

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 30, 2015

Mr. Robert Bowles, Administrator
Saluda Nursing Center
Post Office Box 398
Saluda, South Carolina 29138

Re: AC# 3-SAL-J2 – Saluda County Nursing Home Board d/b/a Saluda Nursing Center

Dear Mr. Bowles:

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

**SALUDA COUNTY NURSING HOME BOARD D/B/A
SALUDA NURSING CENTER**

SALUDA, SOUTH CAROLINA

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

July 14, 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 Saluda County Nursing Home Board d/b/a Saluda Nursing Center, 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 Saluda County Nursing Home Board d/b/a Saluda Nursing Center 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 Saluda County Nursing Home Board d/b/a Saluda Nursing Center, 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 Saluda County Nursing Home Board d/b/a Saluda Nursing Center 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 14, 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

SALUDA NURSING CENTER
Computation of Rate Change
For the Contract Period
Beginning October 1, 2013
AC# 3-SAL-J2

	<u>10/01/13-</u> <u>09/30/14</u>
Interim Reimbursement Rate (1)	\$176.55
Adjusted Reimbursement Rate	<u>175.74</u>
Decrease in Reimbursement Rate	\$ <u><u>.81</u></u>

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

SALUDA NURSING CENTER
 Computation of Adjusted Reimbursement Rate
 For the Contract Period October 1, 2013 Through September 30, 2014
 AC# 3-SAL-J2

	<u>Incentives</u>	<u>Allowable Cost</u>	<u>Cost Standard</u>	<u>Computed Rate</u>
<u>Costs Subject to Standards:</u>				
General Services		\$110.18	\$106.47	
Dietary		20.25	17.31	
Laundry/Housekeeping/Maintenance		<u>19.97</u>	<u>15.32</u>	
Subtotal	\$ <u>-</u>	150.40	139.10	\$139.10
Administration & Medical Records	<u>\$10.38</u>	<u>11.91</u>	<u>22.29</u>	<u>11.91</u>
Subtotal		162.31	<u>\$161.39</u>	151.01
<u>Costs Not Subject to Standards:</u>				
Utilities		6.53		6.53
Special Services		.61		.61
Medical Supplies & Oxygen		6.31		6.31
Taxes and Insurance		.94		.94
Legal Fees		<u>.70</u>		<u>.70</u>
TOTAL		<u>\$177.40</u>		166.10
Inflation Factor (3.60%)				5.98
Cost of Capital				7.20
Cost of Capital Limitation				-
Profit Incentive (Maximum 3.5% of Allowable Cost)				6.21
Cost Incentive				-
Effect of \$1.75 Cap on Cost/Profit Incentives				(4.46)
Budget Neutrality Adjustment (2.9241%)				<u>(5.29)</u>
ADJUSTED REIMBURSEMENT RATE				<u>\$175.74</u>

SALUDA NURSING CENTER
 Summary of Costs and Total Patient Days
 For the Cost Report Period Ended September 30, 2012
 AC# 3-SAL-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	\$ 6,021,799	\$ 7,686 (1) 3,124 (2)	\$ 21 (2)	\$ 6,032,588
Dietary	1,109,069	-	55 (2)	1,109,014
Laundry	282,052	-	13 (2)	282,039
Housekeeping	471,680	-	37 (2)	471,643
Maintenance	339,924	-	11 (2)	339,913
Administration & Medical Records	662,253	-	7,686 (1) 2,573 (2) 5 (2)	651,989
Utilities	357,619	-	-	357,619
Special Services	41,759	-	13 (2) 8,281 (3)	33,465
Medical Supplies & Oxygen	371,044	-	2 (2) 25,376 (3)	345,666
Taxes and Insurance	51,214	-	-	51,214
Legal Fees	38,445	-	-	38,445
Cost of Capital	<u>394,388</u>	<u>-</u>	<u>-</u>	<u>394,388</u>
Subtotal	10,141,246	10,810	44,073	10,107,983

SALUDA NURSING CENTER
Summary of Costs and Total Patient Days
For the Cost Report Period Ended September 30, 2012
AC# 3-SAL-J2

<u>Expenses</u>	Totals (From Schedule SC 13) as <u>Adjusted by DH&HS</u>	Adjustments		Adjusted <u>Totals</u>
		<u>Debit</u>	<u>Credit</u>	
Ancillary	410,859	-	-	410,859
Nonallowable	2,158,953	1 (2) 33,657 (3)	395 (2)	2,192,216
CNA Training and Testing	<u>504</u>	<u>-</u>	<u>-</u>	<u>504</u>
Total Operating Expenses	<u>\$12,711,562</u>	<u>\$44,468</u>	<u>\$44,468</u>	<u>\$12,711,562</u>
Total Patient Days	<u>54,754</u>	<u>-</u>	<u>-</u>	<u>54,754</u>
Total Beds	<u>176</u>			

SALUDA NURSING CENTER
Adjustment Report
Cost Report Period Ended September 30, 2012
AC# 3-SAL-J2

<u>ADJUSTMENT</u> <u>NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
1	Nursing Administration	\$ 7,686	\$ 7,686
	To reverse salary reclass due to a lack of documentation HIM-15-1, Section 2304 State Plan, Attachment 4.19D		
2	Nursing Nonallowable	3,124	
	Restorative	1	21
	Dietary		55
	Laundry		13
	Housekeeping		37
	Maintenance		11
	Administration		2,573
	Medical Records		5
	Medical Supplies & Oxygen		2
	Special Services		13
	Nonallowable - Ambulance		395
	To adjust fringe benefits and related allocation HIM-15-1, Section 2304 State Plan, Attachment 4.19D		
3	Nonallowable	33,657	
	Medical Supplies & Oxygen		25,376
	Special Services		8,281
	To remove special (ancillary) services reimbursed by Medicare State Plan, Attachment 4.19D		
	TOTAL ADJUSTMENTS	<u>\$44,468</u>	<u>\$44,468</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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