



MEDICAID EXAMINATION

Huntsville TN Opco, LLC

DBA Huntsville Post Acute and Rehabilitation Center

Huntsville, Tennessee

Cost Reports

January 1, 2024, Through December 31, 2024

Resident Days

January 1, 2024, Through June 30, 2025

Resident Accounts

October 1, 2024, Through November 4, 2025

Jason E. Mumpower
Comptroller of the Treasury



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HEALTH PROVIDER REVIEW**

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JASON E. MUMPOWER
Comptroller

October 7, 2026

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 Health Provider Review 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 Skilled Nursing Facility and Medicaid Supplemental Cost Reports of Huntsville TN Opco, LLC in Huntsville, Tennessee, for the period January 1, 2024, through December 31, 2024; resident days for the period January 1, 2024, through June 30, 2025; and resident accounts for the period October 1, 2024, through November 4, 2025.

Sincerely,

A handwritten signature in blue ink that reads "Maya Angelova".

Maya Angelova, CPA, CFE, Director
Division of Health Provider Review

MA/rd
26/013

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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 TennCare Long-Term Care Program, a recipient must meet Medicaid eligibility requirements under one of the coverage groups included in the State Plan under Title XIX of the Social Security Act. The need for nursing care, in itself, is not 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 Tennessee Health Facilities Commission (HFC) certifies nursing facility beds and serves as the designated State Surveying Agency for the Centers for Medicare and Medicaid Services. The HFC is responsible for ensuring quality of care in nursing homes through its licensure and regulatory authority, which includes conducting surveys, investigating complaints, and enforcing compliance with state and federal standards.

Huntsville TN Opco, LLC

Huntsville TN Opco, LLC, dba Huntsville Post Acute and Rehabilitation Center located in Huntsville, Tennessee, provides both intermediate and skilled levels of care. The facility is directly owned by Huntsville TN Holdco, LLC. Jeffery Arem, Issac Moskowitz, and David Herskowitz are all indirect owners of the facility. The facility is managed by Plainview Group TN, LLC.

During the examination period, the facility maintained a total of 96 licensed nursing facility beds. Of the 35,136 available bed days for the year ended December 31, 2024, the facility

reported 19,715 for Medicaid residents. Also, the facility reported total operating expenses of \$7,907,676 for the period.

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

<u>Period</u>	<u>NF Rate</u>
January 1, 2024, through June 30, 2024	\$257.12
July 1, 2024, through December 31, 2024	\$250.64
January 1, 2025, through June 30, 2025	\$244.99
July 1, 2025, through November 4, 2025	\$275.77

EXAMINATION SCOPE

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 or clinical or medical provisions.

PRIOR EXAMINATION FINDINGS

An examination has not been performed within the last five years.



JASON E. MUMPOWER
Comptroller

Independent Accountant's Report

August 14, 2026

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
Tennessee Department of Finance and Administration
310 Great Circle Road, 4W
Nashville, Tennessee 37243

Ladies and Gentlemen:

We have examined whether Huntsville TN Opco, 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, 2024, 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 for the period January 1, 2024, through June 30, 2025, when residents were discharged, are in accordance with the rules.
- Charges to residents or residents' personal funds for the period October 1, 2024, through November 4, 2025, are in accordance with state and federal regulations, and 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 Huntsville TN Opco, LLC and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to the examination engagement.

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

- Huntsville TN Opco, LLC failed to properly manage and promptly refund credit balances of 65 former Medicaid residents, totaling \$92,643.32
- Huntsville TN Opco, LLC failed to properly manage the resident trust fund

In our opinion, except for the instances of material noncompliance described, Huntsville TN Opco, LLC complied, in all material respects, with the aforementioned requirements for income reported on the Skilled Nursing Facility and Medicaid Supplemental Cost Reports for the period January 1, 2024, through December 31, 2024; resident days for the period January 1, 2024, through June 30, 2025; and resident accounts for the period October 1, 2024, through November 4, 2025.

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.

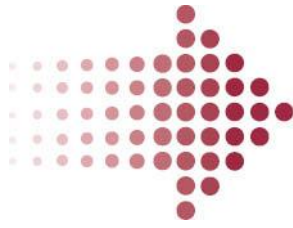
Sincerely,



Maya Angelova, CPA, CFE, Director
Division of Health Provider Review

MA/rd

FINDINGS AND RECOMMENDATIONS



Finding 1: Huntsville TN Opco, LLC failed to properly manage and promptly refund credit balances of 65 former Medicaid residents, totaling \$92,643.32

Huntsville TN Opco, LLC failed to establish a system to manage and promptly refund credit balances on the accounts of deceased or discharged residents. The auditors requested and reviewed the facility's accounts receivable aging report for discharged Medicaid residents with credit balances outstanding for more than 60 days and identified 65 residents with credit balances totaling \$92,643.32. As shown in **Figure 1**, of this amount, \$64,333.64 is due to discharged Medicaid residents or their authorized representatives, \$22,465.68 is due to the Medicaid program, and \$5,844.00 is due to the Social Security Administration (SSA). The amount due to SSA is for one deceased resident's monthly Social Security benefit payment that the facility received in the month after the resident passed.

Figure 1: Credit Balances Identified on Accounts Receivable Report

Discharge Period	Due to Resident or Authorized Representative	Due to Medicaid Program	Due to Social Security Administration	Number of Residents
FYE* 12/31/2020	\$12,219.44	\$3,946.26	\$0	12
FYE 12/31/2021	\$5,432.94	\$8,153.42	\$5,844.00	16
FYE 12/31/2022	\$3,119.03	\$34.20	\$0	7
FYE 12/31/2023	\$3,496.64	\$1,600.68	\$0	9
FYE 12/31/2024	\$11,203.40	\$288.58	\$0	7
1/1/2025–8/27/2025	\$28,862.19	\$8,442.54	\$0	14
Total	\$ 64,333.64	\$ 22,465.68	\$ 5,844.00	65

* Fiscal year ended.

Title 42, *United States Code*, Chapter 7, 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.”

Title 20, *Code of Federal Regulations*, Part 416, Section 1334 contains Social Security Administration regulations for termination of Social Security benefits due to the death of a recipient. It states, “Eligibility for benefits ends with the month in which the recipient dies. Payments are terminated effective with the month after the month of death.”



Recommendation: Huntsville TN Opco, LLC should implement an adequate system to promptly refund credit balances to former residents or their authorized representatives, as well as to the Medicaid program and the Social Security Administration. 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

Regarding the findings of the Medicaid Examination conducted at Huntsville TN Opco, LLC, Huntsville TN Opco, LLC has taken steps to mitigate any future findings.

1. Billers will review Medicaid credit balances monthly to determine if any refunds are due back to residents or their authorized representatives.
2. Billers will submit a corrected claim.
3. A refund will be issued within 60 days.
4. An updated note will be recorded in Point Click Care (PCC) to reflect next steps.
5. These matters will be discussed during the monthly meetings.



Finding 2: Huntsville TN Opco, LLC failed to properly manage the resident trust fund

The facility did not properly manage resident trust funds due to the exceptions described below:

- Huntsville TN Opco, LLC failed to determine the whereabouts of or notify residents or their authorized representatives when outstanding checks, written from the petty cash trust fund account within the resident trust fund, had not cleared the bank. As of November 4, 2025, eight checks had been outstanding for over 60 days, and seven of the eight outstanding checks had been outstanding for more than two years. The eight outstanding checks represented \$2,780.26 due to Medicaid residents and \$2,207.56 due to non-Medicaid residents. These checks were issued to former residents for outstanding account balances due to the residents, to a resident's estate, to vendors for services performed for residents, or as a refund to the Social Security Administration. **Figure 2** demonstrates the outstanding checks per fiscal year-end (FYE).

Figure 2: Outstanding Checks from the Resident Trust Fund

FYE	Sum of Resident Trust Fund Outstanding Checks	Number of Outstanding Checks
12/31/2019	\$2,742.61	2
12/31/2020	\$1,890.51	3
12/31/2023	\$283.75	2
12/31/2025	\$70.95	1
Total	\$4,987.82	8

- The facility failed to properly reconcile the resident trust fund bank statements from October 2024 through September 2025. The facility's bank reconciliation on September 30, 2025, did not balance and reflected a difference between the ledger and the bank balance of \$(1,990.57).

Title 42, *Code of Federal Regulations* (CFR), Part 483, Section 10(f)(10)(i), states that "the facility must act as a fiduciary of the resident's funds and hold, safeguard, manage, and account for the personal funds of the resident deposited with the facility, as specified in this section."

In addition, 42 CFR 483.10(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."

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. "Due diligence" is defined herein as the degree of care which a reasonably prudent man would exercise in the normal course of business operations.

Chapter 0720-21-.11(9) of the *Rules of the Tennessee Health Facilities Commission* contains obligations for health care providers regarding management and documentation of the resident accounts. Regarding resident accounts, it states,

The home must separate such monies from the home's operating funds and all other deposits or expenditures, submit a written accounting to the resident at least quarterly, and immediately return the balance upon transfer or discharge. A current copy of this report shall be maintained in the resident's file maintained by the licensee.



Recommendation: The management of Huntsville TN Opco, LLC should establish a system to ensure that resident trust funds are properly managed. They should maintain evidence of attempts to contact the owner of the outstanding checks. 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.

Huntsville TN Opco, LLC should ensure that the resident trust fund accounts are reconciled properly. Huntsville TN Opco, LLC should review and reconcile the outstanding \$4,987.82 to ensure proper documentation and accuracy of the resident trust fund.

Management's Comment

Regarding the findings of the Medicaid Examination conducted at Huntsville TN Opco, LLC, Huntsville TN Opco, LLC has taken steps to mitigate any future findings.

1. When a resident is discharged from the facility or expires, the Business Office Manager (BOM) will review the Resident Fund Management System (RFMS) if applicable and submit a refund within 30 days.
2. Any unclaimed property will be communicated timely with the appropriate agencies as indicated.

SUMMARY OF MONETARY FINDINGS

Source of Overpayments

Unrefunded credit balances (Finding 1)	\$92,643.32
Outstanding Medicaid resident trust fund checks (Finding 2)	\$2,780.26
Total	<u>\$95,423.58</u>

Disposition of Overpayments

Due to residents or their authorized representatives, vendors, or the Social Security Administration	\$72,957.90
Due to the Medicaid Program	\$22,465.68
Total	<u>\$95,423.58</u>