TENNESSEE COMPTROLLER OF THE TREASURY

# MEDICAID EXAMINATION

## Millington Healthcare Center
## Millington, Tennessee

### Cost Reports
*July 1, 2022, Through June 30, 2023*

### Resident Days
*July 1, 2022, Through December 31, 2023*

### Resident Accounts
*March 1, 2023, Through April 30, 2024*

**Jason E. Mumpower**
*Comptroller of the Treasury*


DIVISION OF STATE AUDIT

**Katherine J. Stickel, CPA, CGFM,** *Director*

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TENNESSEE COMPTROLLER OF THE TREASURY

TENNESSEE COMPTROLLER OF THE TREASURY

JASON E. MUMPOWER
*Comptroller*

November 14, 2024

The Honorable Bill Lee, Governor
and
Members of the General Assembly
State Capitol
Nashville, Tennessee 37243
and
Mr. Stephen Smith, Deputy Commissioner
Division 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 and agencies providing home- and community-based waiver services 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 Medicare and Medicaid Supplemental Cost Reports of Millington Healthcare Center in Millington, Tennessee, for the period July 1, 2022, through June 30, 2023; resident days for the period July 1, 2022, through December 31, 2023; and resident accounts for the period March 1, 2023, through April 30, 2024.

Sincerely,

Katherine J. Stickel, CPA, CGFM, Director
Division of State Audit

KJS/pn
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# MILLINGTON HEALTHCARE CENTER
## MILLINGTON, TENNESSEE

# EXAMINATION HIGHLIGHTS

**Examination Scope**

*Cost Reports for the Period July 1, 2022, Through June 30, 2023;*
*Resident Days for the Period July 1, 2022, Through December 31, 2023; and*
*Resident Accounts for the Period March 1, 2023, Through April 30, 2024*

## Finding

**Millington Healthcare Center failed to properly manage and promptly refund credit balances of 27 former Medicaid residents totaling $40,131.71**

Millington Healthcare Center has not established a system to properly manage and promptly refund credit balances on the accounts of deceased or discharged residents. Management failed to refund credit balances totaling $40,131.71. Of this amount, $38,438.81 is due back to former Medicaid residents or their authorized representatives, and $1,692.90 is due back to the Medicaid program.

## Observations

**Millington Healthcare Center inappropriately charged residents for Medicaid-covered services and items**

Millington Healthcare Center inappropriately charged Medicaid residents for Medicaid-covered services and items. The facility charged 23 Medicaid residents $1,510 for haircuts, shampoos, and shaves. Additionally, Millington Healthcare Center inappropriately charged one Medicaid resident $105.42 for incontinence supplies.

### Millington Healthcare Center failed to properly manage the resident trust fund

As of April 19, 2024, Millington Healthcare Center held resident funds totaling $7,700.77 in a pass-through account instead of the interest-bearing resident trust fund account. Additionally, the facility failed to properly reconcile the resident trust fund bank statements for the period March 2023 through March 2024.

### Millington Healthcare Center had seven residents' trust fund balances that exceeded the Medicaid resource limit of $2,000

Millington Healthcare Center had seven Medicaid residents with trust fund balances exceeding the Medicaid resource limit of $2,000. The balances that exceeded the $2,000 limit ranged from $2,044.89 to $9,943.93.

# Medicaid Examination
# Millington Healthcare Center

**Cost Reports for the Period**
**July 1, 2022, Through June 30, 2023;**

**Resident Days for the Period**
**July 1, 2022, Through December 31, 2023; and**

**Resident Accounts for the Period**
**March 1, 2023, Through April 30, 2024**

## Contents

# 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' 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.

### *Millington Healthcare Center*

Millington Healthcare Center in Millington, Tennessee, provides both NF-1 and NF-2 services. The facility is owned by Wellington Healthcare Properties, L.P., located in Knoxville, TN. The entity changed its name to Millington OpCo L.P. in 2023. The facility is managed by Bombay Lane, LLC.

During the examination period, the facility maintained a total of 85 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 31,025 available bed days for the year ended June 30, 2023, the facility reported 15,686 for Medicaid residents. Also, the facility reported total operating expenses of $7,699,084 for the period.

The Division of Quality Assurance is responsible for the inspection of the quality of the facility's physical plant, professional staff, and resident services.

The following Medicaid reimbursable rates were in effect for the period covered by this examination:

| Period | NF Rate |
|---|---|
| July 1, 2022, through December 31, 2022 | $248.88 |
| January 1, 2023, through June 30, 2023 | $237.92 |
| July 1, 2023, through December 31, 2023 | $269.44 |
| January 1, 2024, through April 30, 2024 | $269.94 |

## Examination Scope

Our examination covers certain financial-related requirements of the Medicaid Nursing Facility Program. The requirements covered are specified later in the Independent Accountant's Report. Our examination does not cover quality of care or clinical or medical provisions.

## Prior Examination Findings

There has not been an examination performed within the last five years.

Jason E. Mumpower
*Comptroller*

# Independent Accountant's Report

October 11, 2024

The Honorable Bill Lee, Governor
and
Members of the General Assembly
State Capitol
Nashville, Tennessee 37243
and
Mr. Steven Smith, Deputy Commissioner
Division of TennCare
Department of Finance and Administration
310 Great Circle Road, 4W
Nashville, Tennessee 37243

Ladies and Gentlemen:

We have examined whether Millington Healthcare Center complied with the following requirements:

- Income reported on the Skilled Nursing Facility and Medicaid Supplemental Cost Reports for the fiscal year ended June 30, 2023, is reasonable, allowable, and in accordance with state and federal rules, regulations, and reimbursement principles.

- Resident days reported on the Skilled Nursing Facility and Medicaid Supplemental Cost Reports have been counted in accordance with state regulations. Medicaid resident days billed to the state from July 1, 2022, through December 31, 2023, when residents were discharged, are in accordance with the rules.

- Charges to residents or residents' personal funds from March 1, 2023, through April 30, 2024, are in accordance with state and federal regulations, complied with the Nursing Facility Manuals, and the agreement between the facility and the Department of Finance and Administration.

As discussed in management's representation letter, management is responsible for ensuring compliance with those requirements. Our responsibility is to express an opinion on management's compliance with those requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether management complied, in all material respects, with the requirements specified above.

An examination involves performing procedures to obtain evidence about whether management complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our qualified opinion. Our examination does not provide a legal determination on the entity's compliance with specified requirements.

We are required to be independent of Millington Healthcare Center and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to the examination engagement.

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

- Millington Healthcare Center failed to properly manage and promptly refund credit balances of 27 former Medicaid residents totaling $40,131.71

In our opinion, except for the instance of material noncompliance described above, Millington Healthcare Center complied with the aforementioned requirements for income reported on the Skilled Nursing Facility and Medicaid Supplemental Cost Reports for the period July 1, 2022, through June 30, 2023; resident days for the period July 1, 2022, through December 31, 2023; and resident accounts for the period March 1, 2023, through April 30, 2024.

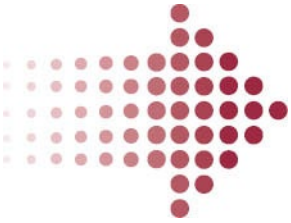
This report is intended solely for the information and use of the Tennessee General Assembly and the Tennessee Department of Finance and Administration and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record, and its distribution is not limited.

Sincerely,

Katherine J. Stickel, CPA, CGFM, Director
Division of State Audit

KJS/pn

## Finding and Recommendation



### Finding

Millington Healthcare Center failed to properly manage and promptly refund credit balances of 27 former Medicaid residents totaling $40,131.71

Millington Healthcare Center failed to establish a system to manage and promptly refund credit balances on the accounts of deceased or discharged residents. Management failed to refund credit balances totaling $40,131.71 that remain on the accounts of 27 former Medicaid residents. Of this amount, $38,438.81 is due to former Medicaid residents or their authorized representatives, and $1,692.90 is due to the Medicaid Program.

| Discharge Period | Number of Residents | Due to Medicaid | Due to Resident or Authorized Representative |
|---|---|---|---|
| FYE 6/30/2014 | 1 | $ 642.86 | |
| FYE 6/30/2015 | 1 | 510.24 | |
| FYE 6/30/2017 | 2 | 122.17 | |
| FYE 6/30/2019 | 1 | 16.78 | |
| FYE 6/30/2020 | 3 | | $ 1,503.10 |
| FYE 6/30/2021 | 8 | 141.17 | 19,811.79 |
| FYE 6/30/2022 | 2 | 10.80 | 239.15 |
| FYE 6/30/2023 | 5 | 248.88 | 9,213.11 |
| 7/1/2023-4/9/2024 | 4 | | 7,671.66 |
| **Total** | **27** | **$ 1,692.90** | **$ 38,438.81** |

Title 42, *United States Code* (USC), Section 1320a-7k(d) contains obligations for health care providers regarding reporting and returning overpayments. It states,

> (1) In general
>
> If a person has received an overpayment, the person shall-
>
> (A) Report and return the overpayment to the Secretary, the State, an intermediary, a carrier, or a contractor, as appropriate, at the correct address; and

(B) Notify the Secretary, State, intermediary, carrier, or contractor to whom the overpayment was returned in writing of the reason for the overpayment.

(2) Deadline for reporting and returning overpayments

An overpayment must be reported and returned under paragraph (1) by the later of-

(A) the date which is 60 days after the date on which the overpayment was identified; or

(B) the date any corresponding cost report is due, if applicable.

Section 66-29-123(a), *Tennessee Code Annotated*, requires that "A holder of property presumed abandoned and subject to the custody of the treasurer shall report in a record to the treasurer concerning the property." Chapter 1700-02-01-.19(1) of the *Rules of the 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."

## Recommendation

Millington Healthcare Center should implement an adequate system to promptly refund credit balances on the accounts of former residents or their authorized representatives, as well as to the Medicaid program. The facility should refund the credit balances. Additionally, the facility's management should maintain evidence of attempts to contact the owner of the credit balance. If the proper owner cannot be located, the facility should file a report of the abandoned property with the Tennessee Department of Treasury, Division of Unclaimed Property.

## Management's Comment

Millington Healthcare Center will follow up on refunds and credit balances on the accounts of discharged residents that have been processed but not refunded and complete refunds that are due to discharged residents. $38,438.81 will be refunded back to former Medicaid residents or their authorized representatives and $1,692.90 to the Medicaid program.

## Observations and Recommendations

### Observation 1

#### Millington Healthcare Center inappropriately charged residents for Medicaid-covered services and items

Millington Healthcare Center inappropriately charged Medicaid residents for Medicaid-covered services and items. During the admission process, the facility failed to inform Medicaid residents that they have a free haircut alternative. The facility improperly billed 23 Medicaid residents a total of $1,510 for haircuts, shampoos, and shaves. Additionally, Millington Healthcare Center inappropriately charged one Medicaid resident $105.42 for incontinence supplies. The facility is only allowed to charge residents the difference in cost between incontinence supplies stocked by the facility and the incontinence supplies requested by the resident, but the facility charged the resident the full amount of the incontinence supplies.

Regarding basic services, Chapter 0720-18-.06(4)(q) of the *Rules of the Tennessee Health Facilities Commission* states, "Residents shall have shampoos, haircuts and shaves as needed, or desired."

Chapter 3, Paragraph 310.A.6, of the ICF Manual states,

> Policies must ensure that each resident admitted to the ICF: . . .
>
> b. Is fully informed in writing prior to or at the time of admission and during stay, of services available in the ICF, and of related charges including any charges for services not covered under the Title XIX program or not covered by the ICF's basic per diem rate.

No. 93-2 of the *Medicaid Bulletin* states, "diapers, cloth and/or disposable, is a nursing facility (NF) responsibility and considered a covered service."

No. 94-1 of the *Medicaid Bulletin* states, "For covered items, the NF may charge no more than the difference between the cost of an item and/or service it provides, and one specifically requested by name by the resident."

### Recommendation

Millington Healthcare Center should provide covered services and items to all Medicaid residents without charge. The facility should inform all Medicaid residents about the availability of a complimentary basic haircut option. The facility should refund the residents for the covered services and items.

## Management's Comment

Millington Healthcare charged residents that requested professional beauty and barber services from the beauty shop. The facility provides basic hair services such as shampoo of all residents and the additional cutting of the male residents as needed by the staff free of charge. Going forward the facility will inform residents and/or the responsible party of the complimentary basic haircut option during the admission process. The facility did not charge residents for incontinent supplies. We provide them free of charge; however, the family wanted to buy incontinent briefs as part of a spend down. Facility will submit refund request for affected residents regarding the beauty and barber services.

### Observation 2

Millington Healthcare Center failed to properly manage the resident trust fund

As of April 19, 2024, Millington Healthcare Center held the residents' funds totaling $7,700.77 in a pass-through account instead of the interest-bearing resident trust fund account. Among this amount, $7,667.48 had been improperly maintained in this account for more than three months. The facility neglected to properly manage resident trust funds by failing to ensure that outstanding checks totaling $7,667.48 had been properly delivered to recipients. The remaining amount of $33.29 was outstanding for less than 30 days.

Additionally, management did not properly reconcile the bank statements for the period March 2023 through March 2024.

The resident trust fund was not reconciled as of April 19, 2024. The unreconciled amount is attributed to a check intended to reimburse personal items for a resident and interest for a closed resident trust fund account. There is no evidence that the check was ever issued by the facility. As of May 16, 2024, the receipt for the purchase is still outstanding.

Title 42, *Code of Federal Regulations,* Part 483, Section 10(f)(10)(iii)(A), states, "The facility must establish and maintain a system that assures a full and complete and separate accounting, according to generally accepted accounting principles, of each resident's personal funds entrusted to the facility on the resident's behalf."

### Recommendation

Millington Healthcare Center should perform accurate reconciliations and promptly investigate and resolve variances to reconcile resident trust fund bank statements. Millington Healthcare Center should monitor outstanding checks and maintain a system that assures a complete and separate accounting for the resident trust fund.

## Management's Comment

Millington Healthcare Center has corrected items listed. The facility will follow the procedure in place to perform accurate reconciliations, prompt investigations and resolve variances to reconcile resident trust fund bank statements. We will monitor outstanding checks and continue to maintain a system that ensures complete and separate accounting for the resident trust fund.

### Observation 3

Millington Healthcare Center had seven residents' trust fund balances that exceeded the Medicaid resource limit of $2,000

Millington Healthcare Center had seven Medicaid residents with trust fund balances exceeding the Medicaid resource limit of $2,000. The amounts that exceeded the $2,000 limit ranged from $2,044.89 to $9,943.93.

Title 20, *Code of Federal Regulations*, Part 416, Section 1205, limits an individual's resources to $2,000. Chapter 1240-03-03-.05(1) of the *Rules of the Tennessee Department of Human Services* states, "Applicants for medical assistance are permitted to retain resources in an amount not to exceed the SSI [Supplemental Security Income] limits."

When Medicaid residents' trust funds exceeded the resource limit, the facility inappropriately addressed the issue by charging some residents as self-pay for their nursing facility stays to spend down their resources while they were still enrolled in Medicaid. A nursing facility may not charge a Medicaid enrollee for a covered service, including nursing facility room and board.

According to Chapter 1200-13-02-.03(6) of the *Rules of the Tennessee Department of Finance and Administration Bureau of TennCare*, "A NF shall not charge a TennCare enrollee for a covered service." Providers may only seek payment from a TennCare enrollee in certain circumstances as outlined in Chapter 1200-13-13.08(5).

### Recommendation

Millington Healthcare Center should notify each resident or the authorized representative when any resident's funds approach the $2,000 Medicaid resource limit. The facility should not charge residents as self-pay while they are enrolled in Medicaid.

## Management's Comment

Facility will follow our policy regarding notification of each resident or the responsible party when any resident's funds approach $1,800 of the Medicaid resource limit of $2,000. The facility will offer options other than self-pay with the resident or responsible party when completing a spend down.

## Summary of Monetary Finding and Observation

### Source of Overpayments

| | |
|---|---|
| Unrefunded credit balances (Finding 1) | $ 40,131.71 |
| Residents charged for Medicaid covered services and items (Observation 1) | 1,615.42 |
| Total | $ 41,747.13 |

### Disposition of Overpayments

| | |
|---|---|
| Due to residents or their authorized representatives | $ 40,054.23 |
| Due to the Medicaid program | 1,692.90 |
| Total | $ 41,747.13 |