



## State of Tennessee

Justin P. Wilson, State Comptroller

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### Health Care Provider Improperly Charged Almost \$2 Million in Medicaid Costs

A large corporation that operates dozens of nursing homes in Tennessee included nearly \$2 million in improperly allocated Medicaid costs in one of its reports, according to an audit released by the state Comptroller's office today.

Auditors uncovered \$1,929,205 of expenses not allowed under Medicaid rules and regulations at Signature HealthCARE, LLC, a Louisville-based corporation that operates 112 long-term care locations in nine eastern and southeastern states, including 26 nursing facilities in Tennessee.

In its home office cost report for the 2009 calendar year, Signature reported total operating expenses of \$46.3 million, of which \$29.2 million were claimed as allowable Medicaid costs and allocated to its subsidiary operations.

The Comptroller's office performs examinations of nursing facilities participating in Tennessee's \$900 million Medicaid Long-Term Care Program and has authority to audit any costs reported on annual Medicaid cost reports, including expenses that are allocated from home office operations located outside the state of Tennessee.

The auditor's report identifies expenses that are not allowed for reimbursement by the state's Medicaid program. These included improper charges for costs not related to patients' care, marketing expenses and compensation for nursing facility owners. The allocated share of the disallowed expenses to 22 of Signature's Tennessee nursing facilities is \$561,624. The balance of the improper expenditures was allocated to facilities in other states.

"The finding in our report exposes significant non-allowable costs that were allocated to long-term care facilities operating in Tennessee," Comptroller Justin P. Wilson said. "It is important to understand that often there are substantial costs incurred on behalf of Tennessee nursing facilities by large healthcare home offices both inside and outside the state. These costs must fit into certain categories in order to be subsidized by Medicaid. Unfortunately, a number of Signature's expenses during the reporting period didn't fit into those categories."

To view the report online, go to: <http://www.comptroller.tn.gov/sa/>.

If you suspect fraud, waste or abuse of public money in Tennessee, call the Comptroller's toll-free hotline at 1-800-232-4343, or file a report online at: <http://www.comptroller.tn.gov/shared/safwa.asp>.

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