

STATE OF FLORIDA
AGENCY FOR HEALTH CARE ADMINISTRATION

FILED
AHCA
AGENCY CLERK

2016 FEB -8 P 12:44

PINECREST CONVALESCENT
CENTER,

Petitioner,

vs.

AGENCY FOR HEALTH CARE
ADMINISTRATION,

Case No.: 15-4736

Engagement No.: NH13-143L

Provider No: 225754

RENDITION NO.: AHCA-16-0107 -S-MDA


Respondent.

FINAL ORDER

THE PARTIES resolved all disputed issues and executed a Settlement Agreement. The parties are directed to comply with the terms of the attached settlement agreement, attached hereto and incorporated herein as **Exhibit "1."**

Based on the foregoing, this file is **CLOSED**.

DONE and ORDERED on this the 8th day of February,
2016, in Tallahassee, Florida.



ELIZABETH DUDEK, SECRETARY
Agency for Health Care Administration

Final Order
Engagement No: NH13-143L
Page 1 of 3

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.

Peter A. Lewis, Esquire
Law Offices of Peter A. Lewis, P.L.
3023 North Shannon Lakes Drive, #101
Tallahassee, Florida 32309
(Via U.S. Mail)

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

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

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

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

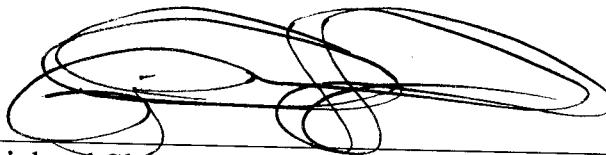
William H. Stafford III
Office of the Attorney General
PL-01, The Capitol
Tallahassee, FL 32399-1050
(Via U.S. Mail)

Shena Grantham, Chief
Medicaid FFS Counsel
(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 on this the 8th day of February, 2016.



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

**STATE OF FLORIDA
AGENCY FOR HEALTH CARE ADMINISTRATION**

**PINECREST CONVALESCENT
CENTER,**

Petitioner,

vs.

**Case No.: 15-4736
Engagement No.: NH13-143L
Provider No: 225754**

**AGENCY FOR HEALTH CARE
ADMINISTRATION,**

Respondent.

_____ /

SETTLEMENT AGREEMENT

Respondent, **STATE OF FLORIDA, AGENCY FOR HEALTH CARE ADMINISTRATION** (“AHCA” or “the Agency”), and Petitioner, **PINECREST CONVALESCENT 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 **NH13-143L**.
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 **NH13-143L**, AHCA examined the

PROVIDER's cost report covering the examination period ending on August 31, 2010.

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:
Peter A. Lewis, Esquire
Law Offices of Peter A. Lewis, P.L.
3023 North Shannon Lakes Drive, #101
Tallahassee, Florida 32309

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.

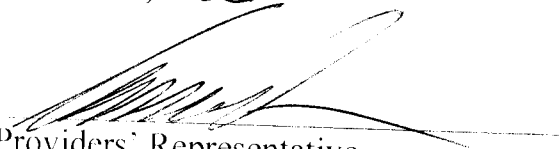
20. This Agreement is and shall be deemed jointly drafted and written by all parties to it and shall not be construed or interpreted against the party originating or preparing it.

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.

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**PINECREST CONVALESCENT
CENTER, LLC**



Providers' Representative

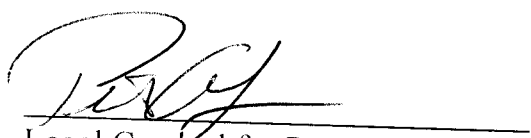
Dated: December 17, 2015

MEMBER NBA HEALTH SYSTEMS

LLC ITS MANAGER

Printed Title of Providers' Representative

Dated: _____, 2015



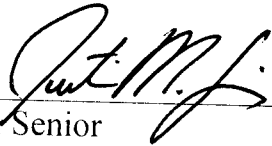
Legal Counsel for Provider

Dated: December 24, 2015

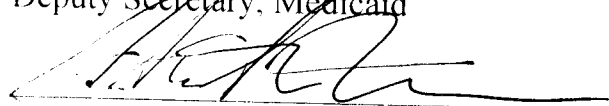
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**FLORIDA AGENCY FOR HEALTH CARE
ADMINISTRATION**

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


Justin Senior
Deputy Secretary, Medicaid


Dated: 2/8, 2015⁶ *mf*


Stuart Williams
General Counsel

Dated: 2/2, 2015⁶ *le*


Shena Grantham
Medicaid FFS Chief Counsel

Dated: Jan 22, 2015⁶


William H. Stafford III
Senior Assistant Attorney General
Office of the Attorney General

Dated: January 5, 2015⁶

**Pinecrest Convalescent Center, LLC
d/b/a Pinecrest Convalescent Center**

Medicaid Examination Report

For The Year Ended August 31, 2010

EXHIBIT A

Lewis Accounting and Consulting
1527 Amaryllis Circle
Orlando, Florida 32825

Independent Accountant's Report

December 30, 2013

Secretary

Agency for Health Care Administration:

We have examined the schedules and statistical data as listed in the Table of Contents, which were derived from the Cost Report for Florida Medicaid Program Nursing Home Service Providers (the "Cost Report") of Pinecrest Convalescent Center, LLC d/b/a Pinecrest Convalescent Center (the "Provider"), for the year ended August 31, 2010. 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 made in accordance with the standards established by the American Institute of Certified Public Accountants and, accordingly, included examining on a 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, amortization, 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 the examination procedures.

Attachment A to this report includes adjustments which, in our opinion, should be recorded in order for the data, as reported, in the accompanying schedules for the year ended August 31, 2010, 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 as might have been determined to be necessary had the amounts and data described in the third paragraph above been examined, and for the effects of not recording adjustments as discussed in the preceding paragraph, the accompanying schedules and statistical data listed in the Table of Contents present, in all material respects, the amounts and statistical data derived from the cost report of Pinecrest Convalescent Center, LLC d/b/a Pinecrest Convalescent Center for the year ended August 31, 2010, in conformity with the federal and state Medicaid reimbursement principles as described in Note 1.

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

Lewis Accounting and Consulting
Lewis Accounting and Consulting
Certified Public Accountants

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Pinecrest Convalescent Center, LLC
d/b/a Pinecrest Convalescent Center
Schedule of Costs
For the Year Ended August 31, 2010

Cost Center Totals	As Reported	Increase (Decrease)	As Adjusted
Costs to be allocated:			
Plant Operations	\$ 301,335	\$ -	\$ 301,335
Housekeeping	199,470	-	199,470
Administration	500,805	-	500,805
Owner's administrative compensation	733,157	26,101	759,258
	<u>1,233,962</u>	<u>26,101</u>	<u>1,260,063</u>
Patient care costs:			
Direct Care	2,266,574	(51,153)	2,215,421
Indirect Care	501,067	42,393	543,460
Dietary	705,158	(1,475)	703,683
Activities	125,178	-	125,178
Social services	113,344	-	113,344
Medical records	-	-	-
Central supply	-	-	-
	<u>3,711,321</u>	<u>(10,235)</u>	<u>3,701,086</u>
Laundry and linen costs	110,793	-	110,793
Allowable ancillary costs:			
Physical therapy	57,981	-	57,981
Speech and audiological therapy	36,828	-	36,828
Occupational therapy	55,285	-	55,285
Complex medical equipment	2,600	-	2,600
Medical supplies	5,170	4,293	9,463
Inhalation/respiratory therapy	341	-	341
IV therapy	13,236	-	13,236
Parenteral nutrition	16,783	-	16,783
Other	-	-	-
	<u>188,224</u>	<u>4,293</u>	<u>192,517</u>
Property costs:			
Rent/lease of property (not examined)	-	1,475	1,475
Amortization of property (not examined)	4,678	-	4,678
Interest on property (not examined)	155,516	-	155,516
Depreciation (not examined)	32,108	-	32,108
Insurance on property	60,119	(25,005)	35,114
Taxes on property	57,367	-	57,367
Home office property	8,329	-	8,329
Other	-	-	-
	<u>318,117</u>	<u>(23,530)</u>	<u>294,587</u>
Nonallowable ancillary costs:			
Radiology	11,417	-	11,417
Lab	18,411	-	18,411
Pharmacy	14,075	-	14,075
Other	-	-	-
	<u>43,903</u>	<u>-</u>	<u>43,903</u>

The accompanying notes are an integral part of this schedule.

Pinecrest Convalescent Center, LLC
d/b/a Pinecrest Convalescent Center
Schedule of Costs
For the Year Ended August 31, 2010

<u>Cost Center Totals</u>	<u>As Reported</u>	<u>Increase (Decrease)</u>	<u>As Adjusted</u>
Other nonreimbursable costs:			
Gift shop	\$ -	\$ -	\$ -
Clinic	-	-	-
Beauty and barber	-	-	-
Adult day care	-	-	-
Child day care	-	-	-
Other	-	-	-
	<hr/>	<hr/>	<hr/>
Total operating costs	5,606,320	(3,371)	5,602,949
Medicaid bad debts	-	-	-
Total costs	<u>\$ 5,606,320</u>	<u>\$ (3,371)</u>	<u>\$ 5,602,949</u>
Non-Allowable Costs	<u>\$ 6,023</u>	<u>\$ -</u>	<u>\$ 6,023</u>

The accompanying notes are an integral part of this schedule.

Pinecrest Convalescent Center, LLC
d/b/a Pinecrest Convalescent Center
Schedule of Charges
For the Year Ended August 31, 2010

Cost Center Totals	As Reported	Increase (Decrease)	As Adjusted
Usual and customary daily rate	\$ 318.21	\$ 13.94	\$ 330.15
Patient charges:			
Medicaid:			
Ancillary cost centers:			
Physical therapy	\$ -	\$ -	\$ -
Speech and audiological therapy	-	-	-
Occupational therapy	-	-	-
Complex medical equipment	7,230	-	7,230
Medical supplies	9,417	-	9,417
Inhalation/respiratory therapy	9,592	-	9,592
IV therapy	3,525	-	3,525
Parenteral nutrition	32,915	-	32,915
Other	-	-	-
Room and board	4,202,406	-	4,202,406
Totals	<u>4,265,085</u>	<u>-</u>	<u>4,265,085</u>
Medicare:			
Ancillary cost centers:			
Physical therapy	176,202	-	176,202
Speech and audiological therapy	247,038	-	247,038
Occupational therapy	158,562	-	158,562
Complex medical equipment	-	-	-
Medical supplies	4,947	-	4,947
Inhalation/respiratory therapy	336	-	336
IV therapy	15,600	-	15,600
Parenteral nutrition	9,276	-	9,276
Other	-	-	-
Room and board	371,638	-	371,638
Totals	<u>983,599</u>	<u>-</u>	<u>983,599</u>
Private and other:			
Ancillary cost centers:			
Physical therapy	148,008	-	148,008
Speech and audiological therapy	67,637	-	67,637
Occupational therapy	110,625	-	110,625
Complex medical equipment	-	-	-
Medical supplies	4,562	-	4,562
Inhalation/respiratory therapy	839	-	839
IV therapy	2,938	-	2,938
Parenteral nutrition	7,060	-	7,060
Other	-	-	-
Room and board	894,395	-	894,395
Totals	<u>1,236,064</u>	<u>-</u>	<u>1,236,064</u>
Total Charges	<u>\$ 6,484,748</u>	<u>\$ -</u>	<u>\$ 6,484,748</u>

The accompanying notes are an integral part of this schedule.

Pinecrest Convalescent Center, LLC
d/b/a Pinecrest Convalescent Center
Schedule of Statistics and Equity Capital
For the Year Ended August 31, 2010

	As Reported	Increase (Decrease)	As Adjusted
Statistics:			
Number of beds	100	-	100
Patient days:			
Medicaid	20,292	171	20,463
Medicare	1,531	(5)	1,526
Private and other	3,909	(165)	3,744
Total patient days	25,732	1	25,733
Percent Medicaid	78.859%	0.661%	79.520%
Facility square footage:			
Allowable ancillary cost centers:			
Physical therapy	203	144	347
Speech and audiological therapy	-	35	35
Occupational therapy	133	67	200
Complex medical equipment	-	-	-
Medical supplies	-	115	115
Inhalation/respiratory therapy	-	-	-
IV therapy	-	-	-
Parenteral nutrition	-	-	-
Other ancillary	-	-	-
Patient care	27,900	1,136	29,036
Laundry and linen costs	2,107	(1,657)	450
Radiology	-	-	-
Lab	-	-	-
Pharmacy	-	17	17
Other nonallowable ancillary	-	-	-
Gift shop	-	-	-
Clinic	-	-	-
Beauty and barber	-	143	143
Adult day care	-	-	-
Child day care	-	-	-
Other nonreimbursable	-	-	-
Totals facility square footage	30,343	-	30,343
Equity Capital: (not examined)			
Ending equity capital	\$ (1,295,869)	\$ -	\$ (1,295,869)
Average equity capital	\$ (647,935)	\$ -	\$ (647,935)
Annual rate of return	0.000%	3.042%	3.042%
Return on equity before apportionment	\$ -	\$ -	\$ -
Type of ownership:	Corporation		
Date cost report accepted:	11/29/2010		

The accompanying notes are an integral part of this schedule.

Pinecrest Convalescent Center, LLC
d/b/a Pinecrest Convalescent Center
Schedule of Allowable Medicaid Costs
For the Year Ended August 31, 2010

Total Costs:

Reimbursement Class	Costs as Adjusted	Allocations and Apportionment (Note 2)	Costs After Allocations and Apportionment
Operating	\$ 1,370,856	\$ (320,239)	\$ 1,050,617
Direct patient care	2,215,421	(453,708)	1,761,713
Indirect patient care	1,678,182	(473,675)	1,204,507
Property (not examined)	294,587	(80,286)	234,301
Nonreimbursable	43,903	1,307,908	1,351,811
Totals (page 3)	<u>5,602,949</u>	-	<u>5,602,949</u>
Return on equity (page 5) (not examined)	-	-	-
Non-Medicaid	-	-	-
Totals	<u>\$ 5,602,949</u>	<u>\$ -</u>	<u>\$ 5,602,949</u>

Allowable Medicaid Costs:

Reimbursement Class	As Reported	Increase (Decrease) (Note 1)	As Adjusted
Operating	\$ 1,028,990	\$ 21,627	\$ 1,050,617
Direct patient care	1,787,398	(25,685)	1,761,713
Indirect patient care	1,158,120	46,387	1,204,507
Property (not examined)	250,809	(16,508)	234,301
Return on equity (not examined)	-	-	-
Totals	<u>\$ 4,225,317</u>	<u>\$ 25,821</u>	<u>\$ 4,251,138</u>

Allowable Medicaid Per Diem Costs:

Reimbursement Class	As Reported	Increase (Decrease) (Note 1)	As Adjusted
Operating	\$ 50.71	\$ 0.63	\$ 51.34
Direct patient care	88.08	(1.99)	86.09
Indirect patient care	57.07	1.79	58.86
Property	12.36	(0.91)	11.45
Return on equity	-	-	-
Initial Medicaid per diem (Note 3)	<u>\$ 208.22</u>	<u>\$ (0.48)</u>	<u>\$ 207.74</u>

Pinecrest Convalescent Center, LLC
d/b/a Pinecrest Convalescent Center
Schedule of Fair Rental Value System Data
For the Year Ended August 31, 2010

<u>Capital additions and Improvements:</u>	<u>As Reported</u>	<u>Increase (Decrease)</u>	<u>As Adjusted</u>
Acquisition costs:			
09/01/09 - 12/31/09	\$ -	\$ -	\$ -
01/01/10 - 06/30/10	28,303	-	28,303
07/01/10 - 08/31/10	-	-	-
Totals	<u>\$ 28,303</u>	<u>\$ -</u>	<u>\$ 28,303</u>
Original loan amount	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Retirements	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

<u>Capital Replacements:</u>	<u>(not examined)</u>		
Acquisition costs:			
09/01/09 - 08/31/10	\$ 24,329	\$ -	\$ 24,329
Original loan amount	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Pass-through costs (Note 4):			
Acquisitions:			
09/01/09 - 08/31/10			
Depreciation	\$ 996	\$ -	\$ 996
Interest	-	-	-
Prior to 09/01/09 - Depreciation	10,030	-	10,030
Totals	<u>\$ 11,026</u>	<u>\$ -</u>	<u>\$ 11,026</u>

<u>Equity in Capital Assets:</u>	<u>(not examined)</u>		
Ending equity in capital assets	\$ (1,134,533)	\$ -	\$ (1,134,533)
Average equity in capital assets	\$ (567,267)	\$ -	\$ (567,267)
Annual rate of return	0.000%	3.042%	3.042%
Return on equity in capital before apportionment	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Return on equity in capital assets apportioned to Medicaid	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

<u>Mortgage Interest Rates:</u>		
10/15/09	2.5950%	Variable
04/15/10	3.7544%	Variable

Pinecrest Convalescent Center, LLC
d/b/a Pinecrest Convalescent Center
Schedule of Direct Patient Care
For the Year Ended August 31, 2010

	As Reported	Increase (Decrease)	As Adjusted
RN Data			
Productive salaries	\$ 81,240	\$ 115	\$ 81,355
Non-productive salaries	11,253	844	12,097
Total salaries	<u>\$ 92,493</u>	<u>\$ 959</u>	<u>\$ 93,452</u>
FICA	\$ 6,845	\$ 71	\$ 6,916
Unemployment insurance	384	-	384
Health insurance	8,209	(1,264)	6,945
Workers compensation	1,425	(80)	1,345
Other fringe benefits	2,252	(288)	1,964
Total benefits	<u>\$ 19,115</u>	<u>\$ (1,581)</u>	<u>\$ 17,554</u>
Productive hours	2,662	29	2,691
Non-productive hours	369	66	435
Total hours	<u>3,031</u>	<u>95</u>	<u>3,126</u>
LPN Data			
Productive salaries	\$ 657,854	\$ 7,904	\$ 665,758
Non-productive salaries	60,813	(4,555)	56,258
Total salaries	<u>\$ 718,667</u>	<u>\$ 3,349</u>	<u>\$ 722,016</u>
FICA	\$ 53,185	\$ 248	\$ 53,433
Unemployment insurance	2,988	-	2,988
Health insurance	63,783	(10,123)	53,660
Workers compensation	11,076	(678)	10,398
Other fringe benefits	17,496	(2,325)	15,171
Total benefits	<u>\$ 148,528</u>	<u>\$ (12,878)</u>	<u>\$ 135,650</u>
Productive hours	28,618	63	28,679
Non-productive hours	2,645	(218)	2,427
Total hours	<u>31,261</u>	<u>(155)</u>	<u>31,106</u>
CNA Data			
Productive salaries	\$ 936,653	\$ (12,688)	\$ 923,985
Non-productive salaries	141,519	(4,886)	136,633
Total salaries	<u>\$ 1,078,172</u>	<u>\$ (17,554)</u>	<u>\$ 1,060,618</u>

The accompanying notes are an integral part of this schedule.

Pinecrest Convalescent Center, LLC
d/b/a Pinecrest Convalescent Center
Schedule of Direct Patient Care
For the Year Ended August 31, 2010

	As Reported	Increase (Decrease)	As Adjusted
CNA Data (continued)			
FICA	\$ 79,790	\$ (1,298)	\$ 78,492
Unemployment Insurance	4,482	-	4,482
Health insurance	95,689	(16,864)	78,825
Workers compensation	16,617	(1,343)	15,274
Other fringe benefits	26,249	(3,963)	22,286
Total benefits	<u>\$ 222,827</u>	<u>\$ (23,468)</u>	<u>\$ 199,359</u>
Productive hours	76,174	186	76,360
Non-productive hours	11,509	(190)	11,319
Total hours	<u>87,683</u>	<u>(4)</u>	<u>87,679</u>
Agency Data			
RN costs	\$ -	\$ -	\$ -
LPN costs	-	-	-
CNA costs	4,428	-	4,428
Total agency costs	<u>\$ 4,428</u>	<u>\$ -</u>	<u>\$ 4,428</u>
RN hours	-	-	-
LPN hours	-	-	-
CNA hours	360	-	360
Total agency hours	<u>360</u>	<u>-</u>	<u>360</u>
Pediatric Offset - RN			
Productive salaries	\$ -	\$ -	\$ -
Non-productive salaries	-	-	-
Total salaries	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Productive hours	-	-	-
Non-productive hours	-	-	-
Total hours	<u>-</u>	<u>-</u>	<u>-</u>
Pediatric Offset - LPN			
Productive salaries	\$ -	\$ -	\$ -
Non-productive salaries	-	-	-
Total salaries	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Productive hours	-	-	-
Non-productive hours	-	-	-
Total hours	<u>-</u>	<u>-</u>	<u>-</u>

The accompanying notes are an integral part of this schedule.

Pinecrest Convalescent Center, LLC
d/b/a Pinecrest Convalescent Center
Schedule of Direct Patient Care
For the Year Ended August 31, 2010

	As Reported	Increase (Decrease)	As Adjusted
Pediatric Offset - CNA			
Productive salaries	\$ -	\$ -	\$ -
Non-productive salaries	-	-	-
Total salaries	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Productive hours	-	-	-
Non-productive hours	-	-	-
Total hours	<u>-</u>	<u>-</u>	<u>-</u>
Pediatric Offset - Agency			
RN costs	\$ -	\$ -	\$ -
LPN costs	-	-	-
CNA costs	-	-	-
Total agency costs	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
RN hours	-	-	-
LPN hours	-	-	-
CNA hours	-	-	-
Total agency hours	<u>-</u>	<u>-</u>	<u>-</u>
AIDS Offset - RN			
Productive salaries	\$ 757	\$ -	\$ 757
Non-productive salaries	107	-	107
Total salaries	<u>\$ 864</u>	<u>\$ -</u>	<u>\$ 864</u>
Productive hours	64	-	64
Non-productive hours	9	-	9
Total hours	<u>73</u>	<u>-</u>	<u>73</u>
AIDS Offset - LPN			
Productive salaries	\$ 6,151	\$ -	\$ 6,151
Non-productive salaries	565	-	565
Total salaries	<u>\$ 6,716</u>	<u>\$ -</u>	<u>\$ 6,716</u>
Productive hours	686	-	686
Non-productive hours	63	-	63
Total hours	<u>749</u>	<u>-</u>	<u>749</u>

The accompanying notes are an integral part of this schedule.

Pinecrest Convalescent Center, LLC
d/b/a Pinecrest Convalescent Center
Schedule of Direct Patient Care
For the Year Ended August 31, 2010

	<u>As Reported</u>	<u>Increase (Decrease)</u>	<u>As Adjusted</u>
AIDS Offset - CNA			
Productive salaries	\$ 8,754	\$ -	\$ 8,754
Non-productive salaries	1,322	-	1,322
Total salaries	<u>\$ 10,076</u>	<u>\$ -</u>	<u>\$ 10,076</u>
Productive hours	1,827	-	1,827
Non-productive hours	276	-	276
Total hours	<u>2,103</u>	<u>-</u>	<u>2,103</u>
AIDS Offset - Agency			
RN costs	\$ -	\$ -	\$ -
LPN costs	-	-	-
CNA costs	-	-	-
Total agency costs	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
RN hours	-	-	-
LPN hours	-	-	-
CNA hours	-	-	-
Total agency hours	<u>-</u>	<u>-</u>	<u>-</u>
Data for All Departments			
Total salaries	<u>\$ 3,282,167</u>	<u>\$ -</u>	<u>\$ 3,282,167</u>
FICA	\$ 242,899	\$ -	\$ 242,899
Unemployment insurance	13,644	-	13,644
Health insurance	239,679	-	239,679
Workers compensation	47,265	-	47,265
Other fringe benefits	61,652	-	61,652
Total benefits	<u>\$ 605,139</u>	<u>\$ -</u>	<u>\$ 605,139</u>

The accompanying notes are an integral part of this schedule.

Pinecrest Convalescent Center, LLC
d/b/a Pinecrest Convalescent Center
Notes to Schedules
For the Year Ended August 31, 2010

Note 1 - Basis of Presentation

The schedules, which were derived from the Cost Report for Florida Medicaid Program Nursing Home Service Providers (the "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 and reimbursement principles, policies, and regulations per Medicaid principles of reimbursement as interpreted by the Provider Reimbursement Manual (CMS-Pub. 15-1), Florida Title XIX Long-Term Care Reimbursement Plan, and the State of Florida's Agency for Health Care Administration Audit Services Medicaid Procedures Manual. The format and content of the information included in the schedules have been developed by the State of Florida's Agency for Health Care Administration Audit Services Medicaid Procedures Manual.

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

Schedule G, G-1 and H of the Cost Report allocate allowable administration, plant operations 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 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 not been calculated under the provisions of the applicable revision of the Florida Title XIX Long-Term Reimbursement Plan, excluding fair rental value provisions. The effect, if any, of the fair rental values 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 amounts equal to or less than fifty percent of the costs presented herein as capital replacement pass-through costs. Once full rental value system phase-in has occurred, no capital replacement costs are allowed to be passed through.

Pinecrest Convalescent Center, LLC
d/b/a Pinecrest Convalescent Center
Schedule of Adjustments
For the Year Ended August 31, 2010

Classification	Account Number	Comments	Increase (Decrease)
<u>Adjustments affecting Costs (pages 2 - 3)</u>			
<u>Administration:</u>			
1. Workers Compensation Insurance	730450	To reclassify to the proper cost center. (Section 2302.9, CMS Pub 15-1)	\$ 4,467
2. Home Office Costs	730500	To correct inaccurate allocation of home office costs & to record effect of cost report audit adjustments to home office costs (Section 2150.3, CMS Pub 15-1)	(5,498)
3. Bookkeeping - Non-Related Party	730550	To disallow unsupported cost. (Section 2304, CMS Pub 15-1)	(622)
4. General and Professional Liability - Third Party	730810	To adjust to amount supported. (Sections 2102.1 and 2304, CMS Pub 15-1)	27,754
			<u>26,101</u>
<u>Direct Patient Care:</u>			
5. Salaries - RNs	810120	To reclassify to the proper cost center. (Section 2302.9, CMS Pub 15-1)	959
6. Salaries - LPNs	810130	To reclassify to the proper cost center. (Section 2302.9, CMS Pub 15-1)	3,349
7. Salaries - CNAs	810140	To reclassify to the proper cost center. (Section 2302.9, CMS Pub 15-1)	(17,554)
8. FICA	810420	To reclassify to the proper cost center. (Section 2302.9, CMS Pub 15-1)	(979)
9. Health Insurance	810440	To reclassify to the proper cost center. (Section 2302.9, CMS Pub 15-1)	(28,251)
10. Workers Compensation Insurance	810450	To reclassify to the proper cost center. (Section 2302.9, CMS Pub 15-1)	(2,101)
11. Other Payroll Taxes and Benefits	810490	To reclassify to the proper cost center. (Section 2302.9, CMS Pub 15-1)	(6,576)
			<u>(51,153)</u>
<u>Indirect Patient Care:</u>			
12. Salaries - Other Nursing	911190	To reclassify to the proper cost center. (Section 2302.9, CMS Pub 15-1)	13,246
13. FICA	911420	To reclassify to the proper cost center. (Section 2302.9, CMS Pub 15-1)	979
14. Health Insurance	911440	To reclassify to the proper cost center. (Section 2302.9, CMS Pub 15-1)	28,251
15. Workers Compensation Insurance	911450	To reclassify to the proper cost center. (Section 2302.9, CMS Pub 15-1)	(2,366)
16. Other Payroll Taxes and Benefits	911490	To reclassify to the proper cost center. (Section 2302.9, CMS Pub 15-1)	6,576
17. Nursing Supplies	911710	To reclassify to the proper cost center. (Section 2302.9, CMS Pub 15-1)	(4,293)
			<u>42,393</u>

Pinecrest Convalescent Center, LLC
d/b/a Pinecrest Convalescent Center
Schedule of Adjustments
For the Year Ended August 31, 2010

Classification	Account Number	Comments	Increase (Decrease)
<u>Adjustments affecting Costs (concluded)</u>			
<u>Dietary:</u>			
18. Equipment Rental	912620	To reclassify rental/lease payments. (Section 2302.8, CMS Pub 15-1)	\$ (1,475)
			<u>(1,475)</u>
<u>Medical Supplies:</u>			
19. Medical Supplies	926710	To reclassify to the proper cost center. (Section 2302.9, CMS Pub 15-1)	4,293
			<u>4,293</u>
<u>Property:</u>			
20. Other Rent / Lease Expense	930190	To reclassify rental/lease payments. (Section 2302.8, CMS Pub 15-1)	1,475
21. Property Insurance	930910	To adjust to amount supported. (Sections 2102.1 and 2304, CMS Pub 15-1)	(25,005)
			<u>(23,530)</u>
		Net Adjustment affecting Costs	<u>\$ (3,371)</u>
<u>Adjustments affecting Statistics (page 5)</u>			
<u>Patient Days:</u>			
22. Medicaid	-	To adjust patient days to amount supported. (Section 2304, CMS Pub 15-1)	171
Medicare	-		(5)
Private and Other	-		(165)
		Net Adjustment to Patient Days	<u>1</u>
<u>Square Footage:</u>			
23. Physical Therapy	-	To adjust square footage to examined measurements. (Section 2102.3 and 2304, CMS Pub 15-1)	144
Speech Therapy	-		35
Occupational Therapy	-		67
Medical Supplies	-		115
Patient Care	-		1,136
Laundry and Linen	-		(1,657)
Pharmacy	-		17
Beauty and Barber	-		143
		Net Adjustment to Square Footage	<u>-</u>

Pinecrest Convalescent Center, LLC
d/b/a Pinecrest Convalescent Center
Schedule of Adjustments
For the Year Ended August 31, 2010

Classification	Account Number	Comments	Increase (Decrease)
<u>Adjustments affecting Direct Patient Care Information (pages 8 - 11)</u>			
<u>Productive Salaries:</u>			
24. RN	-	To adjust to examined amount. (Florida Title XIX	\$ 115
LPN	-	Long-Term Care Reimbursement Plan, Section V.B.)	7,904
CNA	-		(12,688)
			<u>\$ (4,649)</u>
<u>Non Productive Salaries:</u>			
25. RN	-	To adjust to examined amount. (Florida Title XIX	\$ 844
LPN	-	Long-Term Care Reimbursement Plan, Section V.B.)	(4,555)
CNA	-		(4,886)
			<u>\$ (8,597)</u>
<u>Productive Hours:</u>			
26. RN	-	To adjust to examined amount. (Florida Title XIX	29
LPN	-	Long-Term Care Reimbursement Plan, Section V.B.)	63
CNA	-		186
			<u>278</u>
<u>Non Productive Hours:</u>			
27. RN	-	To adjust to examined amount. (Florida Title XIX	66
LPN	-	Long-Term Care Reimbursement Plan, Section V.B.)	(218)
CNA	-		(190)
			<u>(342)</u>
<u>FICA:</u>			
28. RN	-	To reclassify to examined amount. (Florida Title XIX	\$ 71
LPN	-	Long-Term Care Reimbursement Plan, Section V.B.)	248
CNA	-		(1,298)
			<u>\$ (979)</u>
<u>Health Insurance:</u>			
29. RN	-	To reclassify to examined amount. (Florida Title XIX	\$ (1,264)
LPN	-	Long-Term Care Reimbursement Plan, Section V.B.)	(10,123)
CNA	-		(16,869)
			<u>\$ (28,256)</u>
<u>Workers Compensation:</u>			
30. RN	-	To reclassify to examined amount. (Florida Title XIX	\$ (80)
LPN	-	Long-Term Care Reimbursement Plan, Section V.B.)	(678)
CNA	-		(1,343)
			<u>\$ (2,101)</u>
<u>Other Fringe Benefits:</u>			
31. RN	-	To reclassify to examined amount. (Florida Title XIX	\$ (288)
LPN	-	Long-Term Care Reimbursement Plan, Section V.B.)	(2,325)
CNA	-		(3,963)
			<u>\$ (6,576)</u>

Pinecrest Convalescent Center, LLC
d/b/a Pinecrest Convalescent Center
Schedule of Adjustments
For the Year Ended August 31, 2010

The following adjustments reported in the Schedule of Fair Rental Value 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 Chapters 100, Depreciation, and 2300, Adequate Cost Data and Cost Findings of the Provider Reimbursement Manual (CMS-Pub. 15-1). The Provider has been furnished with schedules developed during the course of the examination which detail allowable components of the fair rental value system.

Fair Rental Value System Data:

<u>Classification</u>	<u>Increase (Decrease)</u>
<u>Capital Additions and Improvements</u>	
1. Acquisition costs	\$ -
2. Retirements	\$ -
<u>Capital Replacements</u> (not examined)	
3. Acquisition costs	\$ -
4. Pass-through costs	\$ -
<u>Equity in Capital Assets</u> (not examined)	
5. Ending equity	\$ -
6. Average equity	\$ -
7. Return on equity before apportionment	\$ -
8. Return on equity apportioned to Medicaid	\$ -

Pinecrest Convalescent Center, LLC
d/b/a Pinecrest Convalescent Center
Millennium Health Systems, LLC
Schedule of Home Office Adjustments
For the Year Ended August 31, 2010

Classification	Account Number	Comments	Increase (Decrease)
Adjustments to Home Office Costs			
Administration:			
1. ADM: Life Insurance Officers	8130700	To disallow life insurance premiums where provider is beneficiary. (Section 2130, CMS Pub 15-1)	\$ (84,960)
2. ADM: Audit Fees	8205700	To adjust to amounts supported by Provider. (Section 2102.2, CMS Pub 15-1)	(853)
3. ADM: Data Processing Expense	8225700	To adjust capitalized purchases. (Sections 108.1, CMS Pub 15-1)	(847)
4. ADM: Professional Fees	8245700	To disallow cost that is lobbying related (Section 2139, CMS Pub 15-1)	(50,000)
5. ADM: Professional Fees	8245700	To disallow cost not related to patient care. (Section 2102, CMS Pub 15-1)	(2,345)
6. ADM: Professional Fees	8245700	To disallow unsupported cost. (Section 2304, CMS Pub 15-1)	(450)
7. ADM: Meals	8640700	To disallow unsupported cost. (Section 2304, CMS Pub 15-1)	(1,150)
8. ADM: Meals	8640700	To disallow cost of alcoholic beverages. (Section 2102.3, CMS Pub 15-1)	(732)
9. ADM: Meals	8640700	To disallow cost of non provider personnel. (Section 2105.2, CMS Pub 15-1)	(1,966)
10. ADM: State & Local Taxes	8685700	To disallow cost not related to cost report period. (Section 2304, CMS Pub 15-1)	(3,152)
		Net Adjustment to Home Office Administration Costs	<u>\$ (146,455)</u>
		Portion allocated to Facility	<u>\$ (5,498)</u>
Property:			
11. Depreciation Expense	8620700	To adjust to amounts supported by Provider. (Section 2102.2, CMS Pub 15-1)	\$ (3,887)
		Net Adjustment to Home Office Property Costs	<u>\$ (3,887)</u>
		Portion allocated to Facility	<u>\$ -</u>

Adjustments to Home Office Ending Equity Capital

No adjustments

December 1, 2015

Zainab Day
Audit Services
Agency for Health Care Administration
2727 Mahan Drive, MS #23
Tallahassee, FL 32308

RE: Pinecrest Convalescent Center, LLC d/b/a Pinecrest Convalescent
Center
Audit Period/Engagement No.: August 31, 2010 / NH13-143L

Revisions to Schedule of Adjustments: Nos. 2 and 21.

Adjustment No.	From	To
2 – Admin	(5,498)	54,522
IPC	0	8,761
Property	0	1,067
21 – Property Ins	(25,005)	(7,201)

EXHIBIT B