



**South Carolina
Office of the State Auditor**

**George L. Kennedy, III, CPA
State Auditor**

March 24, 2016

Mr. Tom Turner, President
South Carolina Baptist Ministries for the Aging, Inc.
190 Stoneridge Drive
Columbia, South Carolina 29212

Re: AC# 3-BBH-J2 – South Carolina Baptist Ministries for the Aging, Inc. d/b/a
Bethea Baptist Health Care Center

Dear Mr. Turner:

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, 2011 through September 30, 2012. That report was used to set the rate covering the contract period beginning October 1, 2013.

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 blue ink that reads "George L. Kennedy, III".

George L. Kennedy, III, CPA
State Auditor

GLKIII/sag

cc: Mr. Jeff Saxon
Ms. Melissa Simmons
Mr. Byron Roberts
Ms. Nicole Mitchell Threat
Ms. Brittany Sandifer
Ms. Chari Preacher
Ms. Kathy Wine
Mr. Benjamin Spurling

**SOUTH CAROLINA BAPTIST MINISTRIES
FOR THE AGING, INC. D/B/A
BETHEA BAPTIST HEALTH CARE CENTER

DARLINGTON, SOUTH CAROLINA**

**CONTRACT PERIOD
BEGINNING OCTOBER 1, 2013
AC# 3-BBH-J2**

**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

December 10, 2015

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 South Carolina Baptist Ministries for the Aging, Inc. d/b/a Bethea Baptist Health Care Center, for the contract period beginning October 1, 2013, and for the twelve month cost report period ended September 30, 2012, as set forth in the accompanying schedules. The management of South Carolina Baptist Ministries for the Aging, Inc. d/b/a Bethea Baptist Health Care Center 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 South Carolina Baptist Ministries for the Aging, Inc. d/b/a Bethea Baptist Health Care Center, 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 South Carolina Baptist Ministries for the Aging, Inc. d/b/a Bethea Baptist Health Care Center 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
December 10, 2015

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.



George L. Kennedy, III, CPA
State Auditor

BETHEA BAPTIST HEALTH CARE CENTER
Computation of Rate Change
For the Contract Period
Beginning October 1, 2013
AC# 3-BBH-J2

	<u>10/01/13-</u> <u>09/30/14</u>
Interim Reimbursement Rate (1)	\$148.16
Adjusted Reimbursement Rate	<u>141.97</u>
Decrease in Reimbursement Rate	\$ <u><u>6.19</u></u>

(1) Interim reimbursement rate from the South Carolina Medicaid Management Information System (MMIS) Provider Rate Listing dated January 12, 2015.

BETHEA BAPTIST HEALTH CARE CENTER
 Computation of Adjusted Reimbursement Rate
 For the Contract Period October 1, 2013 Through September 30, 2014
 AC# 3-BBH-J2

	<u>Incentives</u>	<u>Allowable Cost</u>	<u>Cost Standard</u>	<u>Computed Rate</u>
<u>Costs Subject to Standards:</u>				
General Services		\$ 79.62	\$ 81.96	
Dietary		19.67	17.41	
Laundry/Housekeeping/Maintenance		<u>8.15</u>	<u>16.17</u>	
Subtotal	\$ <u>8.09</u>	107.44	115.54	\$107.44
Administration & Medical Records	\$ <u>7.45</u>	<u>16.26</u>	<u>23.71</u>	<u>16.26</u>
Subtotal		123.70	<u>\$139.25</u>	123.70
<u>Costs Not Subject to Standards:</u>				
Utilities		2.87		2.87
Special Services		.02		.02
Medical Supplies & Oxygen		6.30		6.30
Taxes and Insurance		1.09		1.09
Legal Fees		<u>.01</u>		<u>.01</u>
TOTAL		<u>\$133.99</u>		133.99
Inflation Factor (3.60%)				4.82
Cost of Capital				5.69
Cost of Capital Limitation				-
Profit Incentive (Maximum 3.5% of Allowable Cost)				4.69
Cost Incentive				8.09
Effect of \$1.75 Cap on Cost/Profit Incentives				(11.03)
Budget Neutrality Adjustment (2.9241%)				<u>(4.28)</u>
ADJUSTED REIMBURSEMENT RATE				<u>\$141.97</u>

BETHEA BAPTIST HEALTH CARE CENTER
 Summary of Costs and Total Patient Days
 For the Cost Report Period Ended September 30, 2012
 AC# 3-BBH-J2

<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>
General Services	\$2,428,664	\$ 46,910 (4)	\$ 116,485 (5)	\$2,359,089
Dietary	603,609	390,335 (4)	410,986 (5)	582,958
Laundry	26,094	3,659 (4)	4,325 (5)	25,428
Housekeeping	128,894	48,566 (4)	53,095 (5)	124,365
Maintenance	91,976	342,353 (4)	342,706 (5)	91,623
Administration & Medical Records	540,866	185,184 (4)	244,206 (5)	481,844
Utilities	86,392	101,981 (4)	103,478 (5)	84,895
Special Services	622	-	-	622
Medical Supplies & Oxygen	186,821	-	-	186,821
Taxes and Insurance	32,365	87,641 (4)	87,823 (5)	32,183
Legal Fees	463	226 (4)	261 (5)	428
Cost of Capital	195,565	13,073 (3) 5,743 (4)	25,552 (1) 15,428 (2) <u>4,713 (5)</u>	168,688
Subtotal	4,322,331	1,225,671	1,409,058	4,138,944

BETHEA BAPTIST HEALTH CARE CENTER
Summary of Costs and Total Patient Days
For the Cost Report Period Ended September 30, 2012
AC# 3-BBH-J2

<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>	
Ancillary	194,287	-	-	194,287
Nonallowable	2,617,574	25,552 (1)	13,073 (3)	2,800,961
		15,428 (2)	1,212,598 (4)	
		1,368,078 (5)		
CNA Training and Testing	<u>616</u>	<u>-</u>	<u>-</u>	<u>616</u>
Total Operating Expenses	<u>\$7,134,808</u>	<u>\$2,634,729</u>	<u>\$2,634,729</u>	<u>\$7,134,808</u>
Total Patient Days	<u>29,631</u>	<u>-</u>	<u>-</u>	<u>29,631</u>
Total Beds	<u>88</u>			

BETHEA BAPTIST HEALTH CARE CENTER
Adjustment Report
Cost Report Period Ended September 30, 2012
AC# 3-BBH-J2

<u>ADJUSTMENT</u> <u>NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
1	Fixed Assets	\$511,523	
	Other Equity	87,481	
	Nonallowable	25,552	
	Accumulated Depreciation		\$599,004
	Cost of Capital		25,552
	To adjust fixed assets and related depreciation HIM-15-1, Section 2304 State Plan, Attachment 4.19D		
2	Nonallowable	15,428	
	Cost of Capital		15,428
	To adjust capital return State Plan, Attachment 4.19D		
3	Cost of Capital	13,073	
	Nonallowable		13,073
	To adjust depreciation and amortization expense to comply with capital cost policy State Plan, Attachment 4.19D		
4	Restorative	46,910	
	Dietary	390,335	
	Laundry	3,659	
	Housekeeping	48,566	
	Maintenance	342,353	
	Administration	185,184	
	Legal	226	
	Utilities	101,981	
	Taxes and Insurance	87,641	
	Cost of Capital	5,743	
	Nonallowable		1,212,598
	To reverse DH&HS adjustment to remove indirect costs applicable to non-reimbursable cost centers HIM-15-1, Section 2102.3 State Plan, Attachment 4.19D		

BETHEA BAPTIST HEALTH CARE CENTER
Adjustment Report
Cost Report Period Ended September 30, 2012
AC# 3-BBH-J2

<u>ADJUSTMENT NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
5	Nonallowable	1,368,078	
	Restorative		116,485
	Dietary		410,986
	Laundry		4,325
	Housekeeping		53,095
	Maintenance		342,706
	Administration		244,206
	Legal		261
	Utilities		103,478
	Taxes and Insurance		87,823
	Cost of Capital		4,713
	To remove indirect costs applicable to non-reimbursable cost centers HIM-15-1, Section 2102.3 State Plan, Attachment 4.19D		
	<u>TOTAL ADJUSTMENTS</u>	<u>\$3,233,733</u>	<u>\$3,233,733</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.

BETHEA BAPTIST HEALTH CARE CENTER
 Cost of Capital Reimbursement Analysis
 For the Cost Report Period Ended September 30, 2012
 AC# 3-BBH-J2

Original Asset Cost (Per Bed)	\$ 15,618	\$ 15,618	
Inflation Adjustment	<u>3.21571</u>	<u>3.21571</u>	
Deemed Asset Value (Per Bed)	50,223	50,223	
Number of Beds	<u>44</u>	<u>44</u>	
Deemed Asset Value	2,209,812	2,209,812	
Improvements Since 1981	510,286	59,701	
Accumulated Depreciation at 9/30/12	(1,695,127)	<u>(514,830)</u>	
Deemed Depreciated Value	1,024,971	1,754,683	
Market Rate of Return	<u>.0369</u>	<u>.0369</u>	
Total Annual Return	37,821	64,748	
Return Applicable to Non-Reimbursable Cost Centers	(1,547)	(2,648)	
Allocation of Interest to Non-Reimbursable Cost Centers	<u>154</u>	<u>95</u>	
Allowable Annual Return	36,428	62,195	
Depreciation Expense	52,327	22,322	
Amortization Expense	64	65	
Capital Related Income Offsets	-	-	
Allocation of Capital Expenses to Non-Reimbursable Cost Centers	<u>(3,702)</u>	<u>(1,011)</u>	<u>Total</u>
Allowable Cost of Capital Expense	85,117	83,571	\$168,688
Total Patient Days (Minimum 92% Occupancy)	<u>14,815</u>	<u>14,816</u>	<u>29,631</u>
Cost of Capital Per Diem	\$ <u>5.75</u>	\$ <u>5.64</u>	\$ <u>5.69</u>

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