

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 8, 2015

Mr. Tony Stewart, Assistant Administrator
Ellenburg Nursing Center, Inc.
611 East Hampton Street
Anderson, South Carolina 29624

Re: AC# 3-ELB-J1 – Ellenburg Nursing Center, Inc.

Dear Mr. Stewart:

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

ELLENBURG NURSING CENTER, INC.

ANDERSON, SOUTH CAROLINA

**CONTRACT PERIOD
BEGINNING OCTOBER 1, 2012
AC# 3-ELB-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 24, 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 Ellenburg Nursing Center, Inc., 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 Ellenburg Nursing Center, 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 Ellenburg Nursing Center, 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 Ellenburg Nursing Center, 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
July 24, 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.", written in a cursive style.

Richard H. Gilbert, Jr., CPA
Deputy State Auditor

ELLENBURG NURSING CENTER, INC.
Computation of Rate Change
For the Contract Period
Beginning October 1, 2012
AC# 3-ELB-J1

	<u>10/01/12-</u> <u>09/30/13</u>
Interim Reimbursement Rate (1)	\$146.53
Adjusted Reimbursement Rate	<u>146.01</u>
Decrease in Reimbursement Rate	\$ <u><u>.52</u></u>

(1) Interim reimbursement rate from the South Carolina Medicaid Management Information System (MMIS) Provider Rate Listing dated April 7, 2014.

ELLENBURG NURSING CENTER, INC.
 Computation of Adjusted Reimbursement Rate
 For the Contract Period October 1, 2012 Through September 30, 2013
 AC# 3-ELB-J1

	<u>Incentives</u>	<u>Allowable Cost</u>	<u>Cost Standard</u>	<u>Computed Rate</u>
<u>Costs Subject to Standards:</u>				
General Services		\$ 84.62	\$ 94.06	
Dietary		17.80	17.37	
Laundry/Housekeeping/Maintenance		<u>15.96</u>	<u>15.73</u>	
Subtotal	\$ <u>8.78</u>	118.38	127.16	\$118.38
Administration & Medical Records	<u>\$11.16</u>	<u>11.79</u>	<u>22.95</u>	<u>11.79</u>
Subtotal		130.17	<u>\$150.11</u>	130.17
<u>Costs Not Subject to Standards:</u>				
Utilities		2.83		2.83
Special Services		.05		.05
Medical Supplies & Oxygen		5.38		5.38
Taxes and Insurance		5.96		5.96
Legal Fees		<u>-</u>		<u>-</u>
TOTAL		<u>\$144.39</u>		144.39
Inflation Factor (N/A)				-
Cost of Capital				5.65
Cost of Capital Limitation				-
Profit Incentive (Maximum 3.5% of Allowable Cost)				5.05
Cost Incentive				8.78
Effect of \$1.75 Cap on Cost/Profit Incentives				(12.08)
Budget Neutrality Adjustment (3.8050%)				<u>(5.78)</u>
ADJUSTED REIMBURSEMENT RATE				<u>\$146.01</u>

ELLENBURG NURSING CENTER, INC.
 Summary of Costs and Total Patient Days
 For the Cost Report Period Ended September 30, 2011
 AC# 3-ELB-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	\$5,425,821	-	\$ 1,279 (1)	\$5,424,542
Dietary	1,140,787	-	-	1,140,787
Laundry	260,532	-	-	260,532
Housekeeping	374,760	-	-	374,760
Maintenance	388,085	-	-	388,085
Administration & Medical Records	788,881	-	32,825 (1)	756,056
Utilities	181,266	-	-	181,266
Special Services	3,055	-	-	3,055
Medical Supplies & Oxygen	344,910	-	-	344,910
Taxes and Insurance	381,958	-	-	381,958
Legal Fees	-	-	-	-
Cost of Capital	<u>362,384</u>	<u>-</u>	<u>-</u>	<u>362,384</u>
Subtotal	9,652,439	-	34,104	9,618,335
Ancillary	147,022	-	-	147,022

ELLENBURG NURSING CENTER, INC.
Summary of Costs and Total Patient Days
For the Cost Report Period Ended September 30, 2011
AC# 3-ELB-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>
Nonallowable	1,409,130	34,104 (1)	-	1,443,234
CNA Training and Testing	<u>2,234</u>	<u>-</u>	<u>-</u>	<u>2,234</u>
Total Operating Expenses	<u>\$11,210,825</u>	<u>\$34,104</u>	<u>\$34,104</u>	<u>\$11,210,825</u>
Total Patient Days	<u>64,102</u>	<u>-</u>	<u>-</u>	<u>64,102</u>
 Total Beds	 <u>181</u>			

ELLENBURG NURSING CENTER, INC.
Adjustment Report
Cost Report Period Ended September 30, 2011
AC# 3-ELB-J1

<u>ADJUSTMENT NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
1	Nonallowable Restorative Administration	\$34,104	\$ 1,279 32,825
	To adjust excess owner/relative employer contributions State Plan, Attachment 4.19D		
	TOTAL ADJUSTMENTS	<u>\$34,104</u>	<u>\$34,104</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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