

*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 16, 2015

Ms. Rachel Jackson, Director of Accounting  
Epic Management, LLC  
4493 East Sundance Court  
Gilbert, Arizona 85297

Re: AC# 3-CHS-J0 – Mount Pleasant Manor, LLC

Dear Ms. Jackson:

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 settle this contract period as paid.

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: Mr. Jeff Saxon  
Ms. Melissa Simmons  
Mr. Byron Roberts  
Ms. Nicole Mitchell Threat  
Ms. Brittany Sandifer  
Ms. Chari Preacher

**MOUNT PLEASANT MANOR, LLC  
MOUNT PLEASANT, SOUTH CAROLINA**

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

**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 NOVEMBER 1, 2011	A	3
COMPUTATION OF ADJUSTED REIMBURSEMENT RATE FOR THE CONTRACT PERIOD NOVEMBER 1, 2011 THROUGH SEPTEMBER 30, 2012	B	4
SUMMARY OF COSTS AND TOTAL PATIENT DAYS FOR THE COST REPORT PERIOD ENDED SEPTEMBER 30, 2010	C	5

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### INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

February 19, 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 Mount Pleasant Manor, LLC, 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 Mount Pleasant Manor, LLC 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 Mount Pleasant Manor, LLC, 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 section 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 Mount Pleasant Manor, LLC 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  
February 19, 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.

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

**MOUNT PLEASANT MANOR, LLC**  
Computation of Rate Change  
For the Contract Period  
Beginning November 1, 2011  
AC# 3-CHS-J0

	11/01/11- <u>09/30/12</u>
Interim Reimbursement Rate (1)	\$144.96
Adjusted Reimbursement Rate	<u>144.96</u>
Change in Reimbursement Rate	\$ <u><u>-</u></u>

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

**MOUNT PLEASANT MANOR, LLC**  
Computation of Adjusted Reimbursement Rate  
For the Contract Period November 1, 2011 Through September 30, 2012  
AC# 3-CHS-J0

	<u>Incentives</u>	<u>Allowable Cost</u>	<u>Cost Standard</u>	<u>Computed Rate</u>
<u>Costs Subject to Standards:</u>				
General Services		\$ 83.94	\$ 95.14	
Dietary		15.10	15.92	
Laundry/Housekeeping/Maintenance		<u>11.20</u>	<u>14.77</u>	
Subtotal	<u>\$8.81</u>	110.24	125.83	\$110.24
Administration & Medical Records	<u>\$6.39</u>	<u>14.23</u>	<u>20.62</u>	<u>14.23</u>
Subtotal		124.47	<u>\$146.45</u>	124.47
<u>Costs Not Subject to Standards:</u>				
Utilities		4.22		4.22
Special Services		.26		.26
Medical Supplies & Oxygen		6.47		6.47
Taxes and Insurance		5.46		5.46
Legal Fees		<u>.58</u>		<u>.58</u>
<b>TOTAL</b>		<u>\$141.46</u>		141.46
Inflation Factor (N/A)				-
Cost of Capital				6.26
Cost of Capital Limitation				-
Profit Incentive (Maximum 3.5% of Allowable Cost)				4.95
Cost Incentive				8.81
Effect of \$1.75 Cap on Cost/Profit Incentives				(12.01)
Budget Neutrality Adjustment (3.02%)				<u>(4.51)</u>
<b>ADJUSTED REIMBURSEMENT RATE</b>				<u>\$144.96</u>

**MOUNT PLEASANT MANOR, LLC**  
Summary of Costs and Total Patient Days  
For the Cost Report Period Ended September 30, 2010  
AC# 3-CHS-J0

<u>Expenses</u>	Totals (From Schedule SC 13) as <u>Adjusted by DH&amp;HS</u>	Adjustments		<u>Adjusted Totals</u>
		<u>Debit</u>	<u>Credit</u>	
General Services	\$3,882,498	\$ -	\$ -	\$3,882,498
Dietary	698,276	-	-	698,276
Laundry	99,532	-	-	99,532
Housekeeping	250,914	-	-	250,914
Maintenance	167,780	-	-	167,780
Administration & Medical Records	658,317	-	-	658,317
Utilities	195,185	-	-	195,185
Special Services	11,986	-	-	11,986
Medical Supplies & Oxygen	299,134	-	-	299,134
Taxes and Insurance	252,453	-	-	252,453
Legal Fees	26,922	-	-	26,922
Cost of Capital	<u>289,348</u>	<u>-</u>	<u>-</u>	<u>289,348</u>
Subtotal	6,832,345	-	-	6,832,345

**MOUNT PLEASANT MANOR, LLC**  
Summary of Costs and Total Patient Days  
For the Cost Report Period Ended September 30, 2010  
AC# 3-CHS-J0

<u>Expenses</u>	Totals (From Schedule SC 13) as <u>Adjusted by DH&amp;HS</u>	Adjustments		Adjusted <u>Totals</u>
		<u>Debit</u>	<u>Credit</u>	
Ancillary	287,540	-	-	287,540
Nonallowable	1,204,819	-	-	1,204,819
CNA Training and Testing	<u>756</u>	<u>-</u>	<u>-</u>	<u>756</u>
Total Operating Expenses	<u>\$8,325,460</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$8,325,460</u>
Total Patient Days	<u>46,253</u>	<u>-</u>	<u>-</u>	<u>46,253</u>
 Total Beds	 <u>132</u>			

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