | Maintenance | | 4,632 |
| | Administration | | 15,594 |
| | Medical Records | | 383 |
| | To adjust fringe benefits and related allocation HIM-15-1, Section 2304 State Plan, Attachment 4.19D | | |
| 2 | Nursing | 630 | |
| | Dietary | 1,410 | |
| | Maintenance | 626 | |
| | Administration | 1,767 | |
| | Medical Records | 431 | |
| | Restorative | | 7 |
| | Housekeeping | | 54 |
| | Utilities | | 39 |
| | Taxes and Insurance | | 134 |
| | Nonallowable | | 4,630 |
| | To adjust home office cost allocation HIM-15-1, Section 2304 State Plan, Attachment 4.19D | | |
| 3 | Nonallowable | 45,084 | |
| | Special Services | | 45,084 |
| | To remove special (ancillary) services reimbursed by Medicare State Plan, Attachment 4.19D | | |
| | <u>TOTAL ADJUSTMENTS</u> | <u>\$226,578</u> | <u>\$226,578</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 1-11-425 of the South Carolina Code of Laws, as amended requires this information on printing costs be added to the document.