

**Dickson County Nursing Home
Dickson, Tennessee**

**Cost Report and Resident Accounts
For the Period
July 1, 1999, Through June 30, 2000**

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STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
State Capitol
Nashville, Tennessee 37243-0260
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John G. Morgan
Comptroller

June 3, 2003

The Honorable Phil Bredesen, Governor
and
Members of the General Assembly
State Capitol
Nashville, Tennessee 37243
and

Mr. Manny Martins, Deputy Commissioner
Bureau of TennCare
729 Church Street, Fifth Floor
Nashville, Tennessee 37247

Ladies and Gentlemen:

Pursuant to Section 71-5-130, *Tennessee Code Annotated*, and a cooperative agreement between the Comptroller of the Treasury and the Department of Finance and Administration, the Division of State Audit performs examinations of nursing facilities participating in the Tennessee Medical Assistance Program under Title XIX of the Social Security Act (Medicaid).

Submitted herewith is the report of the examination of the Medicaid cost report of Dickson County Nursing Home, Dickson, Tennessee, for the period July 1, 1999, through June 30, 2000, and resident accounts for the period July 1, 1999, through June 30, 2000.

Sincerely,

John G. Morgan
Comptroller of the Treasury

JGM/pn
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State of Tennessee

Audit Highlights

Comptroller of the Treasury

Division of State Audit

TennCare Report
Dickson County Nursing Home
Dickson, Tennessee
For the Period July 1, 1999, Through June 30, 2000

FINDINGS RECOMMENDING MONETARY REFUNDS

Need to Observe Hospital Leave Limitation

Dickson County Nursing Home billed and collected for nine days after two residents exceeded the 15-day limitation for bed hold days during hospitalizations. As a result of this deficiency, Dickson County Nursing Home should repay \$749.16 to the State of Tennessee (page 5).

Need to Properly Manage Resident Accounts and Credit Balances

Dickson County Nursing Home did not adequately maintain the resident accounts receivable in a timely manner. Failure to properly manage the accounts receivable contributed to unrefunded credit balances due to 13 former residents. The facility did not maintain evidence of attempts to refund the balances. The facility should refund \$205.02 to the State of Tennessee and \$2,000.33 to the residents or to their responsible parties (page 6).

"Audit Highlights" is a summary of the audit report. To obtain the complete audit report, which contains all findings, recommendations, and management comments, please contact

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Cost Report and Resident Accounts
For the Period
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**Dickson County Nursing Home
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Cost Report and Resident Accounts
For the Period
July 1, 1999, Through June 30, 2000**

INTRODUCTION

PURPOSE AND AUTHORITY OF THE EXAMINATION

The terms of contract between the Tennessee Department of Finance and Administration and the Tennessee Comptroller's office authorize the Comptroller to perform examinations of nursing facilities that participate in the Tennessee Medicaid Nursing Facility Program.

Under their agreements with the state and as stated on cost reports submitted to the state, participating nursing facilities have asserted that they are in compliance with the applicable state and federal regulations covering services provided to Medicaid-eligible recipients. The purpose of our examination is to render an opinion on the nursing facilities' assertions that they are in compliance with such requirements.

BACKGROUND

To receive services under the Medicaid Nursing Facility Program, a recipient must meet Medicaid eligibility requirements under one of the coverage groups included in the *State Plan for Medical Assistance*. The need for nursing care is not in itself sufficient to establish eligibility. Additionally, a physician must certify that recipients need nursing facility care before they can be admitted to a facility. Once a recipient is admitted, a physician must certify periodically that continued nursing care is required. The number of days of coverage available to recipients in a nursing facility is not limited.

The Medicaid Nursing Facility Program provides for nursing services on two levels of care. Level I Nursing Facility (NF-1) services are provided to recipients who do not require an intensive degree of care. Level II Nursing Facility (NF-2) services, which must be under the direct supervision of licensed nursing personnel and under the general direction of a physician, represent a higher degree of care.

Dickson County Nursing Home, 901 North Charlotte Street, Dickson, Tennessee, provides only NF-1 services. The facility is owned by the County of Dickson and governed by the Dickson County Commission.

During the examination period, the facility maintained a total of 70 licensed nursing facility beds. The Division of Quality Assurance of the Department of Health licensed the facility for these beds. Eligible recipients receive services through an agreement with the Department of Health. Of the 25,620 available bed days, 22,050 were for Medicaid NF-1 residents during the period July 1, 1999, through June 30, 2000. Also, the facility reported total operating expenses of \$3,084,711 for the period.

The Division of Quality Assurance inspected the quality of the facility's physical plant, professional staff, and resident services. The nursing facility met the required standards.

The following Medicaid reimbursable rate was in effect for the period covered by this examination:

<u>Period</u>	<u>Level I NF (744-0050)</u>
July 1, 1999, through June 30, 2000	\$96.11

PRIOR EXAMINATION FINDINGS

The prior examination report for Dickson County Nursing Home covered the period July 1, 1987, through June 30, 1988. The report contained the following findings:

- Nonallowable depreciation expense included on the cost report
- Medicaid residents charged for covered services

The findings have been satisfactorily corrected.

SCOPE OF THE EXAMINATION

Our examination covers certain financial-related requirements of the Medicaid Nursing Facility Program. The requirements covered are referred to under management's assertions specified later in the Independent Accountant's report. Our examination does not cover quality of care, clinical, or medical provisions.



**STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF STATE AUDIT**

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Independent Accountant's Report

June 21, 2001

The Honorable Don Sundquist, Governor
and
Members of the General Assembly
State Capitol
Nashville, Tennessee 37243
and
Mr. Mark Reynolds, Director
Bureau of TennCare
729 Church Street, Fifth Floor
Nashville, Tennessee 37247

Ladies and Gentlemen:

We have examined management's assertions, included in its representation letter dated June 21, 2001, that Dickson County Nursing Home complied with the following requirements during the cost report period July 1, 1999, through June 30, 2000, and to the facility's resident accounts for the period.

- Income and expenses reported on the Medicaid Cost Report are reasonable, allowable, and in accordance with state and federal rules, regulations, and reimbursement principles.
- Patient days reported on the Medicaid Cost Report have been counted in accordance with state regulations. Medicaid patient days billed to the state for periods when residents were hospitalized or on therapeutic leave are in accordance with the 15-day hospital stay rule, the 85 percent occupancy rule, and the 60-day therapeutic leave day rule.

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June 21, 2001

- Charges to residents and charges to residents' personal funds are in accordance with state and federal regulations.

As discussed in management's representation letter, management is responsible for ensuring compliance with those requirements. Our responsibility is to express an opinion on management's assertions about the facility's compliance based on our examination.

Our examination was made in accordance with standards established by the American Institute of Certified Public Accountants, and accordingly, included examining on a test basis, evidence about Dickson County Nursing Home's compliance with those requirements and performing such other procedures as we considered necessary under the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on Dickson County Nursing Home's compliance with specified requirements.

Our examination disclosed the following material noncompliance applicable to state and federal regulations.

- Need to observe the hospital leave limitation
- Need to properly manage resident accounts and unrefunded credit balances

In our opinion, except for the material noncompliance described above, management's assertions that Dickson County Nursing Home complied with the aforementioned requirements for the cost reporting period July 1, 1999, through June 30, 2000, and for resident accounts for the period July 1, 1999, through June 30, 2000, are fairly stated in all material respects.

This report is intended solely for the use of the Tennessee General Assembly and the Tennessee Department of Finance and Administration. However, this report is a matter of public record and its distribution is not limited.

Sincerely,



Arthur A. Hayes, Jr., CPA,
Director

AAH/pn

FINDINGS AND RECOMMENDATIONS

1. Need to observe Medicaid hospital leave limitation

Finding

Dickson County Nursing Home failed to observe the 15 consecutive day Medicaid hospital leave limitation during the hospitalization of two residents. The facility billed and collected for one resident who exceeded the limit by four days and for another resident who exceeded the limit by five days. The facility was overpaid a total of \$749.16 for the excess nine days.

Chapter 1200-13-1-.06 (4)(b) of the *Rules of the Tennessee Department of Finance and Administration* allows Level I nursing facilities to be reimbursed up to 15 days for a recipient's bed during his or her hospitalization, provided the following conditions are met:

- (ii) The resident intends to return to the facility and . . .
- (iii) At least 85% of all other beds at the nursing facility are occupied at the time of the hospital admission

Paragraph 325 of the *ICF Manual* also notes the 15-day limit during which NF-1 beds may be reserved during a resident's hospitalization and billed to Medicaid during that period.

As a result of the improper billing of hospital leave days, the facility was overpaid \$749.16 by the State of Tennessee.

Recommendation

Dickson County Nursing Home should establish adequate procedures to ensure compliance with applicable regulations relative to hospital leave days. The facility should refund \$749.16 to the State of Tennessee for overpayment of noncovered hospital leave days.

Management's Comment

Management concurs. Hospital leave days will be checked and rechecked before submitting our turnaround document for payment. This will ensure that the correct number of days for hospital leave is requested.

2. Need to properly manage resident accounts and unrefunded credit balances

Finding

Dickson County Nursing Home failed to adequately maintain resident accounts necessary to ensure that credit balances on the accounts of deceased or discharged residents were properly managed. At the close of fieldwork, the facility was three to four months behind in posting transactions to accounts. The facility had not carried balances from an old set of accounts to a new set, leaving some residents with balances on two accounts.

Chapter 1200-13-6-.10 (4) of the *Rules of the Tennessee Department of Finance and Administration* notes that gross charges on the residents' accounts must match the charges on the patient log and that all charges on the accounts must be supported by charge slips and must correspond to the charges reported on the department's billing forms. This rule further requires that personal funds held by the provider for Medicaid residents must be properly accounted for with detailed records of amounts received and disbursed. Chapter 1200-13-6-.15 of the *Rules* states, "The cost reports . . . and all provider records pertaining thereto . . . must be based on and traceable to the provider's financial and statistical records and must be adequate, accurate and in sufficient detail to support payment made for services rendered to beneficiaries." Chapter 1700-2-1-.19 of the *Rules of Tennessee Department of Treasury* states, "Before filing the annual report of property presumed abandoned, the holder shall exercise due diligence to ascertain the whereabouts of the owner to prevent abandonment from being presumed."

After a review of both sets of resident accounts receivable, unrefunded credit balances of \$2,205.35 remained on the accounts of 13 former residents of Dickson County Nursing Home. Of this amount, \$205.02 is due the Medicaid Program for overpayments to the facility made on behalf of the residents, and \$2,000.33 is due former residents or their authorized representatives who were not notified of money due them. All funds for which the owner cannot be found, constituting abandoned property, are due the State Treasurer.

Recommendation

Dickson County Nursing Home should institute measures to adequately maintain resident accounts receivable in a timely manner. The facility should maintain evidence that former residents or their authorized representatives are notified of money due them. The facility should maintain a record of balances with the resident's name and social security number, the dates of last account activity and last owner contact, and the amount due the former resident.

Return of a first-class mailing sent to the owner's last known address would satisfy the requirement that an attempt to contact the owner had been made, provided the mailing was not returned "undeliverable." If the proper owners cannot be located within five years from the date of last account activity, a report of the abandoned property must be filed with the Tennessee Department of Treasury, Division of Unclaimed Property. Such a report is to be made before May 1 of each year and is to include all property deemed abandoned as of the previous December

31. Remittance of the abandoned property is due with the filing of the report. Funds transferred to the Tennessee Department of the Treasury must include any accrued interest. Proper claims against the funds will be honored by the Tennessee Department of Treasury.

A refund of \$205.02 should be made to the State of Tennessee for the amount due the Medicaid Program. The facility should make efforts to refund \$2,000.33 of unrefunded credit balances to former residents or their authorized representatives. After measures to find the appropriate owners are exhausted, the facility should notify the State Treasurer of unclaimed funds with its "Annual Report of Unclaimed Property."

Management's Comment

Management concurs. All refunds have now been made to former residents or their authorized representatives. A system is now in place to adequately maintain residents' accounts in a timely manner. Quarterly reports are given to either the resident or the resident's representative.

SUMMARY OF MONETARY FINDINGS AND RECOMMENDATIONS

Source of Overpayments

Hospital leave days in excess of 15-day limit (see finding 1)	\$ 749.16
Unrefunded credit balances (see finding 2)	<u>2,205.35</u>
Total	<u>\$2,954.51</u>

Disposition of Overpayments

Due to the State of Tennessee	\$ 954.18
Due to residents or their responsible parties	<u>2,000.33</u>
Total	<u>\$2,954.51</u>