

# TENNCARE REPORT

**Countryside Healthcare and Rehabilitation  
Lawrenceburg, Tennessee**

**Depreciation Expense and Resident Accounts  
for the Period  
January 1, 2010, Through December 31, 2010,  
and Resident Days for the Period  
January 1, 2009, Through June 30, 2011**



**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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May 22, 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 Countryside Healthcare and Rehabilitation, Lawrenceburg, Tennessee, and resident accounts for the period January 1, 2010, through December 31, 2010; and resident days for the period January 1, 2009, through June 30, 2011.

Sincerely,

Arthur A. Hayes, Jr., CPA  
Director

AAH/pn  
12/032

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

TennCare Report

**Countryside Healthcare and Rehabilitation**

Lawrenceburg, Tennessee

Depreciation Expense and Resident Accounts

for the Period

January 1, 2010, Through December 31, 2010,

and Resident Days for the Period

January 1, 2009, Through, June 30, 2011

**THE EXAMINATION FOUND NO MATERIAL DEFICIENCIES OR DISCREPANCIES IN THE DAYS  
REPORTING OR THE RESIDENT ACCOUNTS**

**Countryside Healthcare and Rehabilitation  
Lawrenceburg, Tennessee  
Depreciation Expense and Resident Accounts  
for the Period  
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and Resident Days for the Period  
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**Countryside Healthcare and Rehabilitation  
Lawrenceburg, Tennessee  
Depreciation Expense and Resident Accounts  
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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.

Countryside Healthcare and Rehabilitation, Lawrenceburg, Tennessee, provides both NF-1 and NF-2 services. The facility is owned and operated by Colony of North Carolina, LLC, and leased by Lawrenceburg NH Operations, LLC. The facility does not have a board of directors.

During the examination period, the facility maintained a total of 162 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 59,130 available bed days, the facility reported 30,986 for Medicaid NF-1 residents and 1,471 for Medicaid NF-2 residents for the year ended December 31, 2010. Also, the facility reported total operating expenses of \$8,145,383 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 (744-0482)</u>	<u>Level II NF (044-5280)</u>
July 1, 2008, through June 30, 2009	\$144.75	\$144.15
July 1, 2009, through June 30, 2010	\$147.17	\$145.61
July 1, 2010, through June 30, 2011	\$162.75	\$177.66

#### **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**

**October 6, 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 October 6, 2011, that Countryside Healthcare and Rehabilitation complied with the following requirements:

- Depreciation expense reported on the "Medicaid Nursing Facility Level 1 Cost Report" for the fiscal year ended December 31, 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 January 1, 2009, through June 30, 2011, when residents were hospitalized or on therapeutic leave are in accordance with the bed hold rules.
- Charges to residents and charges to residents' personal funds from January 1, 2010, through December 31, 2010, 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 Countryside Healthcare and Rehabilitation'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 Countryside Healthcare and Rehabilitation's compliance with specified requirements.

Our examination disclosed no material exceptions.

In our opinion, Countryside Healthcare and Rehabilitation complied with, in all material respects, the aforementioned requirements for the depreciation expense reported on the Medicaid cost report and resident accounts for the period January 1, 2010, through December 31, 2010; and for resident days for the period January 1, 2009, through June 30, 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