

# TENNCARE REPORT

**Green Hills Health and Rehabilitation Center  
Nashville, Tennessee**

**Resident Days for the Period  
January 1, 2006, Through December 31, 2009,  
and  
Resident Accounts for the Period  
January 1, 2008, Through December 31, 2008**



**STATE OF TENNESSEE  
COMPTROLLER OF THE TREASURY**

**Department of Audit  
Division of State Audit**



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STATE OF TENNESSEE  
**COMPTROLLER OF THE TREASURY**  
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June 7, 2012

The Honorable Bill Haslam, 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 Green Hills Health and Rehabilitation Center, Nashville, Tennessee, for the period January 1, 2006, through December 31, 2009, and resident accounts for the period January 1, 2008, through December 31, 2008.

Sincerely,

Arthur A. Hayes, Jr., CPA  
Director

AAH/pn  
10/021

State of Tennessee

# Audit Highlights

Comptroller of the Treasury

Division of State Audit

TennCare Report  
**Green Hills Health and Rehabilitation Center**  
Nashville, Tennessee  
Resident Days for the Period  
January 1, 2006, Through December 31, 2009,  
and  
Resident Accounts for the Period  
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## **FINDINGS RECOMMENDING MONETARY REFUNDS**

### **Improper Billing of Resident Leave Days**

Green Hills Health and Rehabilitation Center improperly billed the Medicaid Program for 333 NF-1 resident hospital and therapeutic leave days when the facility was operating below the 85% occupancy requirement; 13 NF-1 days when the facility exceeded the ten-day leave rule; 1 NF-1 day billed after one resident was discharged; and 141 NF-2 resident leave days for the period January 1, 2006, through December 31, 2009. As a result of the improper billing of 488 noncovered resident days, the facility should refund \$57,480.96 to the State of Tennessee.

### **Need to Properly Manage Unrefunded Credit Balances**

Green Hills Health and Rehabilitation Center has not established a system to ensure that credit balances on the accounts of 68 deceased or discharged residents are properly managed and promptly refunded. Management failed to refund \$163,481.95 due to the State of Tennessee Medicaid Program and \$14,134.22 due to former residents or their authorized representatives.

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Nashville, Tennessee  
Resident Days for the Period  
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**Green Hills Health and Rehabilitation Center**  
**Nashville, Tennessee**  
**Resident Days for the Period**  
**January 1, 2006, Through December 31, 2009,**  
**and**  
**Resident Accounts for the Period**  
**January 1, 2008, Through December 31, 2008**

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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 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.

Green Hills Health and Rehabilitation Center, Nashville, Tennessee, provides both NF-1 and NF-2 services. The facility is owned and operated by SMV Properties Holdings, LLC, and

operated by SSC Equity Holdings, LLC. The officers/members of the board of directors are as follows:

Murray Forman, Sole Board Member of SCC Nashville  
 H. Paul Shrank II, President  
 Brian R. Tenney, Vice President  
 Wynn G. Sims, Secretary

During the examination period, the facility maintained a total of 150 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 54,900 available bed days, the facility reported 26,507 for Medicaid NF-1 residents and 1,166 for Medicaid NF-2 residents for the year ended December 31, 2008. Also, the facility reported total operating expenses of \$9,502,459 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 (744-0597)</u>	<u>Level II NF (044-5267)</u>
October 1, 2005, through June 30, 2006	\$132.98	\$146.80
July 1, 2006, through June 30, 2007	\$139.07	\$146.88
July 1, 2007, through June 30, 2008	\$146.43	\$151.81
July 1, 2008, through June 30, 2009	\$152.75	\$155.19
July 1, 2009, through June 30, 2010	\$154.04	\$158.96

**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  
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**Independent Accountant's Report**

**September 13, 2010**

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, 2010, that Green Hills Health and Rehabilitation Center complied with the following requirements:

- Resident days reported on the cost report have been counted in accordance with state regulations. Medicaid resident days billed to the state from January 1, 2006, through December 31, 2009, 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 from January 1, 2008, through December 31, 2008, 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 conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants, and accordingly, included examining on a test basis, evidence about Green Hills Health and Rehabilitation 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 Green Hills Health and Rehabilitation Center's compliance with specified requirements.

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

- Improper billing of resident leave days
- Need to properly manage unrefunded credit balances

In our opinion, except for the instances of material noncompliance described above, Green Hills Health and Rehabilitation Center complied with, in all material respects, the aforementioned requirements for resident days reported on the "Medicaid Nursing Facility Level 1 Cost Report" for the period January 1, 2006, through December 31, 2009, and for resident accounts for the period January 1, 2008, through December 31, 2008.

This report is intended solely for the information and 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

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## FINDINGS AND RECOMMENDATIONS

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### 1. Improper Billing of Resident Leave Days

#### Finding

Green Hills Health and Rehabilitation Center improperly billed the Medicaid Program for 488 noncovered days for the period January 1, 2006, through December 31, 2009. Of the 488 improperly billed days, 333 were for NF-1 hospital and therapeutic leave days when the facility was operating below the 85% occupancy requirement; 13 were for NF-1 hospital leave days that exceeded the ten-day leave rule; and 1 day was billed after one resident was discharged. Also included were 141 NF-2 hospital leave days.

The rule in effect for the period under examination, Chapter 1200-13-1-.06(4)(b) of the *Rules of the Tennessee Department of Finance and Administration*, stated,

A Level 1 nursing facility (NF) shall be reimbursed . . . for the recipient's bed in that facility during the recipient's temporary absence from the 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 at the nursing facility are occupied at the time of hospital admission or therapeutic absence.

Chapter 1200-13-1-.03(9)(b) of the *Rules* states, "NFs shall not be reimbursed for holding a bed for a person receiving Level 2 NF or Enhanced Respiratory Care reimbursement during his temporary absence from the NF."

As a result of the improper billing of resident days, the facility was overpaid a total of \$57,480.96 by the Medicaid Program for 488 noncovered days for the period January 1, 2006, through December 31, 2009.

In addition, many inconsistencies were noted when comparing the daily census records to the monthly census records. The census records maintained at the home office often did not trace to census records maintained at the facility.

Chapter 1200-13-6-.10(5) of the *Rules* states, “Each facility must maintain daily census records and an adequate patient log. . . . This log, however, must be sufficient . . . to accumulate monthly and yearly totals for Medicaid NF-1 patients and for all other patients.”

### **Recommendation**

Green Hills Health and Rehabilitation Center should not accumulate or bill the Medicaid Program for NF-1 hospital or therapeutic leave days when the facility is operating below 85% occupancy or when a resident’s leave days exceed ten per state fiscal year. The facility should not accumulate or bill the Medicaid Program for hospital or therapeutic leave days for NF-2 residents, or residents that have been discharged from the facility. The facility should refund \$57,480.96, representing overpayments by the Medicaid Program, to the State of Tennessee as a result of the improper billing of hospital leave days. The facility should maintain consistent daily and monthly census records that agree with those of the home office.

### **Management’s Comment**

Management agrees that some leave days based on the 85% rule were improperly billed. The provider has instituted a process in which times are added on the daily census report for each admission and discharge. Nursing will complete this as they take their midnight census count. The daily census report has also been modified to calculate the average daily census to be used for billing purposes.

## **2. Need to Properly Manage Unrefunded Credit Balances**

### **Finding**

Green Hills Health and Rehabilitation Center has not established a system to ensure that credit balances on the accounts of deceased or discharged residents are properly managed. Management did not maintain evidence that former residents or their authorized representatives were notified of money due them. Also, facility management failed to refund the portion of the credit balances due the Medicaid Program.

Section 66-29-113 of *Tennessee Code Annotated* requires anyone holding funds or property presumed abandoned to file a report of that property with the State Treasurer. Chapter 1700-2-1-.19 of the *Rules of Tennessee Department of Treasury* states, “Before filing the annual report of property presumed abandoned, the holder shall exercise due diligence to ascertain the whereabouts of the owner to prevent abandonment from being presumed.”

Accounts receivable unrefunded credit balances of \$177,616.17 remain on the accounts of 68 former Medicaid residents of Green Hills Health and Rehabilitation Center. Of the total

unrefunded credit balances, \$163,481.95 is due the State of Tennessee Medicaid Program, and \$14,134.22 is due former residents or their authorized representatives.

### **Recommendation**

Green Hills Health and Rehabilitation Center should implement a system to refund credit balances on the accounts of former residents. In addition, the facility should maintain evidence that former residents or their authorized representatives are notified of money due them. The facility should maintain a record of credit balances with the resident's name, social security number, dates of last account activity, the last owner contact, and the amount due the former resident.

Also, the facility should maintain evidence of attempts to contact the owner of the credit balance. Return of first-class mailing sent to the owner's last known address would satisfy the requirement that an attempt to contact the owner had been made, provided the mailing was not returned "undeliverable." If the proper owners cannot be located within five years from the date of last account activity, a report of the abandoned property must be filed with the Tennessee Department of Treasury, Division of Unclaimed Property. Such a report is to be made before May 1 of each year and is to include all property deemed abandoned as of the previous date of December 31. Remittance of the abandoned property is due with the filing of the report. Funds transferred to the Tennessee Department of Treasury must include any accrued interest. Proper claims against the funds will be honored by the Tennessee Department of Treasury.

Green Hills Health and Rehabilitation Center should refund \$163,481.95 to the State of Tennessee Medicaid Program and \$14,134.22 to former residents or their authorized representatives. The facility started the process of reviewing the refund and reconciliation process during the auditors' fieldwork.

### **Management's Comment**

The provider acknowledges there were credit balances on the AR aging. The facility provided copies of refunds that were done for "Private Payment" to residents. The business office has new staff that has been in-serviced on Sava's refund policy and will continue efforts to research and refund accounts as necessary on a timely basis.

### **Auditor's Comment**

Auditors will revisit the facility and verify proper disposition of the credit balances.

## SUMMARY OF MONETARY FINDINGS AND RECOMMENDATIONS

### Source of Overpayments

Improper billing of resident leave days (see finding 1)	\$ 57,480.96
Unrefunded credit balances (see finding 2)	<u>\$177,616.17</u>
Total	<u>\$235,097.13</u>

### Disposition of Overpayments

Due to the State of Tennessee	\$220,962.91
Due to residents or their authorized representatives	<u>\$ 14,134.22</u>
Total	<u>\$235,097.13</u>