



MEDICAID EXAMINATION

CLC of Ripley, LLC DBA Lauderdale Community Living Center Ripley, Tennessee

Cost Reports

January 1, 2022, Through December 31, 2022

Resident Days

January 1, 2022, Through June 30, 2023

Resident Accounts

March 1, 2023, Through April 1, 2024

Jason E. Mumpower
Comptroller of the Treasury



DIVISION OF STATE AUDIT

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

Medicaid/TennCare

Maya Angelova, CPA, CFE
Assistant Director

Karen Degges, CPA
Audit Manager

David Steadman
In-Charge Auditor

Tammy Fruscione, CGFM
Senior Auditor

Kelsey Potts
Staff Auditor

Audit Special Teams

Amber L. Crawford, SPHR
Assistant Director

Amanda S. Adams
Amy W. Brack
Editors

David Cook, CPA
Legislative Audit Review Officer

Comptroller of the Treasury, Division of State Audit
Cordell Hull Building
425 Rep. John Lewis Way N.
Nashville, TN 37243
615.401.7897

comptroller.tn.gov/office-functions/state-audit.html
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JASON E. MUMPOWER
Comptroller

July 24, 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 CLC of Ripley, LLC, DBA Lauderdale Community Living Center, Ripley, Tennessee, for the period January 1, 2022, through December 31, 2022; resident days for the period January 1, 2022, through June 30, 2023; and resident accounts for the period March 1, 2023, through April 1, 2024.

Sincerely,

A handwritten signature in blue ink that reads "Katherine J. Stickel". The signature is fluid and cursive, with the first name "Katherine" being more prominent.

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

KJS/pn
24/057

CLC OF RIPLEY, LLC, DBA LAUDERDALE COMMUNITY LIVING CENTER

RIPLEY, TENNESSEE

EXAMINATION HIGHLIGHTS

Examination Scope

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

Finding Recommending Monetary Refunds

Lauderdale Community Living Center failed to properly manage and promptly refund accounts receivable credit balances of 10 former Medicaid residents, totaling \$31,518.55

Lauderdale Community Living 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 accounts receivable credit balances, totaling \$31,518.55, that remain on the accounts of 10 former Medicaid residents. Of this amount, \$29,827.90 is due back to the residents or their authorized representatives, and \$1,690.65 is due back to the Medicaid Program.

Observation

Lauderdale Community Living Center had five Medicaid residents with trust fund balances exceeding the Medicaid resource limit of \$2,000 on April 1, 2024

As of April 1, 2024, five residents had trust fund accounts with balances exceeding the Medicaid resource limit of \$2,000.

**Medicaid Examination
CLC of Ripley, LLC
DBA Lauderdale Community Living Center
Cost Reports for the Period
January 1, 2022, Through December 31, 2022;
Resident Days for the Period
January 1, 2022, Through June 30, 2023; and
Resident Accounts for the Period
March 1, 2023, Through April 1, 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.

CLC of Ripley, LLC, DBA Lauderdale Community Living Center

CLC of Ripley, LLC, DBA Lauderdale Community Living Center, in Ripley, Tennessee, provides both NF-1 and NF-2 services. The facility is owned by Mr. Douglas M. Wright, Jr. and the managing partner of Lauderdale Community Living Center and the facility's home office, Community Eldercare Services, LLC.

There are no directors or officers on the board of directors. Mr. Douglas M. Wright, Jr. is the managing member of the facility with 100% ownership.

During the examination period, the facility maintained a total of 72 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

26,280 available bed days for the year ended December 31, 2022, the facility reported 10,587 for Medicaid residents. Also, the facility reported total operating expenses of \$3,764,599 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:

<u>Period</u>	<u>NF Rate</u>
January 1, 2022, through June 30, 2022	\$238.45
July 1, 2022, through December 31, 2022	\$240.23
January 1, 2023, through June 30, 2023	\$234.45
July 1, 2023, through December 31, 2023	\$272.85
January 1, 2024, through June 30, 2024	\$281.39

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

June 6, 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 Lauderdale Community Living 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, 2022, 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, 2022, through June 30, 2023, when residents were discharged, are in accordance with the rules.
- Charges to residents and residents' personal funds from March 1, 2023, through April 1, 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 Lauderdale Community Living 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:

- Lauderdale Community Living Center failed to properly manage and promptly refund accounts receivable credit balances of 10 former Medicaid residents, totaling \$31,518.55.

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

Lauderdale Community Living Center failed to properly manage and promptly refund accounts receivable credit balances of 10 former Medicaid residents, totaling \$31,518.55

Lauderdale Community Living 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 accounts receivable credit balances, totaling \$31,518.55, that remain on the accounts of 10 former Medicaid residents. Of this amount, \$29,827.90 is due back to the residents or their authorized representatives, and \$1,690.65 is due back to the Medicaid Program.

Discharge Date	Amount Due to Medicaid	Amount Due to Resident
11/21/2020	\$49.17	
12/30/2020	\$1,509.00	
1/10/2021	\$127.74	
10/31/2021	\$1.00	\$1.00
6/17/2022		\$3,828.77
9/6/2022		\$1,763.35
10/11/2022		\$628.77
8/30/2023		\$93.53
10/14/2023		\$3,410.35
1/6/2024	\$3.74	\$20,102.13
Total	\$1,690.65	\$29,827.90

Criteria

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

Lauderdale Community Living Center should implement an adequate system to promptly refund accounts receivable credit balances on the accounts of former residents or their authorized representatives, or to the Division of TennCare. The facility should refund the accounts receivable credit balances. Additionally, the facility’s management should maintain evidence of attempts to contact the owner of any credit balances. 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

We acknowledge the audit findings and are committed to implementing an effective system for promptly refunding accounts receivable credit balances to former residents or their authorized representatives, including compliance with reporting requirements for abandoned property to the Tennessee Department of Treasury, Division of Unclaimed Property.

Observation and Recommendation

Observation

Lauderdale Community Living Center had five Medicaid residents with trust fund balances exceeding the Medicaid resource limit of \$2,000 on April 1, 2024

As of April 1, 2024, Lauderdale Community Living Center had five Medicaid residents with resident trust fund balances exceeding the Medicaid resource limit of \$2,000. The amount that exceeded the \$2,000 limit ranged from \$2,196.57 to \$6,848.22.

Criteria

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."

Recommendation

Lauderdale Community Living Center should notify each resident or the resident's authorized representative when any resident's funds approach the \$2,000 Medicaid resource limit. The facility should also inform those residents or their authorized representatives that exceeding the \$2,000 Medicaid resource limit could jeopardize their Medicaid eligibility.

Management's Comment

We appreciate the audit findings and will promptly implement procedures to notify residents or their authorized representatives when funds approach the \$2,000 Medicaid resource limit. We will also ensure they are informed about the potential impact on Medicaid eligibility should the limit be exceeded.

Summary of Monetary Finding

Source of Overpayments

Unrefunded accounts receivable credit balances	\$ 31,518.55
Total	<u>\$31,518.55</u>

Disposition of Overpayments

Due to residents or their authorized representatives	\$29,827.90
Due to Medicaid	<u>1,690.65</u>
Total	<u>\$31,518.55</u>