



**South Carolina  
Office of the State Auditor**

**George L. Kennedy, III, CPA  
State Auditor**

October 11, 2016

Ms. Lisa D. Holloman, Administrator  
Brian Center Nursing Care/St. Andrews  
3514 Sidney Road  
Columbia, South Carolina 29210

Re: AC# 3-BCS-J4 – Brian Center / St. Andrews, LLC d/b/a Brian Center  
Nursing Care / St. Andrews

Dear Ms. Holloman:

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, 2013 through September 30, 2014. That report was used to set the rate covering the contract period beginning October 1, 2015.

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 blue ink that reads "George L. Kennedy, III".

George L. Kennedy, III, CPA  
State Auditor

GLKIII/sag

cc: Mr. Jeff Saxon  
Ms. Debra Myers  
Mr. Byron Roberts  
Ms. Nicole Mitchell Threat  
Ms. Brittany Sandifer  
Ms. Chari Preacher

**BRIAN CENTER/ ST. ANDREWS, LLC  
D/B/A BRIAN CENTER NURSING CARE/ST. ANDREWS**

**COLUMBIA, SOUTH CAROLINA**

**CONTRACT PERIOD  
BEGINNING OCTOBER 1, 2015  
AC# 3-BCS-J4**

**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**

September 29, 2016

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 Brian Center/ St. Andrews, LLC d/b/a Brian Center Nursing Care/St. Andrews, for the contract period beginning October 1, 2015, and for the twelve month cost report period ended September 30, 2014, as set forth in the accompanying schedules. The management of Brian Center/ St. Andrews, LLC d/b/a Brian Center Nursing Care/St. Andrews 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 Brian Center/ St. Andrews, LLC d/b/a Brian Center Nursing Care/St. Andrews, 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, Adjustment Report, and Cost of Capital Reimbursement Analysis 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 Brian Center/ St. Andrews, LLC d/b/a Brian Center Nursing Care/St. Andrews dated as of October 1, 2014, 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  
September 29, 2016

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.



George L. Kennedy, III, CPA  
State Auditor

**BRIAN CENTER NURSING CARE/ST. ANDREWS**  
Computation of Rate Change  
For the Contract Period  
Beginning October 1, 2015  
AC# 3-BCS-J4

	<u>10/01/15-</u> <u>09/30/16</u>
Interim Reimbursement Rate (1)	\$160.06
Adjusted Reimbursement Rate	<u>139.85</u>
Decrease in Reimbursement Rate	\$ <u><u>20.21</u></u>

(1) Interim reimbursement rate from the South Carolina Medicaid Management Information System (MMIS) Provider Rate Listing dated June 8, 2016.

**BRIAN CENTER NURSING CARE/ST. ANDREWS**  
 Computation of Adjusted Reimbursement Rate  
 For the Contract Period October 1, 2015 Through September 30, 2016  
 AC# 3-BCS-J4

	<u>Incentives</u>	<u>Allowable Cost</u>	<u>Cost Standard</u>	<u>Computed Rate</u>
<u>Costs Subject to Standards:</u>				
General Services		\$ 69.09	\$ 94.56	
Dietary		14.56	17.93	
Laundry/Housekeeping/Maintenance		<u>14.02</u>	<u>15.59</u>	
Subtotal	<u>\$8.97</u>	97.67	128.08	\$ 97.67
Administration & Medical Records	<u>\$3.91</u>	<u>18.20</u>	<u>22.11</u>	<u>18.20</u>
Subtotal		115.87	<u>\$150.19</u>	115.87
<u>Costs Not Subject to Standards:</u>				
Utilities		4.12		4.12
Special Services		.03		.03
Medical Supplies & Oxygen		5.89		5.89
Taxes and Insurance		2.30		2.30
Legal Fees		<u>.09</u>		<u>.09</u>
<b>TOTAL</b>		<u>\$128.30</u>		128.30
Inflation Factor (3.00%)				3.85
Cost of Capital				5.95
Cost of Capital Limitation				-
Profit Incentive (Maximum 3.5% of Allowable Cost)				3.91
Cost Incentive				8.97
Effect of \$1.75 Cap on Cost/Profit Incentives				<u>(11.13)</u>
<b>ADJUSTED REIMBURSEMENT RATE</b>				<u>\$139.85</u>

**BRIAN CENTER NURSING CARE/ST. ANDREWS**  
 Summary of Costs and Total Patient Days  
 For the Cost Report Period Ended September 30, 2014  
 AC# 3-BCS-J4

<u>Expenses</u>	Totals (From Schedule SC 13) as <u>Adjusted by DH&amp;HS</u>	Adjustments		Adjusted <u>Totals</u>
		<u>Debit</u>	<u>Credit</u>	
General Services	\$2,840,959	\$ -	\$ 54,111 (2) 2,976 (2)	\$2,783,872
Dietary	593,895	-	7,007 (2)	586,888
Laundry	164,097	-	-	164,097
Housekeeping	216,316	-	-	216,316
Maintenance	185,810	-	1,242 (2)	184,568
Administration & Medical Records	741,510	-	7,048 (2) 898 (2)	733,564
Utilities	166,139	-	-	166,139
Special Services	1,095	2,465 (1) 774 (1) 8,569 (2)	2,837 (2) 3,036 (2) 5,785 (3)	1,245
Medical Supplies & Oxygen	242,021	-	771 (2) 3,935 (3)	237,315
Taxes and Insurance	92,538	-	-	92,538
Legal Fees	3,768	-	-	3,768
Cost of Capital	<u>246,845</u>	<u>5,487</u> (4)	<u>12,396</u> (1)	<u>239,936</u>
Subtotal	5,494,993	17,295	102,042	5,410,246

**BRIAN CENTER NURSING CARE/ST. ANDREWS**  
Summary of Costs and Total Patient Days  
For the Cost Report Period Ended September 30, 2014  
AC# 3-BCS-J4

<u>Expenses</u>	Totals (From Schedule SC 13) as Adjusted by DH&HS	Adjustments <u>Debit</u>	<u>Credit</u>	<u>Adjusted Totals</u>
Ancillary	231,892	-	-	231,892
Nonallowable	1,077,032	9,157 (1) 71,357 (2) 9,720 (3)	5,487 (4)	1,161,779
CNA Training and Testing	336	-	-	336
Complex Care	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Operating Expenses	<u>\$6,804,253</u>	<u>\$107,529</u>	<u>\$107,529</u>	<u>\$6,804,253</u>
Total Patient Days	<u>35,702</u>	<u>4,594</u> (5)	<u>-</u>	<u>40,296</u>
Total Beds	<u>120</u>			

**BRIAN CENTER NURSING CARE/ST. ANDREWS**  
Adjustment Report  
Cost Report Period Ended September 30, 2014  
AC# 3-BCS-J4

<u>ADJUSTMENT</u> <u>NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
1	Fixed Assets	\$60,324	
	Special Services - Physical Therapy	2,465	
	Special Services - Occupational Therapy	774	
	Nonallowable	9,157	
	Accumulated Depreciation		\$48,031
	Other Equity		12,293
	Cost of Capital		12,396
	To adjust fixed assets and related depreciation		
	HIM-15-1, Section 2304		
	State Plan, Attachment 4.19D		
2	Special Services - Occupational Therapy	8,569	
	Nonallowable	71,357	
	Nursing		54,111
	Restorative		2,976
	Dietary		7,007
	Maintenance		1,242
	Administration		7,048
	Medical Records		898
	Medical Supplies & Oxygen		771
	Special Services - Physical Therapy		2,837
	Special Services - Speech Therapy		3,036
	To adjust fringe benefits and related allocation		
	HIM-15-1, Section 2304		
	State Plan, Attachment 4.19D		
3	Nonallowable	9,720	
	Medical Supplies & Oxygen		3,935
	Special Services		5,785
	To remove non-Medicaid special (ancillary) services cost		
	State Plan, Attachment 4.19D		
4	Cost of Capital	5,487	
	Nonallowable		5,487
	To adjust capital return		
	State Plan, Attachment 4.19D		

**BRIAN CENTER NURSING CARE/ST. ANDREWS**  
Adjustment Report  
Cost Report Period Ended September 30, 2014  
AC# 3-BCS-J4

<u>ADJUSTMENT NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
5	Memo Adjustment To increase total patient days by 4,594 to 40,296		
	TOTAL ADJUSTMENTS	<u>\$167,853</u>	<u>\$167,853</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.

**BRIAN CENTER NURSING CARE/ST. ANDREWS**  
 Cost of Capital Reimbursement Analysis  
 For the Cost Report Period Ended September 30, 2014  
 AC# 3-BCS-J4

Original Asset Cost (Per Bed)	\$ 15,618
Inflation Adjustment	<u>3.34857</u>
Deemed Asset Value (Per Bed)	52,298
Number of Beds	<u>120</u>
Deemed Asset Value	6,275,760
Improvements Since 1981	957,127
Accumulated Depreciation at 9/30/14	<u>(1,921,367)</u>
Deemed Depreciated Value	5,311,520
Market Rate of Return	<u>.0300</u>
Total Annual Return	159,346
Return Applicable to Non-Reimbursable Cost Centers	-
Allocation of Interest to Non-Reimbursable Cost Centers	<u>-</u>
Allowable Annual Return	159,346
Depreciation Expense	80,591
Amortization Expense	-
Capital Related Income Offsets	(1)
Allocation of Capital Expenses to Non-Reimbursable Cost Centers	<u>-</u>
Allowable Cost of Capital Expense	239,936
Total Patient Days (Minimum 92% Occupancy)	<u>40,296</u>
Cost of Capital Per Diem	<u><u>\$ 5.95</u></u>

**BRIAN CENTER NURSING CARE/ST. ANDREWS**  
Cost of Capital Reimbursement Analysis  
For the Cost Report Period Ended September 30, 2014  
AC# 3-BCS-J4

6/30/89 Cost of Capital and Return on Equity Capital Per Diem Reimbursement	\$4.54
Adjustment for Maximum Increase	<u>3.99</u>
Maximum Cost of Capital Per Diem	<u>\$8.53</u>
Reimbursable Cost of Capital Per Diem	\$5.95
Cost of Capital Per Diem	<u>5.95</u>
Cost of Capital Per Diem Limitation	<u>\$ -</u>

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