South Carolina
Office of the State Auditor

George L. Kennedy, III, CPA
State Auditor

August 16, 2016

Mr. Charles Commander, Administrator
Southland Health Care Center
722 South Dargan Street
Florence, South Carolina 29506

Re: AC# 3-SHC-J1 – Commander Health Care Facilities, Inc. d/b/a Southland Health Care Center

Dear Mr. Commander:

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, 2010 through September 30, 2011. That report was used to set the rate covering the contract period beginning October 1, 2012.

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,

George L. Kennedy, III

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GLKIII/cwc

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

COMMANDER HEALTH CARE FACILITIES, INC. D/B/A
SOUTHLAND HEALTH CARE CENTER

FLORENCE, SOUTH CAROLINA

CONTRACT PERIOD
BEGINNING OCTOBER 1, 2012
AC# 3-SHC-J1

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 18, 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 Commander Health Care Facilities, Inc. d/b/a Southland Health Care Center, for the contract period beginning October 1, 2012**,** and for the twelve month cost report period ended September 30, 2011, as set forth in the accompanying schedules. The management of Commander Health Care Facilities, Inc. d/b/a Southland Health Care 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 Commander Health Care Facilities, Inc. d/b/a Southland Health Care 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, 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 Commander Health Care Facilities, Inc. d/b/a Southland Health Care 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 18, 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

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State Auditor

SOUTHLAND HEALTH CARE CENTER
Computation of Rate Change
For the Contract Period
Beginning October 1, 2012
AC# 3-SHC-J1

	10/01/12- 09/30/13
Interim Reimbursement Rate (1)	$139.84
Adjusted Reimbursement Rate	139.54
Decrease in Reimbursement Rate	$ .30

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

SOUTHLAND HEALTH CARE CENTER

Computation of Adjusted Reimbursement Rate
For the Contract Period October 1, 2012 Through September 30, 2013
AC# 3-SHC-J1

	Incentives	Allowable Cost	Cost Standard	Computed Rate
Costs Subject to Standards:				
General Services		$ 74.31	$ 83.27	
Dietary		21.10	17.38	
Laundry/Housekeeping/Maintenance		14.42	16.63	
Subtotal	$ 7.45	109.83	117.28	$109.83
Administration & Medical Records	$11.51	12.10	23.61	12.10
Subtotal		121.93	$140.89	121.93
Costs Not Subject to Standards:				
Utilities		4.16		4.16
Special Services		-		-
Medical Supplies & Oxygen		6.79		6.79
Taxes and Insurance		2.89		2.89
Legal Fees		-		-
TOTAL		$135.77		135.77
Inflation Factor (N/A)				-
Cost of Capital				7.54
Cost of Capital Limitation				-
Profit Incentive (Maximum 3.5% of Allowable Cost)				4.75
Cost Incentive				7.45
Effect of $1.75 Cap on Cost/Profit Incentives				(10.45)
Budget Neutrality Adjustment (3.805%)				(5.52)
ADJUSTED REIMBURSEMENT RATE				$139.54

SOUTHLAND HEALTH CARE CENTER
Summary of Costs and Total Patient Days
For the Cost Report Period Ended September 30, 2011
AC# 3-SHC-J1

Expenses	Totals (From Schedule SC 13) as Adjusted by DH&HS	Adjustments Debit	Adjustments Credit	Adjusted Totals
General Services	$2,354,807	$ -	$13,572 (2) 2,695 (3) 211 (3)	$2,338,329
Dietary	664,424	-	389 (3)	664,035
Laundry	51,209	-	79 (3)	51,130
Housekeeping	190,137	-	195 (3)	189,942
Maintenance	212,734	-	75 (3)	212,659
Administration & Medical Records	367,537	13,572 (2)	353 (3)	380,756
Utilities	130,860	-	-	130,860
Special Services	-	-	-	-
Medical Supplies & Oxygen	213,507	-	-	213,507
Taxes and Insurance	90,953	-	-	90,953
Legal Fees	98	-	-	98
Cost of Capital	242,463	2,939 (4)	8,022 (1)	237,380
Subtotal	4,518,729	16,511	25,591	4,509,649

SOUTHLAND HEALTH CARE CENTER
Summary of Costs and Total Patient Days
For the Cost Report Period Ended September 30, 2011
AC# 3-SHC-J1

Expenses	Totals (From Schedule SC 13) as Adjusted by DH&HS	Adjustments Debit	Adjustments Credit	Adjusted Totals
Ancillary	70,922	3,997 (3)	-	74,919
Nonallowable	353,648	8,022 (1)	2,939 (4)	358,731
CNA Training and Testing	-	-	-	-
Total Operating Expenses	$4,943,299	$28,530	$28,530	$4,943,299
Total Patient Days	31,466	-	-	31,466
Total Beds	88			

SOUTHLAND HEALTH CARE CENTER
Adjustment Report
Cost Report Period Ended September 30, 2011
AC# 3-SHC-J1

ADJUSTMENT NUMBER	ACCOUNT TITLE	DEBIT	CREDIT
1	Accumulated Depreciation	$11,870	
	Nonallowable	8,022	
	Other Equity		$11,870
	Cost of Capital		8,022
	To adjust fixed assets and related depreciation HIM-15-1, Section 2304 State Plan, Attachment 4.19D		
2	Administration	13,572	
	Nursing		13,572
	To reclassify expenses to the proper cost center DH&HS Expense Crosswalk		
3	Ancillary	3,997	
	Nursing		2,695
	Restorative		211
	Dietary		389
	Laundry		79
	Housekeeping		195
	Maintenance		75
	Administration		353
	To adjust fringe benefits and related allocation HIM-15-1, Section 2304 State Plan, Attachment 4.19D		
4	Cost of Capital	2,939	
	Nonallowable		2,939
	To adjust capital return State Plan, Attachment 4.19D		
	TOTAL ADJUSTMENTS	$40,400	$40,400

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.

SOUTHLAND HEALTH CARE CENTER
Cost of Capital Reimbursement Analysis
For the Cost Report Period Ended September 30, 2011
AC# 3-SHC-J1

Original Asset Cost (Per Bed)	$ 15,618
Inflation Adjustment	3.1821
Deemed Asset Value (Per Bed)	49,698
Number of Beds	88
Deemed Asset Value	4,373,424
Improvements Since 1981	1,861,126
Accumulated Depreciation at 9/30/11	(3,042,384)
Deemed Depreciated Value	3,192,166
Market Rate of Return	.0408
Total Annual Return	130,240
Return Applicable to Non-Reimbursable Cost Centers	(3,147)
Allocation of Interest to Non-Reimbursable Cost Centers	360
Allowable Annual Return	127,453
Depreciation Expense	113,212
Capital Related Income Offsets	(195)
Allocation of Capital Expenses to Non-Reimbursable Cost Centers	(3,090)
Allowable Cost of Capital Expense	237,380
Total Patient Days (Actual)	31,466
Cost of Capital Per Diem	$ 7.54

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