



MEDICAID EXAMINATION

The Waters of Cheatham

Ashland City, 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 9, 2024

Jason E. Mumpower
Comptroller of the Treasury



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JASON E. MUMPOWER
Comptroller

August 15, 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 The Waters of Cheatham in Ashland City, 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 9, 2024.

Sincerely,

A handwritten signature in blue ink that reads "Katherine J. Stickel".

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

KJS/pn
24/059

THE WATERS OF CHEATHAM

ASHLAND CITY, 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 9, 2024*

Finding Recommending Monetary Refunds

The Waters of Cheatham failed to properly manage and promptly refund accounts receivable credit balances of 10 former Medicaid residents, totaling \$28,545.01

The Waters of Cheatham 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 \$28,545.01, that remain on the accounts of 10 former Medicaid residents and are due back to the Medicaid program.

Medicaid Examination
The Waters of Cheatham
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 9, 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.

The Waters of Cheatham

The Waters of Cheatham in Ashland City, Tennessee, provides both NF-1 and NF-2 services. The facility is half owned by Michael Blisko and half owned by Gublin Enterprises Limited Partnership.

The Waters of Cheatham has a governing body but no board of directors.

During the examination period, the facility maintained a total of 80 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 29,200 available bed days for the year ended December 31, 2022, the facility reported 15,111 for Medicaid residents. Also, the facility reported total operating expenses of \$8,308,950 for the period.

The Division of Quality Assurance is responsible for inspecting 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	\$241.73
July 1, 2022, through December 31, 2022	\$246.68
January 1, 2023, through June 30, 2023	\$248.18
July 1, 2023, through December 31, 2023	\$292.27
January 1, 2024, through June 30, 2024	\$298.42

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

July 11, 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 The Waters of Cheatham 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 9, 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 The Waters of Cheatham 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:

- The Waters of Cheatham failed to properly manage and promptly refund accounts receivable credit balances of 10 former Medicaid residents, totaling \$28,545.01.

In our opinion, except for the instance of material noncompliance described above, The Waters of Cheatham 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 9, 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

The Waters of Cheatham failed to properly manage and promptly refund accounts receivable credit balances of 10 former Medicaid residents, totaling \$28,545.01

The Waters of Cheatham 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 \$28,545.01, that remain on the accounts of 10 former Medicaid residents and are due back to the Medicaid Program.

Discharge Date	Amount Due to the Medicaid Program
4/25/2018	\$1,383.53
8/17/2018	\$832.00
11/25/2019	\$1,133.00
3/19/2020	\$13,824.43
1/19/2021	\$616.00
7/11/2021	\$1,800.00
7/26/2022	\$264.00
12/10/2022	\$2,104.00
12/27/2023	\$0.01
1/26/2024	\$6,588.04
Total	\$28,545.01

Criteria

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

The Waters of Cheatham should implement an adequate system to promptly refund accounts receivable credit balances 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 owners 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

The Central Billing Office (CBO) will monitor that all refunds are reviewed and issued back to the State timely. If it is determined that the credit balance stems from another provider number of a prior owner, the CBO will ensure timely followup and if validated will issue a refund check in lieu of a remittance recoupment to our provider number.

Summary of Monetary Finding

Source of Overpayments

Unrefunded accounts receivable credit balances	\$ 28,545.01
Total	<u>\$28,545.01</u>

Disposition of Overpayments

Due to the Medicaid Program	\$28,545.01
Total	<u>\$28,545.01</u>