

TENNCARE REPORT

Summit View of Lake City
Lake City, Tennessee

Depreciation Expense for the Period
July 1, 2009, Through June 30, 2010,
Resident Days for the Period
July 1, 2009, Through June 30, 2011,
and Resident Accounts for the Period
July 1, 2010, Through September 13, 2011



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY

Department of Audit
Division of State Audit



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STATE OF TENNESSEE
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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 depreciation expense reported on the Medicaid cost report of Summit View of Lake City, Lake City, Tennessee, for the period July 1, 2009, through June 30, 2010; resident days for the period July 1, 2009, through June 30, 2011; and resident accounts for the period July 1, 2010, through September 13, 2011.

Sincerely,

Arthur A. Hayes, Jr., CPA
Director

AAH/pn
12/023

State of Tennessee

A u d i t H i g h l i g h t s

Comptroller of the Treasury

Division of State Audit

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**THE EXAMINATION FOUND NO MATERIAL DEFICIENCIES OR DISCREPANCIES IN THE COST
REPORT OR THE ACCOUNTS**

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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.

Summit View of Lake City, Lake City, Tennessee, provides both NF-1 and NF-2 services. The facility is owned by Lake City Health Care Center, LP, and operated by Summit View of Lake City, LLC. The members of the board of directors of Summit View of Lake City, LLC are as follows:

Ronald E. Lawrence, Chief Manager
 Carolyn B. Lawrence, Secretary
 Doris W. Henning

During the examination period, the facility maintained a total of 134 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 48,910 available bed days, the facility reported 27,145 for Medicaid NF-1 residents and 3,188 for Medicaid NF-2 residents for the year ended June 30, 2010. Also, the facility reported total operating expenses of \$6,853,384 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 (744-0360)</u>	<u>Level II NF (044-5259)</u>
July 1, 2009, through June 30, 2010	\$123.11	\$170.04
July 1, 2010, through June 30, 2011	\$155.93	\$178.13
July 1, 2011, through December 31, 2011	\$155.57	\$177.64

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.



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Independent Accountant's Report

September 16, 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:

We have examined management's assertions, included in its representation letter dated September 16, 2011, that Summit View of Lake City complied with the following requirements:

- Depreciation expense reported on the "Medicaid Nursing Facility Level 1 Cost Report" for the fiscal year ended June 30, 2010, was in accordance with federal regulations.
- Resident days reported on the cost report have been counted in accordance with state regulations. Medicaid resident days billed to the state from July 1, 2009, through June 30, 2011, 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 July 1, 2010, through September 13, 2011, 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 Summit View of Lake City'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 Summit View of Lake City's compliance with specified requirements.

Our examination disclosed no material exceptions.

In our opinion, Summit View of Lake City complied with, in all material respects, the aforementioned requirements for the depreciation expense reported on the cost report for the period July 1, 2009, through June 30, 2010; resident days for the period July 1, 2009, through June 30, 2011; and for resident accounts for the period July 1, 2010, through September 13, 2011.

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." with a stylized flourish at the end.

Arthur A. Hayes, Jr., CPA
Director

AAH/pn