TENNESSEE COMPTROLLER OF THE TREASURY

MEDICAID EXAMINATION

StoneRidge Health Care, LLC
Goodlettsville, Tennessee

Cost Reports
January 1, 2023, Through December 31, 2023

Resident Days
January 1, 2023, Through June 30, 2024

Resident Accounts
October 1, 2023, Through November 18, 2024

Jason E. Mumpower
Comptroller of the Treasury

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TENNESSEE COMPTROLLER OF THE TREASURY

TENNESSEE COMPTROLLER OF THE TREASURY

JASON E. MUMPOWER
Comptroller

May 12, 2025

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 StoneRidge Health Care, LLC in Goodlettsville, Tennessee, for the period January 1, 2023, through December 31, 2023; resident days for the period January 1, 2023, through June 30, 2024; and resident accounts for the period October 1, 2023, through November 18, 2024.

Sincerely,

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

KJS/jb
25/015

DIVISION OF STATE AUDIT • MEDICAID EXAMINATION • MAY 2025

STONERIDGE HEALTH CARE, LLC

GOODLETTSVILLE, TENNESSEE

EXAMINATION HIGHLIGHTS

Examination Scope

Cost Reports for the Period January 1, 2023, Through December 31, 2023;
Resident Days for the Period January 1, 2023, Through June 30, 2024; and
Resident Accounts for the Period October 1, 2023, Through November 18, 2024

Finding

StoneRidge Health Care, LLC failed to properly manage and promptly refund credit balances of four former Medicaid residents totaling $3,176.31

StoneRidge Health Care, LLC failed to establish 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 $3,176.31. Of this amount, $3,058.92 is due to former Medicaid residents or their authorized representatives, and $117.39 is due to the Medicaid program.

Observation

StoneRidge Health Care, LLC failed to properly manage the resident trust fund

StoneRidge Health Care, LLC management stopped reconciling the resident trust fund beginning in January 2024 and failed to perform timely reconciliations through October 2024. Additionally, when auditors attempted to reconcile the fund on November 18, 2024, there was an unexplained variance of $55.16 between the trust fund ledger and the amount available in the trust fund bank account.

Medicaid Examination
StoneRidge Health Care, LLC

Cost Reports for the Period
January 1, 2023, Through December 31, 2023;

Resident Days for the Period
January 1, 2023, Through June 30, 2024; and

Resident Accounts for the Period
October 1, 2023, Through November 18, 2024

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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' 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.

StoneRidge Health Care, LLC

StoneRidge Health Care, LLC in Goodlettsville, Tennessee, provides both NF-1 and NF-2 services. The facility is owned by Sidney Pierce.

During the examination period, the facility maintained a total of 38 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 13,870 available bed days for the year ended December 31, 2023, the facility reported 6,026 for Medicaid residents. Also, the facility reported total operating expenses of $3,126,348 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
January 1, 2023, through June 30, 2023	$253.50
July 1, 2023, through December 31, 2023	$242.05
January 1, 2024, through June 30, 2024	$229.46
July 1, 2024, through November 18, 2024	$267.91

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

April 7, 2025

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 StoneRidge Health Care, LLC complied with the following requirements:

- Income reported on the Skilled Nursing Facility and Medicaid Supplemental Cost Reports for the fiscal year ended December 31, 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 January 1, 2023, through June 30, 2024, when residents were discharged, are in accordance with the rules.

- Charges to residents or residents' personal funds from October 1, 2023, through November 18, 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 StoneRidge Health Care, LLC and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to the examination engagement.

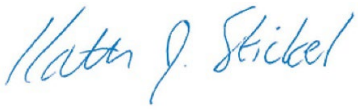
Our examination disclosed the following instance of material noncompliance applicable to state and federal regulations:

- StoneRidge Health Care, LLC failed to properly manage and promptly refund credit balances of four former Medicaid residents totaling $3,176.31

In our opinion, except for the instance of material noncompliance described above, StoneRidge Health Care, LLC complied with the aforementioned requirements for income reported on the Skilled Nursing Facility and Medicaid Supplemental Cost Reports for the period January 1, 2023, through December 31, 2023; resident days for the period January 1, 2023, through June 30, 2024; and resident accounts for the period October 1, 2023, through November 18, 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.

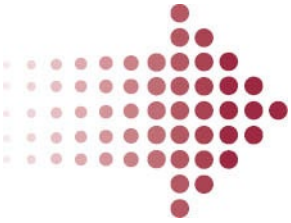
Sincerely,



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

KJS/jb

Finding and Recommendation



Finding

StoneRidge Health Care, LLC failed to properly manage and promptly refund credit balances of four former Medicaid residents totaling $3,176.31

StoneRidge Health Care, LLC 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 $3,176.31 that remain on the accounts of four former Medicaid residents. Of this amount, $3,058.92 is due to former Medicaid residents or their authorized representatives, and $117.39 is due to the Medicaid program.

Discharge Period	Number of Residents	Due to Medicaid	Due to Resident or Authorized Representative
FYE 12/31/2021	1	$ 0	$ 2,005.24
FYE 12/31/2023	3	$ 117.39	$ 1,053.68
Total	**4**	**$ 117.39**	**$ 3,058.92**

Title 42, *United States Code*, 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

StoneRidge Health Care, LLC 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

I have reviewed the attachments and have no comments to make.

Observation and Recommendation

Observation

StoneRidge Health Care, LLC failed to properly manage the resident trust fund

StoneRidge Health Care, LLC management stopped reconciling the resident trust fund beginning in January 2024 and failed to perform timely reconciliations through October 2024. The facility attempted to perform resident trust fund reconciliations after auditors initiated the examination, but the amounts listed on the reconciliations did not match those listed on the trust fund general ledger.

Additionally, when the auditors attempted to reconcile the fund on November 18, 2024, there was a variance of $55.16, with total resident funds of $4,785.43 listed on the trust fund general ledger and only $4,730.27 available in the trust fund bank account. Management was unable to provide support to explain the variance.

Because the facility did not perform monthly reconciliations, interest was incorrectly posted for January and February 2024, and the facility failed to follow up on an outstanding check that was issued on December 8, 2023, to close out a resident's account.

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

StoneRidge Health Care, LLC should perform timely and accurate monthly reconciliations between the resident trust fund bank statements and the trust fund general ledger. The facility should also add funds to the trust fund bank account to resolve the current variance.

Management's Comment

I have reviewed the attachments and have no comments to make.

Summary of Monetary Finding

Source of Overpayments

Unrefunded credit balances (Finding 1)	$ 3,176.31

Disposition of Overpayments

Due to residents or their authorized representatives	$ 3,058.92
Due to the Medicaid program	117.39
Total	$ 3,176.31