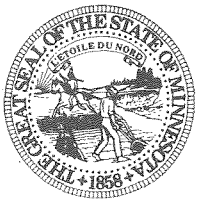


**DEPARTMENT OF VETERANS AFFAIRS  
MINNESOTA VETERANS HOMES  
MANAGEMENT LETTER  
FISCAL YEAR 1987**

**MARCH 1988**





STATE OF MINNESOTA

OFFICE OF THE LEGISLATIVE AUDITOR

VETERANS SERVICE BUILDING, ST. PAUL, MN 55155 • 612/296-4708

JAMES R. NOBLES, LEGISLATIVE AUDITOR

Mr. John Grimley, Administrator  
Minnesota Veterans Homes  
5101 Minnehaha Avenue South  
Minneapolis, Minnesota 55413

Dear Mr. Grimley:

We have reviewed certain accounting procedures and controls for your department as part of our statewide audit of the State of Minnesota's fiscal year 1987 federal programs. The scope of our work has been limited to Veterans State Nursing Home Care (CFDA #64.015).

We emphasize that this has not been a complete financial and compliance audit of all programs within your department. The work conducted in your department is part of our annual statewide financial and federal compliance audit (single audit). The single audit coverage satisfies the federal government's financial and compliance requirements for all federal programs administered by your department in fiscal year 1987. Since the federal government is ultimately responsible for determining the resolution of single audit recommendations, they will notify you of their final acceptance of your corrective actions.

The current recommendations included in this letter are presented to assist you in resolving the audit finding and improving accounting procedures and controls. Progress on resolving this finding will be reviewed next year.

1. Administration of the State Nursing Home Care Program (CFDA #64.015) needs to be improved.

Federal regulations establish a per diem rate of \$17.05 federal aid reimbursement for the care of veterans whose nursing home care eligibility has been approved by the U.S. Veterans Administration (VA). We tested Minnesota Veterans Home records and identified 17 nursing care residents who had not been approved for the State Nursing Home Care Program by the VA. Eligibility applications had been submitted and disallowed for 8 of the 17 residents. Eligibility applications were never submitted by the Home for the nine other residents. The Home collected approximately \$65,800 in additional reimbursements over the domiciliary care rate of \$7.30 for these 17 residents while in the nursing home care program. Staff were aware that per diem was being claimed for residents who had not been approved in the program.

Because of the nature of this problem, we were obligated to immediately notify federal officials. The VA Office of Inspector General responded by performing additional audit work of both Nursing Home Care and Domiciliary Care programs at the Home and the VA. Their report will be issued to the VA program office. The program office will determine whether the Home

should return the funds for residents who had not been accepted under one of the two programs. The estimated potential reimbursement for ineligible residents in both the Domiciliary Care and Nursing Home Care programs is over \$100,000. If the VA determines that federal funds should be repaid, the Home could contest the repayment through the federal appeals process. An appeal may be successful, because VA officials contributed to the problem.

The primary cause for ineligible residents being claimed for reimbursement was poor communication with the VA. The home doctor was to submit a history and physical report with eligibility applications. The VA then reviewed the documents to determine eligibility. The VA was supposed to provide the Home with an explanation when a resident was considered ineligible for nursing care. However, an explanation was not provided to the Home when residents were ruled to be ineligible. In most instances the Home did not contact the VA for additional information. The VA should have been contacted for an explanation whenever a resident's application was not accepted. When a resident has been considered ineligible, the Home may submit a new application and medical report for consideration. This was not done for most of the residents tested. Procedures should be established by the Home to ensure that applications and medical reports are resubmitted for any resident determined to be ineligible for nursing care by the VA.

Also, no procedures had been established to ensure that eligibility applications were submitted to the VA for all residents admitted to the nursing home. Admissions may not have been notified of certain resident transfers. Doctors may not have been informed that they were required to write new history and physical reports. To ensure that all eligibility applications are submitted to the VA, procedures should be established so that admissions is notified of all resident transfers from domiciliary care to nursing home care.

The Home has submitted the applications and medical reports to the VA for the 17 residents in the nursing home care program. In addition, the Home is reviewing their records to determine whether there are other residents who have not been approved.

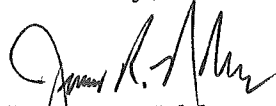
#### RECOMMENDATIONS

- The Home should establish procedures to ensure that eligibility applications are submitted to the VA for all veterans admitted to nursing care.
- The Home should establish procedures to ensure that any resident whose application is not approved by the VA is not included in the request for federal reimbursement. These residents' applications should be resubmitted as soon as possible.
- The Home should determine whether there are other residents who have not been approved for Nursing Home or Domiciliary care and submit the applications to the VA.

Mr. John Grimley, Administrator  
Minnesota Veterans Homes  
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Thank you for the cooperation extended our staff during this audit.

Sincerely,

A handwritten signature in dark ink, appearing to read "James R. Nobles". The signature is fluid and cursive, with the first name being the most prominent.

James R. Nobles  
Legislative Auditor

A handwritten signature in dark ink, appearing to read "John Asmussen". The signature is fluid and cursive, with the first name being the most prominent.

John Asmussen, CPA  
Deputy Legislative Auditor

March 9, 1988



STATE OF MINNESOTA

## Office Memorandum

DEPARTMENT :

DATE : March 9, 1988

TO : Margaret Jenniges  
Audit Manager  
Office of Legislative Auditor

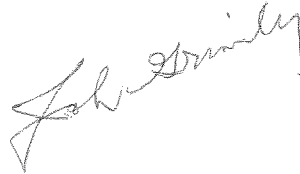
FROM : John Grimley, Administrator

PHONE :

SUBJECT :

Attached is my response to your report on the admission and change of level of care procedures.

In summary I learned that our past procedures at Minnesota Veterans Home did not ensure compliance. I am confident that everyone involved is committed to strengthening our procedures at this time. I will continue to monitor until a permanent administrator is appointed.



JG/db

Encls.

cc: Maria Gomez, Asst. Commissioner, DHS  
Chuck Schultz, DHS



MINNESOTA VETERANS HOME

March 9, 1988

RESPONSE TO RECOMMENDATIONS - LEGISLATIVE AUDITOR

ELIGIBILITY APPLICATIONS - STATE NURSING HOME CARE PROGRAM VA

RECOMMENDATIONS

The Home should establish procedures to ensure that eligibility applications are submitted to the VA for all veterans admitted to nursing care.

RESPONSE:

1. The procedure for submission of applications has been revised.
2. The Quality Assurance Coordinator is in the process of developing with staff in the admissions office a "tracking" system which will ensure ongoing monitoring of the application process.
3. The Medical Director is now authorizing all admissions/transfers. A copy of the authorization is sent to VA with other application materials. The original is retained in the resident's medical record.
4. All recommendations for a change in level of care are coordinated through the admissions committee. This ensures notification of the person responsible for processing eligibility applications.

RECOMMENDATIONS

The Home should establish procedures to ensure that any resident whose application is not approved by the VA is not included in the request for federal reimbursement. Those residents' applications should be resubmitted as soon as possible.

RESPONSE:

1. Procedures have been revised and new bed type codes have been added.
2. When a person is admitted to MVH, Admissions enters a code into the computer to specify the resident's veteran status. Until now, a resident who is a veteran had been coded as a veteran even though official VA approval had not been received. From now on, new residents will be initially coded as Not Approved

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by VA. Residents with this code will not be included in requests for federal reimbursement. When VA approval is received, the codes will be retroactively changed to indicate VA approved veteran status.

Accounting billing procedures will also be changed. Summary data has previously been used to bill the VA for groups of residents deemed to be eligible. This summary data was derived from a detailed report. From now on, the detailed report will be used to bill the VA for individual eligible residents.

### RECOMMENDATIONS

The Home should determine whether there are other residents who have not been approved by Nursing Home or Domiciliary care and submit the applications to the VA.

### RESPONSE:

1. The admissions department has completed a review of administrative files - January, 1986 - January 12, 1988. As a result of this review, our admissions staff identified 49 residents whose applications were not sent to the VA for approval. Following discussion and direction from Joe Lindsey and Tom Mullan at the VA on 3-7-88, the admissions clerk at the Minnesota Veterans Home has been directed to submit these applications to VA for processing.
2. Applications for 16 residents admitted since January 18, 1988, have not been submitted pending the Minnesota Veterans Home Medical Director's authorization.
3. We shall await the report by the Veterans Hospital on the handling of the past admissions.

Title: PROCEDURE FOR VA ELIGIBILITY APPLICATION Number \_\_\_\_\_

Approvals: Date 3/1/88

Administrator Page 1 of 2

POLICY: The Admissions Clerk will submit application materials to the VA within ten days of an admission or of a transfer to a different level of care.

1. At time of admission, the admission clerk will have the resident sign the 10-10 and the 10-10M forms.
2. The Admissions clerk will:
  - a. add the resident's name and social security number to the "STATUS of VA Approval" form (tracking form).
  - b. enter the bed classification code into the computer  
CODES: DU Dom not VA approved  
NU SNC not VA approved  
NT SNC @Dom PD not VA approved
  - c. will prepare the resident's file for the Medical Director's review.  
File to include:  
Admission History and Physical  
Nursing Assessment form  
Blank approval form
3. The Medical Director will review the resident's file and make a decision to approve or not approve the admission.
4. The Medical Director will make arrangements at VA for alternate signature/approval in his/her absence.
5. If the Medical Director approves the admission, he/she will sign the approval form and return it to the Admission's clerk.
6. If not approved, Admissions will notify resident/family that VA application has not been approved. They would not be eligible for the per diem and would, at that point, have the option of continued placement at the private pay rate or transferring to another facility.

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PROCEDURE:

7.    For new admissions, the Admissions clerk will make a copy of the physician's approval form and send the copy with the original 10-10 and 10-10M, along with a copy of the resident's military discharge papers, to the VA.
8.    For transfers, with a level of care change, the Admissions clerk will send the signed transfer order to the VA.
9.    The original copy of the Medical Director's approval order is sent to the appropriate nursing unit, to be placed in the resident's Medical Record.
10.   The Admissions clerk will document the dates these records were requested, received, and sent to the VA, on the "STATUS of VA Approval" form.
11.   Upon receipt of VA approval, the Admissions clerk will make 3-copies of the form. The copies are to be sent to:
  - 1) Census department (Medical Records)
  - 2) Business Office
  - 3) Resident's administrative file (Admission Office)and the original is kept on file in the Admissions Office.
12.   The receipt of VA approval is documented on the tracking form and the Bed Code change is entered into the computer by the Admission clerk.
13.   If the application is not approved by the VA, the Admissions clerk will notify the Director of Nursing, and the Medical Director, who will reevaluate as to appropriateness of resubmitting the application.



MINNESOTA VETERANS HOME  
5101 MINNEHAHA AVENUE SOUTH  
MINNEAPOLIS, MN 55417

DEPARTMENT OF HUMAN SERVICES  
(612) 721-0600

TO: Veterans Administration Medical Center

RE: Admission to Minnesota Veterans Home

I have reviewed the History and Physical and  
physicians orders on the following person  
\_\_\_\_\_, and determine  
that this person qualifies for admission at the  
Minnesota Veterans Home.

\_\_\_ Domiciliary Care

\_\_\_ Nursing Care

\_\_\_\_\_ Date

\_\_\_\_\_ M.D.  
Medical Director



MINNESOTA VETERANS HOME  
5101 MINNEHAHA AVENUE SOUTH  
MINNEAPOLIS, MN 55417

DEPARTMENT OF HUMAN SERVICES  
(612) 721-0600

PHYSICIAN ORDER: Transfer in Level of Care

\_\_\_\_\_ has met the  
criteria for transfer from Domiciliary Care to  
Nursing Care. This transfer is effective  
immediately and remains in effect until further  
physician assessment and redetermination.

\_\_\_\_\_ Date

\_\_\_\_\_ M.D.  
Medical Director