



**Justin P. Wilson, Comptroller**

June 15, 2020

**Nursing Home Company Submitted Unallowable Expenses to State**  
*Health Services Management Group, LLC is based in Cleveland, TN*

An audit by the Tennessee Comptroller's Office has revealed numerous unallowable expenses that were submitted to the state by Health Services Management Group, LLC, (HSMG) which operates several nursing homes in Tennessee. The expenses were included on cost reports submitted to calculate Medicaid reimbursement rates for HSMG's nursing facilities.

Comptroller auditors identified a total of \$1,060,146.27 of nonallowable expenses on HSMG's cost reports for the fiscal years ended December 31, 2016, and December 31, 2017.

The nonallowable amounts consisted of many items including late fees, marketing expenses, unsupported expenses, unpaid expenses, expenses not related to Tennessee facilities, and duplicate expenses.

Auditors also found lesser expenses related to alcohol, parties, unsupported travel, a traffic ticket, flowers, trips abroad, and a retirement vacation package.

"Nursing facilities and their parent companies have a responsibility to ensure all reported expenses are adequately supported," said Comptroller Justin P. Wilson. "Expenses should also be related to patient care and comply with all applicable rules and regulations."

As a result of the audit, a new reimbursement rate will be calculated for HSMG's Tennessee facilities. Previously submitted claims will be reprocessed based on the new rate.

To view the audit report, go to: <https://comptroller.tn.gov/content/dam/cot/sa/advanced-search/2020/md19027.pdf>

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