

**Rosewood Manor, Inc.
Columbia, Tennessee**

**Cost Report and Resident Accounts
For the Period
January 1 Through December 31, 2000**

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TennCare/Medicaid audits are available on-line at www.comptroller.state.tn.us/sa/reports/index.html.
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www.comptroller.state.tn.us.



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY

State Capitol
Nashville, Tennessee 37243-0260
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John G. Morgan
Comptroller

June 25, 2002

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:

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 Rosewood Manor, Inc., Columbia, Tennessee, for the period January 1 through December 31, 2000, and resident accounts for the period January 1 through December 31, 2000.

Sincerely,

John G. Morgan
Comptroller of the Treasury

JGM/pn
02/037

State of Tennessee

Audit Highlights

Comptroller of the Treasury

Division of State Audit

TennCare Report
Rosewood Manor, Inc.
Columbia, Tennessee
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For the Period
January 1 Through December 31, 2000

THE EXAMINATION FOUND NO MATERIAL DEFICIENCIES OR DISCREPANCIES IN THE COST REPORT OR THE ACCOUNTS

"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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**Rosewood Manor, Inc.
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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.

Rosewood Manor, Inc., Columbia, Tennessee, provides only NF-1 services. The facility is owned and operated by Tennessee Health Management, Inc. The officers/members of the board of directors are as follows:

Jerry L. Ivey, Chairman and Director
Mary E. Ivey, Director
Preston L. Shaw, Jr., Director
James M. Smith, Director

During the examination period, the facility maintained a total of 68 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 24,888 available bed days, 23,662 were for Medicaid NF-1 residents for the year ended December 31, 2000. Also, the facility reported total operating expenses of \$2,507,067 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 rates were in effect for the period covered by this examination:

<u>Period</u>	<u>Level I NF (744-0534)</u>
January 1 through June 30, 2000	\$90.44
July 1 through December 31, 2000	98.75

PRIOR EXAMINATION FINDINGS

This is the facility's first report.

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
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Independent Accountant's Report

December 19, 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 December 18, 2001, that Rosewood Manor, Inc., complied with the following requirements during the cost report period January 1 through December 31, 2000, and to the facility's resident accounts for the period January 1 through December 31, 2000.

- Income and expenses reported on the Medicaid Cost Report are reasonable, allowable, and in accordance with state and federal rules, regulations, and reimbursement principles.
- Resident days reported on the Medicaid Cost Report have been counted in accordance with state regulations. Medicaid resident 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% occupancy rule, and the 60-day therapeutic leave day rule.
- Charges to residents and charges to residents' personal funds are in accordance with state and federal regulations.

December 19, 2001
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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 the compliance of Rosewood Manor, Inc., 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 the compliance of Rosewood Manor, Inc., with specified requirements.

Our examination disclosed no material exceptions.

In our opinion, except for the instances of material noncompliance described above, management's assertions that Rosewood Manor, Inc., complied with the aforementioned requirements for the cost reporting period January 1 to December 31, 2000, and for resident accounts for the period January 1 to December 31, 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,

A handwritten signature in black ink that reads "Arthur A. Hayes, Jr." The signature is written in a cursive style with a prominent initial "A" and a trailing flourish.

Arthur A. Hayes, Jr., CPA,
Director

AAH/pn