

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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October 9, 2014

Ms. Cindy Gault, Controller
Union Hospital District
322 W. South Street
Union, South Carolina 29379

Re: AC# 3-ELS-J1 – Union Hospital District d/b/a Ellen Sagar Nursing Home

Dear Ms. Gault:

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

**UNION HOSPITAL DISTRICT D/B/A
ELLEN SAGAR NURSING HOME**

UNION, SOUTH CAROLINA

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

April 11, 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 Union Hospital District d/b/a Ellen Sagar Nursing Home, 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 Union Hospital District d/b/a Ellen Sagar Nursing Home 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 Union Hospital District d/b/a Ellen Sagar Nursing Home, 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 Union Hospital District d/b/a Ellen Sagar Nursing Home 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
April 11, 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

ELLEN SAGAR NURSING HOME
Computation of Rate Change
For the Contract Period
Beginning October 1, 2012
AC# 3-ELS-J1

10/01/12-
09/30/13

Interim Reimbursement Rate (1)	\$147.25
Adjusted Reimbursement Rate	<u>142.21</u>
Decrease in Reimbursement Rate	\$ <u><u>5.04</u></u>

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

ELLEN SAGAR NURSING HOME
 Computation of Adjusted Reimbursement Rate
 For the Contract Period October 1, 2012 Through September 30, 2013
 AC# 3-ELS-J1

	<u>Incentives</u>	<u>Allowable Cost</u>	<u>Cost Standard</u>	<u>Computed Rate</u>
<u>Costs Subject to Standards:</u>				
General Services		\$ 82.02	\$101.11	
Dietary		15.79	17.37	
Laundry/Housekeeping/Maintenance		<u>14.27</u>	<u>15.73</u>	
Subtotal	<u>\$9.39</u>	112.08	134.21	\$112.08
Administration & Medical Records	<u>\$4.90</u>	<u>18.05</u>	<u>22.95</u>	<u>18.05</u>
Subtotal		130.13	<u>\$157.16</u>	130.13
<u>Costs Not Subject to Standards:</u>				
Utilities		3.44		3.44
Special Services		1.12		1.12
Medical Supplies & Oxygen		4.02		4.02
Taxes and Insurance		1.20		1.20
Legal Fees		<u>-</u>		<u>-</u>
TOTAL		<u>\$139.91</u>		139.91
Inflation Factor (N/A)				-
Cost of Capital				6.17
Cost of Capital Limitation				-
Profit Incentive (Maximum 3.5% of Allowable Cost)				4.90
Cost Incentive				9.39
Effect of \$1.75 Cap on Cost/Profit Incentives				(12.54)
Budget Neutrality Adjustment (3.805%)				<u>(5.62)</u>
ADJUSTED REIMBURSEMENT RATE				<u>\$142.21</u>

ELLEN SAGAR NURSING HOME
Summary of Costs and Total Patient Days
For the Cost Report Period Ended September 30, 2011
AC# 3-ELS-J1

<u>Expenses</u>	Totals (From Schedule SC 13) as <u>Adjusted by DH&HS</u>	Adjustments		Adjusted <u>Totals</u>
		<u>Debit</u>	<u>Credit</u>	
General Services	\$3,346,345	\$ -	\$ -	\$3,346,345
Dietary	644,100	-	-	644,100
Laundry	106,938	-	-	106,938
Housekeeping	197,969	-	-	197,969
Maintenance	338,716	-	36,944 (1) 10,894 (2) 3,063 (4) 10,554 (5)	277,261
Administration & Medical Records	888,810	36,915 (1) 10,894 (2)	200,396 (3)	736,223
Utilities	140,277	-	-	140,277
Special Services	45,723	29 (1)	-	45,752
Medical Supplies & Oxygen	164,007	-	-	164,007
Taxes and Insurance	48,984	-	-	48,984
Legal Fees	-	-	-	-
Cost of Capital	<u>251,425</u>	<u>132 (5)</u>	<u>-</u>	<u>251,557</u>
Subtotal	6,173,294	47,970	261,851	5,959,413

ELLEN SAGAR NURSING HOME
Summary of Costs and Total Patient Days
For the Cost Report Period Ended September 30, 2011
AC# 3-ELS-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>
Ancillary	228,864	-	-	228,864
Nonallowable	413,099	200,396 (3) 3,063 (4)	-	616,558
CNA Training and Testing	-	-	-	-
Total Operating Expenses	<u>\$6,815,257</u>	<u>\$251,429</u>	<u>\$261,851</u>	<u>\$6,804,835</u>
Total Patient Days	<u>40,799</u>	<u>-</u>	<u>-</u>	<u>40,799</u>
Total Beds	<u>113</u>			

ELLEN SAGAR NURSING HOME
Adjustment Report
Cost Report Period Ended September 30, 2011
AC# 3-ELS-J1

<u>ADJUSTMENT NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
1	Administration Special Services Maintenance	\$ 36,915 29	\$ 36,944
	To properly classify expenses DH&HS Expense Crosswalk State Plan, Attachment 4.19D		
2	Administration Maintenance	10,894	10,894
	To reclassify expense to proper cost center DH&HS Expense Crosswalk State Plan, Attachment 4.19D		
3	Nonallowable Administration	200,396	200,396
	To adjust related party management fee allocation HIM-15-1, Section 2304 State Plan, Attachment 4.19D		
4	Nonallowable Maintenance	3,063	3,063
	To properly charge expense applicable to prior period HIM-15-1, Section 2302.1		

ELLEN SAGAR NURSING HOME
Adjustment Report
Cost Report Period Ended September 30, 2011
AC# 3-ELS-J1

<u>ADJUSTMENT NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
5	Fixed Assets	10,554	
	Cost of Capital	132	
	Maintenance		10,554
	Accumulated Depreciation		132
	To capitalize expense		
	HIM-15-1, Section 108.1		
	State Plan, Attachment 4.19D		
		\$261,983	\$261,983
	TOTAL ADJUSTMENTS	\$261,983	\$261,983

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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