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[Policies in Ohio Nursing Homes Related to Contributions by Relatives of Medicaid Patients]. May 23, 1977. 3 pp.

Report to Clyde Downing, Regional Commissioner, Department of Health, Education, and Welfare: Region V, Chicago, IL; by Walter C. Herrmann, Jr., Regional Manager, Field Operations Div.: Regional Office (Detroit).

Issue Area: Health Programs: Fraud and Abuse In the Financing Program (1206).
Contact: Field Operations Div.: Regional Office (Detroit).
Budget Function: Health: Nursing Homes (557); Income Security: Public Assistance and Other Income Supplements (604).

Four nursing homes in Ohio were reviewed to determine if relatives of Medicaid patients were being forced to contribute to the cost of their medical care.
Findings/Conclusions: The Otterbein Home in Lebanon received $400,200 in voluntary contributions solicited on behalf of 140 patients, 104 of whom were Medicaid patients. These restricted funds were not deducted from State Medicaid funds as required, because, according to an official, the cost reports have no space to list such contributions. Broadview Nursing Home, Inc., in Parma was overpaid for a Medicaid patient who had been discharged. In addition, one patient's personal allowance account money was used to pay the cost of providing nursing home care which was contrary to regulations. Olmsted Manor Nursing Home, Inc., in North Olmsted destroyed patient's personal records, violating State laws requiring such records to be kept for 3 years, and used patient's personal money to pay for services covered by Medicaid. Recommendations: The State of Ohio should modify its cost report form to provide space for deducting restricted contributions from operating costs, and during audits of other nursing homes, determine if restricted contributions are being properly deducted from operating costs. The Department of Health, Education, and Welfare Region V should determine if Otterbein Home's failure to deduct restricted contrbutions has resulted in excess Medicaid payments from the state, and, if so, whether such excesses could be recovered. (DJM)

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UNITED STATES GENERAL ACCOUNTING OFFICE
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477 MICHIGAN AVENUE
DETROIT, MICHIGAN 48226

MAY 23 1977

Mr. Clyde Downing
Regional Commissioner, SRS
HEW Region V
300 S. Wacker Drive
Chicago, Illinois 60606

Dear Mr. Downing:

As you know, we reviewed four Ohio nursing homes to see if they were forcing relatives of Medicaid patients to contribute to the cost of providing medical care. A report on the results of that and similar work in several other States is being prepared for the Senate Special Committee on Aging, which requested the reviews.

As described below, we found several problems in Ohio, other than forced contributions, which we believe warrant your attention.

OTTERBEIN HOME
LEBANON, OHIO

During 1975 Otterbein Home received $400,200 in voluntary contributions in the form of gifts, bequests, annuities, and offerings from individuals and various organizations. Since Medicaid regulations do not specify how such contributions should be treated, the State of Ohio follows the policy outlined in HEW's Medicare Provider Reimbursement Manual. The manual permits two types of contributions--restricted and unrestricted. Restricted contributions are those designated by the donor for paying certain provider operating costs, or groups of costs, or costs of specific groups of patients. Unrestricted contributions are those given without restriction by the donor as to use. The manual requires nursing homes to deduct restricted contributions from the costs of care billed to the State for reimbursement, thus reducing the State's share of the costs. Unrestricted contributions do not have to be deducted.

Donors contributed the $400,200 in response to Otterbein Home's solicitation on behalf of 140 patients --104 of which were Medicaid patients. According to Otterbein Home's solicitation letter, this group of patients did not have the resources to pay for the full cost of care. Otterbein Home used the $400,200 to subsidize the cost of this group's care, but did not deduct the contributions from its costs reported to the State because, according to an Otterbein official, the cost reports do not provide space to list such contributions.

We believe the State of Ohio should (1) modify the cost report form to provide space for deducting restricted contributions from operating costs, and (2) in the course of audits of other nursing homes, determine if restricted contributions are being properly deducted from operating costs.

We recommend that HEW Region V determine if Otterbein Home's failure to deduct restricted contributions has resulted in excess Medicaid payments from the State and, if so, whether such excesses can be recovered.

BROADVIEW NURSING HOME, INC.
PARMA, OHIO

The State of Ohio overpaid Broadview Nursing Home $1,197 for a Medicaid patient who had been discharged prior to the period covered by the payment and who later died. The nursing home had notified welfare officials at the county level of the death, but the county apparently did not notify the State. Officials of the Ohio Department of Public Welfare told us that beginning in December 1976 a new form would be used which places the burden of notifying the State of patient discharges on both the county welfare caseworker and the nursing home. This should help to prevent payments to homes for discharged patients.

Also, contrary to regulations, the home had used one patient's personal allowance account money to pay for the cost of providing nursing home care. Broadview officials could not explain why this was done.

OLMSTED MANOR NURSING HOME, INC.
NORTH OLMSTED, OHIO

Olmsted Manor had destroyed the records of patients' personal allowance accounts for periods prior to July 1976.

The State of Ohio requires such records to be retained for 3 years. Also, the home had used patients' personal allowance account money to pay for services--covered by Medicaid reimbursements--such as wheelchair rentals, incontinent fees, and medical dressings.

An Olmsted Manor official said that he was not aware records were to be kept 3 years, and that personal allowance account money was used to pay for services because State reimbursements were insufficient.

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Please let us know of any action taken regarding the above matters. We are sending a copy of this report to the Ohio Department of Public Welfare.

We appreciate the cooperation given to our representatives during this review.

Sincerely yours,

Walter C. Herrmann Jr.

Walter C. Herrmann, Jr.
Regional Manager