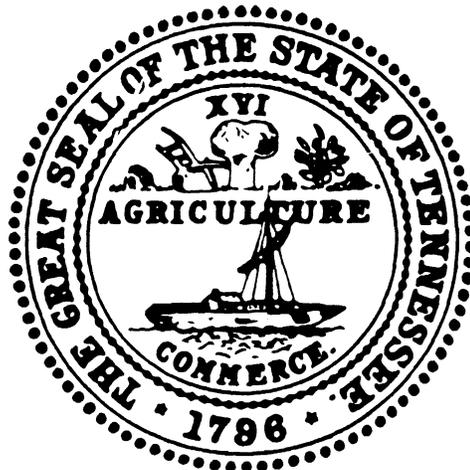


# TENNCARE REPORT

Hartsville Convalescent Center  
Hartsville, Tennessee

Cost Report and Resident Accounts  
For the Period  
January 1, 2006, Through December 31, 2006



STATE OF TENNESSEE  
COMPTROLLER OF THE TREASURY

Department of Audit  
Division of State Audit



*Arthur A. Hayes, Jr., CPA, JD, CFE*  
Director

*Gregg S. Hawkins, CPA, CFE*  
Assistant Director

*Julie Rogers, CPA, CISA*  
Audit Manager

*Adam Gamble, CFE*  
In-Charge Auditor

*Regina Dobbins, CFE*  
*Yan Shumaker, CFE*  
Auditors

*Amy Brack*  
Editor

Comptroller of the Treasury, Division of State Audit  
1500 James K. Polk Building, Nashville, TN 37243-0264  
(615) 401-7897

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For more information about the Comptroller of the Treasury, please visit our website at  
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STATE OF TENNESSEE  
**COMPTROLLER OF THE TREASURY**  
State Capitol  
Nashville, Tennessee 37243-0260  
(615) 741-2501

John G. Morgan  
Comptroller

January 29, 2008

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 37243

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 Hartsville Convalescent Center, Hartsville, Tennessee, for the period January 1, 2006, through December, 31, 2006, and resident accounts for the period January 1, 2006, through December 31, 2006.

Sincerely,

John G. Morgan  
Comptroller of the Treasury

JGM/pn  
08/010

State of Tennessee

# **A u d i t   H i g h l i g h t s**

Comptroller of the Treasury

Division of State Audit

TennCare Report

**Hartsville Convalescent Center**

Hartsville, Tennessee

Cost Report and Resident Accounts

For the Period

January 1, 2006, Through December 31, 2006

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

**Hartsville Convalescent Center  
Hartsville, Tennessee  
Cost Report and Resident Accounts  
For the Period  
January 1, 2006, Through December 31, 2006**

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This Medicaid report contains no findings.	5

**Hartsville Convalescent Center  
Hartsville, Tennessee  
Cost Report and Resident Accounts  
For the Period  
January 1, 2006, Through December 31, 2006**

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**INTRODUCTION**

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**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.

Hartsville Convalescent Center, Hartsville, Tennessee, provides both NF-1 and NF-2 services. The facility is owned and operated by Midcare, Inc. The officers/members of the board of directors are as follows:

Robert M. Becht, Chairman/President  
Scott J. Becht, COO  
Barbara Mecher, Treasurer/Secretary

During the examination period, the facility maintained a total of 95 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 34,675 available bed days, the facility reported 18,246 for Medicaid NF-1 residents and 2,816 for Medicaid NF-2 residents for the year ended December, 31, 2006. Also, the facility reported total operating expenses of \$3,322,848 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 (744-0503)</u>	<u>Level II NF (044-5256)</u>
October 1, 2005, to June 30, 2006	\$ 110.95	\$ 164.53
July 1, 2006, to June 30, 2007	\$ 121.52	\$ 175.42

#### **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  
COMPTROLLER OF THE TREASURY  
DEPARTMENT OF AUDIT  
DIVISION OF STATE AUDIT  
SUITE 1500  
JAMES K. POLK STATE OFFICE BUILDING  
NASHVILLE, TENNESSEE 37243-0264  
PHONE (615) 401-7897  
FAX (615) 532-2765

## **Independent Accountant's Report**

**August 1, 2007**

The Honorable Phil Bredesen, Governor  
and

Members of the General Assembly  
State Capitol  
Nashville, Tennessee 37243

and

Darin Gordon, Deputy Commissioner  
Bureau of TennCare  
Department of Finance and Administration  
310 Great Circle Road, 4W  
Nashville, Tennessee 37243

Ladies and Gentlemen:

We have examined management's assertions, included in its representation letter dated August 1, 2007, that Hartsville Convalescent Center complied with the following requirements during the cost report period January 1, 2006, through December 31, 2006, and to the facility's resident accounts for the period January 1, 2006, through December 31, 2006.

- 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 85% occupancy rule and hospital and therapeutic leave rule in effect for the period tested.

Page Two  
August 1, 2007

- 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 Hartsville Convalescent Center'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 Hartsville Convalescent Center's compliance 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 Hartsville Convalescent Center complied with the aforementioned requirements for the cost reporting period January 1, 2006, to December 31, 2006, and for resident accounts for the period January 1, 2006, to December 31, 2006, 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, appearing to read "Arthur A. Hayes, Jr.", written in a cursive style.

Arthur A. Hayes, Jr., CPA  
Director

AAH/pn

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## **FINDINGS AND RECOMMENDATIONS**

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The examination of Hartsville Convalescent Center disclosed no findings.