

TENNCARE REPORT

**Signature Healthcare at Saint Francis
Memphis, Tennessee**

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



**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 of Signature Healthcare at Saint Francis, Memphis, Tennessee, for the period June 1, 2008, through December 31, 2009, and resident accounts for the period January 1, 2009, through December 31, 2009.

Sincerely,

Arthur A. Hayes, Jr., CPA
Director

AAH/pn
11/032

State of Tennessee

Audit Highlights

Comptroller of the Treasury

Division of State Audit

TennCare Report

Signature Healthcare at Saint Francis

Memphis, Tennessee

Resident Days for the Period

June 1, 2008, Through December 31, 2009,

and

Resident Accounts for the Period

January 1, 2009, Through December 31, 2009

FINDING RECOMMENDING MONETARY REFUND

Improper Billing of Resident Hospital Leave Days

Signature Healthcare at Saint Francis improperly billed the Medicaid Program for five hospital leave days when the facility was operating below the 85% occupancy requirement for the period June 1, 2008, through December 31, 2009. As a result of the improper billing of noncovered leave days, the facility should refund \$611.50 to the State of Tennessee.

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**Signature Healthcare at Saint Francis
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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.

Signature Healthcare at Saint Francis, Memphis, 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
Jacob Wintner

During the examination period, the facility maintained a total of 197 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 77,815 available bed days, the facility reported 39,983 for Medicaid NF-1 residents and 3,100 for Medicaid NF-2 residents for the period June 1, 2008, through June 30, 2009. Also, the facility reported total operating expenses of \$11,059,474 for the same period. Of the 36,248 available bed days, the facility reported 17,654 for Medicaid NF-1 residents and 1,471 for Medicaid NF-2 residents for the period July 1, 2009, through December 31, 2009. Also, the facility reported total operating expenses of \$7,048,691 for the same 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 (744-0410)</u>	<u>Level II NF (044-5149)</u>
July 1, 2007, through June 30, 2008	\$145.74	\$163.59
July 1, 2008, through June 30, 2009	\$152.75	\$168.62
July 1, 2009, through June 30, 2010	\$154.04	\$169.70

PRIOR EXAMINATION FINDINGS

The prior report of St. Francis Nursing Home, for the period June 1, 2004, through May 31, 2005, contained the following findings:

- Improperly Classified Expenses Included on the Cost Report
- Need to Properly Manage Unrefunded Credit Balances
- Inappropriate Disposal of Resident Trust Fund Documents Prior to Examination
- Charges on Cost Report Not Supported by Financial Records

Two of these findings have been satisfactorily remedied. The findings regarding improperly classified expenses included on the cost report and charges on the cost report not

supported by financial records were not tested due to the limited-scope nature of this examination.

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 26, 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 26, 2010, that Signature Healthcare at Saint Francis 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 June 1, 2008, 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, 2009, through December 31, 2009, 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 Signature Healthcare at Saint Francis'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 Signature Healthcare at Saint Francis'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 instance of material noncompliance described above, Signature Healthcare at Saint Francis complied with, in all material respects, the aforementioned requirements for the resident days for the period June 1, 2008, through December 31, 2009, and for resident accounts for the period January 1, 2009, through December 31, 2009.

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

FINDING AND RECOMMENDATION

Improper Billing of Resident Hospital Leave Days

Finding

Signature Healthcare at Saint Francis improperly billed the Medicaid Program for five hospital leave days when the facility was operating below the 85% occupancy requirement for the period June 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*, 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.

As a result of the improper billing of resident leave days, the facility was overpaid \$611.50 by the Medicaid Program for the five noncovered leave days for the period January 1, 2008, through December 31, 2009.

Recommendation

Signature Healthcare at Saint Francis should not accumulate or bill the Medicaid Program for hospital leave days when the facility is operating below 85% occupancy. The facility should refund \$611.50, representing overpayments by the Medicaid Program, to the State of Tennessee as a result of improper billing of five hospital leave days.

Management's Comment

Management concurs. We will file an adjusted claim to the State for the 5 days billed on the resident in question. Our current software prevents the billing of hospital or therapeutic leave days if our occupancy percentage drops below 85%.

SUMMARY OF MONETARY FINDING AND RECOMMENDATION

Source of Overpayments

Improper billing of resident leave days (see finding)	<u>\$611.50</u>
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Disposition of Overpayments

Due to the State of Tennessee	<u>\$611.50</u>
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