



**South Carolina  
Office of the State Auditor**

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

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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-WND-J2 – Clarendon Hospital District d/b/a Windsor Manor 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, 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 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  
WINDSOR MANOR NURSING FACILITY  
SUMMERTON, SOUTH CAROLINA**

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

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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 Windsor Manor Nursing Facility, 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 Clarendon Hospital District d/b/a Windsor Manor 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 Windsor Manor 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, 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 Clarendon Hospital District d/b/a Windsor Manor Nursing Facility 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  
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

**WINDSOR MANOR NURSING FACILITY**  
Computation of Rate Change  
For the Contract Period  
Beginning October 1, 2013  
AC# 3-WND-J2

10/01/13-  
09/30/14

Interim Reimbursement Rate (1)	\$138.52
Adjusted Reimbursement Rate	<u>136.75</u>
Decrease in Reimbursement Rate	\$ <u><u>1.77</u></u>

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

**WINDSOR MANOR NURSING FACILITY**  
 Computation of Adjusted Reimbursement Rate  
 For the Contract Period October 1, 2013 Through September 30, 2014  
 AC# 3-WND-J2

	<u>Incentives</u>	<u>Allowable Cost</u>	<u>Cost Standard</u>	<u>Computed Rate</u>
<u>Costs Subject to Standards:</u>				
General Services		\$ 68.82	\$ 95.25	
Dietary		16.57	17.41	
Laundry/Housekeeping/Maintenance		<u>14.78</u>	<u>16.17</u>	
Subtotal	<u>\$9.02</u>	100.17	128.83	\$100.17
Administration & Medical Records	<u>\$2.29</u>	<u>21.42</u>	<u>23.71</u>	<u>21.42</u>
Subtotal		121.59	<u>\$152.54</u>	121.59
<u>Costs Not Subject to Standards:</u>				
Utilities		2.49		2.49
Special Services		.06		.06
Medical Supplies & Oxygen		4.58		4.58
Taxes and Insurance		.74		.74
Legal Fees		<u>.01</u>		<u>.01</u>
<b>TOTAL</b>		<u>\$129.47</u>		129.47
Inflation Factor (3.60%)				4.66
Cost of Capital				4.99
Cost of Capital Limitation				-
Profit Incentive (Maximum 3.5% of Allowable Cost)				2.29
Cost Incentive				9.02
Effect of \$1.75 Cap on Cost/Profit Incentives				(9.56)
Budget Neutrality Adjustment (2.9241%)				<u>(4.12)</u>
ADJUSTED REIMBURSEMENT RATE				<u>\$136.75</u>

**WINDSOR MANOR NURSING FACILITY**  
 Summary of Costs and Total Patient Days  
 For the Cost Report Period Ended September 30, 2012  
 AC# 3-WND-J2

<u>Expenses</u>	Totals (From Schedule SC 13) as <u>Adjusted by DH&amp;HS</u>	Adjustments		<u>Adjusted Totals</u>
		<u>Debit</u>	<u>Credit</u>	
General Services	\$1,474,258	\$ -	\$ 4,355 (1) 7,831 (3) 320 (3)	\$1,461,752
Dietary	352,855	-	906 (3)	351,949
Laundry	75,469	-	-	75,469
Housekeeping	116,182	-	-	116,182
Maintenance	122,408	-	191 (3)	122,217
Administration & Medical Records	465,301	-	9,880 (1) 417 (3) 112 (3)	454,892
Utilities	52,961	-	7 (1)	52,954
Special Services	1,221	-	-	1,221
Medical Supplies & Oxygen	110,538	-	303 (1) 8,906 (2) 4,051 (4)	97,278
Taxes and Insurance	15,700	-	-	15,700
Legal Fees	385	-	71 (1)	314
Cost of Capital	<u>105,930</u>	<u>-</u>	<u>-</u>	<u>105,930</u>
Subtotal	2,893,208	-	37,350	2,855,858

**WINDSOR MANOR NURSING FACILITY**  
Summary of Costs and Total Patient Days  
For the Cost Report Period Ended September 30, 2012  
AC# 3-WND-J2

<u>Expenses</u>	Totals (From Schedule SC 13) as Adjusted by DH&HS	Adjustments <u>Debit</u>	<u>Credit</u>	Adjusted <u>Totals</u>
Ancillary	86,530	7,228 (2)	-	93,758
Nonallowable	328,396	14,616 (1) 1,678 (2) 9,777 (3) 4,051 (4)	-	358,518
CNA Training and Testing	<u>980</u>	<u>-</u>	<u>-</u>	<u>980</u>
Total Operating Expenses	<u>\$3,309,114</u>	<u>\$37,350</u>	<u>\$37,350</u>	<u>\$3,309,114</u>
Total Patient Days	<u>21,241</u>	<u>-</u>	<u>-</u>	<u>21,241</u>
 Total Beds	 <u>64</u>			

**WINDSOR MANOR NURSING FACILITY**  
Adjustment Report  
Cost Report Period Ended September 30, 2012  
AC# 3-WND-J2

<u>ADJUSTMENT</u> <u>NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
1	Nonallowable	\$14,616	
	Nursing		\$4,355
	Administration		9,880
	Legal		71
	Utilities		7
	Medical Supplies & Oxygen		303
	To adjust home office cost allocation HIM-15-1, Section 2304 State Plan, Attachment 4.19D		
2	Ancillary	7,228	
	Nonallowable	1,678	
	Medical Supplies & Oxygen		8,906
	To reclassify expense to the proper cost center and to remove duplicate posting of expense HIM-15-1, Section 2304 DH&HS Expense Crosswalk		
3	Nonallowable	9,777	
	Nursing		7,831
	Restorative		320
	Dietary		906
	Maintenance		191
	Administration		417
	Medical Records		112
	To adjust fringe benefits and related allocation HIM-15-1, Section 2304 State Plan, Attachment 4.19D		

**WINDSOR MANOR NURSING FACILITY**  
Adjustment Report  
Cost Report Period Ended September 30, 2012  
AC# 3-WND-J2

<u>ADJUSTMENT NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
4	Nonallowable Medical Supplies & Oxygen	4,051	4,051
	To remove mark-up costs associated with related party transactions HIM-15-1, Section 1005 State Plan, Attachment 4.19D		
	<b>TOTAL ADJUSTMENTS</b>	<b><u>\$37,350</u></b>	<b><u>\$37,350</u></b>

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.

**WINDSOR MANOR NURSING FACILITY**  
 Cost of Capital Reimbursement Analysis  
 For the Cost Report Period Ended September 30, 2012  
 AC# 3-WND-J2

Original Asset Cost (Per Bed)	\$ 15,618
Inflation Adjustment	<u>3.21571</u>
Deemed Asset Value (Per Bed)	50,223
Number of Beds	<u>64</u>
Deemed Asset Value	3,214,272
Improvements Since 1981	261,144
Accumulated Depreciation at 9/30/12	<u>(612,532)</u>
Deemed Depreciated Value	2,862,884
Market Rate of Return	<u>.0369</u>
Total Annual Return	105,640
Return Applicable to Non-Reimbursable Cost Centers	-
Allocation of Interest to Non-Reimbursable Cost Centers	<u>-</u>
Allowable Annual Return	105,640
Depreciation Expense	5,087
Amortization Expense	-
Capital Related Income Offsets	(4,797)
Allocation of Capital Expenses to Non-Reimbursable Cost Centers	<u>-</u>
Allowable Cost of Capital Expense	105,930
Total Patient Days (Minimum 92% Occupancy)	<u>21,241</u>
Cost of Capital Per Diem	<u>\$ 4.99</u>

**WINDSOR MANOR NURSING FACILITY**  
Cost of Capital Reimbursement Analysis  
For the Cost Report Period Ended September 30, 2012  
AC# 3-WND-J2

6/30/89 Cost of Capital and Return on Equity Capital Per Diem Reimbursement	\$3.34
Adjustment for Maximum Increase	<u>3.99</u>
Maximum Cost of Capital Per Diem	<u>\$7.33</u>
Reimbursable Cost of Capital Per Diem	\$4.99
Cost of Capital Per Diem	<u>4.99</u>
Cost of Capital Per Diem Limitation	<u>\$ -</u>

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