



**MEDICAID EXAMINATION**  
**Memphis Operator, LLC**  
**DBA River of Life Care Center**  
**Memphis, 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 3, 2025*

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



**DIVISION OF**  
**HEALTH PROVIDER REVIEW**

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JASON E. MUMPOWER  
*Comptroller*

June 2, 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 Medicare and Medicaid Supplemental Cost Reports of Memphis Operator, LLC, dba River of Life Care Center, in Memphis, 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 3, 2025.

Sincerely,

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

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

MA/rd  
26/011

# MEMPHIS OPERATOR, LLC

## DBA RIVER OF LIFE CARE CENTER

### MEMPHIS, TENNESSEE

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## EXAMINATION HIGHLIGHTS

### Examination Scope

*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 3, 2025*

## FINDINGS

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**Memphis Operator, LLC failed to properly manage and promptly refund credit balances of eight former Medicaid residents or their authorized representatives, totaling \$14,315.57**

Memphis Operator, LLC has not established a system to properly manage and promptly refund credit balances on the accounts of deceased or discharged Medicaid residents. Management failed to refund credit balances totaling \$14,315.57. Of this amount, \$6,548.04 is due to former Medicaid residents or their authorized representatives, and \$7,767.53 is due to the Medicaid program.

**Memphis Operator, LLC failed to properly manage the resident trust fund**

Memphis Operator, LLC has not established a system to ensure that the resident trust fund is properly managed, resulting in the following exceptions:

- The facility did not attempt to notify residents or their authorized representatives when outstanding checks written from the petty cash account had not cleared the bank. As of November 3, 2025, 22 checks had been outstanding for over 60 days.

- The facility failed to properly reconcile the resident trust fund bank statements from November 2024 to September 2025.
- The facility failed to charge the correct monthly patient liability for one resident, resulting in a \$480 overcharge to the resident's trust fund account.

## OBSERVATION

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### **Memphis Operator, LLC inappropriately charged 25 Medicaid residents a total of \$750 for basic services**

Memphis Operator, LLC inappropriately billed 25 Medicaid residents a total of \$750 for basic services, specifically haircuts.

**Medicaid Examination**  
**Memphis Operator, LLC**  
**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 3, 2025**

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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' 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.

### *Memphis Operator, LLC*

Memphis Operator, LLC, located in Memphis, Tennessee, provides intermediate, skilled, and enhanced levels of care. In 2025, Memphis Operator, LLC changed the name under which it does business from Spring Gate Rehabilitation and Healthcare Center to River of Life Care Center. The facility is owned by TenInOne Acquisition Group, LLC and managed by Prestige Administrative Services.

During the examination period, the facility maintained a total of 206 licensed nursing facility beds. Of the 75,396 available bed days for the year ended December 31, 2024, the facility reported 36,029 for Medicaid residents. Also, the facility reported total operating expenses of \$19,228,207 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	\$304.62
July 1, 2024, through December 31, 2024	\$314.30
January 1, 2025, through June 30, 2025	\$313.60
July 1, 2025, through November 3, 2025	\$307.68

## **EXAMINATION SCOPE**

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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 Reports. Our examination does not cover quality of care or clinical or medical provisions.

## **PRIOR EXAMINATION FINDINGS**

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



JASON E. MUMPOWER  
*Comptroller*

## Independent Accountant's Report

March 25, 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 Memphis Operator, LLC, dba River of Life Care Center, 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 3, 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 Memphis Operator, LLC, dba River of Life Care Center, 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:

- Memphis Operator, LLC failed to properly manage and promptly refund credit balances of eight former Medicaid residents or their authorized representatives, totaling \$14,315.57
- Memphis Operator, LLC failed to properly manage the resident trust fund

In our opinion, except for the instances of material noncompliance listed above, Memphis Operator, LLC, dba River of Life Care Center, complied 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 3, 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,

A handwritten signature in blue ink that reads "Maya Angelova". The signature is written in a cursive, flowing style.

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

MA/rd

# FINDINGS AND RECOMMENDATIONS



**Finding 1:** Memphis Operator, LLC failed to properly manage and promptly refund credit balances of eight former Medicaid residents or their authorized representatives, totaling \$14,315.57

Memphis Operator, LLC failed to establish a system to manage and promptly refund credit balances on the accounts of deceased or discharged Medicaid 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 eight residents with credit balances totaling \$14,315.57. Of this amount, \$6,548.04 was due to discharged Medicaid residents or their authorized representatives, and \$7,767.53 was due to the Medicaid program. After auditors identified the credit balances, the facility's management researched the outstanding credit balances and issued refund checks to the discharged Medicaid residents or their authorized representatives. The auditors reviewed the facility's supporting documentation and noted that the refund checks totaling \$6,548.04 had cleared the bank as of March 3, 2026.

### Credit Balances Identified on Accounts Receivable Report

Discharge Period	Due to Resident or Authorized Representative	Due to Medicaid Program	Number of Residents
7/5/2025-8/29/2025	\$6,548.04	\$7,767.53	8

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.”



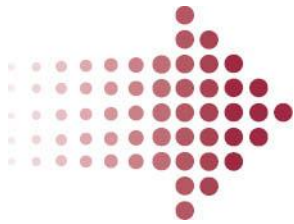
**Recommendation:** Memphis Operator, LLC should implement an adequate system to promptly refund credit balances on the accounts of former residents or their authorized representatives, as well as to the Medicaid program. The facility’s management should maintain evidence of attempts to contact the owner 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

The facility experienced contractual issues with both United Healthcare and Blue Cross. Contracts were terminated and existing patients were transferred to another MCO and/or another facility of their choice. Upon billing of claims, MCOs deducted patient liability in the same month under both MCOs. This is an error, and the billing specialist has been working with provider relations to correct both Tennessee Anytime and the claims in question.

Valid credit balances are being recouped by the MCOs. Credit balances due back to individual patients have been completed and are being monitored by the Business Office Manager, Administrator and the Regional Business Office Manager during monthly

account reviews. Credit balances will be refunded to patients or forwarded to Unclaimed Property in a timely manner going forward.



**Finding 2: Memphis Operator, LLC failed to properly manage the resident trust fund**

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

- Memphis Operator, LLC did not attempt to determine the whereabouts or notify residents or their authorized representatives when outstanding checks written from the resident trust fund petty cash account had not cleared the bank. When auditors entered the field on November 3, 2025, there were 22 outstanding checks totaling \$17,795.67 that had been outstanding for over 60 days. After auditors notified the facility of the outstanding checks, the facility submitted unclaimed property for four residents totaling \$2,290.89 to the Tennessee Department of Treasury, Division of Unclaimed Property, reducing the number of outstanding checks to 18, with a remaining total of \$15,504.78. These 18 checks had been outstanding for over 60 days, 12 of which had been outstanding for more than 2 years. Of the 18 outstanding checks, 11 were for Medicaid residents, totaling \$10,844.13, and seven were for non-Medicaid residents, totaling \$4,660.65. The checks were issued to former residents for funds owed to them, to a resident’s estate, to vendors for services provided on a resident’s behalf, or to the Social Security Administration.

**Outstanding Checks from the Resident Trust Fund**

FYE	Sum of Resident Trust Fund Outstanding Checks	Number of Outstanding Checks
FYE 12/31/2019	\$82.76	1
FYE 12/31/2021	\$3,558.77	4
FYE 12/31/2022	\$8,889.61	5
FYE 12/31/2023	\$1,296.38	2
FYE 12/31/2024	\$613.53	3
01/01/2025-09/03/2025	\$1,063.73	3
<b>Total</b>	<b>\$15,504.78</b>	<b>18</b>

- The facility failed to properly reconcile the resident trust fund bank statements from November 2024 through September 2025. The facility’s bank reconciliation for

September 30, 2025, did not balance and reflected a difference between the ledger and the bank balance of \$12,982.56. The facility did not properly reconcile outstanding checks, including a \$2,360.00 check that had been voided but remained recorded in the petty cash account as of November 3, 2025.

- The facility failed to charge the correct monthly patient liability for one resident, resulting in a \$480 overcharge to the resident's trust fund account.

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 Memphis Operator, 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.

Memphis Operator, LLC should ensure that the resident trust fund accounts are reconciled properly. Memphis Operator, LLC should review and reconcile the outstanding \$15,504.78 to ensure proper documentation and accuracy of the resident trust fund.

Memphis Operator, LLC should repay the \$480 overcharged to the resident's trust fund account. In addition, the facility should implement procedures to ensure patient liability is appropriately monitored.

### **Management's Comment**

Reconciliations did occur; however, the issue was that attempts to follow up on outstanding checks did not occur in a timely fashion. Education and training were completed by the Regional Business Office Manager, and the Business Office Manager position has been replaced. The Regional Business Office Manager has continued to educate the new BOM, and the reconciliations will be reviewed and signed by the Administrator and the Regional BOM monthly going forward.

## OBSERVATION AND RECOMMENDATION

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**Observation:** Memphis Operator, LLC inappropriately charged 25 Medicaid residents a total of \$750 for basic services

The facility charged 25 Medicaid residents a total of \$750 for basic services. In some instances, residents were charged for a second haircut within the same month that should have been covered free of charge.

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."

**Recommendation:** Memphis Operator, LLC should provide basic services to all Medicaid residents at no charge. The facility should refund \$750 to the Medicaid residents for the haircuts.

### Management's Comment

We have reviewed the regulations with the team and provided additional education and training. Basic care hair services such as haircuts are included in the per diem rate. Any additional specialty services will be discussed with the residents and notification of any charges for that service will be provided. Facility will update statement of charges and provide it to all residents. Any barber/beauty charges will be reviewed by the Administrator prior to billing. Facility in process of issuing refunds from these findings.

# SUMMARY OF MONETARY FINDINGS AND OBSERVATION

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## Source of Overpayments

Unrefunded accounts receivable credit balances (Finding 1)	\$ 7,767.53
Outstanding Medicaid resident trust fund checks and overpayment due to residents (Finding 2)	11,324.13
Overpayments due to residents (Observation)	750.00
<b>Total</b>	<b>\$ 19,841.66</b>

## Disposition of Overpayments

Due to residents or their authorized representatives, vendors, or the Social Security Administration	\$ 12,074.13
Due to the Medicaid program	7,767.53
<b>Total</b>	<b>\$ 19,841.66</b>