

State of South Carolina



Office of the State Auditor

1401 MAIN STREET, SUITE 1200
COLUMBIA, S.C. 29201

RICHARD H. GILBERT, JR., CPA
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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-BNN-J1 – UniHealth Post Acute Care – Barnwell, LLC d/b/a
UniHealth Post Acute Care - Barnwell

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/cwc

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

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

BARNWELL, SOUTH CAROLINA

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

July 18, 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 - Barnwell, LLC d/b/a UniHealth Post Acute Care - Barnwell, 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 - Barnwell, LLC d/b/a UniHealth Post Acute Care - Barnwell 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 - Barnwell, LLC d/b/a UniHealth Post Acute Care - Barnwell, 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 - Barnwell, LLC d/b/a UniHealth Post Acute Care - Barnwell 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
July 18, 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

UNIHEALTH POST ACUTE CARE - BARNWELL

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

	10/01/12- <u>09/30/13</u>
Interim Reimbursement Rate (1)	\$184.54
Adjusted Reimbursement Rate	<u>182.12</u>
Decrease in Reimbursement Rate	\$ <u><u>2.42</u></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 - BARNWELL
 Computation of Adjusted Reimbursement Rate
 For the Contract Period October 1, 2012 Through September 30, 2013
 AC# 3-BNN-J1

	<u>Incentives</u>	<u>Allowable Cost</u>	<u>Cost Standard</u>	<u>Computed Rate</u>
<u>Costs Subject to Standards:</u>				
General Services		\$ 88.35	\$107.39	
Dietary		19.18	19.46	
Laundry/Housekeeping/Maintenance		<u>18.98</u>	<u>18.30</u>	
Subtotal	\$ <u>10.16</u>	126.51	145.15	\$126.51
Administration & Medical Records	\$ <u>3.19</u>	<u>28.97</u>	<u>32.16</u>	<u>28.97</u>
Subtotal		155.48	\$ <u>177.31</u>	155.48
<u>Costs Not Subject to Standards:</u>				
Utilities		4.92		4.92
Special Services		.14		.14
Medical Supplies & Oxygen		6.02		6.02
Taxes and Insurance		9.11		9.11
Legal Fees		<u>.65</u>		<u>.65</u>
TOTAL		\$ <u>176.32</u>		176.32
Inflation Factor (N/A)				-
Cost of Capital				11.25
Cost of Capital Limitation				-
Profit Incentive (Maximum 3.5% of Allowable Cost)				3.19
Cost Incentive				10.16
Effect of \$1.75 Cap on Cost/Profit Incentives				(11.60)
Budget Neutrality Adjustment (3.805%)				<u>(7.20)</u>
ADJUSTED REIMBURSEMENT RATE				\$ <u>182.12</u>

UNIHEALTH POST ACUTE CARE - BARNWELL
 Summary of Costs and Total Patient Days
 For the Cost Report Period Ended September 30, 2011
 AC# 3-BNN-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	\$1,362,939	\$5,847 (6) 104 (6)	\$24,828 (2) 3,609 (7) 493 (7) 2,925 (8) 153 (8)	\$1,336,882
Dietary	297,594	799 (6)	1,768 (2) 5,962 (7) 386 (8)	290,277
Laundry	30,517	73 (6)	133 (7) 54 (8)	30,403
Housekeeping	149,568	196 (6)	557 (7) 332 (8)	148,875
Maintenance	109,630	18 (6)	1,717 (7) 83 (8)	107,848
Administration & Medical Records	441,350	176 (2) 223 (6) 308 (6)	3,263 (7) 503 (8)	438,291
Utilities	74,452	22 (7)	-	74,474
Special Services	2,075	-	6 (8)	2,069
Medical Supplies & Oxygen	99,452	-	8,042 (6) 275 (7)	91,135

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

<u>Expenses</u>	Totals (From Schedule SC 13) as Adjusted by DH&HS	Adjustments <u>Debit</u>	<u>Credit</u>	<u>Adjusted Totals</u>
Taxes and Insurance	128,093	9,780 (5)	-	137,873
Legal Fees	9,846	-	-	9,846
Cost of Capital	170,457	1,161 (1)	449 (3)	170,155
		<u>-</u>	<u>1,014 (4)</u>	
Subtotal	2,875,973	18,707	56,552	2,838,128
Ancillary	162,921	474 (6)	-	163,395
Nonallowable	736,811	26,420 (2)	1,161 (1)	774,182
		449 (3)	9,780 (5)	
		1,014 (4)		
		15,987 (7)		
		4,442 (8)		
CNA Training and Testing	<u>392</u>	<u>-</u>	<u>-</u>	<u>392</u>
Total Operating Expenses	<u>\$3,776,097</u>	<u>\$67,493</u>	<u>\$67,493</u>	<u>\$3,776,097</u>
Total Patient Days	<u>15,131</u>	<u>-</u>	<u>-</u>	<u>15,131</u>
Total Beds	<u>44</u>			

UNIHEALTH POST ACUTE CARE - BARNWELL
Adjustment Report
Cost Report Period Ended September 30, 2011
AC# 3-BNN-J1

<u>ADJUSTMENT NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
1	Fixed Assets	\$10,578	
	Cost of Capital	1,161	
	Other Equity		\$ 2,336
	Accumulated Depreciation		8,242
	Nonallowable		1,161
	To adjust fixed assets and related depreciation HIM-15-1, Section 2304 State Plan, Attachment 4.19D		
2	Administration	176	
	Nonallowable	26,420	
	Nursing		24,828
	Dietary		1,768
	To adjust related party United Clinical expense HIM-15-1, Section 2304 State Plan, Attachment 4.19D		
3	Nonallowable	449	
	Cost of Capital		449
	To adjust depreciation expense to comply with capital cost policy State Plan, Attachment 4.19D		
4	Nonallowable	1,014	
	Cost of Capital		1,014
	To adjust capital return State Plan, Attachment 4.19D		
5	Taxes and Insurance	9,780	
	Nonallowable		9,780
	To adjust property taxes HIM-15-1, Sections 2302.1 and 2304		

UNIHEALTH POST ACUTE CARE - BARNWELL
Adjustment Report
Cost Report Period Ended September 30, 2011
AC# 3-BNN-J1

<u>ADJUSTMENT</u> <u>NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
6	Nursing	5,847	
	Restorative	104	
	Dietary	799	
	Laundry	73	
	Housekeeping	196	
	Maintenance	18	
	Administration	223	
	Medical Records	308	
	Ancillary	474	
	Medical Supplies & Oxygen		8,042
	To properly classify expenses		
	DH&HS Expense Crosswalk		
7	Nonallowable	15,987	
	Utilities	22	
	Nursing		3,609
	Restorative		493
	Dietary		5,962
	Laundry		133
	Housekeeping		557
	Maintenance		1,717
	Administration		3,263
	Medical Supplies & Oxygen		275
	To properly charge expense		
	applicable to the prior period		
	HIM-15-1, Section 2302.1		

UNIHEALTH POST ACUTE CARE - BARNWELL
Adjustment Report
Cost Report Period Ended September 30, 2011
AC# 3-BNN-J1

<u>ADJUSTMENT NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
8	Nonallowable	4,442	
	Nursing		2,925
	Restorative		153
	Dietary		386
	Laundry		54
	Housekeeping		332
	Maintenance		83
	Administration		503
	Special Services - Therapy		6
	To adjust fringe benefits and related allocation HIM-15-1, Section 2304 State Plan, Attachment 4.19D		
	TOTAL ADJUSTMENTS	\$78,071	\$78,071

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 - BARNWELL
 Cost of Capital Reimbursement Analysis
 For the Cost Report Period Ended September 30, 2011
 AC# 3-BNN-J1

Original Asset Cost (Per Bed)	\$ 15,618
Inflation Adjustment	<u>3.18210</u>
Deemed Asset Value (Per Bed)	49,698
Number of Beds	<u>44</u>
Deemed Asset Value	2,186,712
Improvements Since 1981	30,666
Accumulated Depreciation at 9/30/11	<u>(572,382)</u>
Deemed Depreciated Value	1,644,996
Market Rate of Return	<u>.0408</u>
Total Annual Return	67,116
Return Applicable to Non-Reimbursable Cost Centers	-
Allocation of Interest to Non-Reimbursable Cost Centers	<u>-</u>
Allowable Annual Return	67,116
Depreciation Expense	103,078
Amortization Expense	-
Capital Related Income Offsets	(39)
Allocation of Capital Expenses to Non-Reimbursable Cost Centers	<u>-</u>
Allowable Cost of Capital Expense	170,155
Total Patient Days (Actual)	<u>15,131</u>
Cost of Capital Per Diem	\$ <u><u>11.25</u></u>

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

6/30/89 Cost of Capital and Return on Equity Capital Per Diem Reimbursement	\$ N/A
Adjustment for Maximum Increase	<u>N/A</u>
Maximum Cost of Capital Per Diem	<u>\$11.25</u>
Reimbursable Cost of Capital Per Diem	\$11.25
Cost of Capital Per Diem	<u>11.25</u>
Cost of Capital Per Diem Limitation	<u>\$ -</u>

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