

TENNCARE REPORT

The Bridge at Rockwood
Rockwood, Tennessee

Resident Days for the Period
January 1, 2008, Through June 30, 2010,
and Resident Accounts for the Period
January 1, 2009, Through October 12, 2010



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY

Department of Audit
Division of State Audit



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May 26, 2011

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 of The Bridge at Rockwood, Rockwood, Tennessee, for the period January 1, 2008, through June 30, 2010, and resident accounts for the period January 1, 2009, through October 12, 2010.

Sincerely,

Arthur A. Hayes, Jr., CPA
Director

AAH/pn
11/028

State of Tennessee

Audit Highlights

Comptroller of the Treasury

Division of State Audit

TennCare Report

The Bridge at Rockwood

Rockwood, Tennessee

Resident Days for the Period

January 1, 2008, Through June 30, 2010,

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FINDING RECOMMENDING MONETARY REFUND

Improper Billing of Resident Hospital Days

The Bridge at Rockwood improperly billed the Medicaid Program for 60 hospital leave days when the facility was operating below the 85% occupancy requirement for the period January 1, 2008, through December 31, 2009. As a result of the improper billing of noncovered leave days, the facility should refund \$7,991.74 to the State of Tennessee.

**The Bridge at Rockwood
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**The Bridge at Rockwood
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Resident Days for the Period
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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.

The Bridge at Rockwood, Rockwood, Tennessee, provides both NF-1 and NF-2 services. The facility is owned and operated by Signature Consulting Services, LLC. The officers/members of the board of directors are as follows:

Elmer Joseph Steier, CEO/President
 Ira Smedra, President
 Jacob Wintner, Secretary/Treasurer
 Scott Krieger, Assistant Secretary/Vice President

During the examination period, the facility maintained a total of 157 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 57,305 available bed days, the facility reported 30,327 for Medicaid NF-1 residents and 3,053 for Medicaid NF-2 residents for the year ended December 31, 2009. Also, the facility reported total operating expenses of \$9,483,645 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 (744-0569)</u>	<u>Level II NF (044-5143)</u>
January 1, 2008, through June 30, 2008	\$146.00	\$139.70
July 1, 2008, through June 30, 2009	\$153.11	\$152.87
July 1, 2009, through June 30, 2010	\$154.35	\$154.09

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.



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Independent Accountant's Report

October 14, 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 October 14, 2010, that The Bridge at Rockwood complied with the following requirements on the "Medicaid Nursing Facility Level 1 Cost Report" for the period January 1, 2009, through December 31, 2009; the facility's resident days for the period January 1, 2008, through June 30, 2010; and the facility's resident accounts for the period January 1, 2009, through October 12, 2010.

- 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 The Bridge at Rockwood'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 The Bridge at Rockwood'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, The Bridge at Rockwood complied with, in all material respects, the aforementioned requirements for the "Medicaid Nursing Facility Level 1 Cost Report" for the period January 1, 2009, through December 31, 2009; for resident days for the period January 1, 2008, through June 30, 2010; and for resident accounts for the period January 1, 2009, through October 12, 2010.

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,

A handwritten signature in black ink that reads "Arthur A. Hayes, Jr." The signature is written in a cursive style with a large, prominent initial 'A'.

Arthur A. Hayes, Jr., CPA
Director

AAH/pn

FINDING AND RECOMMENDATION

Improper Billing of Resident Hospital Leave Days

Finding

The Bridge at Rockwood improperly billed the Medicaid Program for 60 hospital leave days when the facility was operating below the 85% occupancy requirement for the period January 1, 2008, through December 31, 2009.

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*, 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 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.

As a result of the improper billing of resident leave days, the facility was overpaid \$7,991.74 by the Medicaid Program for the 60 noncovered leave days for the period January 1, 2008, through December 31, 2009.

Recommendation

The Bridge at Rockwood should not accumulate or bill the Medicaid Program for hospital leave days when the facility is operating below 85% occupancy. The facility should refund \$7,991.74, representing overpayments by the Medicaid Program, to the State of Tennessee as a result of improper billing of hospital leave days.

Management's Comment

Management concurs. We have reviewed the audit finding and are in agreement with the state position. To prevent future occurrence, we have upgraded our billing software to automatically reject billing for resident hospital leave days whenever the facility's occupancy is below 85%.

SUMMARY OF MONETARY FINDING AND RECOMMENDATION

Source of Overpayment

Improper billing of resident hospital leave days (see finding)	<u>\$7,991.74</u>
Total	<u>\$7,991.74</u>

Disposition of Overpayment

Due to the State of Tennessee	<u>\$7,991.74</u>
Total	<u>\$7,991.74</u>