

TENNCARE REPORT

**Hardin Home Nursing Home
Savannah, Tennessee**

**Resident Days Reported on the Cost Report
for the Period
July 1, 2006, Through June 30, 2008,
and
Resident Accounts for the Period
June 1, 2006, Through May 31, 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, CGFM
In-Charge Auditor

Joann Shumaker, CFE
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 limited scope examination of the resident days reported on the Medicaid cost report of Hardin Home Nursing Home, Savannah, Tennessee, for the period July 1, 2006, through June 30, 2008, and resident accounts for the period June 1, 2006, through May 31, 2007.

Sincerely,

Arthur A. Hayes, Jr., CPA
Director

AAH/pn
09/037

State of Tennessee

Audit Highlights

Comptroller of the Treasury

Division of State Audit

TennCare Report
Hardin Home Nursing Home
Savannah, Tennessee
Resident Days Reported on the Cost Report
for the Period
July 1, 2006, Through June 30, 2008,
and
Resident Accounts for the Period
June 1, 2006, Through May 31, 2007

FINDING RECOMMENDING MONETARY REFUND

Improper Billing of Resident Hospital Leave Days

Hardin Home Nursing Home improperly billed the Medicaid program for 93 hospital leave days when the facility was operating below the 85% occupancy requirement for the period July 1, 2006, through June 30, 2008. As a result of the improper billing of noncovered leave days, the facility should refund \$12,353.01 to the State of Tennessee.

**Hardin Home Nursing Home
Savannah, Tennessee
Resident Days Reported on the Cost Report
for the Period
July 1, 2006, Through June 30, 2008,
and
Resident Accounts for the Period
June 1, 2006, Through May 31, 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
• Improper billing of resident hospital leave days	5
Summary of Monetary Finding and Recommendation	7

**Hardin Home Nursing Home
Savannah, Tennessee
Resident Days Reported on the Cost Report
for the Period
July 1, 2006, Through June 30, 2008,
and
Resident Accounts for the Period
June 1, 2006, Through May 31, 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.

Hardin Home Nursing Home, Savannah, Tennessee, provides only NF-1 services. The facility is owned by Hardin County and managed by J. Park and Sons, Inc., under an agreement with Hardin County. J. Park and Sons, Inc., board of directors are Jo Park, President; and Denise King, Secretary.

During the examination period, the facility maintained a total of 39 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 14,235 available bed days, the facility reported 11,206 for Medicaid NF-1 residents for the fiscal year ended May 31, 2007. Also, the facility reported total operating expenses of \$1,893,326 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 (744-0328)</u>
October 1, 2005, through June 30, 2006	\$128.60
July 1, 2006, through June 30, 2007	\$139.07

PRIOR EXAMINATION FINDINGS

The 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

November 6, 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:

We have examined management's assertions, included in its representation letter dated November 6, 2008, that Hardin Home Nursing Home complied with the following requirements on the "Medicaid Nursing Facility Level 1 Cost Report" for the period July 1, 2006, through June 30, 2008, and to the facility's resident accounts for the period June 1, 2006, through May 31, 2007.

- 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' 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 Hardin Home 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 Hardin Home 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 instances of material noncompliance described above, Hardin Home Nursing Home complied with, in all material respects, the aforementioned requirements for the "Medicaid Nursing Facility Level 1 Cost Report" for the period July 1, 2006, through June 30, 2008, and for resident accounts for the period June 1, 2006, through May 31, 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,

A handwritten signature in black ink that reads "Arthur A. Hayes, Jr." in a cursive style.

Arthur A. Hayes, Jr., CPA
Director

AAH/pn

FINDING AND RECOMMENDATION

Improper Billing of Resident Hospital Leave Days

Finding

Hardin Home Nursing Home improperly billed the Medicaid Program for 93 hospital leave days when the facility was operating below the 85% occupancy requirement for the period July 1, 2006, through June 30, 2008.

Chapter 1200-13-1-.06(4)(b) of the *Rules of Tennessee Department of Finance and Administration* states,

A Level 1 nursing facility (NF) shall be reimbursed . . . for the recipient's bed in that facility during the recipient's temporary absence from that facility in accordance with the following:

Effective October 1, 2005, reimbursement will be made for up to a total of 10 days per state fiscal year while the resident is hospitalized or absent from the facility on therapeutic leave.

The resident intends to return to the NF.

At least 85% of all other beds in the NF are occupied at the time of hospital admission or therapeutic absence.

As a result of the improper billing of resident leave days, the facility was overpaid \$12,353.01 by the Medicaid Program for the 93 noncovered leave days for the period July 1, 2006, through June 30, 2008.

Recommendation

Hardin Home Nursing Home should not accumulate or bill the Medicaid Program for hospital leave days when the facility is operating below 85% occupancy. The facility should refund \$12,353.01, 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

Management agrees with the recommendations made concerning billable days for Medicaid, when the facility is less than 85% occupied.

Procedures are now in place to make sure that this improper billing does not reoccur. Our staff was not aware that they had improperly billed the Medicaid program and they were in-serviced by your auditors during this audit.

We will resend corrected bills so the State Medicaid Program can recoup their money during the months of June and July 2009.

SUMMARY OF MONETARY FINDING AND RECOMMENDATION

Source of Overpayments

Noncovered hospital leave days	<u>\$12,353.01</u>
--------------------------------	--------------------

Disposition of Overpayments

Due to the State of Tennessee	<u>\$12,353.01</u>
-------------------------------	--------------------