



**South Carolina
Office of the State Auditor**

George L. Kennedy, III, CPA
State Auditor

October 11, 2016

Ms. Robin Matthews, COO
Clarendon Health System
Long Term Care Division
Post Office Box 57
203 East Boyce Street
Manning, South Carolina 29102

Re: AC# 3-LKM-J3 – Clarendon Hospital District d/b/a Lake Moultrie Nursing Facility

Dear Ms. Matthews:

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, 2012 through September 30, 2013. That report was used to set the rate covering the contract period beginning October 1, 2014.

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

**CLARENDON HOSPITAL DISTRICT D/B/A
LAKE MOULTRIE NURSING FACILITY
ST. STEPHENS, SOUTH CAROLINA**

**CONTRACT PERIOD
BEGINNING OCTOBER 1, 2014
AC# 3-LKM-J3**

**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 28, 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 Clarendon Hospital District d/b/a Lake Moultrie Nursing Facility, for the contract period beginning October 1, 2014, and for the twelve month cost report period ended September 30, 2013, as set forth in the accompanying schedules. The management of Clarendon Hospital District d/b/a Lake Moultrie Nursing Facility 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 Clarendon Hospital District d/b/a Lake Moultrie Nursing Facility, 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 Clarendon Hospital District d/b/a Lake Moultrie Nursing Facility 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 28, 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

LAKE MOULTRIE NURSING FACILITY
Computation of Rate Change
For the Contract Period
Beginning October 1, 2014
AC# 3-LKM-J3

10/01/14-
09/30/15

Interim Reimbursement Rate (1)	\$147.90
Adjusted Reimbursement Rate	<u>145.81</u>
Decrease in Reimbursement Rate	\$ <u><u>2.09</u></u>

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

LAKE MOULTRIE NURSING FACILITY
 Computation of Adjusted Reimbursement Rate
 For the Contract Period October 1, 2014 Through September 30, 2015
 AC# 3-LKM-J3

	<u>Incentives</u>	<u>Allowable Cost</u>	<u>Cost Standard</u>	<u>Computed Rate</u>
<u>Costs Subject to Standards:</u>				
General Services		\$ 78.39	\$ 90.55	
Dietary		13.84	17.36	
Laundry/Housekeeping/Maintenance		<u>12.35</u>	<u>15.17</u>	
Subtotal	<u>\$8.62</u>	104.58	123.08	\$104.58
Administration & Medical Records	<u>\$6.47</u>	<u>18.50</u>	<u>24.97</u>	<u>18.50</u>
Subtotal		123.08	<u>\$148.05</u>	123.08
<u>Costs Not Subject to Standards:</u>				
Utilities		4.29		4.29
Special Services		.06		.06
Medical Supplies & Oxygen		4.52		4.52
Taxes and Insurance		1.14		1.14
Legal Fees		<u>-</u>		<u>-</u>
TOTAL		<u>\$133.09</u>		133.09
Inflation Factor (3.30%)				4.39
Cost of Capital				6.58
Cost of Capital Limitation				-
Profit Incentive (Maximum 3.5% of Allowable Cost)				4.66
Cost Incentive				8.62
Effect of \$1.75 Cap on Cost/Profit Incentives				<u>(11.53)</u>
ADJUSTED REIMBURSEMENT RATE				<u>\$145.81</u>

LAKE MOULTRIE NURSING FACILITY
 Summary of Costs and Total Patient Days
 For the Cost Report Period Ended September 30, 2013
 AC# 3-LKM-J3

<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>	
General Services	\$2,300,096	\$ -	\$23,801 (2) 655 (2) 1,589 (3)	\$2,274,051
Dietary	403,076	-	1,689 (2)	401,387
Laundry	59,116	-	502 (2)	58,614
Housekeeping	161,947	-	1,530 (2)	160,417
Maintenance	139,789	-	438 (2)	139,351
Administration & Medical Records	556,729	-	1,315 (2) 319 (2) 18,464 (3)	536,631
Utilities	124,485	-	-	124,485
Special Services	1,746	-	-	1,746
Medical Supplies & Oxygen	139,593	-	7,886 (1) 541 (3)	131,166
Taxes and Insurance	33,207	-	10 (3)	33,197
Legal Fees	160	-	79 (3)	81
Cost of Capital	<u>190,825</u>	<u>-</u>	<u>-</u>	<u>190,825</u>
Subtotal	4,110,769	-	58,818	4,051,951

LAKE MOULTRIE NURSING FACILITY
Summary of Costs and Total Patient Days
For the Cost Report Period Ended September 30, 2013
AC# 3-LKM-J3

<u>Expenses</u>	Totals (From Schedule SC 13) as <u>Adjusted by DH&HS</u>	Adjustments <u>Debit</u>	<u>Credit</u>	<u>Adjusted Totals</u>
Ancillary	133,775	7,886 (1)	-	141,661
Nonallowable	255,241	30,249 (2) 20,683 (3)	-	306,173
CNA Training and Testing	<u>532</u>	<u>-</u>	<u>-</u>	<u>532</u>
Total Operating Expenses	<u>\$4,500,317</u>	<u>\$58,818</u>	<u>\$58,818</u>	<u>\$4,500,317</u>
Total Patient Days	<u>29,011</u>	<u>-</u>	<u>-</u>	<u>29,011</u>
 Total Beds	 <u>88</u>			

LAKE MOULTRIE NURSING FACILITY
Adjustment Report
Cost Report Period Ended September 30, 2013
AC# 3-LKM-J3

<u>ADJUSTMENT</u> <u>NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
1	Ancillary Medical Supplies & Oxygen	\$ 7,886	\$ 7,886
	To reclassify expense to the proper cost center DH&HS Expense Crosswalk		
2	Nonallowable	30,249	
	Nursing		23,801
	Restorative		655
	Dietary		1,689
	Laundry		502
	Housekeeping		1,530
	Maintenance		438
	Administration		1,315
	Medical Records		319
	To adjust fringe benefits and related allocation HIM-15-1, Section 2304 State Plan, Attachment 4.19D		
3	Nonallowable	20,683	
	Nursing		1,589
	Administration		18,464
	Legal		79
	Taxes and Insurance		10
	Medical Supplies & Oxygen		541
	To adjust home office cost allocation HIM-15-1, Section 2304 State Plan, Attachment 4.19D		
	TOTAL ADJUSTMENTS	\$58,818	\$58,818

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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