

STATE OF FLORIDA
AGENCY FOR HEALTH CARE ADMINISTRATION

FILED
AHCA
AGENCY CLERK
2015 MAY 27 A 8:28

SENIOR CARE CEDAR HILLS, LLC d/b/a
CEDAR HILLS HEALTHCARE CENTER,

Petitioner,

vs.

STATE OF FLORIDA, AGENCY FOR
HEALTH CARE ADMINISTRATION,

Respondent.

Engagement No.: NH06-171G

Provider No.: 262714

Case No.: 15-0188

RENDITION NO.: AHCA- 15 - 0311 -S-MDA

GOLFCREST HEALTHCARE CENTER,

Petitioner,

vs.

STATE OF FLORIDA, AGENCY FOR
HEALTH CARE ADMINISTRATION,

Respondent.

Engagement No.: NH06-111G

Provider No.:262064

Case No.: 15-0192


FINAL ORDER

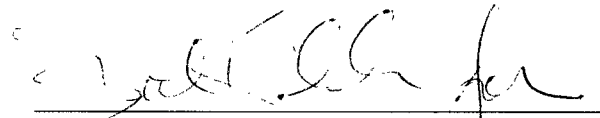
THE PARTIES resolved all disputed issues and have executed Settlement Agreements. The parties are directed to comply with the terms of the settlement agreements, which are attached hereto and incorporated herein as **Exhibit "1" and Exhibit "2"**. Based on the foregoing, this file is **CLOSED**.

Final Order
Engagement Nos. NH06-171G and NH06-111G

Page 1 of 3

DONE and ORDERED on this the 21 day of May, 2015, in
Tallahassee, Florida.


ELIZABETH DUDEK, SECRETARY
Agency for Health Care Administration


JUSTIN SENIOR, DEPUTY SECRETARY
Division of Medicaid

A PARTY WHO IS ADVERSELY AFFECTED BY THIS FINAL ORDER IS ENTITLED TO A JUDICIAL REVIEW WHICH SHALL BE INSTITUTED BY FILING ONE COPY OF A NOTICE OF APPEAL WITH THE AGENCY CLERK OF AHCA, AND A SECOND COPY ALONG WITH FILING FEE AS PRESCRIBED BY LAW, WITH THE DISTRICT COURT OF APPEAL IN THE APPELLATE DISTRICT WHERE THE AGENCY MAINTAINS ITS HEADQUARTERS OR WHERE A PARTY RESIDES. REVIEW PROCEEDINGS SHALL BE CONDUCTED IN ACCORDANCE WITH THE FLORIDA APPELLATE RULES. THE NOTICE OF APPEAL MUST BE FILED WITHIN 30 DAYS OF RENDITION OF THE ORDER TO BE REVIEWED.

Jeffrey J. Miller, Esquire
Harwell, Howard, Hyne
Gabbert and Manner, P.C.
333 Commerce Street
Suite 1500
Nashville, Tennessee 37201
(Via U.S. Mail)

Agency for Health Care Administration
Bureau of Finance and Accounting
(Interoffice Mail)

Tom Parker, Regulatory Analyst
Supervisor
(Interoffice Mail)

Bureau of Health Quality Assurance
Agency for Health Care Administration
(Interoffice Mail)

Justin Senior, Deputy Secretary for
Medicaid
(Interoffice Mail)

Stuart Williams, General Counsel
Agency for Health Care Administration
(Interoffice Mail)

Zainab Day, Medicaid Audit Services
Agency for Health Care Administration
(Interoffice Mail)

Final Order
Engagement Nos. NH06-171G and NH06-111G

Tom Wallace, Bureau Chief
Medicaid Program Finance
(Interoffice Mail)

Shena Grantham, Chief
Medicaid FFS Counsel
Agency for Health Care Administration
(Interoffice Mail)

Steven L. Perry, Assistant Attorney
General
(Via Interoffice Mail)

State of Florida, Division of
Administrative Hearings
The Desoto Building
1230 Apalachee Parkway
Tallahassee, Florida 32399-3060
(Via U.S. Mail)

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished to the above named addressees by U.S. Mail or Interoffice Mail on this the 27th day of May, 2015.



Richard J. Shoop, Esquire
Agency Clerk
State of Florida
Agency for Health Care Administration
2727 Mahan Drive, Building #3
Tallahassee, Florida 32308-5403

Final Order
Engagement Nos. NH06-171G and NH06-111G

EXHIBIT “1”

STATE OF FLORIDA
AGENCY FOR HEALTH CARE ADMINISTRATION

CEDAR HILLS HEALTHCARE CENTER

Petitioner,

vs.

ENGAGEMENT NO. NH06-171G

AGENCY FOR HEALTH CARE
ADMINISTRATION,

Respondent.

_____ /

SETTLEMENT AGREEMENT

Respondent, **STATE OF FLORIDA, AGENCY FOR HEALTH CARE ADMINISTRATION** (“AHCA” or “the Agency”), and Petitioner, **CEDAR HILLS HEALTHCARE CENTER** (“PROVIDER”), by and through the undersigned, hereby stipulate and agree as follows:

1. This Agreement is entered into between the parties to resolve disputed issues arising from examination engagement NH06-171C.
2. The PROVIDER is a Medicaid provider in the State of Florida operating a nursing home facility that was examined by the Agency.
3. AHCA conducted an examination of the PROVIDER’s cost report as follows: for examination engagement number NH06-171C, AHCA examined the PROVIDER’s cost report covering the examination period ending on September 30, 2003.
4. In its subsequent Examination Report, AHCA notified the PROVIDER that Medicaid reimbursement principles required adjustment of the costs stated in the cost report. The Agency further notified the PROVIDER of the adjustments AHCA was making to the cost report. The Examination Report is attached hereto and incorporated herein as Exhibit A.

5. In response to AHCA's Examination Report, the PROVIDER filed a timely petition for administrative hearing, and identified specific adjustments that it appealed. The PROVIDER requested that the Agency hold the petition in abeyance in order to afford the parties an opportunity to resolve the disputed adjustments.

6. Subsequent to the petition for administrative hearing, AHCA and the PROVIDER exchanged documents and discussed the disputed adjustments. As a result of the aforementioned exchanges, the parties agree to accept all of the Agency's adjustments that were subject to these proceedings as set forth in the Examination Report, except for the following adjustments which the parties agree shall be changed or removed as set forth in the attached Exhibit B, which is hereby incorporated into this Settlement Agreement by reference.

7. In order to resolve this matter without further administrative proceedings, and to avoid incurring further costs, PROVIDER and AHCA expressly agree the adjustment resolutions, which are listed and incorporated by reference as Exhibit B above, completely resolve and settle this case and this agreement constitutes the PROVIDER'S withdrawal of their petition for administrative hearing, with prejudice.

8. After issuance of the Final Order, PROVIDER and AHCA further agree that the Agency shall recalculate the per diem rates for the above-stated examination period and issue a notice of the recalculation. Where the PROVIDER was overpaid, the PROVIDER will reimburse the Agency the full amount of the overpayment within thirty (30) days of such notice. Where the PROVIDER was underpaid, AHCA will pay the PROVIDER the full amount of the underpayment within forty-five (45) days of such notice.

Payment shall be made to:

AGENCY FOR HEALTH CARE ADMINISTRATION
Medicaid Accounts Receivable – MS #14
2727 Mahan Drive, Building 2, Suite 200
Tallahassee, Florida 32308

Notice to the PROVIDER shall be made to:

Jeffrey J. Miller, Esquire
Harwell, Howard, Hyne, Gabbert, and Manner, P.C.
333 Commerce Street, Suite 1500
Nashville, Tennessee, 37201

9. Payment shall clearly indicate it is pursuant to a settlement agreement and shall reference the audit/engagement number.
10. PROVIDER agrees that failure to pay any monies due and owing under the terms of this Agreement shall constitute PROVIDER's authorization for the Agency, without further notice, to withhold the total remaining amount due under the terms of this agreement from any monies due and owing to the PROVIDER for any Medicaid claims.
11. The parties are entitled to enforce this Agreement under the laws of the State of Florida, the Rules of the Medicaid Program, and all other applicable law.
12. This settlement does not constitute an admission of wrongdoing or error by the parties with respect to this case or any other matter.
13. Each party shall bear their respective attorneys' fees and costs, if any.
14. The signatories to this Agreement, acting in their representative capacities, are duly authorized to enter into this Agreement on behalf of the party represented.
15. The parties further agree a facsimile or photocopy reproduction of this Agreement shall be sufficient for the parties to enforce the Agreement. The PROVIDER agrees, however, to

forward a copy of this Agreement to AHCA with original signatures, and understands that a Final Order may not be issued until said original Agreement is received by AHCA.

16. This Agreement shall be construed in accordance with the provisions of the laws of Florida. Venue for any action arising from this Agreement shall be in Leon County, Florida.

17. This Agreement constitutes the entire agreement between PROVIDER and AHCA, including anyone acting for, associated with or employed by them, concerning all matters and supersedes any prior discussions, agreements or understandings; there are no promises, representations or agreements between PROVIDER and AHCA other than as set forth herein. No modifications or waiver of any provision shall be valid unless a written amendment to the Agreement is completed and properly executed by the parties.

18. This is an Agreement of settlement and compromise, made in recognition that the parties may have different or incorrect understandings, information and contentions, as to facts and law, and with each party compromising and settling any potential correctness or incorrectness of its understandings, information and contentions as to facts and law, so that no misunderstanding or misinformation shall be a ground for rescission hereof.

19. Except with respect to any recalculation(s) described in Exhibit B, PROVIDER expressly waives in this matter their right to any hearing pursuant to sections §§120.569 or 120.57, Florida Statutes, the making of findings of fact and conclusions of law by the Agency, and all further and other proceedings to which it may be entitled by law or rules of the Agency regarding these proceedings and any and all issues raised herein, other than enforcement of this Agreement. The PROVIDER further agrees the Agency shall issue a Final Order, which adopts this Agreement.

20. This Agreement is and shall be deemed jointly drafted and written by all parties to it and shall not be construed or interpreted against the party originating or preparing it.

21. To the extent any provision of this Agreement is prohibited by law for any reason, such provision shall be effective to the extent not so prohibited, and such prohibition shall not affect any other provision of this Agreement.

22. This Agreement shall inure to the benefit of and be binding on each party's successors, assigns, heirs, administrators, representatives and trustees.

**CEDAR HILLS HEALTHCARE
CENTER**

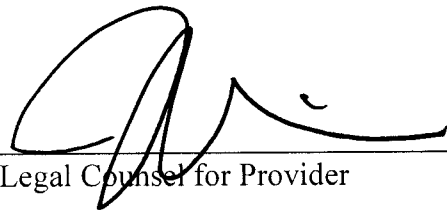


Providers' Representative

Dated: _____, 20__

Chief Compliance Officer _____
Printed Title of Providers' Representative

Dated: April 13, 2015



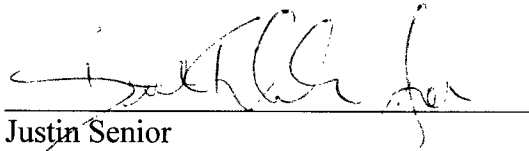
Legal Counsel for Provider

Dated: April 13, 2015

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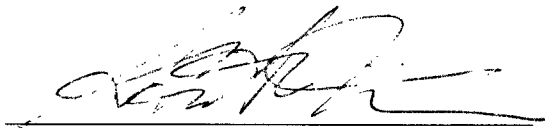
**FLORIDA AGENCY FOR HEALTH
CARE ADMINISTRATION**

2727 Mahan Drive, Mail Stop #3
Tallahassee, Florida 32308-5403



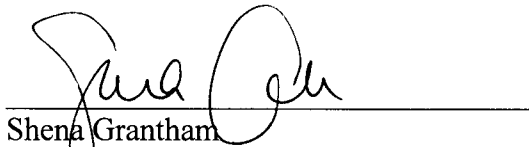
Justin Senior
Deputy Secretary, Medicaid

Dated: 5/21/15, 2015



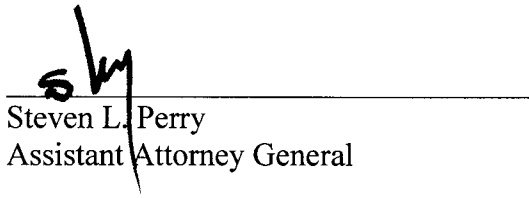
Stuart Williams
General Counsel

Dated: 5/13, 2015



Shena Grantham
Medicaid FFS Chief Counsel

Dated: 4/30, 2015



Steven L. Perry
Assistant Attorney General

Dated: 28 April, 2015

FLORIDA MEDICAID

A Division of the Agency for Health Care Administration

Better Health Care for all Floridians

CHARLIE CRIST
GOVERNOR

THOMAS W. ARNOLD
SECRETARY

April 23, 2010
Certified Mail Receipt No.
7008 1830 0000 6859 3897

CEDAR HILLS HEALTHCARE CENTER
SENIOR CARE CEDAR HILLS
2061 HYDE PARK ROAD
JACKSONVILLE, FL 32210

Provider No.: 262714
Examination Period/Engagement No.: September 30, 2003/NH06-171G

Dear Administrator:

We have completed the examination of your facility's Medicaid cost report for the period specified above. A copy of the examination report is attached for your information.

Examination adjustments result from the application of Medicaid reimbursement principles to costs as reported on the Medicaid cost report for the period specified. You have the right to request a formal or informal hearing pursuant to Section 120.57, Florida Statutes. If a petition for a formal hearing is made, the petition must be made in compliance with Section 28-106.201, Florida Administrative Code. Please note that Section 28-106.201(2) specifies that the petition shall contain a concise discussion of specific items in dispute. Additionally, you are hereby informed that if a request for a hearing is made, the request or petition must be received within twenty-one (21) days of your receipt of this letter, and that failure to timely request a hearing shall be deemed a waiver of your right to a hearing.

Please address all petitions for a hearing and/or questions to 2727 Mahan Drive, Mail Stop 21, Tallahassee, FL. 32308.

Sincerely,

Lisa D. Milton

Lisa D. Milton
Administrator of Audit Services
Medicaid Program Analysis
(850) 412-4102

Attachment(s):

cc: ADVOCAT INC. AND SUBSIDIARIES
ATTN: WALT MCCULLOUGH
1621 GALLERIA BLVD
BRENTWOOD, TN 37027

2727 Mahan Drive, MS#21
Tallahassee, Florida 32308



Visit AHCA online at
<http://ahca.myflorida.com>

SENIOR CARE CEDAR HILLS, LLC
D/B/A CEDAR HILLS HEALTHCARE CENTER
Medicaid Audit Report
For The Period From April 1, 2003 Through September 30, 2003

Gabriel & Associates, CPAs, PA
Certified Public Accountants
Jacksonville, Florida

**Senior Care Cedar Hills, LLC
d/b/a Cedar Hills Healthcare Center
Medicaid Audit Report
For the Period From April 1, 2003 to September 30, 2003**

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Gabriel & Associates, CPAs, PA

Certified Public Accountants
10117 St. Augustine Rd. Suite 100
Jacksonville, Florida 32257
Phone (904) 260-3820
Fax (904) 260-9725

John J. Gabriel, CPA, MBA, MIS email JGabriel@GACPAS.ORG
Victoria L. Hodgins, CPA, MA email VHodgins@GACPAS.ORG
Harold Bachner, CPA, MBA email HBachner@GACPAS.ORG

Members
Florida Institute of Certified Public Accountants
American Institute of Certified Public Accountants

INDEPENDENT ACCOUNTANTS' REPORT

Secretary
Agency for Health Care Administration

We have examined the accompanying schedules and statistical data, as listed in the Table of Contents, which were derived from the Cost Report for Florida Medicaid Program Nursing Home Services Providers (cost report) of Senior Care Cedar Hills, LLC, d/b/a Cedar Hills Healthcare Center for the period from April 1, 2003 through September 30, 2003. These schedules and statistical data are the responsibility of the Provider's management. Our responsibility is to express an opinion on the schedules and statistical data based on our examination.

Except as discussed in the following paragraph, our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examination on test basis, evidence supporting the accompanying schedules and statistical data and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

The provider is reimbursed under the Fair Rental Value System ("FRVS"). Accordingly, property cost information for depreciation, interest and rent included on the Schedule of Costs, equity capital information on the Schedule of Statistics and Equity Capital, capital replacement and equity in capital assets information on the Schedule of Fair Rental Value System Data and related per diem information on the Schedule of Allowable Medicaid Costs have not been subjected to examination procedures.

Attachment A to this report includes a schedule of adjustments which, in our opinion, requires inclusion of such data in order for the schedules and statistical data, as reported, for the period from April 1, 2003 through September 30, 2003, to be presented in conformity with federal and state Medicaid reimbursement principles as described in Note 1. To quantify the effect of the required adjustments, we have applied the adjustments described in Attachment A to the amounts and statistical data, as reported, in the accompanying schedules.

In our opinion, except for the effects of not recording adjustments for the matters referred to in the preceding paragraph, the accompanying schedules and statistical data, as listed in the Table of Contents, of Senior Care Cedar Hills, LLC, d/b/a Cedar Hills Healthcare Center for the period from April 1, 2003 through September 30, 2003, are presented, in all material respects, in conformity with federal and state Medicaid reimbursement principles as described in Note 1.

This report is intended solely for the information and use of the State of Florida's, Agency for Health Care Administration and management of Senior Care Cedar Hills, LLC, d/b/a Cedar Hills Healthcare Center and is not intended to be used by anyone other than these specified parties.

Gabriel & Associates, CPAs, PA
Gabriel & Associates, CPAs, PA

August 20, 2008

**Senior Care Cedar Hills, LLC
d/b/a Cedar Hills Healthcare Center
Schedule of Costs**

2

For the Period From April 1, 2003 to September 30, 2003

Cost Center Totals	As Reported	Increase (Decrease)	As Adjusted
Cost to be allocated:			
Plant operations	\$ 196,246	\$ 1,349	\$ 197,595
Housekeeping	120,374	1,648	122,022
	<u>316,620</u>	<u>2,997</u>	<u>319,617</u>
Administration	580,287	(46,594)	533,693
	<u>896,907</u>	<u>(43,597)</u>	<u>853,310</u>
Patient Care Costs:			
Direct Care	2,065,246	28,508	2,093,754
Indirect Care	485,274	(10,642)	474,632
Dietary	306,138	2,330	308,468
Activities	33,728	495	34,223
Social Services	67,126	596	67,722
Medical Records	21,810	308	22,118
Central Supplies	-	-	-
	<u>2,979,322</u>	<u>21,595</u>	<u>3,000,917</u>
Laundry and Linen	<u>36,845</u>	<u>436</u>	<u>37,281</u>
Allowable Ancillary Cost:			
Physical Therapy	189,578	2,687	192,265
Speech Therapy	31,875	464	32,339
Occupational Therapy	93,951	1,355	95,306
Complex Medical Equipment	1,351	-	1,351
Medical Supplies	-	2,316	2,316
IV Therapy	439	-	439
	<u>317,194</u>	<u>6,822</u>	<u>324,016</u>
Property Cost:			
Rent on Property (not examined)	289,015	-	289,015
Interest on Property (not examined)	-	-	-
Depreciation (not examined)	402	-	402
Insurance on Property	12,308	-	12,308
Taxes on Property	14,305	-	14,305
Home Office Property Costs	9,424	1,760	11,184
	<u>325,454</u>	<u>1,760</u>	<u>327,214</u>
Nonallowable Ancillary Cost Centers:			
Radiology	8,011	-	8,011
Laboratory	404	9,847	10,251
Pharmacy	9,038	-	9,038
	<u>17,453</u>	<u>9,847</u>	<u>27,300</u>
Other Non-Reimbursable Cost Centers:			
Beauty and Barber Shop	227	-	227
	<u>227</u>	<u>-</u>	<u>227</u>
Total Operating Cost	4,573,402	(3,137)	4,570,265
Medicaid Bad Debts	-	-	-
Total Costs	<u>\$ 4,573,402</u>	<u>\$ (3,137)</u>	<u>\$ 4,570,265</u>

The accompanying notes are an integral part of this schedule.

NH06-171G

262714

**Senior Care Cedar Hills, LLC
d/b/a Cedar Hills Healthcare Center
Schedule of Charges**

3

For the Period From April 1, 2003 to September 30, 2003

	As Reported	Increase (Decrease)	As Adjusted
Usual and customary daily rate	<u>\$ 174.51</u>	<u>\$ -</u>	<u>\$ 174.51</u>
Patient Charges:			
Medicaid:			
Ancillary cost centers			
Physical Therapy	\$ 10,184	-	\$ 10,184
Speech Therapy	4,229	-	4,229
Occupational Therapy	7,534	-	7,534
Complex Medical Equipment	-	-	-
Medical Supplies	-	-	-
Respiratory Therapy	-	-	-
IV Therapy	1,670	-	1,670
Room and Board	3,102,505	-	3,102,505
Totals	<u>3,126,122</u>	<u>-</u>	<u>3,126,122</u>
Medicare:			
Ancillary cost centers			
Physical Therapy	408,335	-	408,335
Speech Therapy	58,375	-	58,375
Occupational Therapy	290,097	-	290,097
Complex Medical Equipment	1,737	-	1,737
Medical Supplies	-	-	-
Respiratory Therapy	88	-	88
IV Therapy	3,486	-	3,486
Parenteral Nutrition	10,158	-	10,158
Room and Board	951,228	-	951,228
Totals	<u>1,723,504</u>	<u>-</u>	<u>1,723,504</u>
Private and other:			
Ancillary cost centers			
Physical Therapy	18,650	-	18,650
Speech Therapy	1,411	-	1,411
Occupational Therapy	15,533	-	15,533
Medical Supplies	-	-	-
Respiratory Therapy	-	-	-
IV Therapy	3,607	-	3,607
Room and Board	293,771	-	293,771
Totals	<u>332,972</u>	<u>-</u>	<u>332,972</u>
Total Charges	<u>\$ 5,182,598</u>	<u>\$ -</u>	<u>\$ 5,182,598</u>

The accompanying notes are an integral part of this schedule.

NH06-171G
262714

Senior Care Cedar Hills, LLC
d/b/a Cedar Hills Healthcare Center
Schedule of Statistics and Equity Capital
For the Period From April 1, 2003 to September 30, 2003

4

Statistics	As Reported	Increase (Decrease)	As Adjusted
Number of beds	<u>180</u>	<u>-</u>	<u>180</u>
Patient days:			
Medicaid	22,796	-	22,796
Medicare	3,308	-	3,308
Private & other	1,908	-	1,908
Total patient days	<u>28,012</u>	<u>-</u>	<u>28,012</u>
Percent Medicaid	<u>81.38%</u>	<u>0.00%</u>	<u>81.38%</u>
Facility square footage:			
Allowable ancillary cost centers:			
Physical Therapy	329	259	588
Speech Therapy	-	70	70
Occupational Therapy	329	-	329
Medical Supplies	207	-	207
Other	-	-	-
Patient care	22,529	(329)	22,200
Laundry and linen	1,015	-	1,015
Radiology	-	-	-
Lab	-	-	-
Pharmacy	-	-	-
Beauty and barber	187	-	187
Other Non-Allowable Ancillary	-	-	-
	<u>24,596</u>	<u>-</u>	<u>24,596</u>
Equity capital: (not examined)			
Ending equity capital	<u>\$ 79,976</u>	<u>\$ -</u>	<u>\$ 79,976</u>
Average equity capital	<u>\$ 39,988</u>	<u>\$ -</u>	<u>\$ 39,988</u>
Annual rate of return	<u>0.000%</u>	<u>2.016%</u>	<u>2.016%</u>
Return on equity before apportionment	<u>\$ -</u>	<u>\$ 806</u>	<u>\$ 806</u>
Type of ownership	Corporation		
Date cost report accepted	3/10/2005		

The accompanying notes are an integral part of this schedule.

NH06-171G
262714

Senior Care Cedar Hills, LLC
d/b/a Cedar Hills Healthcare Center
Schedule of Allowable Medicaid Costs
For the Period From April 1, 2003 to September 30, 2003

5

Total Costs

Reimbursement Class	Cost as Adjusted	Allocations & Apportionment (Note 2)	Cost After Allocations & Apportionment
Operating	\$ 890,591	\$ (222,125)	\$ 668,466
Direct Patient Care	2,093,754	(389,869)	1,703,885
Indirect Patient Care	1,231,179	(483,942)	747,237
Property (not examined)	327,214	(60,957)	266,257
Nonreimbursable	27,527	1,156,893	1,184,420
Total (Page 2)	<u>4,570,265</u>	-	<u>4,570,265</u>
Return on equity (Page 4) (not examined)	806	(806)	-
Non-Medicaid	-	-	-
Totals	<u>\$ 4,571,071</u>	<u>\$ (806)</u>	<u>\$ 4,570,265</u>

Allowable Medicaid Costs:

Reimbursement Class	As Reported	Increase (Decrease) (Note 1)	As Adjusted
Operating	\$ 705,575	\$ (37,109)	\$ 668,466
Direct Patient Care	1,680,685	23,200	1,703,885
Indirect Patient Care	752,736	(5,499)	747,237
Property (not examined)	264,890	1,367	266,257
Return on equity (not examined)	-	-	-
Totals	<u>\$ 3,403,886</u>	<u>\$ (18,041)</u>	<u>\$ 3,385,845</u>

Allowable Medicaid Per Diem Costs:

Reimbursement Class	As Reported	Increase (Decrease) (Note 1)	As Adjusted
Operating	\$ 30.95	\$ (1.63)	\$ 29.32
Direct Patient Care	73.73	1.01	74.74
Indirect Patient Care	33.02	(0.24)	32.78
Property (not examined)	11.62	0.06	11.68
Return on equity (not examined)	-	-	-
Initial Medicaid Per Diem (Note 3)	<u>\$ 149.32</u>	<u>\$ (0.80)</u>	<u>\$ 148.52</u>

The accompanying notes are an integral part of this schedule.

NH06-171G
262714

**Senior Care Cedar Hills, LLC
d/b/a Cedar Hills Healthcare Center
Schedule of Fair Rental Value**

6

For the Period From April 1, 2003 to September 30, 2003

	As Reported	Increase (Decrease)	As Adjusted
Capital Additions and Improvements:			
Acquisition Costs:			
04/01/03 - 06/30/03	\$ -	\$ -	\$ -
07/01/03 - 09/30/03	-	-	-
Totals	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Original Loan Amount	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Retirement	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Capital Replacement:			
Acquisition Cost	<u>\$ 16,682</u>	<u>\$ -</u>	<u>\$ 16,682</u>
Original Loan Amount	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Pass-through Costs (Note 4)			
Acquisitions:			
04/01/03 - 09/30/03			
Depreciation	\$ 1,386	\$ -	\$ 1,386
Interest	-	-	-
Prior to 04/01/03:			
Depreciation	-	-	-
Interest	-	-	-
Totals	<u>\$ 1,386</u>	<u>\$ -</u>	<u>\$ 1,386</u>
Equity in Capital Assets: (not examined)			
Ending Equity in Capital Assets	<u>\$ 15,295</u>	<u>\$ -</u>	<u>\$ 15,295</u>
Average Equity in Capital Assets	<u>\$ 7,648</u>	<u>\$ -</u>	<u>\$ 7,648</u>
Annual Rate of Return	<u>0.000%</u>	<u>2.016%</u>	<u>2.016%</u>
Return on Equity in Capital Assets Before Apportionment	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 154</u>
Return on Equity in Capital Assets apportioned to Medicaid	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 114</u>
Mortgage Interest Rates:			
4/15/2003	N/A		

The accompanying notes are an integral part of this schedule.

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Senior Care Cedar Hills, LLC
d/b/a Cedar Hills Healthcare Center
Schedule Of Direct Patient Care
For the Period From April 1, 2003 to September 30, 2003

7

	<u>As Reported</u>	<u>Increase (Decrease)</u>	<u>As Adjusted</u>
RN Data			
Productive Salaries	\$ 82,279	\$ -	\$ 82,279
Non-Productive Salaries	3,819	-	3,819
Total Salaries	<u>\$ 86,098</u>	<u>\$ -</u>	<u>\$ 86,098</u>
FICA	\$ 7,440	\$ (360)	\$ 7,080
Unemployment Insurance	-	-	-
Health Insurance	5,859	-	5,859
Workers Compensation	11,515	2,060	13,575
Other Fringe Benefits	794	-	794
Total Benefits	<u>\$ 25,608</u>	<u>\$ 1,700</u>	<u>\$ 27,308</u>
Productive Hours	3,644	-	3,644
Non-Productive Hours	197	-	197
Total Hours	<u>3,841</u>	<u>-</u>	<u>3,841</u>
LPN Data			
Productive Salaries	\$ 391,252	\$ -	\$ 391,252
Non-Productive Salaries	31,666	-	31,666
Total Salaries	<u>\$ 422,918</u>	<u>\$ -</u>	<u>\$ 422,918</u>
FICA	\$ 36,545	\$ (1,767)	\$ 34,778
Unemployment Insurance	-	-	-
Health Insurance	28,779	-	28,779
Workers Compensation	56,564	10,119	66,683
Other Fringe Benefits	3,900	-	3,900
Total Benefits	<u>\$ 125,788</u>	<u>\$ 8,352</u>	<u>\$ 134,140</u>
Productive Hours	20,773	-	20,773
Non-Productive Hours	1,889	-	1,889
Total Hours	<u>22,662</u>	<u>-</u>	<u>22,662</u>

The accompanying notes are an integral part of this schedule.

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Senior Care Cedar Hills, LLC
d/b/a Cedar Hills Healthcare Center
Schedule Of Direct Patient Care
For the Period From April 1, 2003 to September 30, 2003

8

	<u>As Reported</u>	<u>Increase (Decrease)</u>	<u>As Adjusted</u>
CNA Data			
Productive Salaries	\$ 893,691	\$ -	\$ 893,691
Non-Productive Salaries	40,719	-	40,719
Total Salaries	<u>\$ 934,410</u>	<u>\$ -</u>	<u>\$ 934,410</u>
FICA	\$ 80,743	\$ (3,902)	\$ 76,841
Unemployment Insurance	-	-	-
Health Insurance	63,585	-	63,585
Workers Compensation	124,974	22,357	147,331
Other Fringe Benefits	8,618	-	8,618
Total Benefits	<u>\$ 277,920</u>	<u>\$ 18,455</u>	<u>\$ 296,375</u>
Productive Hours	76,948	-	76,948
Non-Productive Hours	3,926	-	3,926
Total Hours	<u>80,874</u>	<u>-</u>	<u>80,874</u>
Agency Data			
R N	-	-	-
L P N	187,830	-	187,830
C N A	4,675	-	4,675
Total Agency Costs	<u>192,505</u>	<u>-</u>	<u>192,505</u>
RN Hours	-	-	-
LPN Hours	5,269	-	5,269
CNA Hours	219	-	219
Total Hours	<u>5,488</u>	<u>-</u>	<u>5,488</u>
Data for All Departments			
Total Salaries	<u>\$ 2,223,194</u>	<u>\$ (6,113)</u>	<u>2,217,081</u>
FICA	\$ 192,107	\$ (9,209)	\$ 182,898
Unemployment Insurance	-	-	-
Health Insurance	151,286	-	151,286
Workers Compensation	297,344	52,758	350,102
Other Fringe Benefits	14,248	-	14,248
Total Benefits	<u>\$ 654,985</u>	<u>\$ 43,549</u>	<u>\$ 698,534</u>
AIDS and Pediatric Offset	<u>-</u>	<u>-</u>	<u>-</u>
Patient Days Data			
Medicaid Patient Days	<u>22,796</u>	<u>-</u>	<u>22,796</u>
Total Patient Days	<u>28,012</u>	<u>-</u>	<u>28,012</u>

The accompanying notes are an integral part of this schedule.

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Senior Care Cedar Hills, LLC
d/b/a Cedar Hills Healthcare Center
Notes To Schedules

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For The Period From April 1, 2003 Through September 30, 2003

Note 1 - Basis of Presentation

The schedules, which were derived from the Cost Report for Florida Medicaid Program Nursing Home Services Providers (Cost Report) for the current period, have been prepared in conformity with federal and state Medicaid reimbursement principles, as specified in the State of Florida Medicaid Program and as defined by applicable cost reimbursement principles, policies and regulations according to Medicare reimbursement principles as interpreted by Provider Reimbursement Manual (CMS Pub. 15-1), Florida Title XIX Long-Term Care Reimbursement Plan and the policies and procedures manuals for Nursing Home Services of the Agency for Health Care Administration of the State of Florida.

The balances in the "As Reported" columns of the schedules are the assertions and responsibility of the management of the nursing home. The balances in the "As Adjusted" columns are the result of applying the adjustments reflected in the "Increase/Decrease" columns to the balances in the "As Reported" columns.

Note 2 - Allocations and Apportionment

Schedules G, G-1 and H of the Cost Report allocate allowable administrative, plant operation and housekeeping costs to allowable and nonallowable ancillary, patient care, laundry and linen and nonreimbursable cost centers based on predetermined statistical bases, such as square footage or total costs, as explained in the Cost Report. These schedules then apportion allowable costs after allocations to the Medicaid program based on other statistical bases, such as patient care days or ancillary charges, as explained in the Cost Report. The net effect of such allocations and apportionment on each reimbursement class is presented in the Schedule of Allowable Medicaid Costs.

Note 3 - Initial Medicaid Per Diem

Medicaid per diem costs for property and return on equity have been calculated under the provisions of the Florida Title XIX Long-Term Care Reimbursement Plan, excluding fair rental value provisions. The effect, if any, of the fair rental value system, will be determined during the rate setting process, and where applicable, prospective rates will be calculated by applying inflation factors, incentives, low utilization penalties and reimbursement ceilings.

Note 4 - Capital Replacement Pass-through Costs

Capital Replacement pass-through costs in the form of depreciation and interest are presented without regard to the number of years remaining, if any, to full fair rental value system phase-in. Accordingly, pass-through reimbursement will be calculated based on the amounts equal to or less than fifty percent of the costs presented herein as capital replacement pass-through costs. Once full fair rental value system phase-in has occurred, no capital replacement costs are allowed to be passed-through.

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**Senior Care Cedar Hills, LLC
d/b/a Cedar Hills Healthcare Center
Attachment A - Audit Adjustments**

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For the Period From April 1, 2003 to September 30, 2003

Classification	Account Number	Comment	Increase (Decrease)
<u>Adjustments to Costs (Page 2)</u>			
<u>Plant Operations:</u>			
1. FICA	710420	To adjust cost per audit findings. CMS Pub. 15-1 Sec. 2102.1 and 2304	\$ (172)
2. Workers Compensation	710450	To adjust cost per audit findings. CMS Pub. 15-1 Sec. 2102.1 and 2304	988
3. Plant Operation Related	710999	To adjust home office cost per audit findings. CMS Pub. 15-1 Sec. 2153	533
			<hr/> 1,349
<u>Housekeeping:</u>			
4. FICA	720420	To adjust cost per audit findings. CMS Pub. 15-1 Sec. 2102.1 and 2304	(348)
5. Workers Compensation	720450	To adjust workers compensation. CMS Pub. 15-1 Sec. 2102.1 and 2304	1,996
			<hr/> 1,648
<u>Administration:</u>			
6. Salaries	730210	To adjust bonus per audit findings. CMS Pub. 15-1 Sec. 2302.1	(3,235)
7. FICA	730420	To adjust cost per audit findings. CMS Pub. 15-1 Sec. 2102.1 and 2304	(314)
8. Workers Compensation	730450	To adjust workers compensation. CMS Pub. 15-1 Sec. 2102.1 and 2304	1,800
9. Home Office Costs	730500	To adjust home office cost per audit findings. CMS Pub. 15-1 Sec. 2153	(44,845)
			<hr/> (46,594)
<u>Direct Patient Care:</u>			
10. FICA	810420	To adjust cost per audit findings. CMS Pub. 15-1 Sec. 2102.1 and 2304	(6,028)
11. Workers Compensation	810450	To adjust workers compensation. CMS Pub. 15-1 Sec. 2102.1 and 2304	34,536
			<hr/> 28,508

The accompanying notes are an integral part of this schedule.

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Senior Care Cedar Hills, LLC
d/b/a Cedar Hills Healthcare Center
Attachment A - Audit Adjustments

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For the Period From April 1, 2003 to September 30, 2003

Classification	Account Number	Comment	Increase (Decrease)
<u>Adjustments to Costs (Page 2)</u>			
<u>Indirect Patient Care:</u>			
12. Salaries	911110	To adjust cost per audit findings. CMS Pub. 15-1 Sec. 2102.1 and 2304	\$ (2,878)
13. FICA	911420	To adjust cost per audit findings. CMS Pub. 15-1 Sec. 2102.1 and 2304	(512)
14. Workers Compensation	911450	To adjust workers compensation. CMS Pub. 15-1 Sec. 2102.1 and 2304	2,934
15. Nursing Supplies	911710	To reverse reclass per audit findings. CMS Pub. 15-1 Sec. 2102.1 and 2304	(12,163)
16. Nursing Related Party	911999	To adjust home office cost per audit findings. CMS Pub. 15-1 Sec. 2153	1,977
			(10,642)
<u>Dietary:</u>			
17. FICA	912420	To adjust cost per audit findings. CMS Pub. 15-1 Sec. 2102.1 and 2304	(493)
18. Workers Compensation	912450	To adjust workers compensation. CMS Pub. 15-1 Sec. 2102.1 and 2304	2,823
			2,330
<u>Activities:</u>			
19. FICA	914420	To adjust cost per audit findings. CMS Pub. 15-1 Sec. 2102.1 and 2304	(105)
20. Workers Compensation	914450	To adjust workers compensation. CMS Pub. 15-1 Sec. 2102.1 and 2304	600
			495

The accompanying notes are an integral part of this schedule.

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Senior Care Cedar Hills, LLC
d/b/a Cedar Hills Healthcare Center
Attachment A - Audit Adjustments

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For the Period From April 1, 2003 to September 30, 2003

Classification	Account Number	Comment	Increase (Decrease)
<u>Adjustments to Costs (Page 2)</u>			
<u>Social Services:</u>			
21. FICA	915420	To adjust cost per audit findings. CMS Pub. 15-1 Sec. 2102.1 and 2304	\$ (126)
22. Workers Compensation	915450	To adjust workers compensation. CMS Pub. 15-1 Sec. 2102.1 and 2304	722
			<hr/> 596
<u>Medical Records:</u>			
23. FICA	916420	To adjust cost per audit findings. CMS Pub. 15-1 Sec. 2102.1 and 2304	(65)
24. Workers Compensation	916450	To adjust workers compensation. CMS Pub. 15-1 Sec. 2102.1 and 2304	373
			<hr/> 308
<u>Laundry & Linen:</u>			
25. FICA	918420	To adjust cost per audit findings. CMS Pub. 15-1 Sec. 2102.1 and 2304	(92)
26. Workers Compensation	918450	To adjust workers compensation. CMS Pub. 15-1 Sec. 2102.1 and 2304	528
			<hr/> 436
<u>Physical Therapy:</u>			
27. FICA	921420	To adjust cost per audit findings. CMS Pub. 15-1 Sec. 2102.1 and 2304	(568)
28. Workers Compensation	921450	To adjust workers compensation. CMS Pub. 15-1 Sec. 2102.1 and 2304	3,255
			<hr/> 2,687
<u>Speech Therapy:</u>			
29. FICA	922420	To adjust cost per audit findings. CMS Pub. 15-1 Sec. 2102.1 and 2304	(98)
30. Workers Compensation	922450	To adjust workers compensation. CMS Pub. 15-1 Sec. 2102.1 and 2304	562
			<hr/> 464

The accompanying notes are an integral part of this schedule.

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Senior Care Cedar Hills, LLC
d/b/a Cedar Hills Healthcare Center
Attachment A - Audit Adjustments

13

For the Period From April 1, 2003 to September 30, 2003

Classification	Account Number	Comment	Increase (Decrease)
<u>Adjustments to Costs (Page 2)</u>			
<u>Occupational Therapy:</u>			
31. FICA	923420	To adjust cost per audit findings. CMS Pub. 15-1 Sec. 2102.1 and 2304	(287)
32. Workers Compensation	923450	To adjust workers compensation. CMS Pub. 15-1 Sec. 2102.1 and 2304	1,642
			<u>1,355</u>
<u>Medical Supplies:</u>			
33. Medical Supplies	926710	To reverse reclass per audit findings. CMS Pub. 15-1 Sec. 2102.1 and 2304	<u>2,316</u>
<u>Property:</u>			
34. Home Office Property	930940	To adjust home office cost per audit findings. CMS Pub. 15-1 Sec. 2153	1,760
			<u>1,760</u>
<u>Laboratory:</u>			
35. Laboratory	941510	To reverse reclass per audit findings. CMS Pub. 15-1 Sec. 2102.1 and 2304	<u>9,847</u>
Net Adjustments to Costs			<u>\$ (3,137)</u>

The accompanying notes are an integral part of this schedule.

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Senior Care Cedar Hills, LLC
d/b/a Cedar Hills Healthcare Center
Attachment A - Audit Adjustments
For the Period From April 1, 2003 to September 30, 2003

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Classification	Account Number	Comment	Increase (Decrease)
<u>Adjustments to Statistics (Page 4)</u>			
<u>Facility Square Footage</u>			
36. Physical Therapy		To adjust square foot statistics	259
Speech Therapy		per audit findings	70
Occupational Therapy		CMS Pub. 15-1 Section 2304	-
Medical Supplies			-
Other			-
Patient Care Costs			(329)
Laundry and Linen			-
Pharmacy			-
Beauty and Barber			-
			-
			-

The accompanying notes are an integral part of this schedule.

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**Senior Care Cedar Hills, LLC
d/b/a Cedar Hills Healthcare Center
Attachment A - Audit Adjustments**

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For the Period From April 1, 2003 to September 30, 2003

Classification	Account Number	Comment	Increase (Decrease)
<u>Adjustments affecting Patient Care Component Information (pages 7-8)</u>			
<u>RN Salaries</u>			
37. Productive Salaries		To adjust costs per audit findings.	
Non-productive salaries		(Florida Title XIX Long-Term Care Reimbursement Plan, Section V.B.)	
			\$ -
<u>RN Benefits</u>			
38. FICA		To adjust costs per audit findings.	\$ (360)
Unemployment Insurance		(Florida Title XIX Long-Term Care Reimbursement Plan, Section V.B.)	
Health Insurance			2,060
Workers Compensation			
Other Fringe Benefits			\$ 1,700
<u>RN Hours</u>			
39. Productive Hours		To adjust costs per audit findings.	
Non-productive Hours		(Florida Title XIX Long-Term Care Reimbursement Plan, Section V.B.)	
			-
<u>LPN Salaries</u>			
40. Productive Salaries		To adjust costs per audit findings.	
Non-productive salaries		(Florida Title XIX Long-Term Care Reimbursement Plan, Section V.B.)	
			\$ -
<u>LPN Benefits</u>			
41. FICA		To adjust costs per audit findings.	\$ (1,767)
Unemployment Insurance		(Florida Title XIX Long-Term Care Reimbursement Plan, Section V.B.)	
Health Insurance			10,119
Workers Compensation			
Other Fringe Benefits			\$ 8,352
<u>LPN Hours</u>			
42. Productive Hours		To adjust costs per audit findings.	
Non-productive Hours		(Florida Title XIX Long-Term Care Reimbursement Plan, Section V.B.)	
			-

The accompanying notes are an integral part of this schedule.

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Senior Care Cedar Hills, LLC
d/b/a Cedar Hills Healthcare Center
Attachment A - Audit Adjustments
For the Period From April 1, 2003 to September 30, 2003

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Classification	Account Number	Comment	Increase (Decrease)
<u>Adjustments affecting Patient Care Component Information (continued)</u>			
<u>CNA Salaries</u>			
43. Productive Salaries		To adjust costs per audit findings.	
Non-productive salaries		(Florida Title XIX Long-Term Care Reimbursement Plan, Section V.B.)	
			<u>\$ -</u>
<u>CNA Benefits</u>			
44. FICA		To adjust costs per audit findings.	\$ (3,902)
Unemployment Insurance		(Florida Title XIX Long-Term Care Reimbursement Plan, Section V.B.)	
Health Insurance			22,357
Workers Compensation			
Other Fringe Benefits			
			<u>\$ 18,455</u>
<u>CNA Hours</u>			
45. Productive Hours		To adjust costs per audit findings.	
Non-productive Hours		(Florida Title XIX Long-Term Care Reimbursement Plan, Section V.B.)	
			<u>-</u>
<u>All Departments Total:</u>			
46. Salaries		To adjust hours per audit findings.	\$ (6,113)
		(Florida Title XIX Long-Term Care Reimbursement Plan, Section V.B.)	
FICA		To adjust hours per audit findings.	(9,209)
		(Florida Title XIX Long-Term Care Reimbursement Plan, Section V.B.)	
Workers Compensation Insurance		To adjust hours per audit findings.	52,758
		(Florida Title XIX Long-Term Care Reimbursement Plan, Section V.B.)	
			<u>\$ 37,436</u>

The accompanying notes are an integral part of this schedule.

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Senior Care Cedar Hills, LLC
d/b/a Cedar Hills Healthcare Center
Attachment A - Audit Adjustments
For the Period From April 1, 2003 to September 30, 2003

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The following adjustments reported in the Schedule of Fair Rental Value System Data are in accordance with the fair rental value system provisions of the Florida Title XIX Long-Term Care Reimbursement Plan and, where appropriate, the applicable sections of Chapter 100, Depreciation and 2300, Adequate Cost Data and Cost Finding, of the Provider Reimbursement Manual (CMS Pub 15-1). The Provider has been furnished with schedules developed during the course of the audit which detail allowable components of the fair rental value system.

<u>Fair Rental Value System Data</u>	Increase (Decrease)
 Classification	
<u>Capital Additions and Improvements:</u>	
1. Acquisition Costs	\$ <u> -</u>
 <u>Equity in Capital Assets</u>	
2. Ending Equity	\$ <u> -</u>
3. Average Equity	\$ <u> -</u>
4. Return on Equity Before Apportionment	\$ <u> -</u>
5. Return on Equity Apportioned to Medicaid	\$ <u> -</u>

The accompanying notes are an integral part of this schedule.

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Senior Care Cedar Hills, LLC
d/b/a Cedar Hills Healthcare Center
Advocat, Inc.

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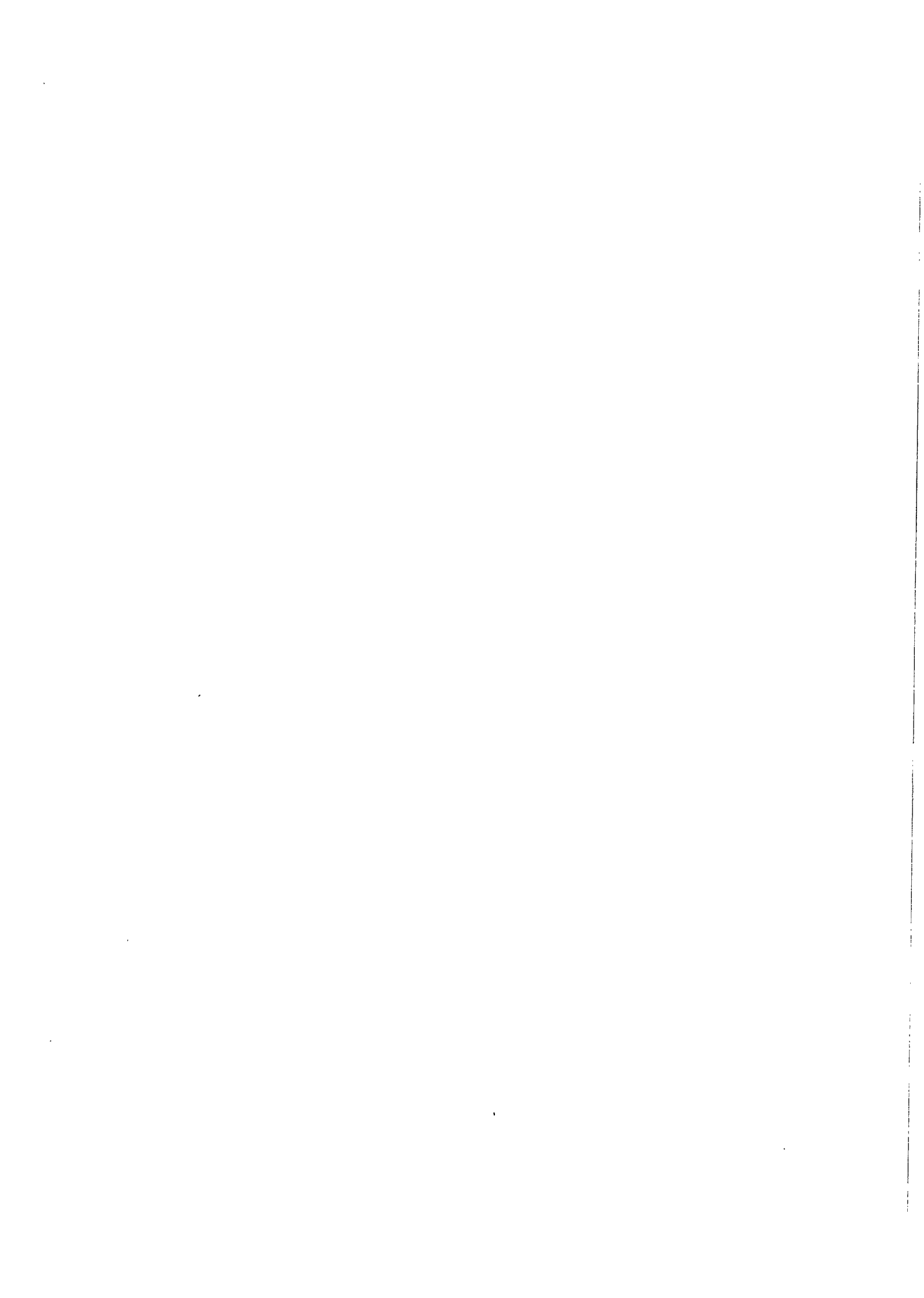
Attachment A - Audit Adjustments

For the Period From January 1, 2003 Through December 31, 2003

Classification	Account Number	Comment	Increase (Decrease)
1. Salaries - A&G	730190	To reclassify salaries	\$ (12,657)
Salaries - Nursing	911370	per audit findings. CMS Pub. 15-1 Sec. 2302.8	12,657
2. Start - Up	730918	To adjust cost based on audit findings. CMS Pub. 15-1 Sec. 2134.1 and 2134.3	(7,318)
Total Adjustments to Home Office Cost			<u>\$ (7,318)</u>
Portion allocated to the provider			<u>\$ (40,575)</u>

The accompanying notes are an integral part of this schedule.

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Cedar Hills Healthcare Center

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09/30/03

1. Audit Adjustment #2 Plant Operations will be changed to \$0.
2. Audit Adjustment #5 Housekeeping will be changed to \$0.
3. Audit Adjustment #6 Administration will be changed to \$0.
4. Audit Adjustment #8 Administration will be changed to \$0.
5. Audit Adjustment #9 Administration will be changed to \$(22,478).
6. Audit Adjustment #11 DPC will be changed to \$0.
7. Audit Adjustment #12 IPC will be changed to \$0.
8. Audit Adjustment #14 IPC will be changed to \$0.
9. Audit Adjustment #15 IPC will be changed to \$0.
10. Audit Adjustment #18 Dietary will be changed to \$0.
11. Audit Adjustment #20 Activities will be changed to \$0.

EXHIBIT B

12. Audit Adjustment #22 Social Services will be changed to \$0.
13. Audit Adjustment #24 Medical Records will be changed to \$0.
14. Audit Adjustment #26 Laundry and Linen will be changed to \$0.
15. Audit Adjustment #28 Physical Therapy will be changed to \$0.
16. Audit Adjustment #30 Speech Therapy will be changed to \$0.
17. Audit Adjustment #32 Occupational Therapy will be changed to \$0.
18. Audit Adjustment #38 Workers Comp will be changed to \$0.
19. Audit Adjustment #41 Workers Comp will be changed to \$0.
20. Audit Adjustment #44 Workers Comp will be changed to \$0.
21. Audit Adjustment #46 Workers Comp will be changed to \$0.

EXHIBIT “2”

STATE OF FLORIDA
AGENCY FOR HEALTH CARE ADMINISTRATION

GOLFCREST HEALTHCARE CENTER,

Petitioner,

vs.

ENGAGEMENT NO. NH06-111G

AGENCY FOR HEALTH CARE
ADMINISTRATION,

Respondent.

_____ /

SETTLEMENT AGREEMENT

Respondent, **STATE OF FLORIDA, AGENCY FOR HEALTH CARE ADMINISTRATION** (“AHCA” or “the Agency”), and Petitioner **GOLFCREST HEALTHCARE CENTER** (“PROVIDER”), by and through the undersigned, hereby stipulate and agree as follows:

1. This Agreement is entered into between the parties to resolve disputed issues arising from examination engagement NH06-111C.
2. The PROVIDER is a Medicaid provider in the State of Florida operating a nursing home facility that was examined by the Agency.
3. AHCA conducted an examination of the PROVIDER’s cost report as follows: for examination engagement number NH06-111C, AHCA examined the PROVIDER’s cost report covering the examination period ending on September 30, 2003.
4. In its subsequent Examination Report, AHCA notified the PROVIDER that Medicaid reimbursement principles required adjustment of the costs stated in the cost report. The Agency further notified the PROVIDER of the adjustments AHCA was making to the cost report. The Examination Report is attached hereto and incorporated herein as Exhibit A.

5. In response to AHCA's Examination Report, the PROVIDER filed a timely petition for administrative hearing, and identified specific adjustments that it appealed. The PROVIDER requested that the Agency hold the petition in abeyance in order to afford the parties an opportunity to resolve the disputed adjustments.

6. Subsequent to the petition for administrative hearing, AHCA and the PROVIDER exchanged documents and discussed the disputed adjustments. As a result of the aforementioned exchanges, the parties agree to accept all of the Agency's adjustments that were subject to these proceedings as set forth in the Examination Report, except for the following adjustments which the parties agree shall be changed or removed as set forth in the attached Exhibit B, which is hereby incorporated into this Settlement Agreement by reference.

7. In order to resolve this matter without further administrative proceedings, and to avoid incurring further costs, PROVIDER and AHCA expressly agree the adjustment resolutions, which are listed and incorporated by reference as Exhibit B above, completely resolve and settle this case and this agreement constitutes the PROVIDER'S withdrawal of their petition for administrative hearing, with prejudice.

8. After issuance of the Final Order, PROVIDER and AHCA further agree that the Agency shall recalculate the per diem rates for the above-stated examination period and issue a notice of the recalculation. Where the PROVIDER was overpaid, the PROVIDER will reimburse the Agency the full amount of the overpayment within thirty (30) days of such notice. Where the PROVIDER was underpaid, AHCA will pay the PROVIDER the full amount of the underpayment within forty-five (45) days of such notice.

Payment shall be made to:

AGENCY FOR HEALTH CARE ADMINISTRATION
Medicaid Accounts Receivable – MS #14
2727 Mahan Drive, Building 2, Suite 200
Tallahassee, Florida 32308

Notice to the PROVIDER shall be made to:

Jeffrey J. Miller, Esquire
Harwell, Howard, Hyne, Gabbert, and Manner, P.C.
333 Commerce Street, Suite 1500
Nashville, Tennessee, 37201

9. Payment shall clearly indicate it is pursuant to a settlement agreement and shall reference the audit/engagement number.
10. PROVIDER agrees that failure to pay any monies due and owing under the terms of this Agreement shall constitute PROVIDER's authorization for the Agency, without further notice, to withhold the total remaining amount due under the terms of this agreement from any monies due and owing to the PROVIDER for any Medicaid claims.
11. The parties are entitled to enforce this Agreement under the laws of the State of Florida, the Rules of the Medicaid Program, and all other applicable law.
12. This settlement does not constitute an admission of wrongdoing or error by the parties with respect to this case or any other matter.
13. Each party shall bear their respective attorneys' fees and costs, if any.
14. The signatories to this Agreement, acting in their representative capacities, are duly authorized to enter into this Agreement on behalf of the party represented.
15. The parties further agree a facsimile or photocopy reproduction of this Agreement shall be sufficient for the parties to enforce the Agreement. The PROVIDER agrees, however, to

forward a copy of this Agreement to AHCA with original signatures, and understands that a Final Order may not be issued until said original Agreement is received by AHCA.

16. This Agreement shall be construed in accordance with the provisions of the laws of Florida. Venue for any action arising from this Agreement shall be in Leon County, Florida.

17. This Agreement constitutes the entire agreement between PROVIDER and AHCA, including anyone acting for, associated with or employed by them, concerning all matters and supersedes any prior discussions, agreements or understandings; there are no promises, representations or agreements between PROVIDER and AHCA other than as set forth herein. No modifications or waiver of any provision shall be valid unless a written amendment to the Agreement is completed and properly executed by the parties.

18. This is an Agreement of settlement and compromise, made in recognition that the parties may have different or incorrect understandings, information and contentions, as to facts and law, and with each party compromising and settling any potential correctness or incorrectness of its understandings, information and contentions as to facts and law, so that no misunderstanding or misinformation shall be a ground for rescission hereof.

19. Except with respect to any recalculation(s) described in Exhibit B, PROVIDER expressly waives in this matter their right to any hearing pursuant to sections §§120.569 or 120.57, Florida Statutes, the making of findings of fact and conclusions of law by the Agency, and all further and other proceedings to which it may be entitled by law or rules of the Agency regarding these proceedings and any and all issues raised herein, other than enforcement of this Agreement. The PROVIDER further agrees the Agency shall issue a Final Order, which adopts this Agreement.

20. This Agreement is and shall be deemed jointly drafted and written by all parties to it and shall not be construed or interpreted against the party originating or preparing it.

21. To the extent any provision of this Agreement is prohibited by law for any reason, such provision shall be effective to the extent not so prohibited, and such prohibition shall not affect any other provision of this Agreement.

22. This Agreement shall inure to the benefit of and be binding on each party's successors, assigns, heirs, administrators, representatives and trustees.

**GOLFCREST HEALTHCARE
CENTER**

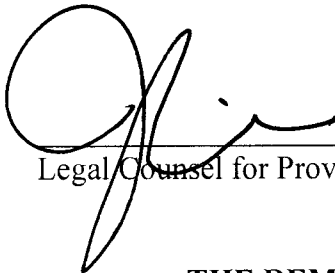


Providers' Representative

Dated: _____, 20__

Chief Compliance Officer
Printed Title of Providers' Representative

Dated: April 13, 2015



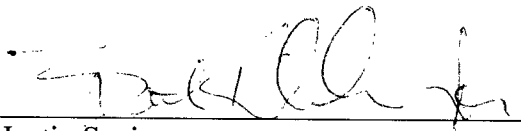
Legal Counsel for Provider

Dated: APR 13, 2015

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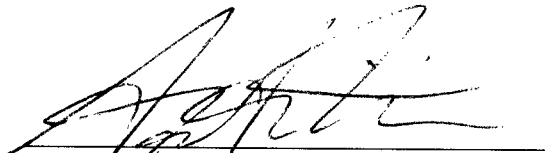
**FLORIDA AGENCY FOR HEALTH
CARE ADMINISTRATION**

2727 Mahan Drive, Mail Stop #3
Tallahassee, Florida 32308-5403



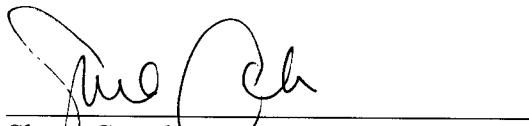
Justin Senior
Deputy Secretary, Medicaid

Dated: 5/21TH, 2015



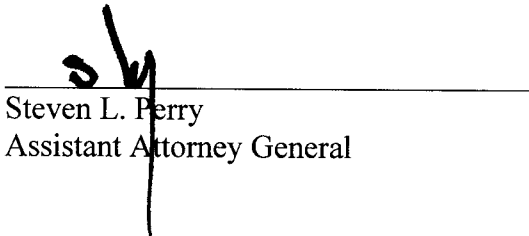
Stuart Williams
General Counsel

Dated: 5/13, 2015



Shena Grantham
Medicaid FFS Chief Counsel

Dated: 4/30, 2015



Steven L. Perry
Assistant Attorney General

Dated: 28 April, 2015

FLORIDA MEDICAID

A Division of the Agency for Health Care Administration

Better Health Care for all Floridians

CHARLIE CRIST
GOVERNOR

THOMAS W. ARNOLD
SECRETARY

April 23, 2010
Certified Mail Receipt No.
7008 1830 0000 6859 3880

GOLFCREST HEALTHCARE CENTER
SENIOR CARE GOLFCREST, LLC
600 N 17TH AVE
HOLLYWOOD, FL 33020

Provider No.: 262064
Examination Period/Engagement No.: September 30, 2003/NH06-111G

Dear Administrator:

We have completed the examination of your facility's Medicaid cost report for the period specified above. A copy of the examination report is attached for your information.

Examination adjustments result from the application of Medicaid reimbursement principles to costs as reported on the Medicaid cost report for the period specified. You have the right to request a formal or informal hearing pursuant to Section 120.57, Florida Statutes. If a petition for a formal hearing is made, the petition must be made in compliance with Section 28-106.201, Florida Administrative Code. Please note that Section 28-106.201(2) specifies that the petition shall contain a concise discussion of specific items in dispute. Additionally, you are hereby informed that if a request for a hearing is made, the request or petition must be received within twenty-one (21) days of your receipt of this letter, and that failure to timely request a hearing shall be deemed a waiver of your right to a hearing.

Please address all petitions for a hearing and/or questions to 2727 Mahan Drive, Mail Stop 21, Tallahassee, FL. 32308.

Sincerely,

Lisa D. Milton

Lisa D. Milton
Administrator of Audit Services
Medicaid Program Analysis
(850) 412-4102

Attachment(s):
cc: ADVOCAT INC. AND SUBSIDIARIES
ATTN: WALT MCCULLOUGH
1621 GALLERIA BLVD
BRENTWOOD, TN 37027

2727 Mahan Drive, MS#21
Tallahassee, Florida 32308



Visit AHCA online at
<http://ahca.myflorida.com>

SENIOR CARE GOLFCREST, LLC
D/B/A GOLFCREST HEALTHCARE CENTER
Medicaid Audit Report
For The Period From April 1, 2003 Through September 30, 2003

Gabriel & Associates, CPAs, PA
Certified Public Accountants
Jacksonville, Florida

**Senior Care Golfcrest, LLC
d/b/a Golfcrest Healthcare Center
Medicaid Audit Report
For the Period From April 1, 2003 to September 30, 2003**

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Gabriel & Associates, CPAs, PA

Certified Public Accountants

10117 St. Augustine Rd. Suite 100

Jacksonville, Florida 32257

Phone (904) 260-3820

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John J. Gabriel, CPA, MBA, MIS email JGabriel@GACPAS.ORG

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Harold Bachner, CPA, MBA email HBachner@GACPAS.ORG

Members

Florida Institute of Certified Public Accountants

American Institute of Certified Public Accountants

INDEPENDENT ACCOUNTANTS' REPORT

Secretary

Agency for Health Care Administration

We have examined the accompanying schedules and statistical data, as listed in the Table of Contents, which were derived from the Cost Report for Florida Medicaid Program Nursing Home Services Providers (cost report) of Senior Care Golfcrest, LLC, d/b/a Golfcrest Healthcare Center for the period from April 1, 2003 through September 30, 2003. These schedules and statistical data are the responsibility of the Provider's management. Our responsibility is to express an opinion on the schedules and statistical data based on our examination.

Except as discussed in the following paragraph, our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examination on test basis, evidence supporting the accompanying schedules and statistical data and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

The provider is reimbursed under the Fair Rental Value System ("FRVS"). Accordingly, property cost information for depreciation, interest and rent included on the Schedule of Costs, equity capital information on the Schedule of Statistics and Equity Capital, capital replacement and equity in capital assets information on the Schedule of Fair Rental Value System Data and related per diem information on the Schedule of Allowable Medicaid Costs have not been subjected to examination procedures.

Attachment A to this report includes a schedule of adjustments which, in our opinion, requires inclusion of such data in order for the schedules and statistical data, as reported, for the period from April 1, 2003 through September 30, 2003, to be presented in conformity with federal and state Medicaid reimbursement principles as described in Note 1. To quantify the effect of the required adjustments, we have applied the adjustments described in Attachment A to the amounts and statistical data, as reported, in the accompanying schedules.

In our opinion, except for the effects of not recording adjustments for the matters referred to in the preceding paragraph, the accompanying schedules and statistical data, as listed in the Table of Contents, of Senior Care Golfcrest, LLC, d/b/a Golfcrest Healthcare Center for the period from April 1, 2003 through September 30, 2003, are presented, in all material respects, in conformity with federal and state Medicaid reimbursement principles as described in Note 1.

This report is intended solely for the information and use of the State of Florida's, Agency for Health Care Administration and management of Senior Care Golfcrest, LLC, d/b/a Golfcrest Healthcare Center and is not intended to be used by anyone other than these specified parties.

Gabriel & Associates, CPAs, PA
Gabriel & Associates, CPAs, PA

August 20, 2008

Senior Care Golfcrest, LLC
d/b/a Golfcrest Healthcare Center
Schedule of Costs

2

For the Period From April 1, 2003 to September 30, 2003

Cost Center Totals	As Reported	Increase (Decrease)	As Adjusted
Cost to be allocated:			
Plant operations	\$ 90,464	\$ 613	\$ 91,077
Housekeeping	65,923	903	66,826
	<u>156,387</u>	<u>1,516</u>	<u>157,903</u>
Administration	324,124	(10,999)	313,125
	<u>480,511</u>	<u>(9,483)</u>	<u>471,028</u>
Patient Care Costs:			
Direct Care	822,184	(22,470)	799,714
Indirect Care	209,493	(6,998)	202,495
Dietary	176,834	1,354	178,188
Activities	17,352	246	17,598
Social Services	28,404	207	28,611
Medical Records	15,986	224	16,210
Central Supplies	-	-	-
	<u>1,270,253</u>	<u>(27,437)</u>	<u>1,242,816</u>
Laundry and Linen	18,992	224	19,216
Allowable Ancillary Cost:			
Physical Therapy	41,628	549	42,177
Speech Therapy	10,851	132	10,983
Occupational Therapy	24,858	354	25,212
Complex Medical Equipment	-	-	-
Medical Supplies	732	6,987	7,719
IV Therapy	-	-	-
	<u>78,069</u>	<u>8,022</u>	<u>86,091</u>
Property Cost:			
Rent on Property (not examined)	131,103	-	131,103
Interest on Property (not examined)	-	-	-
Depreciation (not examined)	277	-	277
Insurance on Property	6,183	-	6,183
Taxes on Property	33,615	-	33,615
Home Office Property Costs	7,260	(2,275)	4,985
	<u>178,438</u>	<u>(2,275)</u>	<u>176,163</u>
Nonallowable Ancillary Cost Centers:			
Radiology	2,797	-	2,797
Laboratory	16	2,793	2,809
Pharmacy	4,382	-	4,382
	<u>7,195</u>	<u>2,793</u>	<u>9,988</u>
Other Non-Reimbursable Cost Centers:			
Beauty and Barber Shop	94	-	94
	<u>94</u>	<u>-</u>	<u>94</u>
Total Operating Cost	2,033,552	(28,156)	2,005,396
Medicaid Bad Debts	-	-	-
Total Costs	<u>\$ 2,033,552</u>	<u>\$ (28,156)</u>	<u>\$ 2,005,396</u>

The accompanying notes are an integral part of this schedule.

NH06-111G

262064

**Senior Care Golfcrest, LLC
d/b/a Golfcrest Healthcare Center
Schedule of Charges**

3

For the Period From April 1, 2003 to September 30, 2003

	As Reported	Increase (Decrease)	As Adjusted
Usual and customary daily rate	<u>\$ 145.53</u>	<u>\$ -</u>	<u>\$ 145.53</u>
Patient Charges:			
Medicaid:			
Ancillary cost centers			
Physical Therapy	\$ 1,442	-	\$ 1,442
Speech Therapy	543	-	543
Occupational Therapy	1,275	-	1,275
Complex Medical Equipment	685	-	685
Medical Supplies	322	-	322
Respiratory Therapy	248	-	248
IV Therapy	-	-	-
Room and Board	987,191	-	987,191
Totals	<u>991,706</u>	<u>-</u>	<u>991,706</u>
Medicare:			
Ancillary cost centers			
Physical Therapy	36,856	-	36,856
Speech Therapy	4,500	-	4,500
Occupational Therapy	49,906	-	49,906
Complex Medical Equipment	67	-	67
Medical Supplies	1,009	-	1,009
Respiratory Therapy	1,449	-	1,449
IV Therapy	-	-	-
Parenteral Nutrition	-	-	-
Room and Board	176,171	-	176,171
Totals	<u>269,958</u>	<u>-</u>	<u>269,958</u>
Private and other:			
Ancillary cost centers			
Physical Therapy	2,321	-	2,321
Speech Therapy	-	-	-
Occupational Therapy	2,973	-	2,973
Medical Supplies	509	-	509
Respiratory Therapy	193	-	193
IV Therapy	-	-	-
Room and Board	470,337	-	470,337
Totals	<u>476,333</u>	<u>-</u>	<u>476,333</u>
Total Charges	<u>\$ 1,737,997</u>	<u>\$ -</u>	<u>\$ 1,737,997</u>

The accompanying notes are an integral part of this schedule.

NH06-111G
262064

Senior Care Golfcrest, LLC
d/b/a Golfcrest Healthcare Center
Schedule of Statistics and Equity Capital
For the Period From April 1, 2003 to September 30, 2003

4

Statistics	As Reported	Increase (Decrease)	As Adjusted
Number of beds	<u>67</u>	<u>-</u>	<u>67</u>
Patient days:			
Medicaid	7,294	-	7,294
Medicare	642	-	642
Private & other	3,273	-	3,273
Total patient days	<u>11,209</u>	<u>-</u>	<u>11,209</u>
Percent Medicaid	<u>65.07%</u>	<u>0.00%</u>	<u>65.07%</u>
Facility square footage:			
Allowable ancillary cost centers:			
Physical Therapy	354	(100)	254
Speech Therapy	-	-	-
Occupational Therapy	-	100	100
Medical Supplies	50	-	50
Other	-	-	-
Patient care	12,451	-	12,451
Laundry and linen	327	-	327
Radiology	-	-	-
Lab	-	-	-
Pharmacy	-	-	-
Beauty and barber	-	126	126
Other Non-Allowable Ancillary	-	-	-
	<u>13,182</u>	<u>126</u>	<u>13,308</u>
Equity capital: (not examined)			
Ending equity capital	<u>\$ (100,115)</u>	<u>\$ -</u>	<u>\$ (100,115)</u>
Average equity capital	<u>\$ (50,058)</u>	<u>\$ -</u>	<u>\$ (50,058)</u>
Annual rate of return	<u>0.000%</u>	<u>2.016%</u>	<u>2.016%</u>
Return on equity before apportionment	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Type of ownership	Corporation		
Date cost report accepted	3/11/2005		

The accompanying notes are an integral part of this schedule.

NH06-111G
262064

Senior Care Golfcrest, LLC

5

d/b/a Golfcrest Healthcare Center

Schedule of Allowable Medicaid Costs

For the Period From April 1, 2003 to September 30, 2003

Total Costs

Reimbursement Class	Cost as Adjusted	Allocations & Apportionment (Note 2)	Cost After Allocations & Apportionment
Operating	\$ 490,244	\$ (187,749)	\$ 302,495
Direct Patient Care	799,714	(279,318)	520,396
Indirect Patient Care	529,193	(235,949)	293,244
Property (not examined)	176,163	(61,501)	114,662
Nonreimbursable	10,082	764,517	774,599
Total (Page 2)	<u>2,005,396</u>	-	<u>2,005,396</u>
Return on equity (Page 4) (not examined)	-	-	-
Non-Medicaid	-	-	-
Totals	<u>\$ 2,005,396</u>	<u>\$ -</u>	<u>\$ 2,005,396</u>

Allowable Medicaid Costs:

Reimbursement Class	As Reported	Increase (Decrease) (Note 1)	As Adjusted
Operating	\$ 310,532	\$ (8,037)	\$ 302,495
Direct Patient Care	535,017	(14,621)	520,396
Indirect Patient Care	294,957	(1,713)	293,244
Property (not examined)	116,120	(1,458)	114,662
Return on equity (not examined)	-	-	-
Totals	<u>\$ 1,256,626</u>	<u>\$ (25,829)</u>	<u>\$ 1,230,797</u>

Allowable Medicaid Per Diem Costs:

Reimbursement Class	As Reported	Increase (Decrease) (Note 1)	As Adjusted
Operating	\$ 42.57	\$ (1.10)	\$ 41.47
Direct Patient Care	73.35	(2.00)	71.35
Indirect Patient Care	40.44	(0.24)	40.20
Property (not examined)	15.92	(0.20)	15.72
Return on equity (not examined)	-	-	-
Initial Medicaid Per Diem (Note 3)	<u>\$ 172.28</u>	<u>\$ (3.54)</u>	<u>\$ 168.74</u>

The accompanying notes are an integral part of this schedule.

NH06-111G
262064

**Senior Care Golfcrest, LLC
d/b/a Golfcrest Healthcare Center
Schedule of Fair Rental Value**

6

For the Period From April 1, 2003 to September 30, 2003

	As Reported	Increase (Decrease)	As Adjusted
Capital Additions and Improvements:			
Acquisition Costs:			
04/01/03 - 06/30/03	\$ -	\$ -	\$ -
07/01/03 - 09/30/03	-	-	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Totals	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Original Loan Amount	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Retirement	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Capital Replacement:			
Acquisition Cost	<u>\$ 13,297</u>	<u>\$ -</u>	<u>\$ 13,297</u>
Original Loan Amount	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Pass-through Costs (Note 4)			
Acquisitions:			
04/01/03 - 09/30/03			
Depreciation	\$ 2,780	\$ -	\$ 2,780
Interest	-	-	-
Prior to 04/01/03:			
Depreciation	-	-	-
Interest	-	-	-
	<u>\$ 2,780</u>	<u>\$ -</u>	<u>\$ 2,780</u>
Totals	<u>\$ 2,780</u>	<u>\$ -</u>	<u>\$ 2,780</u>
Equity in Capital Assets:			
Ending Equity in Capital Assets	<u>\$ 10,517</u>	<u>\$ -</u>	<u>\$ 10,517</u>
Average Equity in Capital Assets	<u>\$ 5,259</u>	<u>\$ -</u>	<u>\$ 5,259</u>
Annual Rate of Return	<u>0.000%</u>	<u>2.016%</u>	<u>2.016%</u>
Return on Equity in Capital Assets Before Apportionment	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 106</u>
Return on Equity in Capital Assets apportioned to Medicaid	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 65</u>
Mortgage Interest Rates:			
4/15/2003	N/A		

The accompanying notes are an integral part of this schedule.

NH06-111G
262064

Senior Care Golfcrest, LLC
d/b/a Golfcrest Healthcare Center
Schedule Of Direct Patient Care

7

For the Period From April 1, 2003 to September 30, 2003

	<u>As Reported</u>	<u>Increase (Decrease)</u>	<u>As Adjusted</u>
RN Data			
Productive Salaries	\$ 53,469	\$ 2,122	\$ 55,591
Non-Productive Salaries	3,257	177	3,434
Total Salaries	<u>\$ 56,726</u>	<u>\$ 2,299</u>	<u>\$ 59,025</u>
FICA	\$ 4,662	\$ 469	\$ 5,131
Unemployment Insurance	-	-	-
Health Insurance	4,194	422	4,616
Workers Compensation	6,769	1,870	8,639
Other Fringe Benefits	1,358	137	1,495
Total Benefits	<u>\$ 16,983</u>	<u>\$ 2,898</u>	<u>\$ 19,881</u>
Productive Hours	2,336	(176)	2,160
Non-Productive Hours	144	(11)	133
Total Hours	<u>2,480</u>	<u>(187)</u>	<u>2,293</u>
LPN Data			
Productive Salaries	\$ 217,984	\$ (23,125)	\$ 194,859
Non-Productive Salaries	16,815	(564)	16,251
Total Salaries	<u>\$ 234,799</u>	<u>\$ (23,689)</u>	<u>\$ 211,110</u>
FICA	\$ 19,298	\$ (946)	\$ 18,352
Unemployment Insurance	-	-	-
Health Insurance	17,360	(851)	16,509
Workers Compensation	28,019	2,881	30,900
Other Fringe Benefits	5,623	(276)	5,347
Total Benefits	<u>\$ 70,300</u>	<u>\$ 808</u>	<u>\$ 71,108</u>
Productive Hours	12,236	(1,875)	10,361
Non-Productive Hours	1,020	(156)	864
Total Hours	<u>13,256</u>	<u>(2,031)</u>	<u>11,225</u>

The accompanying notes are an integral part of this schedule.

NH06-111G
262064

**Senior Care Golfcrest, LLC
d/b/a Golfcrest Healthcare Center
Schedule Of Direct Patient Care**

8

For the Period From April 1, 2003 to September 30, 2003

	<u>As Reported</u>	<u>Increase (Decrease)</u>	<u>As Adjusted</u>
CNA Data			
Productive Salaries	\$ 317,281	\$ (12,914)	\$ 304,367
Non-Productive Salaries	23,935	(220)	23,715
Total Salaries	<u>\$ 341,216</u>	<u>\$ (13,134)</u>	<u>\$ 328,082</u>
FICA	\$ 28,044	\$ 477	\$ 28,521
Unemployment Insurance	-	-	-
Health Insurance	25,227	429	25,656
Workers Compensation	40,718	7,303	48,021
Other Fringe Benefits	8,171	139	8,310
Total Benefits	<u>\$ 102,160</u>	<u>\$ 8,348</u>	<u>\$ 110,508</u>
Productive Hours	35,291	(3,939)	31,352
Non-Productive Hours	2,750	(307)	2,443
Total Hours	<u>38,041</u>	<u>(4,246)</u>	<u>33,795</u>
Agency Data			
R N	-	-	-
L P N	-	-	-
C N A	-	-	-
Total Agency Costs	<u>-</u>	<u>-</u>	<u>-</u>
RN Hours	-	-	-
LPN Hours	-	-	-
CNA Hours	-	-	-
Total Hours	<u>-</u>	<u>-</u>	<u>-</u>
Data for All Departments			
Total Salaries	<u>\$ 1,009,423</u>	<u>\$ (34,524)</u>	<u>974,899</u>
FICA	\$ 82,963	\$ -	\$ 82,963
Unemployment Insurance	-	-	-
Health Insurance	74,631	-	74,631
Workers Compensation	120,456	19,121	139,577
Other Fringe Benefits	16,245	-	16,245
Total Benefits	<u>\$ 294,295</u>	<u>\$ 19,121</u>	<u>\$ 313,416</u>
AIDS and Pediatric Offset	<u>-</u>	<u>-</u>	<u>-</u>
Patient Days Data			
Medicaid Patient Days	<u>7,294</u>	<u>-</u>	<u>7,294</u>
Total Patient Days	<u>11,209</u>	<u>-</u>	<u>11,209</u>

The accompanying notes are an integral part of this schedule.

NH06-111G
262064

Senior Care Southern Pines, LLC
d/b/a Southern Pines Healthcare Center
Notes To Schedules

9

For The Period From April 1, 2003 Through September 30, 2003

Note 1 - Basis of Presentation

The schedules, which were derived from the Cost Report for Florida Medicaid Program Nursing Home Services Providers (Cost Report) for the current period, have been prepared in conformity with federal and state Medicaid reimbursement principles, as specified in the State of Florida Medicaid Program and as defined by applicable cost reimbursement principles, policies and regulations according to Medicare reimbursement principles as interpreted by Provider Reimbursement Manual (CMS Pub. 15-1), Florida Title XIX Long-Term Care Reimbursement Plan and the policies and procedures manuals for Nursing Home Services of the Agency for Health Care Administration of the State of Florida.

The balances in the "As Reported" columns of the schedules are the assertions and responsibility of the management of nursing home. The balances in the "As Adjusted" columns are the result of applying the adjustments reflected in the "Increase/(Decrease)" columns to the balances in the "As Reported" column.

Note 2 - Allocations and Apportionment

Schedules G, G-1 and H of the Cost Report allocate allowable administrative, plant operation and housekeeping costs to allowable and nonallowable ancillary, patient care, laundry and linen and nonreimbursable cost centers based on predetermined statistical bases, such as square footage or total costs, as explained in the Cost Report. These schedules then apportion allowable costs after allocations to the Medicaid program based on other statistical bases, such as patient care days or ancillary charges, as explained in the Cost Report. The net effect of such allocations and apportionment on each reimbursement class is presented in the Schedule of Allowable Medicaid Costs.

Note 3 - Initial Medicaid Per Diem

Medicaid per diem costs for property and return on equity have been calculated under the provisions of the Florida Title XIX Long-Term Care Reimbursement Plan, excluding fair rental value provisions. The effect, if any, of the fair rental value system, will be determined during the rate setting process, and where applicable, prospective rates will be calculated by applying inflation factors, incentives, low utilization penalties and reimbursement ceilings.

Note 4 - Capital Replacement Pass-through Costs

Capital Replacement pass-through costs in the form of depreciation and interest are presented without regard to the number of years remaining, if any, to full fair rental value system phase-in. Accordingly, pass-through reimbursement will be calculated based on the amounts equal to or less than fifty percent of the costs presented herein as capital replacement pass-through costs. Once full fair rental value system phase-in has occurred, no capital replacement costs are allowed to be passed-through.

NH06-111G
262064

**Senior Care Golfcrest, LLC
d/b/a Golfcrest Healthcare Center
Attachment A - Audit Adjustments**

10

For the Period From April 1, 2003 to September 30, 2003

Classification	Account Number	Comment	Increase (Decrease)
<u>Adjustments to Costs (Page 2)</u>			
<u>Plant Operations:</u>			
1. Workers Compensation	710450	To adjust workers compensation. CMS Pub. 15-1 Sec. 2102.1 and 2304	\$ 269
2. Plant Operation Related	710999	To adjust home office cost per audit findings. CMS Pub. 15-1 Sec. 2153	344
			<u>613</u>
<u>Housekeeping:</u>			
3. Workers Compensation	720450	To adjust workers compensation. CMS Pub. 15-1 Sec. 2102.1 and 2304	903
			<u>903</u>
<u>Administration:</u>			
4. Workers Compensation	730450	To adjust workers compensation. CMS Pub. 15-1 Sec. 2102.1 and 2304	1,625
5. Home Office Costs	730500	To adjust home office cost per audit findings. CMS Pub. 15-1 Sec. 2153	(12,624)
			<u>(10,999)</u>
<u>Direct Patient Care:</u>			
6. Salaries	RN	To adjust salaries based on audit findings. CMS Pub. 15-1 Sec. 2102.1 and 2304	2,299
	LPN		(23,689)
	CNA		(13,134)
7. Workers Compensation	810450	To adjust workers compensation. CMS Pub. 15-1 Sec. 2102.1 and 2304	12,054
			<u>(22,470)</u>

The accompanying notes are an integral part of this schedule.

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Senior Care Golfcrest, LLC
d/b/a Golfcrest Healthcare Center
Attachment A - Audit Adjustments
For the Period From April 1, 2003 to September 30, 2003

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Classification	Account Number	Comment	Increase (Decrease)
<u>Adjustments to Costs (Page 2)</u>			
<u>Indirect Patient Care:</u>			
8. Workers Compensation	911450	To adjust workers compensation. CMS Pub. 15-1 Sec. 2102.1 and 2304	\$ 980
9. Nursing Supplies	911710	To reverse reclass per audit findings. CMS Pub. 15-1 Sec. 2102.1 and 2304	(9,780)
10. Nursing Related Party	911999	To adjust home office cost per audit findings. CMS Pub. 15-1 Sec. 2153	1,802
			<u>(6,998)</u>
<u>Dietary:</u>			
11. Workers Compensation	912450	To adjust workers compensation. CMS Pub. 15-1 Sec. 2102.1 and 2304	1,354
			<u>1,354</u>
<u>Activities:</u>			
12. Workers Compensation	914450	To adjust workers compensation. CMS Pub. 15-1 Sec. 2102.1 and 2304	246
			<u>246</u>
<u>Social Services:</u>			
13. Workers Compensation	915450	To adjust workers compensation. CMS Pub. 15-1 Sec. 2102.1 and 2304	207
			<u>207</u>

The accompanying notes are an integral part of this schedule.

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Senior Care Golfcrest, LLC
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Attachment A - Audit Adjustments
For the Period From April 1, 2003 to September 30, 2003

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Classification	Account Number	Comment	Increase (Decrease)
<u>Adjustments to Costs (Page 2)</u>			
<u>Medical Records:</u>			
14. Workers Compensation	916450	To adjust workers compensation. CMS Pub. 15-1 Sec. 2102.1 and 2304	\$ 224
			<u>224</u>
<u>Laundry & Linen:</u>			
15. Workers Compensation	918450	To adjust workers compensation. CMS Pub. 15-1 Sec. 2102.1 and 2304	224
			<u>224</u>
<u>Physical Therapy:</u>			
16. Workers Compensation	921450	To adjust workers compensation. CMS Pub. 15-1 Sec. 2102.1 and 2304	549
			<u>549</u>
<u>Speech Therapy:</u>			
17. Workers Compensation	922450	To adjust workers compensation. CMS Pub. 15-1 Sec. 2102.1 and 2304	132
			<u>132</u>
<u>Occupational Therapy:</u>			
18. Workers Compensation	923450	To adjust workers compensation. CMS Pub. 15-1 Sec. 2102.1 and 2304	354
			<u>354</u>
<u>Medical Supplies:</u>			
19. Medical Supplies	926710	To reverse reclass per audit findings. CMS Pub. 15-1 Sec. 2302.8	6,987
			<u>6,987</u>

The accompanying notes are an integral part of this schedule.

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Senior Care Golfcrest, LLC
d/b/a Golfcrest Healthcare Center
Attachment A - Audit Adjustments
For the Period From April 1, 2003 to September 30, 2003

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Classification	Account Number	Comment	Increase (Decrease)
<u>Adjustments to Costs (Page 2)</u>			
<u>Property:</u>			
20. Home Office Property	930940	To adjust home office cost per audit findings. CMS Pub. 15-1 Sec. 2153	\$ (2,275)
			<u>(2,275)</u>
 <u>Laboratory:</u>			
21. Laboratory	941510	To reverse reclass per audit findings. CMS Pub. 15-1 Sec. 2302.8	<u>2,793</u>
			<u>\$ (28,156)</u>

The accompanying notes are an integral part of this schedule.

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Senior Care Golfcrest, LLC
d/b/a Golfcrest Healthcare Center
Attachment A - Audit Adjustments
For the Period From April 1, 2003 to September 30, 2003

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Classification	Account Number	Comment	Increase (Decrease)
<u>Adjustments to Statistics (Page 4)</u>			
<u>Facility Square Footage</u>			
22. Physical Therapy		To adjust square foot statistics	(100)
Speech Therapy		per audit findings.	-
Occupational Therapy		CMS Pub. 15-1 Section 2300	100
Medical Supplies			-
Other			-
Patient Care Costs			-
Laundry and Linen			-
Pharmacy			-
Beauty and Barber			126
			126

The accompanying notes are an integral part of this schedule.

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**Senior Care Golfcrest, LLC
d/b/a Golfcrest Healthcare Center
Attachment A - Audit Adjustments**

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For the Period From April 1, 2003 to September 30, 2003

Classification	Account Number	Comment	Increase (Decrease)
<u>Adjustments affecting Patient Care Component Information (pages 7-8)</u>			
<u>RN Salaries</u>			
23. Productive Salaries		To adjust costs per audit findings.	\$ 2,122
Non-productive salaries		(Florida Title XIX Long-Term Care Reimbursement Plan, Sec. III M & N)	177
			<u>\$ 2,299</u>
<u>RN Benefits</u>			
24. FICA		To adjust costs per audit findings.	\$ 469
Unemployment Insurance		(Florida Title XIX Long-Term Care Reimbursement Plan, Sec. III M & N)	-
Health Insurance			422
Workers Compensation			1,870
Other Fringe Benefits			137
			<u>\$ 2,898</u>
<u>RN Hours</u>			
25. Productive Hours		To adjust costs per audit findings.	(176)
Non-productive Hours		(Florida Title XIX Long-Term Care Reimbursement Plan, Sec. III M & N)	(11)
			<u>(187)</u>
<u>LPN Salaries</u>			
26. Productive Salaries		To adjust costs per audit findings.	\$ (23,125)
Non-productive salaries		(Florida Title XIX Long-Term Care Reimbursement Plan, Sec. III M & N)	(564)
			<u>\$ (23,689)</u>
<u>LPN Benefits</u>			
27. FICA		To adjust costs per audit findings.	\$ (946)
Unemployment Insurance		(Florida Title XIX Long-Term Care Reimbursement Plan, Sec. III M & N)	-
Health Insurance			(851)
Workers Compensation			2,881
Other Fringe Benefits			(276)
			<u>\$ 808</u>
<u>LPN Hours</u>			
28. Productive Hours		To adjust costs per audit findings.	(1,875)
Non-productive Hours		(Florida Title XIX Long-Term Care Reimbursement Plan, Sec. III M & N)	(156)
			<u>(2,031)</u>

The accompanying notes are an integral part of this schedule.

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Senior Care Golfcrest, LLC
d/b/a Golfcrest Healthcare Center
Attachment A - Audit Adjustments
For the Period From April 1, 2003 to September 30, 2003

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Classification	Account Number	Comment	Increase (Decrease)
<u>Adjustments affecting Patient Care Component Information (continued)</u>			
<u>CNA Salaries</u>			
29. Productive Salaries		To adjust costs per audit findings.	\$ (12,914)
Non-productive salaries		(Florida Title XIX Long-Term Care Reimbursement Plan, Sec. III M & N)	(220)
			<u>\$ (13,134)</u>
<u>CNA Benefits</u>			
30. FICA		To adjust costs per audit findings.	\$ 477
Unemployment Insurance		(Florida Title XIX Long-Term Care Reimbursement Plan, Sec. III M & N)	429
Health Insurance			7,303
Workers Compensation			139
Other Fringe Benefits			<u>\$ 8,348</u>
<u>CNA Hours</u>			
31. Productive Hours		To adjust costs per audit findings.	(3,939)
Non-productive Hours		(Florida Title XIX Long-Term Care Reimbursement Plan, Sec. III M & N)	(307)
			<u>(4,246)</u>
<u>All Departments Total:</u>			
32. Salaries		To adjust hours per audit findings.	<u>\$ (34,524)</u>
		(Florida Title XIX Long-Term Care Reimbursement Plan, Sec. III M & N)	
33. Benefits			
Workers Compensation Insurance		To adjust hours per audit findings.	<u>\$ 19,121</u>
		(Florida Title XIX Long-Term Care Reimbursement Plan, Sec. III M & N)	

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Senior Care Golfcrest, LLC
d/b/a Golfcrest Healthcare Center
Attachment A - Audit Adjustments
For the Period From April 1, 2003 to September 30, 2003

The following adjustments reported in the Schedule of Fair Rental Value System Data are in accordance with the fair rental value system provisions of the Florida Title XIX Long-Term Care Reimbursement Plan and, where appropriate, the applicable sections of Chapter 100, Depreciation and 2300, Adequate Cost Data and Cost Finding, of the Provider Reimbursement Manual (CMS Pub 15-1) The Provider has been furnished with schedules developed during the course of the audit which detail allowable components of the fair rental value system.

<u>Fair Rental Value System Data</u>	Increase (Decrease)
Classification	
<u>Capital Additions and Improvements:</u>	
1. Acquisition Costs	\$ <u> -</u>
<u>Equity in Capital Assets</u>	
2. Ending Equity	\$ <u> -</u>
3. Average Equity	\$ <u> -</u>
4. Return on Equity Before Apportionment	\$ <u> -</u>
5. Return on Equity Apportioned to Medicaid	\$ <u> -</u>

The accompanying notes are an integral part of this schedule.

d/b/a Golfcrest Healthcare Center
Advocat, Inc.

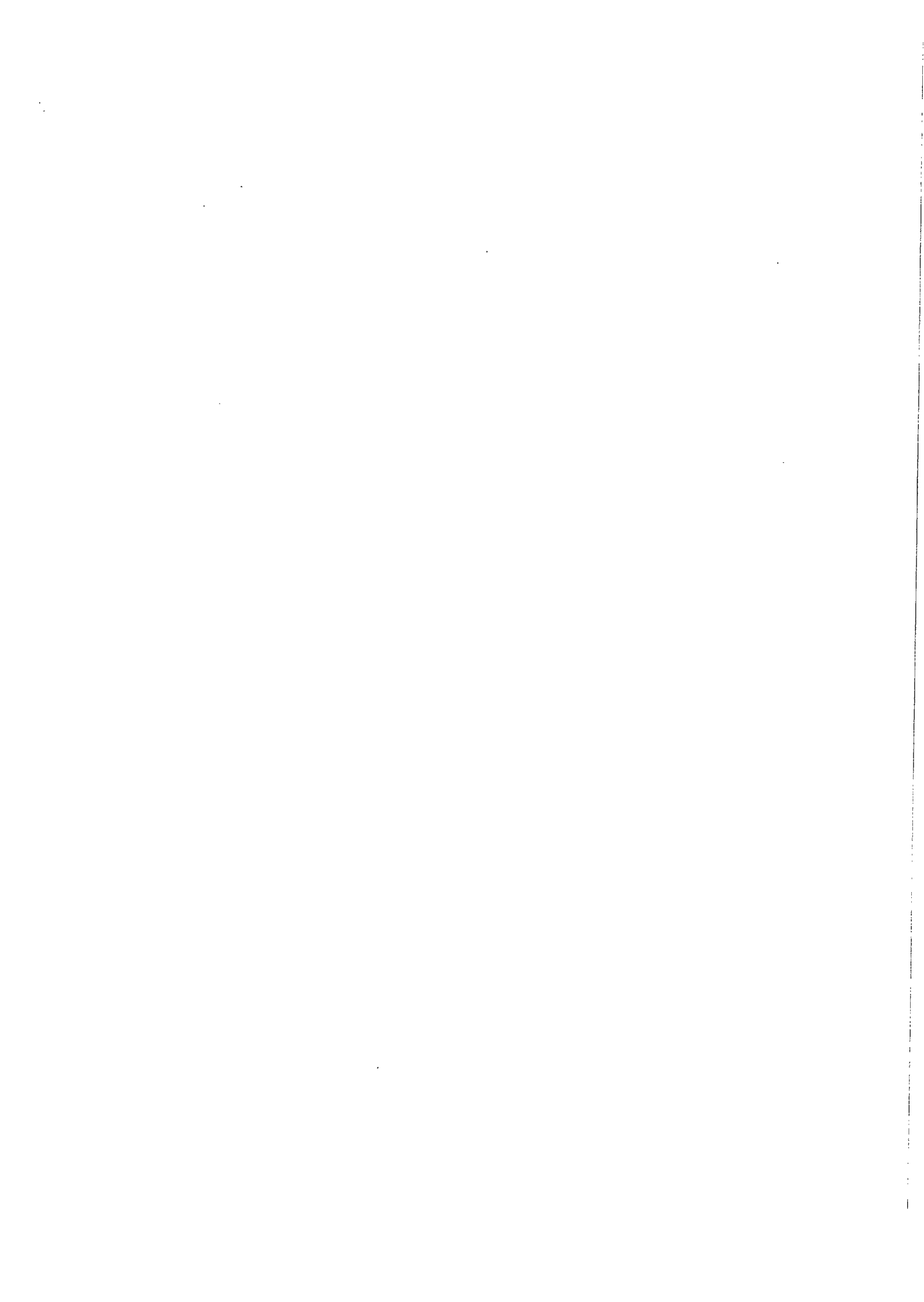
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Attachment A - Audit Adjustments
For the Period From January 1, 2003 Through December 31, 2003

Classification	Account Number	Comment	Increase (Decrease)
1. Salaries - A&G	730190	To reclassify salaries	\$ (12,657)
Salaries - Nursing	911370	per audit findings. CMS Pub. 15-1 Sec. 2302.8	12,657
2. Start - Up	730918	To adjust cost based on audit findings. CMS Pub. 15-1 Sec. 2102.1 and 2304	(7,318)
Total Adjustments to Home Office Cost			<u>\$ (7,318)</u>
Portion allocated to the provider			<u>\$ (12,753)</u>

The accompanying notes are an integral part of this schedule.

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Golfcrest Healthcare Center
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1. Audit Adjustment #1 Plant Operations will be changed to \$0.
2. Audit Adjustment #3 Housekeeping will be changed to \$0.
3. Audit Adjustment #4 Administration will be changed to \$0.
4. Audit Adjustment #6 DPC for all three items listed will be changed to \$0.
5. Audit Adjustment #7 DPC will be changed to \$0.
6. Audit Adjustment #8 IPC will be changed to \$0.
7. Audit Adjustment #9 IPC will be changed to \$0.
8. Audit Adjustment #11 Dietary will be changed to \$0.
9. Audit Adjustment #12 Activities will be changed to \$0.
10. Audit Adjustment #13 Social Services will be changed to \$0.
11. Audit Adjustment #14 Medical Records will be changed to \$0.
12. Audit Adjustment #15 Laundry & Linen will be changed to \$0.
13. Audit Adjustment #16 Physical Therapy will be changed to \$0.

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14. Audit Adjustment #17 Speech Therapy will be changed to \$0.
15. Audit Adjustment #18 Occupational Therapy will be changed to \$0.
16. Audit Adjustment #19 Medical Supplies will be changed to \$0.
17. Audit Adjustment #21 Laboratory will be changed to \$0.
18. Audit Adjustment #23 RN Salaries for both productive and non-productive will be changed to \$0.
19. Audit Adjustment #24 RN Benefits, Workers Compensation will be changed to \$0.
20. Audit Adjustment #26 LPN Salaries for both productive and non-productive will be changed to \$0.
21. Audit Adjustment #27 LPN Benefits, Workers Compensation will be changed to \$0.
22. Audit Adjustment 29 CNA Salaries for both productive and non-productive will be changed to \$0.
23. Audit Adjustment 30 CNA Benefits, Workers Compensation will be changed to \$0.
24. Audit Adjustment 32 All Department Salaries will be changed to \$0.
25. Audit Adjustment 33 All Department Workers Compensation will be changed to \$0.