

*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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July 8, 2015

Ms. Gina Toigo, Assistant Controller  
Laurel Baye Healthcare of South Carolina  
3409 Salterbeck Court  
Mt. Pleasant, South Carolina 29466

Re: AC# 3-LBB-J2 – Laurel Baye Healthcare of Blackville, LLC

Dear Ms. Toigo:

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 black ink, appearing to read "Richard H. Gilbert, Jr.", written in a cursive style.

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

RHGjr/cwc

cc: Ms. Brenda L. Hyleman  
Mr. Jeff Saxon  
Ms. Kathleen C. Snider  
Ms. Nicole Mitchell Threat  
Ms. Melissa Simmons

**LAUREL BAYE HEALTHCARE OF BLACKVILLE, LLC  
BLACKVILLE, SOUTH CAROLINA**

**CONTRACT PERIOD  
BEGINNING OCTOBER 1, 2013  
AC# 3-LBB-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 16, 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 Laurel Baye Healthcare of Blackville, LLC, 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 Laurel Baye Healthcare of Blackville, 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 Laurel Baye Healthcare of Blackville, 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 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 Laurel Baye Healthcare of Blackville, 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  
December 16, 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

**LAUREL BAYE HEALTHCARE OF BLACKVILLE, LLC**  
Computation of Rate Change  
For the Contract Period  
Beginning October 1, 2013  
AC# 3-LBB-J2

	10/01/13- <u>09/30/14</u>
Interim Reimbursement Rate (1)	\$138.96
Adjusted Reimbursement Rate	<u>133.14</u>
Decrease in Reimbursement Rate	\$ <u><u>5.82</u></u>

- (1) Interim reimbursement rate from the South Carolina Medicaid Management Information System (MMIS) Provider Rate Listing dated January 21, 2014.

**LAUREL BAYE HEALTHCARE OF BLACKVILLE, LLC**  
 Computation of Adjusted Reimbursement Rate  
 For the Contract Period October 1, 2013 Through September 30, 2014  
 AC# 3-LBB-J2

	<u>Incentives</u>	<u>Allowable Cost</u>	<u>Cost Standard</u>	<u>Computed Rate</u>
<u>Costs Subject to Standards:</u>				
General Services		\$ 61.59	\$ 88.60	
Dietary		15.14	17.41	
Laundry/Housekeeping/Maintenance		<u>12.79</u>	<u>16.17</u>	
Subtotal	<u>\$8.55</u>	89.52	122.18	\$ 89.52
Administration & Medical Records	<u>\$1.78</u>	<u>21.93</u>	<u>23.71</u>	<u>21.93</u>
Subtotal		111.45	<u>\$145.89</u>	111.45
<u>Costs Not Subject to Standards:</u>				
Utilities		4.52		4.52
Special Services		.31		.31
Medical Supplies & Oxygen		4.92		4.92
Taxes and Insurance		4.15		4.15
Legal Fees		<u>.13</u>		<u>.13</u>
<b>TOTAL</b>		<u>\$125.48</u>		125.48
Inflation Factor (3.60%)				4.52
Cost of Capital				5.40
Cost of Capital Limitation				-
Profit Incentive (Maximum 3.5% of Allowable Cost)				1.78
Cost Incentive				8.55
Effect of \$1.75 Cap on Cost/Profit Incentives				(8.58)
Budget Neutrality Adjustment (2.9241%)				<u>(4.01)</u>
ADJUSTED REIMBURSEMENT RATE				<u>\$133.14</u>

**LAUREL BAYE HEALTHCARE OF BLACKVILLE, LLC**  
 Summary of Costs and Total Patient Days  
 For the Cost Report Period Ended September 30, 2012  
 AC# 3-LBB-J2

<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	\$1,835,030	\$ -	\$ 14,226 (1) 54,783 (4) 2,318 (4) 814 (5)	\$1,762,889
Dietary	433,313	-	-	433,313
Laundry	77,408	-	-	77,408
Housekeeping	141,421	-	484 (5)	140,937
Maintenance	151,113	-	1,676 (4) 1,736 (5)	147,701
Administration & Medical Records	639,316	13,952 (1)	888 (4) 149 (4) 24,684 (5)	627,547
Utilities	130,675	-	1,261 (5)	129,414
Special Services	8,871	-	-	8,871
Medical Supplies & Oxygen	148,332	-	7,480 (2)	140,852
Taxes and Insurance	187,766	-	66,871 (3) 2,066 (5)	118,829
Legal Fees	3,795	-	-	3,795
Cost of Capital	<u>154,625</u>	<u>-</u>	<u>-</u>	<u>154,625</u>
Subtotal	3,911,665	13,952	179,436	3,746,181

**LAUREL BAYE HEALTHCARE OF BLACKVILLE, LLC**  
 Summary of Costs and Total Patient Days  
 For the Cost Report Period Ended September 30, 2012  
 AC# 3-LBB-J2

<u>Expenses</u>	Totals (From Schedule SC 13) as Adjusted by DH&HS	Adjustments		Adjusted Totals
		<u>Debit</u>	<u>Credit</u>	
Ancillary	130,399	-	-	130,399
Nonallowable	484,561	274 (1) 66,871 (3) 59,814 (4) 31,045 (5)	-	642,565
CNA Training and Testing	<u>364</u>	<u>-</u>	<u>-</u>	<u>364</u>
Total Operating Expenses	<u>\$4,526,989</u>	<u>\$171,956</u>	<u>\$179,436</u>	<u>\$4,519,509</u>
Total Patient Days	<u>28,621</u>	<u>-</u>	<u>-</u>	<u>28,621</u>
Total Beds	<u>85</u>			

**LAUREL BAYE HEALTHCARE OF BLACKVILLE, LLC**  
 Adjustment Report  
 Cost Report Period Ended September 30, 2012  
 AC# 3-LBB-J2

<u>ADJUSTMENT NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
1	Administration Nonallowable Nursing	\$13,952 274	  \$14,226
	To properly classify expenses DH&HS Expense Crosswalk State Plan, Attachment 4.19D		
2	Revenue - Specialty Beds Medical Supplies & Oxygen	7,480	 7,480
	To offset specialty bed revenue against expenses State Plan, Attachment 4.19D		
3	Nonallowable Taxes and Insurance	66,871	 66,871
	To adjust captive liability insurance to paid claims HIM-15-1, Section 2162 State Plan, Attachment 4.19D		
4	Nonallowable Nursing Restorative Maintenance Administration Medical Records	59,814	 54,783 2,318 1,676 888 149
	To adjust fringe benefits and related allocation HIM-15-1, Section 2304 State Plan, Attachment 4.19D		

**LAUREL BAYE HEALTHCARE OF BLACKVILLE, LLC**  
Adjustment Report  
Cost Report Period Ended September 30, 2012  
AC# 3-LBB-J2

<u>ADJUSTMENT NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
5	Nonallowable	31,045	
	Nursing		814
	Housekeeping		484
	Maintenance		1,736
	Administration		24,684
	Utilities		1,261
	Taxes and Insurance		2,066
	To adjust home office cost allocation HIM-15-1, Section 2304 State Plan, Attachment 4.19D		
		\$179,436	\$179,436
	TOTAL ADJUSTMENTS	\$179,436	\$179,436

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.

2 copies of this document were published at an estimated printing cost of \$1.32 each, and a total printing cost of \$2.64. Section 1-11-425 of the South Carolina Code of Laws, as amended requires this information on printing costs be added to the document.