

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

November 5, 2014

Ms. Sybil L. Tyson, Reimbursement Director
Special Projects and Planning
UHS-Pruitt Corporation
Post Office Box 1210
Toccoa, Georgia 30577

Re: AC# 3-BMB-J1 – UniHealth Post Acute Care of Bamberg, LLC d/b/a
UniHealth Post Acute Care of Bamberg

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, 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

**UNIHEALTH POST ACUTE CARE OF BAMBERG, LLC D/B/A
UNIHEALTH POST ACUTE CARE OF BAMBERG
BAMBERG, SOUTH CAROLINA**

**CONTRACT PERIOD
BEGINNING OCTOBER 1, 2012
AC# 3-BMB-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
COST OF CAPITAL REIMBURSEMENT ANALYSIS	2	10

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

May 30, 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 UniHealth Post Acute Care of Bamberg, LLC d/b/a UniHealth Post Acute Care of Bamberg, 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 UniHealth Post Acute Care of Bamberg, LLC d/b/a UniHealth Post Acute Care of Bamberg 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 of Bamberg, LLC d/b/a UniHealth Post Acute Care of Bamberg, 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 of Bamberg, LLC d/b/a UniHealth Post Acute Care of Bamberg 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
May 30, 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.", with a stylized flourish at the end.

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

UNIHEALTH POST ACUTE CARE OF BAMBERG

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

10/01/12-
09/30/13

Interim Reimbursement Rate (1)	\$169.22
Adjusted Reimbursement Rate	<u>166.92</u>
Decrease in Reimbursement Rate	\$ <u>2.30</u>

(1) Interim reimbursement rate from the South Carolina Medicaid Management Information System (MMIS) Provider Rate Listing dated January 21, 2014.

UNIHEALTH POST ACUTE CARE OF BAMBERG
 Computation of Adjusted Reimbursement Rate
 For the Contract Period October 1, 2012 Through September 30, 2013
 AC# 3-BMB-J1

	<u>Incentives</u>	<u>Allowable Cost</u>	<u>Cost Standard</u>	<u>Computed Rate</u>
<u>Costs Subject to Standards:</u>				
General Services		\$ 80.24	\$110.27	
Dietary		17.87	17.38	
Laundry/Housekeeping/Maintenance		<u>21.48</u>	<u>16.63</u>	
Subtotal	<u>\$10.10</u>	119.59	144.28	\$119.59
Administration & Medical Records	<u>\$ 3.72</u>	<u>19.89</u>	<u>23.61</u>	<u>19.89</u>
Subtotal		139.48	<u>\$167.89</u>	139.48
<u>Costs Not Subject to Standards:</u>				
Utilities		4.62		4.62
Special Services		.29		.29
Medical Supplies & Oxygen		4.63		4.63
Taxes and Insurance		11.77		11.77
Legal Fees		<u>.63</u>		<u>.63</u>
TOTAL		<u>\$161.42</u>		161.42
Inflation Factor (N/A)				-
Cost of Capital				10.47
Cost of Capital Limitation				(.12)
Profit Incentive (Maximum 3.5% of Allowable Cost)				3.72
Cost Incentive				10.10
Effect of \$1.75 Cap on Cost/Profit Incentives				(12.07)
Budget Neutrality Adjustment (3.805%)				<u>(6.60)</u>
ADJUSTED REIMBURSEMENT RATE				<u>\$166.92</u>

UNIHEALTH POST ACUTE CARE OF BAMBERG
 Summary of Costs and Total Patient Days
 For the Cost Report Period Ended September 30, 2011
 AC# 3-BMB-J1

<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	\$2,425,006	\$10,314 (3)	\$20,248 (2) 395 (7) 716 (7) 4,917 (9) 328 (9)	\$2,408,716
Dietary	548,700	686 (2)	1,387 (3) 2,390 (7) 787 (9) 8,441 (10)	536,381
Laundry	91,971	6,761 (4)	98 (9)	98,634
Housekeeping	286,303	4,393 (3)	569 (9)	290,127
Maintenance	286,283	-	13,320 (3) 16,644 (7) 167 (9)	256,152
Administration & Medical Records	619,813	-	6,761 (4) 9,155 (7) 332 (7) 415 (9) 61 (9) 6,036 (10)	597,053
Utilities	138,905	-	150 (7)	138,755
Special Services	8,498	4,850 (1)	4,754 (11)	8,594

UNIHEALTH POST ACUTE CARE OF BAMBERG
Summary of Costs and Total Patient Days
For the Cost Report Period Ended September 30, 2011
AC# 3-BMB-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>
Medical Supplies & Oxygen	180,273	4,647 (7)	1,926 (6) 43,962 (11)	139,032
Taxes and Insurance	314,687	38,641 (5)	-	353,328
Legal Fees	18,968	-	-	18,968
Cost of Capital	308,287	37,322 (1) <u>14,477 (10)</u>	13,634 (12) <u>32,149 (8)</u>	314,303
Subtotal	5,227,694	122,091	189,742	5,160,043
Ancillary	208,827	-	6,373 (7)	202,454
Nonallowable	1,116,987	19,562 (2) 1,926 (6) 31,508 (7) 32,149 (8) 7,342 (9) 48,716 (11) 13,634 (12)	42,172 (1) 38,641 (5)	1,191,011
CNA Training and Testing	<u>840</u>	<u>-</u>	<u>-</u>	<u>840</u>
Total Operating Expenses	<u>\$6,554,348</u>	<u>\$276,928</u>	<u>\$276,928</u>	<u>\$6,554,348</u>
Total Patient Days	<u>30,018</u>	<u>-</u>	<u>-</u>	<u>30,018</u>
Total Beds	<u>88</u>			

UNIHEALTH POST ACUTE CARE OF BAMBERG
Adjustment Report
Cost Report Period Ended September 30, 2011
AC# 3-BMB-J1

<u>ADJUSTMENT NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
1	Fixed Assets	\$159,332	
	Special Services	4,850	
	Cost of Capital	37,322	
	Accumulated Depreciation		\$ 46,651
	Other Equity		112,681
	Nonallowable		42,172
	To adjust fixed assets and related depreciation HIM-15-1, Section 2304 State Plan, Attachment 4.19D		
2	Dietary	686	
	Nonallowable	19,562	
	Nursing		20,248
	To adjust related party United Clinical expense HIM-15-1, Section 2304 State Plan, Attachment 4.19D		
3	Restorative	10,314	
	Housekeeping	4,393	
	Dietary		1,387
	Maintenance		13,320
	To properly classify expenses DH&HS Expense Crosswalk State Plan, Attachment 4.19D		
4	Laundry	6,761	
	Administration		6,761
	To properly classify expenses DH&HS Expense Crosswalk State Plan, Attachment 4.19D		
5	Taxes and Insurance	38,641	
	Nonallowable		38,641
	To adjust property taxes HIM-15-1, Sections 2302.1 and 2304		

UNIHEALTH POST ACUTE CARE OF BAMBERG
Adjustment Report
Cost Report Period Ended September 30, 2011
AC# 3-BMB-J1

<u>ADJUSTMENT</u> <u>NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
6	Nonallowable Medical Supplies & Oxygen	1,926	1,926
	To disallow expense not made out to facility HIM-15-1, Section 2304 State Plan, Attachment 4.19D		
7	Medical Supplies & Oxygen Nonallowable	4,647 31,508	
	Nursing		395
	Restorative		716
	Dietary		2,390
	Maintenance		16,644
	Administration		9,155
	Medical Records		332
	Utilities		150
	Ancillary		6,373
	To properly charge expense applicable to the prior period HIM-15-1, Section 2302.1		
8	Nonallowable Cost of Capital	32,149	32,149
	To adjust capital return State Plan, Attachment 4.19D		
9	Nonallowable	7,342	
	Nursing		4,917
	Restorative		328
	Dietary		787
	Laundry		98
	Housekeeping		569
	Maintenance		167
	Administration		415
	Medical Records		61
	To adjust fringe benefits and related allocation HIM-15-1, Section 2304 State Plan, Attachment 4.19D		

UNIHEALTH POST ACUTE CARE OF BAMBERG
Adjustment Report
Cost Report Period Ended September 30, 2011
AC# 3-BMB-J1

<u>ADJUSTMENT NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
10	Cost of Capital Dietary Administration	14,477	8,441 6,036
	To properly offset interest income against related expense HIM-15-1, Sections 2102.3, 2105.3, and 2110		
11	Nonallowable Medical Supplies & Oxygen Special Services	48,716	43,962 4,754
	To remove special (ancillary) services reimbursed by Medicare State Plan, Attachment 4.19D		
12	Nonallowable Cost of Capital	13,634	13,634
	To adjust depreciation expense to comply with capital cost policy State Plan, Attachment 4.19D		
	TOTAL ADJUSTMENTS	<u>\$436,260</u>	<u>\$436,260</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 OF BAMBERG
 Cost of Capital Reimbursement Analysis
 For the Cost Report Period Ended September 30, 2011
 AC# 3-BMB-J1

Original Asset Cost (Per Bed)	\$ 15,618	\$ 15,618	\$ 15,618	
Inflation Adjustment	<u>3.18210</u>	<u>3.18210</u>	<u>3.18210</u>	
Deemed Asset Value (Per Bed)	49,698	49,698	49,698	
Number of Beds	<u>22</u>	<u>22</u>	<u>44</u>	
Deemed Asset Value	1,093,356	1,093,356	2,186,712	
Improvements Since 1981	535,942	307,636	419,402	
Accumulated Depreciation at 9/30/11	<u>(502,582)</u>	<u>(685,245)</u>	<u>(731,480)</u>	
Deemed Depreciated Value	1,126,716	715,747	1,874,634	
Market Rate of Return	<u>.0408</u>	<u>.0408</u>	<u>.0408</u>	
Total Annual Return	45,970	29,202	76,485	
Return Applicable to Non-Reimbursable Cost Centers	-	-	-	
Allocation of Interest to Non-Reimbursable Cost Centers	<u>-</u>	<u>-</u>	<u>-</u>	
Allowable Annual Return	45,970	29,202	76,485	
Depreciation Expense	46,455	41,032	76,612	
Amortization Expense	-	-	-	
Capital Related Income Offsets	(364)	(364)	(725)	
Allocation of Capital Expenses to Non-Reimbursable Cost Centers	<u>-</u>	<u>-</u>	<u>-</u>	<u>Total</u>
Allowable Cost of Capital Expense	92,061	69,870	152,372	\$314,303
Total Patient Days (Actual)	<u>7,504</u>	<u>7,505</u>	<u>15,009</u>	<u>30,018</u>
Cost of Capital Per Diem	\$ <u>12.27</u>	\$ <u>9.31</u>	\$ <u>10.15</u>	\$ <u>10.47</u>

UNIHEALTH POST ACUTE CARE OF BAMBERG
 Cost of Capital Reimbursement Analysis
 For the Cost Report Period Ended September 30, 2011
 AC# 3-BMB-J1

6/30/89 Cost of Capital and Return on Equity Capital Per Diem Reimbursement	\$7.79	\$ N/A	\$ N/A
Adjustment for Maximum Increase	<u>3.99</u>	<u>N/A</u>	<u>N/A</u>
Maximum Cost of Capital Per Diem	<u>\$11.78</u>	<u>\$ 9.31</u>	<u>\$10.15</u>
Reimbursable Cost of Capital Per Diem		\$10.35	
Cost of Capital Per Diem		<u>10.47</u>	
Cost of Capital Per Diem Limitation		<u>\$ (.12)</u>	

3 copies of this document were published at an estimated printing cost of \$1.41 each, and a total printing cost of \$4.23. Section 1-11-425 of the South Carolina Code of Laws, as amended requires this information on printing costs be added to the document.