

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-LBW-J2 - Laurel Baye Health Care of Williston, Inc.

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/sag

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

LAUREL BAYE HEALTH CARE OF WILLISTON, INC.

WILLISTON, SOUTH CAROLINA

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

January 15, 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 Laurel Baye Health Care of Williston, Inc., 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 Health Care of Williston, 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 Laurel Baye Health Care of Williston, 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 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 Health Care of Williston, 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
January 15, 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

LAUREL BAYE HEALTH CARE OF WILLISTON, INC.
Computation of Rate Change
For the Contract Period
Beginning October 1, 2013
AC# 3-LBW-J2

	<u>10/01/13-</u> <u>09/30/14</u>
Interim Reimbursement Rate (1)	\$161.31
Adjusted Reimbursement Rate	<u>152.47</u>
Decrease in Reimbursement Rate	\$ <u><u>8.84</u></u>

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

LAUREL BAYE HEALTH CARE OF WILLISTON, INC.
 Computation of Adjusted Reimbursement Rate
 For the Contract Period October 1, 2013 Through September 30, 2014
 AC# 3-LBW-J2

	<u>Incentives</u>	<u>Allowable Cost</u>	<u>Cost Standard</u>	<u>Computed Rate</u>
<u>Costs Subject to Standards:</u>				
General Services		\$ 67.52	\$ 87.77	
Dietary		14.72	18.41	
Laundry/Housekeeping/Maintenance		<u>15.13</u>	<u>17.68</u>	
Subtotal	<u>\$8.67</u>	97.37	123.86	\$ 97.37
Administration & Medical Records	<u>\$3.87</u>	<u>28.74</u>	<u>32.61</u>	<u>28.74</u>
Subtotal		126.11	<u>\$156.47</u>	126.11
<u>Costs Not Subject to Standards:</u>				
Utilities		4.75		4.75
Special Services		-		-
Medical Supplies & Oxygen		5.56		5.56
Taxes and Insurance		6.75		6.75
Legal Fees		<u>.14</u>		<u>.14</u>
TOTAL		<u>\$143.31</u>		143.31
Inflation Factor (3.60%)				5.16
Cost of Capital				6.84
Cost of Capital Limitation				-
Profit Incentive (Maximum 3.5% of Allowable Cost)				3.87
Cost Incentive				8.67
Effect of \$1.75 Cap on Cost/Profit Incentives				(10.79)
Budget Neutrality Adjustment (2.9241%)				<u>(4.59)</u>
ADJUSTED REIMBURSEMENT RATE				<u>\$152.47</u>

LAUREL BAYE HEALTH CARE OF WILLISTON, INC.
 Summary of Costs and Total Patient Days
 For the Cost Report Period Ended September 30, 2012
 AC# 3-LBW-J2

<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	\$1,104,902	\$ -	\$14,784 (1) 42,064 (2) 33,769 (4) 2,881 (4) 461 (7)	\$1,010,943
Dietary	220,346	-	-	220,346
Laundry	40,363	-	-	40,363
Housekeeping	104,229	-	274 (7)	103,955
Maintenance	85,057	-	1,844 (4) 983 (7)	82,230
Administration & Medical Records	430,685	14,426 (1)	777 (4) 13,970 (7)	430,364
Utilities	71,836	-	713 (7)	71,123
Special Services	-	17,254 (2)	17,254 (5)	-
Medical Supplies & Oxygen	89,390	21,256 (2) 7,970 (2)	6,706 (2) 7,970 (5) 10,604 (6) 10,098 (8)	83,238
Taxes and Insurance	128,184	-	25,971 (3) 1,169 (7)	101,044
Legal Fees	2,148	-	-	2,148

LAUREL BAYE HEALTH CARE OF WILLISTON, INC.
Summary of Costs and Total Patient Days
For the Cost Report Period Ended September 30, 2011
AC# 3-LBW-J2

<u>Expenses</u>	Totals (From Schedule SC 13) as Adjusted by DH&HS	Adjustments		Adjusted Totals
		<u>Debit</u>	<u>Credit</u>	
Cost of Capital	<u>102,481</u>	<u>-</u>	<u>-</u>	<u>102,481</u>
Subtotal	2,379,621	60,906	192,292	2,248,235
Ancillary	223,434	-	-	223,434
Nonallowable	821,067	358 (1) 2,290 (2) 25,971 (3) 39,271 (4) 25,224 (5) 17,570 (7)	-	931,751
CNA Training and Testing	<u>196</u>	<u>-</u>	<u>-</u>	<u>196</u>
Total Operating Expenses	<u>\$3,424,318</u>	<u>\$171,590</u>	<u>\$192,292</u>	<u>\$3,403,616</u>
Total Patient Days	<u>14,972</u>	<u>-</u>	<u>-</u>	<u>14,972</u>
Total Beds	<u>44</u>			

LAUREL BAYE HEALTH CARE OF WILLISTON, INC.
Adjustment Report
Cost Report Period Ended September 30, 2012
AC# 3-LBW-J2

<u>ADJUSTMENT</u> <u>NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
1	Administration Nonallowable Nursing	\$14,426 358	 \$14,784
	To properly classify expenses		
	DH&HS Expense Crosswalk		
	State Plan, Attachment 4.19D		
2	Medical Supplies & Oxygen - Specialty Beds Medical Supplies & Oxygen - Equipment Rental - Wound Vac Special Services Nonallowable Nursing Medical Supplies & Oxygen - Oxygen/RT Purchase	21,256 7,970 17,254 2,290	 42,064 6,706
	To properly classify expenses and		
	disallow expense due to a lack of		
	documentation		
	DH&HS Expense Crosswalk		
	HIM-15-1, Section 2304		
	State Plan, Attachment 4.19D		
3	Nonallowable Taxes and Insurance	25,971	 25,971
	To adjust captive liability insurance		
	to paid claims		
	HIM-15-1, Section 2162		
	State Plan, Attachment 4.19D		

LAUREL BAYE HEALTH CARE OF WILLISTON, INC.
Adjustment Report
Cost Report Period Ended September 30, 2012
AC# 3-LBW-J2

<u>ADJUSTMENT NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
4	Nonallowable	39,271	
	Nursing		33,769
	Restorative		2,881
	Maintenance		1,844
	Administration		777
	To adjust fringe benefits and related allocation		
	HIM-15-1, Section 2304		
	State Plan, Attachment 4.19D		
5	Nonallowable	25,224	
	Medical Supplies & Oxygen		7,970
	Special Services		17,254
	To remove special (ancillary) services reimbursed by Medicare		
	State Plan, Attachment 4.19D		
6	Revenue-Specialty Beds	10,604	
	Medical Supplies & Oxygen		10,604
	To offset specialty bed revenue against expenses		
	State Plan, Attachment 4.19D		
7	Nonallowable	17,570	
	Nursing		461
	Housekeeping		274
	Maintenance		983
	Administration		13,970
	Utilities		713
	Taxes and Insurance		1,169
	To adjust home office allocation		
	HIM-15-1, Section 2304		
	State Plan, Attachment 4.19D		

LAUREL BAYE HEALTH CARE OF WILLISTON, INC.
Adjustment Report
Cost Report Period Ended September 30, 2012
AC# 3-LBW-J2

<u>ADJUSTMENT NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
8	Revenue-IV Therapy Medical Supplies & Oxygen	10,098	10,098
	To offset IV therapy revenue against expenses State Plan, Attachment 4.19D		
	TOTAL ADJUSTMENTS	<u>\$192,292</u>	<u>\$192,292</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 \$1.35 each, and a total printing cost of \$2.70. Section 1-11-425 of the South Carolina Code of Laws, as amended requires this information on printing costs be added to the document.