

*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  
FAX (803) 343-0723

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-LBG-J2 – Laurel Baye Healthcare of Greenville, 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 GREENVILLE, LLC  
GREENVILLE, SOUTH CAROLINA**

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

**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 OCTOBER 1, 2013	A	3
COMPUTATION OF ADJUSTED REIMBURSEMENT RATE FOR THE CONTRACT PERIOD OCTOBER 1, 2013 THROUGH SEPTEMBER 30, 2014	B	4
SUMMARY OF COSTS AND TOTAL PATIENT DAYS FOR THE COST REPORT PERIOD ENDED SEPTEMBER 30, 2012	C	5
ADJUSTMENT REPORT	1	7

# 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  
FAX (803) 343-0723

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

November 18, 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 Greenville, 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 Greenville, 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 Greenville, 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 Greenville, 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  
November 18, 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 GREENVILLE, LLC**  
Computation of Rate Change  
For the Contract Period  
Beginning October 1, 2013  
AC# 3-LBG-J2

	<u>10/01/13-</u> <u>09/30/14</u>
Interim Reimbursement Rate (1)	\$166.89
Adjusted Reimbursement Rate	<u>159.53</u>
Decrease in Reimbursement Rate	\$ <u><u>7.36</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 GREENVILLE, LLC**  
 Computation of Adjusted Reimbursement Rate  
 For the Contract Period October 1, 2013 Through September 30, 2014  
 AC# 3-LBG-J2

	<u>Incentives</u>	<u>Allowable Cost</u>	<u>Cost Standard</u>	<u>Computed Rate</u>
<u>Costs Subject to Standards:</u>				
General Services		\$ 81.48	\$106.47	
Dietary		14.69	17.31	
Laundry/Housekeeping/Maintenance		<u>14.95</u>	<u>15.32</u>	
Subtotal	<u>\$9.74</u>	111.12	139.10	\$111.12
Administration & Medical Records	<u>\$ -</u>	<u>24.89</u>	<u>22.29</u>	<u>22.29</u>
Subtotal		136.01	<u>\$161.39</u>	133.41
<u>Costs Not Subject to Standards:</u>				
Utilities		3.34		3.34
Special Services		.02		.02
Medical Supplies & Oxygen		7.34		7.34
Taxes and Insurance		6.36		6.36
Legal Fees		<u>.29</u>		<u>.29</u>
<b>TOTAL</b>		<u>\$153.36</u>		150.76
Inflation Factor (3.60%)				5.43
Cost of Capital				6.40
Cost of Capital Limitation				-
Profit Incentive (Maximum 3.5% of Allowable Cost)				-
Cost Incentive				9.74
Effect of \$1.75 Cap on Cost/Profit Incentives				(7.99)
Budget Neutrality Adjustment (2.9241%)				<u>(4.81)</u>
ADJUSTED REIMBURSEMENT RATE				<u>\$159.53</u>

**LAUREL BAYE HEALTHCARE OF GREENVILLE, LLC**  
 Summary of Costs and Total Patient Days  
 For the Cost Report Period Ended September 30, 2012  
 AC# 3-LBG-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	\$3,283,670	\$552,087 (9) 34,139 (11)	\$ 46,505 (1) 5,355 (2) 14,751 (3) 1,356 (5) 172,413 (8) 8,194 (8) 515,673 (10) 1 (12) 32,897 (13)	\$3,072,751
Dietary	554,160	98,934 (11)	98,934 (13)	554,160
Laundry	98,026	17,501 (11)	17,501 (13)	98,026
Housekeeping	266,780	46,088 (11)	872 (5) 5 (12) 45,820 (13)	266,171
Maintenance	206,515	34,904 (11)	3,129 (5) 4,807 (8) 5 (12) 33,694 (13)	199,784
Administration & Medical Records	967,781	14,426 (3) 112,443 (11) 13,092 (11)	44,492 (5) 2,452 (8) 190 (8) 812 (12) 107,950 (13) 13,064 (13)	938,782
Utilities	127,957	20,810 (11)	2,272 (5) 3 (12) 20,493 (13)	125,999
Special Services	815	27,511 (1)	27,455 (6)	871

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

<u>Expenses</u>	Totals (From Schedule SC 13) as <u>Adjusted by DH&amp;HS</u>	Adjustments <u>Debit</u>	<u>Credit</u>	<u>Adjusted Totals</u>
Medical Supplies & Oxygen	261,998	4,409 (1) 14,373 (1) 31,503 (6) 21,962 (11)	295 (1) 19,272 (7) 1,742 (8) 36,135 (13)	276,801
Taxes and Insurance	310,525	47,696 (11) 5 (12)	78,021 (4) 3,723 (5) 36,804 (13)	239,678
Legal Fees	11,084	1,045 (11) 394 (12)	1,442 (13)	11,081
Cost of Capital	<u>241,363</u>	-	-	<u>241,363</u>
Subtotal	6,330,674	1,093,322	1,398,529	6,025,467
Ancillary	815,337	-	-	815,337
Nonallowable	3,208,281	51 (1) 5,355 (2) 325 (3) 78,021 (4) 55,844 (5) 189,798 (8) 515,673 (10) 427 (12) 444,734 (13)	4,048 (6) 552,087 (9) 448,614 (11)	3,493,760
CNA Training and Testing	<u>644</u>	-	-	<u>644</u>
Total Operating Expenses	<u>\$10,354,936</u>	<u>\$2,383,550</u>	<u>\$2,403,278</u>	<u>\$10,335,208</u>
Total Patient Days	<u>37,713</u>	-	-	<u>37,713</u>
Total Beds	<u>112</u>			

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

<u>ADJUSTMENT NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
1	Accounts Payable	\$ 456	
	Medical Supplies & Oxygen - Equipment Rental	4,409	
	Medical Supplies & Oxygen - Specialty Beds	14,373	
	Special Services	27,511	
	Nonallowable Nursing	51	\$46,505
	Medical Supplies & Oxygen - Oxygen R/T		295
	To properly classify expenses DH&HS Expense Crosswalk State Plan, Attachment 4.19D		
2	Nonallowable Nursing	5,355	5,355
	To disallow expense due to a lack of documentation HIM-15-1, Section 2304 State Plan, Attachment 4.19D		
3	Administration Nonallowable Nursing	14,426 325	14,751
	To properly classify expenses DH&HS Expense Crosswalk State Plan, Attachment 4.19D		
4	Nonallowable Taxes and Insurance	78,021	78,021
	To adjust captive liability insurance to paid claims HIM-15-1, Section 2162 State Plan, Attachment 4.19D		

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

<u>ADJUSTMENT</u> <u>NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
5	Nonallowable	55,844	
	Nursing		1,356
	Housekeeping		872
	Maintenance		3,129
	Administration		44,492
	Utilities		2,272
	Taxes and Insurance		3,723
	To adjust home office cost allocation HIM-15-1, Section 2304 State Plan, Attachment 4.19D		
6	Medical Supplies & Oxygen	31,503	
	Special Services		27,455
	Nonallowable		4,048
	To remove special (ancillary) services reimbursed by Medicare State Plan, Attachment 4.19D		
7	Revenue - Specialty Beds	19,272	
	Medical Supplies & Oxygen		19,272
	To offset specialty bed revenue against expenses State Plan, Attachment 4.19D		
8	Nonallowable	189,798	
	Nursing		172,413
	Restorative		8,194
	Maintenance		4,807
	Administration		2,452
	Medical Records		190
	Medical Supplies & Oxygen		1,742
	To adjust fringe benefits and related allocation HIM-15-1, Section 2304 State Plan, Attachment 4.19D		

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

<u>ADJUSTMENT</u> <u>NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
9	Nursing Nonallowable - Private Pay Wing	552,087	552,087
	To reverse the Provider's allocation of nursing costs to the private pay wing HIM-15-1, Section 2102.3 State Plan, Attachment 4.19D		
10	Nonallowable - Private Pay Wing Nursing	515,673	515,673
	To allocate nursing costs to the private pay wing HIM-15-1, Section 2102.3 State Plan, Attachment 4.19D		
11	Restorative Dietary Laundry Housekeeping Maintenance Administration Medical Records Legal Utilities Taxes and Insurance Medical Supplies & Oxygen Nonallowable	34,139 98,934 17,501 46,088 34,904 112,443 13,092 1,045 20,810 47,696 21,962	448,614
	To reverse Provider adjustment to remove indirect costs applicable to non-reimbursable cost centers HIM-15-1, Section 2102.3 State Plan, Attachment 4.19D		

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

<u>ADJUSTMENT NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
12	Legal	394	
	Taxes and Insurance	5	
	Nonallowable	427	
	Restorative		1
	Housekeeping		5
	Maintenance		5
	Administration		812
	Utilities		3
	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		
13	Nonallowable	444,734	
	Restorative		32,897
	Dietary		98,934
	Laundry		17,501
	Housekeeping		45,820
	Maintenance		33,694
	Administration		107,950
	Medical Records		13,064
	Legal		1,442
	Utilities		20,493
	Taxes and Insurance		36,804
	Medical Supplies & Oxygen		36,135
	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>\$2,403,278</u>	<u>\$2,403,278</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.

2 copies of this document were published at an estimated printing cost of \$1.38 each, and a total printing cost of \$2.76. Section 1-11-425 of the South Carolina Code of Laws, as amended requires this information on printing costs be added to the document.