

TENNCARE REPORT

Golden Living Center – Windwood
Clinton, Tennessee

Cost Report for the Period
January 1, 2006, Through December 31, 2006,
and
Resident Accounts for the Period
January 1, 2004, Through June 30, 2007



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

Bob McCloud, CFE
In-Charge Auditor

Nate Renschler
Auditor

Amy Brack
Editor

Comptroller of the Treasury, Division of State Audit
1500 James K. Polk Building, Nashville, TN 37243-1402
(615) 401-7897

TennCare/Medicaid examination reports are available on-line at www.comptroller1.state.tn.us/RA_SA/.
For more information about the Comptroller of the Treasury, please visit our website at
www.tn.gov/comptroller/.



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF STATE AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-1402
PHONE (615) 401-7897
FAX (615) 532-2765

June 11, 2009

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 Golden Living Center – Windwood, Clinton, Tennessee, for the period January 1, 2006, through December 31, 2006, and resident accounts for the period January 1, 2004, through June 30, 2007.

Sincerely,

Arthur A. Hayes, Jr., CPA
Director

AAH/pn
08/023

State of Tennessee

Audit Highlights

Comptroller of the Treasury

Division of State Audit

TennCare Report
Golden Living Center – Windwood
Clinton, Tennessee
Cost Report for the Period
January 1, 2006, Through December 31, 2006,
and
Resident Accounts for the Period
January 1, 2004, Through June 30, 2007

FINDING RECOMMENDING MONETARY REFUND

Residents Inappropriately Charged for Covered Services

Golden Living Center – Windwood has charged Medicaid residents' trust fund accounts for haircuts, which are Medicaid covered services. As a result of the inappropriate charges, the facility should reimburse 44 Medicaid residents or their responsible parties a total of \$2,671.

**Golden Living Center – Windwood
Clinton, Tennessee
Cost Report for the Period
January 1, 2006, Through December 31, 2006,
and
Resident Accounts for the Period
January 1, 2004, Through June 30, 2007**

TABLE OF CONTENTS

| | <u>Page</u> |
|--|-------------|
| INTRODUCTION | 1 |
| Purpose and Authority of the Examination | 1 |
| Background | 1 |
| Prior Examination Findings | 2 |
| Scope of the Examination | 2 |
| INDEPENDENT ACCOUNTANT’S REPORT | 3 |
| FINDING AND RECOMMENDATION | 5 |
| • Residents Inappropriately Charged for Covered Services | 5 |
| Summary of Monetary Finding and Recommendation | 7 |

**Golden Living Center – Windwood
Clinton, Tennessee
Cost Report for the Period
January 1, 2006, Through December 31, 2006,
and
Resident Accounts for the Period
January 1, 2004, Through June 30, 2007**

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 of the Treasury 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.

Golden Living Center – Windwood, Clinton, Tennessee, provides both NF-1 and NF-2 services. The facility is owned and operated by Golden Horizons, located in Fort Smith, Arkansas. The officers/members of the board of directors are as follows:

| | |
|---|---|
| Steven Robinson, Director | Salvatore F. Salamone, Vice President |
| Jennifer Kenton, Independent Director | Holly A. Jones, Secretary |
| Gretchen Olive, Independent Director | Ann Truitt, Treasurer and Assistant Secretary |
| Steve Robison, President | Lori Burton, Assistant Secretary |
| Kevin M. Roberts, Senior Vice President | Tina C. Chavis, Assistant Secretary |
| John R. Grobmyer, Vice President | Holly Sutton, Assistant Secretary |
| Larry N. Joseph, Vice President | Greg D. Swartz, Assistant Secretary |
| David G. Merrell, Vice President | Roberta G. Williams, Assistant Secretary |

During the examination period, the facility maintained a total of 120 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 43,800 available bed days, the facility reported 24,549 for Medicaid NF-1 residents and 1,494 for Medicaid NF-2 residents for the year ended December 31, 2006. Also, the facility reported total operating expenses of \$5,820,219 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 (744-0377)</u> | <u>Level II NF (044-5135)</u> |
|--|----------------------------------|-----------------------------------|
| October 1, 2005, through June 30, 2006 | \$114.30 | \$111.36 |
| July 1, 2006, through June 30, 2007 | \$112.19 | \$115.31 |

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 37243-1402
PHONE (615) 401-7897
FAX (615) 532-2765

Independent Accountant's Report

September 13, 2007

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:

We have examined management's assertions, included in its representation letter dated September 13, 2007, that Golden Living Center – Windwood complied with the following requirements on the "Medicaid Nursing Facility Level 1 Cost Report" for the period January 1, 2006, through December 31, 2006, and to the facility's resident accounts for the period January 1, 2004, through June 30, 2007.

- 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 Golden Living Center – Windwood'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 Golden Living Center – Windwood's compliance with specified requirements.

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

- Residents inappropriately charged for covered services

In our opinion, except for the instance of material noncompliance described above, Golden Living Center – Windwood complied with, in all material respects, the aforementioned requirements for the "Medicaid Nursing Facility Level 1 Cost Report" for the period January 1, 2006, through December 31, 2006, and for resident accounts for the period January 1, 2004, through June 30, 2007.

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

Residents Inappropriately Charged for Covered Services

Finding

Golden Living Center – Windwood has inappropriately charged residents’ trust fund accounts for Medicaid covered services. From January 1, 2004, through June 30, 2007, the facility inappropriately charged 44 residents \$2,671 for haircuts.

Chapter 1200-8-6-.06(4)(q) of the *Rules of Tennessee Department of Health* states, in regard to basic services, “Residents shall have shampoos, haircuts, and shaves as needed, or desired.”

As a result of the inappropriate charges, the resident trust fund accounts for Medicaid residents have been incorrectly charged \$2,671 for Medicaid covered services.

Recommendation

Golden Living Center – Windwood should not charge Medicaid residents for covered services. The facility should reimburse Medicaid residents or their authorized representatives a total of \$2,671. In the future, the facility should provide covered services without charge.

Management’s Comment

Management concurs with the audit finding. We have taken the following actions in response to and as a remedy for the audit findings: Each resident noted on the audit report to have been overcharged for haircuts will be issued a full refund of the amount overpaid to the center. For residents who are still in the center, the refund will be deposited into their trust account. For former residents, checks will be mailed to them or their families.

To further resolve the audit finding, the center has modified the Beauty/Barber Services section of the admission booklet that is given to all residents upon admission to the center. The revision was based on recommendations of the auditors.

Auditor’s Comment

Golden Living Center – Windwood provided copies of refund checks issued on May 7, 2009, for residents still at the facility. All other residents or their responsible parties due a refund

were issued refund checks on May 11, 2009. As of May 15, 2009, these checks have not cleared the bank.

SUMMARY OF MONETARY FINDING AND RECOMMENDATION

Source of Overpayments

| | |
|--|-------------------|
| Inappropriate charges to resident accounts | <u>\$2,671.00</u> |
|--|-------------------|

Disposition of Overpayments

| | |
|--|-------------------|
| Due to residents or their authorized representatives | <u>\$2,671.00</u> |
|--|-------------------|