



## COMPTROLLER'S INVESTIGATIVE REPORT

# Tennessee State Veterans' Homes

*November 10, 2020*

**Justin P. Wilson**  
*Comptroller of the Treasury*



**DIVISION OF INVESTIGATIONS**



JUSTIN P. WILSON  
*Comptroller*

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*Deputy Comptroller*

November 10, 2020

Ed Harries, Executive Director  
and Rita Bolinger, Chair  
Tennessee State Veterans' Homes  
345 Compton Road  
Murfreesboro, TN 37129

Director Harries and Chair Bolinger:

The Office of the Comptroller of the Treasury conducted an investigation of selected records of the Tennessee State Veterans' Homes, and the results are presented herein.

Copies of this report are being forwarded to Governor Bill Lee, the State Attorney General, the District Attorney General of the 16<sup>th</sup> Judicial District, certain state legislators, and various other interested parties. A copy of the report is available for public inspection in our office and may be viewed at <http://www.comptroller.tn.gov/ia/>.

Sincerely,

A handwritten signature in black ink that reads "Justin P. Wilson".

Justin P. Wilson  
Comptroller of the Treasury

JPW/MLC

# INVESTIGATIVE REPORT

## Tennessee State Veterans' Homes

The Office of the Comptroller of the Treasury investigated allegations of malfeasance related to the Tennessee State Veterans' Homes. The investigation was initiated after the Tennessee State Veterans' Homes Board reported suspected billing issues related to contract service providers. The investigation was limited to selected records for the period July 1, 2015 through August 31, 2019. The results of the investigation were communicated with the Office of the District Attorney General of the 16<sup>th</sup> Judicial District.

### BACKGROUND

The Tennessee General Assembly created the Tennessee State Veterans' Homes (TSVH) in 1988 with the primary purpose to "provide support and care for honorably discharged veterans who served in the United States armed forces. The TSVH operate four skilled nursing facilities across the state, with an Executive Office in Murfreesboro. The Tennessee State Veterans' Homes Board governs the facilities and the Board's Executive Committee oversees the day-to-day management and operations of the veterans' homes. Administrators at each facility are responsible for the day-to-day operations at their facility.



The central purpose and role of the TSVH is to:

- Provide quality of care and quality of life for veterans.
- Rehabilitate residents to the maximum attainable level of independent functioning by utilizing all necessary governmental and community services and therapies, and to provide a comfortable, safe, and sanitary environment conducive to personal happiness.
- Make available to residents social and cultural activities of personal interest designed to foster feelings of dignity and self-respect.
- Meet the individual needs of each resident to the greatest extent possible.

To assist in their central purpose and role, the TSVH Board contracts with medical and mental health service providers for the facilities. These service providers bill for services rendered based on each resident's payor source. For residents with a service-connected disability, contractors invoice the TSVH. The TSVH pays these invoices using per diem funding provided by the United States Department of Veterans' Affairs.

**RESULTS OF INVESTIGATION**

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

**B. MEDICAL PSYCHOLOGY CONSULTANTS**

The TSVH Board contracted with Dr. Robert M. North, owner of Medical Psychology Consultants (MPC), to provide mental health services to residents at its Humboldt facility from September 2011 through November 2018, at its Clarksville facility from June 2015 through September 2018, and at its Murfreesboro facility from February 2016 through June 2018. On September 14, 2016, Lisa North, Office Manager, and wife of Dr. North, became the registered owner of MPC. As a part of the contract, MPC psychologists and/or psychiatrists provided on-site mental health services to residents. MPC, in accordance with TSVH, Medicare, Medicaid, or third-party payor requirements then billed TSVH and other entities directly for such activities.

Investigators reviewed all payments made to MPC for their billings to the TSVH starting July 1, 2015, with the last payment in August 2018 when MPC cancelled the last contract for the Clarksville facility. We reviewed all records available (from resident files, nursing notes, doctor notes and billing, as well as census records, and activity records). MPC submitted invoices to TSVH and received payment for 111 invoices totaling \$114,979 for resident mental health services at the Humboldt, Clarksville, and Murfreesboro facilities.

**FINDING 3. MEDICAL PSYCHOLOGY CONSULTANTS WRONGFULLY OBTAINED PAYMENTS TOTALING \$2,392.71 FOR ON-SITE MENTAL HEALTH SERVICES TO RESIDENTS**

Our investigation revealed MPC wrongfully obtained payments totaling \$2,392.71 for billings during the period examined that included the following issues:

- A) MPC invoiced the TSVH \$958.55 for residents who either did not reside at the TSVH or were away on hospital or therapeutic leave.
- B) MPC invoiced and received payments totaling \$897.80 from the TSVH for resident services that TSVH had already paid to MPC in prior invoices. Included in the double payments were charges for services such as psychological diagnostic interviews without medical services, individual psychotherapy, and subsequent nursing facility care.

- C) MPC billed the TSVH when the doctor claimed to provide services to two separate residents simultaneously, which resulted in the TSVH providing payments for \$412.44.
- D) MPC billed for services rendered while a resident was away from the TSVH on an activity, which resulted in TSVH providing payments for \$123.92.

The following table summarizes amounts noted in Finding 3, Sections A-D:

|   | DESCRIPTION                                | AMOUNT            |
|---|--|-------------------|
| A | Resident was not listed on census          | \$958.55          |
| B | Double recovered                           | 897.80            |
| C | Doctor worked in two places simultaneously | 412.44            |
| D | Residents were out on activity             | <u>123.92</u>     |
|   | <b>Total</b>                               | <u>\$2,392.71</u> |

**FINDING 4. MEDICAL PSYCHOLOGY CONSULTANTS OBTAINED QUESTIONABLE PAYMENTS TOTALING \$4,653.77 FOR ON-SITE MENTAL HEALTH SERVICES TO RESIDENTS**

Our investigation revealed MPC obtained payments totaling \$4,653.77 for questionable services. Investigators were unable to determine whether MPC was in the facility or actually saw the residents for the services for which they billed resulting in questionable payments for the following:

- A) MPC invoiced and received \$2,312.83 for services that included 26 instances where psychologists claimed to render services to the same resident twice in one day.
- B) MPC invoiced the TSVH and received \$1,222.17 for services on the same day that residents left the facility for either discharge, therapeutic leave, or hospital leave.
- C) We found instances where MPC claimed a psychologist rendered services to a service-connected disability resident while simultaneously providing services to another resident. Since we were unable to verify MPC invoiced these other residents, we question the \$538.94 MPC invoiced TSVH.
- D) MPC claimed to have rendered services while residents were away from the TSVH on an activity. TSVH provided payments for the billings totaling \$579.83.

The following table summarizes amounts noted in Finding 4, Sections A-D:

|   | DESCRIPTION                                | AMOUNT            |
|---|--|-------------------|
| A | Double service same day                    | \$2,312.83        |
| B | Resident was not listed on the census      | 1,222.17          |
| C | Doctor worked in two places simultaneously | 538.94            |
| D | Residents were out on an activity          | 579.83            |
|   | <b>Total</b>                               | <u>\$4,653.77</u> |

On October 5, 2020, the Rutherford County Grand Jury indicted [REDACTED], [REDACTED], Robert M. North on one count of Theft over \$1,000, and Lisa L. North on one count of Theft over \$1,000.

[Tennessee State Veterans' Homes Investigation Exhibits](#)

## INTERNAL CONTROL DEFICIENCIES

Our investigation revealed the following deficiencies in internal controls, some of which contributed to TSVH paying for services not rendered.

### **Deficiency 1: TSVH did not verify services had been rendered**

TSVH paid service provider invoices without verification that the providers rendered the billed services to residents. The TSVH did not require all vendors to sign-in and/or to log-in using Accushield when entering and exiting its Clarksville facility. At the time, only the Clarksville facility utilized the Accushield log-in system. Requiring vendors to physically sign-in and sign-out or use a keycard system allows the TSVH to track vendor access and compare service dates and help substantiate vendor billing. Furthermore, the TSVH did not ensure providers filled out resident notes with information that included the time the rendered services started and ended. Lastly, TSVH did not obtain the resident notes the same day of services, which is necessary for up to date resident records. As a result, the TSVH paid for services that had not been rendered to residents.

### **Deficiency 2: TSVH did not obtain patient records timely**

Since [REDACTED] provided their resident notes to the medical records manager at random during the next month after residents were seen, TSVH patient records were not always up to date. Therefore, TSVH nurses may not have had sufficient and up-to-date information to properly care for residents.

**Deficiency 3: TSVH did not have an effective invoice review system**

The TSVH did not have an effective invoice review system to compare invoices received with invoices previously paid and to the facility census. An effective review system is necessary to ensure vendors are only paid once for services rendered and to point out discrepancies in the invoices. The absence of an effective system increases the risk that a vendor double-bills for services rendered or gets paid for services not rendered.

The TSVH Board indicated they have implemented policies and procedures to correct and prevent these deficiencies.

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