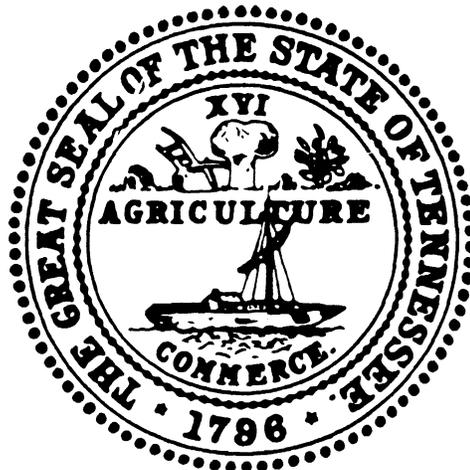


TENNCARE REPORT

Wayne Care Nursing Home
Waynesboro, Tennessee

Cost Reports for the Periods
July 1, 2003, Through June 30, 2004,
and July 1, 2004, Through June 30, 2005,
and
Resident Accounts for the Period
July 1, 2004, Through October 24, 2006



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY

Department of Audit
Division of State Audit



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

March 20, 2008

The Honorable Phil Bredeesen, Governor
and
Members of the General Assembly
State Capitol
Nashville, Tennessee 37243
and
Mr. Darin Gordon, Deputy Commissioner
Bureau of TennCare
Department of Finance and Administration
310 Great Circle Road, 4W
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 reports of Wayne Care Nursing Home, Waynesboro, Tennessee, for the periods July 1, 2003, through June 30, 2004, and July 1, 2004, through June 30, 2005, and resident accounts for the period July 1, 2004, through October 24, 2006.

Sincerely,

John G. Morgan
Comptroller of the Treasury

JGM/pn
07/023

State of Tennessee

Audit Highlights

Comptroller of the Treasury

Division of State Audit

TennCare Report
Wayne Care Nursing Home
Waynesboro, Tennessee
Cost Reports for the Periods
July 1, 2003, Through June 30, 2004,
and July 1, 2004, Through June 30, 2005,
and
Resident Accounts for the Period
July 1, 2004, Through October 24, 2006

FINDING RECOMMENDING MONETARY REFUND

Improper Billing of Resident Hospital Leave Days

Wayne Care Nursing Home improperly billed the Medicaid Program for 81 hospital leave days when the facility was operating below 85% occupancy. Also, the facility billed for four days that exceed the 15-consecutive-day Medicaid hospital leave limitation in effect for the examination period. As a result, the facility should refund \$8,115.42 to the State of Tennessee.

**Wayne Care Nursing Home
Waynesboro, Tennessee
Cost Reports for the Periods
July 1, 2003, Through June 30, 2004,
and July 1, 2004, Through June 30, 2005,
and
Resident Accounts for the Period
July 1, 2004, Through October 24, 2006**

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**Wayne Care Nursing Home
Waynesboro, Tennessee
Cost Reports for the Periods
July 1, 2003, Through June 30, 2004,
and July 1, 2004, Through June 30, 2005,
and
Resident Accounts for the Period
July 1, 2004, Through October 24, 2006**

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.

Wayne Care Nursing Home, Waynesboro, Tennessee, provides only NF-1 services. The facility is owned and operated by Wayne County. The officers/members of the board of directors are as follows:

Larry Haggard	Willard Pope
Dianne Rich	Darlene Baxter
Herbert Brewer	Byron Quinton
Autry Gobbell	Joe Hall
Kevin Meyers	David Magas
Donald Polk	

During the examination period, the facility maintained a total of 46 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 16,836 available bed days, the facility reported 15,574 for Medicaid NF-1 residents for the year ended June 30, 2004. Of the 16,790 available bed days, the facility reported 14,091 for Medicaid NF-1 residents for the year ended June 30, 2005. Also, the facility reported total operating expenses of \$1,793,606 for the year ended June 30, 2004, and \$1,975,738 for the year ended June 30, 2005.

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 (744-0515)</u>
July 1, 2003, through June 30, 2004	\$ 120.45
July 1, 2004, through June 30, 2005	\$ 112.37

PRIOR EXAMINATION FINDINGS

This facility has not been examined within the past five years.

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
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Independent Accountant's Report

October 26, 2006

The Honorable Phil Bredesen, Governor
and
Members of the General Assembly
State Capitol
Nashville, Tennessee 37243
and
Mr. Darin Gordon, Deputy Commissioner
Bureau of TennCare
Department of Finance and Administration
310 Great Circle Road, 4W
Nashville, Tennessee 37247

Ladies and Gentlemen:

We have examined management's assertions, included in its representation letter dated October 26, 2006, that Wayne Care Nursing Home complied with the following requirements on the "Medicaid Nursing Facility Level 1 Cost Report" for the periods July 1, 2003, through June 30, 2004, and July 1, 2004, through June 30, 2005, and to the facility's resident accounts for the period July 1, 2004, through October 24, 2006.

- Income and expenses reported on the cost report are reasonable, allowable, and in accordance with state and federal rules, regulations, and reimbursement principles.
- Resident days reported on the 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 85% occupancy rule and hospital and therapeutic leave rule in effect for the period tested.

- 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 based on our examination.

Our examination was made in accordance with attestation standards established by the American Institute of Certified Public Accountants, and accordingly, included examining on a test basis, evidence about Wayne Care 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 Wayne Care Nursing Home's compliance with specified requirements.

Our examination disclosed the following instance of material noncompliance applicable to state and federal regulations:

- Improper billing of resident hospital leave days

In our opinion, except for the instance of material noncompliance described above, Wayne Care Nursing Home complied with, in all material respects, the aforementioned requirements for the "Medicaid Nursing Facility Level 1 Cost Report" for the periods July 1, 2003, to June 30, 2004, and July 1, 2004, through June 30, 2005, and for resident accounts for the period July 1, 2004, through October 24, 2006.

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

FINDING AND RECOMMENDATION

Improper Billing of Resident Hospital Leave Days

Finding

Wayne Care Nursing Home improperly billed the Medicaid Program for 81 hospital leave days when the facility was under 85% occupancy for the fiscal year ended June 30, 2005. Also, the facility failed to observe the 15-consecutive-day Medicaid hospital leave limitation during the hospitalization of one resident, resulting in the improper billing of four days to the Medicaid Program during the fiscal year ended June 30, 2004.

Chapter 1200-13-1-.06(4)(b) of the *Rules of Tennessee Department of Finance and Administration* applicable for the period under examination allowed Level 1 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:

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

Wayne Care Nursing Home was overpaid \$7,746.91 for the 81 hospital leave days billed to the Medicaid Program when the facility was operating below 85% occupancy. Also, as a result of the improper billing for four hospital leave days that exceeded the 15-consecutive-day Medicaid hospital leave limitation, the facility was overpaid \$368.51 by the State of Tennessee.

Recommendation

The facility should not accumulate or bill the Medicaid Program for hospital leave days when the facility is operating under 85% occupancy. Also, the facility should not bill Medicaid for hospital leave days that exceed the 15-consecutive-day hospital leave limitation applicable for the period examined. The facility should refund \$8,115.42, representing overpayments by the Medicaid Program to the State of Tennessee as a result of the improper billing of hospital leave days.

Management's Comment

The management of Wayne Care Nursing Home concurs with the audit findings, completed for the fiscal year 2004-2005.

The facility will exercise greater care to ensure that the Medicaid Program is not billed for hospital leave days when the facility is operating under 85% occupancy. A procedure has been established for the facility to review the census for 85% occupancy of all other beds at the time of hospitalizations or therapeutic leaves of absence. If occupancy is below 85% the leave days will be billed as non-covered days. This process will ensure that correct occupancy billing has been performed.

Also, the facility will not bill the Medicaid Program for hospital or therapeutic leave days that exceed the leave day limitation. As of October 1, 2005, the reimbursement for leave days was changed from fifteen days per occurrence to a total of ten days per state fiscal year for a resident who is hospitalized or absent from the facility on therapeutic leave.

The facility will refund \$8,115.42, which represents overpayments by the Medicaid Program as a result of improper billing of hospital leave days.

All efforts will be made by the management of Wayne Care Nursing Home to ensure that all billing will be done correctly.

SUMMARY OF MONETARY FINDING AND RECOMMENDATION

Source of Overpayment

Noncovered hospital leave days

\$8,115.42

Disposition of Overpayment

Due to the State of Tennessee

\$8,115.42