

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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September 30, 2014

Ms. Toni Cooke-Evans, Owner
Georgetown Healthcare & Rehab, Inc.
Post Office Box 278
Cheraw, South Carolina 29520

Re: AC# 3-WIN-J0 – Georgetown Healthcare & Rehab, Inc.

Dear Ms. Cooke-Evans:

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, 2009 through September 30, 2010. That report was used to set the rate covering the contract period beginning November 1, 2011.

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

GEORGETOWN HEALTHCARE & REHAB, INC.

GEORGETOWN, SOUTH CAROLINA

**CONTRACT PERIOD
BEGINNING NOVEMBER 1, 2011
AC# 3-WIN-J0**

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

August 25, 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 Georgetown Healthcare & Rehab, Inc., for the contract period beginning November 1, 2011, and for the twelve month cost report period ended September 30, 2010, as set forth in the accompanying schedules. The management of Georgetown Healthcare & Rehab, Inc. 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 Georgetown Healthcare & Rehab, Inc., 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.
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 Georgetown Healthcare & Rehab, Inc. 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
August 25, 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

GEORGETOWN HEALTHCARE & REHAB, INC.
Computation of Rate Change
For the Contract Period
Beginning November 1, 2011
AC# 3-WIN-J0

11/01/11-
09/30/12

Interim Reimbursement Rate (1)	\$114.26
Adjusted Reimbursement Rate	<u>108.49</u>
Decrease in Reimbursement Rate	\$ <u>5.77</u>

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

GEORGETOWN HEALTHCARE & REHAB, INC.
 Computation of Adjusted Reimbursement Rate
 For the Contract Period November 1, 2011 Through September 30, 2012
 AC# 3-WIN-J0

	<u>Incentives</u>	<u>Allowable Cost</u>	<u>Cost Standard</u>	<u>Computed Rate</u>
<u>Costs Subject to Standards:</u>				
General Services		\$ 54.07	\$ 95.25	
Dietary		14.62	16.01	
Laundry/Housekeeping/Maintenance		<u>12.30</u>	<u>15.28</u>	
Subtotal	\$ <u>8.86</u>	80.99	126.54	\$ 80.99
Administration & Medical Records	\$ <u>10.34</u>	<u>12.14</u>	<u>22.48</u>	<u>12.14</u>
Subtotal		93.13	<u>\$149.02</u>	93.13
<u>Costs Not Subject to Standards:</u>				
Utilities		3.23		3.23
Special Services		.02		.02
Medical Supplies & Oxygen		4.74		4.74
Taxes and Insurance		3.72		3.72
Legal Fees		<u>-</u>		<u>-</u>
TOTAL		<u>\$104.84</u>		104.84
Inflation Factor (N/A)				-
Cost of Capital				5.28
Cost of Capital Limitation				-
Profit Incentive (Maximum 3.5% of Allowable Cost)				3.67
Cost Incentive				8.86
Effect of \$1.75 Cap on Cost/Profit Incentives				(10.78)
Budget Neutrality Adjustment (3.02%)				<u>(3.38)</u>
ADJUSTED REIMBURSEMENT RATE				<u>\$108.49</u>

GEORGETOWN HEALTHCARE & REHAB, INC.
 Summary of Costs and Total Patient Days
 For the Cost Report Period Ended September 30, 2010
 AC# 3-WIN-J0

<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	\$1,600,309	\$ -	\$ 8,519 (6) 433 (6)	\$1,591,357
Dietary	431,385	-	1,141 (6)	430,244
Laundry	159,168	-	129 (6)	159,039
Housekeeping	141,121	-	662 (6)	140,459
Maintenance	62,907	-	245 (6)	62,662
Administration & Medical Records	480,497	239 (1)	34,044 (4) 20,207 (5) 10,830 (6) 132 (6) 58,083 (7)	357,440
Utilities	95,671	-	462 (1)	95,209
Special Services	525	-	-	525
Medical Supplies & Oxygen	151,324	116 (1)	11,797 (3)	139,643
Taxes and Insurance	138,067	8,575 (1)	37,219 (2)	109,423
Legal Fees	-	-	-	-
Cost of Capital	<u>155,306</u>	<u>-</u>	<u>-</u>	<u>155,306</u>
Subtotal	3,416,280	8,930	183,903	3,241,307

GEORGETOWN HEALTHCARE & REHAB, INC.
 Summary of Costs and Total Patient Days
 For the Cost Report Period Ended September 30, 2010
 AC# 3-WIN-J0

<u>Expenses</u>	Totals (From Schedule SC 13) as Adjusted by DH&HS	Adjustments Debit	Credit	Adjusted Totals
Ancillary	100,980	747 (1)	-	101,727
Nonallowable	480,825	37,219 (2) 11,797 (3) 34,044 (4) 20,207 (5) 22,091 (6) 58,083 (7)	9,215 (1)	655,051
CNA Training and Testing	-	-	-	-
Total Operating Expenses	<u>\$3,998,085</u>	<u>\$193,118</u>	<u>\$193,118</u>	<u>\$3,998,085</u>
Total Patient Days	<u>29,434</u>	<u>-</u>	<u>-</u>	<u>29,434</u>
Total Beds	<u>84</u>			

GEORGETOWN HEALTHCARE & REHAB, INC.
Adjustment Report
Cost Report Period Ended September 30, 2010
AC# 3-WIN-J0

<u>ADJUSTMENT NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
1	Administration	\$ 239	
	Ancillary	747	
	Taxes and Insurance	8,575	
	Medical Supplies & Oxygen	116	
	Utilities		\$ 462
	Nonallowable		9,215
	To adjust trial balance account balances to amounts per the general ledger and record expense omitted from the cost report HIM-15-1, Section 2304		
2	Nonallowable	37,219	
	Taxes and Insurance		37,219
	To adjust general insurance expense HIM-15-1, Section 2302.1 and 2304 State Plan, Attachment 4.19D		
3	Nonallowable	11,797	
	Medical Supplies		11,797
	To disallow expense due to lack of adequate documentation HIM-15-1, Section 2304 State Plan, Attachment 4.19D		
4	Nonallowable	34,044	
	Administration		34,044
	To disallow expense due to lack of adequate documentation HIM-15-1, Section 2304 State Plan, Attachment 4.19D		
5	Nonallowable	20,207	
	Administration		20,207
	To reclassify expense to proper cost center DH&HS Expense Crosswalk		

GEORGETOWN HEALTHCARE & REHAB, INC.
Adjustment Report
Cost Report Period Ended September 30, 2010
AC# 3-WIN-J0

<u>ADJUSTMENT NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
6	Nonallowable	22,091	
	Nursing		8,519
	Restorative		433
	Dietary		1,141
	Laundry		129
	Housekeeping		662
	Maintenance		245
	Administration		10,830
	Medical Records		132
	To adjust fringe benefits and related allocation HIM-15-1, Section 2304 State Plan, Attachment 4.19D		
7	Nonallowable	58,083	
	Administration		58,083
	To adjust owner/relative compensation and salary allocation State Plan, Attachment 4.19D		
	<u>TOTAL ADJUSTMENTS</u>	<u>\$193,118</u>	<u>\$193,118</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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