

**Memorandum**

Date: OCT 12 1995

From: Regional Inspector General
for Audit Services, Region IVSubject: Review of General and Administrative Costs Claimed by
Visiting Nurse Association of Metro Atlanta (CIN: A-04-94-01081)To: Clarence J. Boone
Regional Administrator
Health Care Financing Administration

Attached is a copy of our report entitled, *Review of General and Administrative Costs Claimed by Visiting Nurse Association of Metro Atlanta (VNA)*. The VNA is one of the provider home health agencies (HHA) of the Visiting Nurse Corporation (VNC). The objective of our review was to determine the allowability of general and administrative (G&A) costs claimed for reimbursement by the VNA in its 1993 Medicare cost report.

Our review showed VNA claimed unallowable G&A expenses totaling \$516,632. About 78 percent of these costs were allocated to the Medicare program. Medicare regulations generally require that to be allowable, costs must be reasonable, necessary for the maintenance of the health care entity, and related to patient care. Our review found the following costs were unallowable according to Medicare guidelines.

VNC Home Office Costs

- Deferred Officers Compensation (\$200,000) - VNA included \$200,000 of deferred compensation expense in the 1993 cost report in an attempt to compensate for an over-adjustment made by the fiscal intermediary during its review of the 1992 VNC home office cost statement.
- Miscellaneous Administrative Costs (\$81,747) - This includes unallowable administrative costs such as personal expenses not repaid to the company, gifts, jewelry, meals for employees who were not in travel status, etc.
- Sales and Marketing Costs (\$71,911) - These costs should have been included in the Medicare adjustment schedule which is subtracted from the costs included in the cost report.
- Employee Benefit Costs (\$8,651) - These costs exceeded the amount supported by the accounting records.

VNA Provider Level Costs

- ▶ Accounting Posting Error (\$114,248) - Accounting records showed that rather than reversing out a non-HHA related expense, an adjustment was

made that added the amount to the cost report, thereby doubling the amount of unallowable charges.

- ▶ Bad Debt Expense (\$17,269) - Unallowable bad debt expense for specialty service programs were inappropriately included in the cost report.
- ▶ Meals For Employees (\$11,285) - These costs were incurred by employees that were not in travel status but working at their assigned place of employment.
- ▶ Legal Fees (\$4,668) - These costs were not related to patient care.
- ▶ Depreciation Expenses (\$4,161) - These costs exceeded the amount supported by the accounting records.
- ▶ Flowers and Gifts Costs (\$2,692) - These costs were not related to patient care.

We recommend the Health Care Financing Administration direct the fiscal intermediary to remove the \$516,632 of unallowable costs from VNA's 1993 cost report.

We discussed our findings with VNA officials during the audit to obtain any additional explanation and comments. The VNA concurred with our findings.

We would appreciate the status of any action taken or contemplated on our recommendations. If you have any questions, please telephone me or have your staff contact Roy C. Wainscott, Audit Manager at (404) 331-2446.

To facilitate identification, please refer to Common Identification Number (CIN) A-04-94-01081.


Charles J. Curtis
Regional Inspector General
for Audit Services

Attachment

Department of Health and Human Services

OFFICE OF
INSPECTOR GENERAL

REVIEW OF
GENERAL AND ADMINISTRATIVE COSTS
CLAIMED BY
VISITING NURSE ASSOCIATION
OF METRO ATLANTA



JUNE GIBBS BROWN
Inspector General

OCTOBER 1995
CIN: A-04-94-01081

EXECUTIVE SUMMARY

BACKGROUND

This report addresses the general and administrative (G&A) expenses claimed by the Visiting Nurse Association of Metro Atlanta (VNA) under the Medicare program for Fiscal Year (FY) 1993. The VNA is one of the two provider HHAs of the Visiting Nurse Corporation (VNC). The VNC is generally referred to as the corporate home office. Although the VNC does not provide home health services to patients, it is allowed to allocate a portion of its costs to its provider organizations. The VNC is required to file a home office cost statement identifying the costs allocated to its provider HHAs. These costs are included in the expenses reported by the HHAs in their Medicare cost reports. The VNA reported \$13,415,166 of G&A costs for 1993. About 78 percent of these costs were reimbursed by the Medicare program.

The Health Care Financing Administration (HCFA) administers the Medicare program with assistance under contracts from fiscal intermediaries, usually insurance companies. The intermediaries serve as the channel of communication between the Home Health Agencies (HHA) and HCFA. The intermediaries are also responsible for making reasonable payments for services provided and establishing safeguards against unnecessary payments.

Title 42 Code of Federal Regulations (CFR), Part 413, contains program regulations governing Medicare coverage of home health benefits. Additional instructions and guidelines are contained in the HCFA publication 15-1 Chapter 21.

OBJECTIVE

The objective of our review was to determine the allowability of G&A costs claimed by VNA in its 1993 Medicare cost report.

SUMMARY OF FINDINGS

Our review showed that VNA claimed \$516,632 of unallowable G&A expenses. About 78 percent of these costs were allocated to the Medicare program.

Unallowable Costs

We identified \$516,632 of unallowable G&A expenses according to Medicare guidelines. In general, Medicare regulations state that allowable costs must be reasonable, necessary for the maintenance of the health care entity, and related to patient care. The \$516,632 of unallowable costs and the program guidelines are summarized below.

UNALLOWABLE COSTS

<u>Category of Unallowable Costs</u>	<u>Amount</u>	<u>Report Page</u>
<u>VNC Home Office Costs:</u>		
Deferred Officers Compensation	\$200,000	4
Miscellaneous Administrative Costs	81,747	5
Sales and Marketing Costs	71,911	6
Employee Benefit Costs	8,651	7
<u>VNA Provider Level Costs:</u>		
Accounting Posting Error	114,248	7
Bad Debt Expense	17,269	7
Meals For Employees	11,285	7
Legal Fees	4,668	7
Depreciation Cost	4,161	8
Flowers and Gifts Costs	<u>2,692</u>	8
Total	<u>\$516,632</u>	

Unallowable VNC Home Office Costs

- Deferred Officers Compensation (\$200,000) - The VNA claimed reimbursement for \$200,000 of deferred compensation expense in the 1993 cost report in an attempt to compensate for a \$200,000 over-adjustment made by the fiscal intermediary during its review of the 1992 VNC home office cost statement. Our review showed the \$200,000 claim was not supported by VNA's accounting records and was not properly disclosed in the cost report. Over-adjustments should be resolved by the fiscal intermediary through the reopening of the effected (1992) cost report.
- Miscellaneous Administrative Costs (\$81,747)
 American Express Charges (\$41,765) - Medicare guidelines state that costs must be related to patient care and be necessary for the maintenance of the health care entity. These costs did not meet that criteria. For example, \$14,684 should have been charged to another HHA (Coastal Georgia); \$13,787 was incurred for items not related to patient care (e.g. flowers, balloons, gifts, etc.); and \$7,960 of charges

- Miscellaneous Administrative Costs (\$81,747)
American Express Charges (\$41,765) - Medicare guidelines state that costs must be related to patient care and be necessary for the maintenance of the health care entity. These costs did not meet that criteria. For example, \$14,684 should have been charged to another HHA (Coastal Georgia); \$13,787 was incurred for items not related to patient care (e.g. flowers, balloons, gifts, etc.); and \$7,960 of charges were incurred by employees for personal items that were not repaid to the company.

- Other Adjustments (\$39,982) - These costs are comprised of unallowable home office expenses allocated to the VNA. For example, \$21,208 of employee recognition costs were not related to patient care and \$8,914 of costs reported as meetings were actually the cost of meals for employees not in travel status.

- Sales and Marketing Costs (\$71,911) - These costs should have been included in the Medicare adjustments schedule and subtracted from the costs included in the cost report.

- Employee Benefit (\$8,651) - These costs were not supported by the accounting records.

Unallowable VNA Provider Level Costs

- ▶ Accounting Posting Error (\$114,248) - Support for the provider's cost report included a schedule for adjustments of delivery fees. The schedule indicated reported costs should have been reduced by \$57,124 for Hospice related expenses. However, the accounting entry on the cost report was positive, not negative as indicated in the supporting documentation.

- ▶ Bad Debt Expense (\$17,269) - Unallowable bad debt expense for specialty service programs were omitted from the adjustments amount excluded from the cost report.

- ▶ Meals For Employees (\$11,285) - The provider incurred meal costs for its employees who were not in travel status but working at their assigned place of employment.

- ▶ Legal Fees (\$4,668) - These costs represent legal fees that were not related to patient care (e.g. Union Campaign, Hospice, Unfair Labor Practice charges pending before the National Labor Relations Board, etc.).

- ▶ Depreciation Costs (\$4,161) - The cost report included \$4,161 more in depreciation expense than supported by the accounting records.

- ▶ Flowers and Gifts Costs (\$2,692) - The cost report included the costs of flowers and gifts. These costs were not related to patient care and should not have been included in the Medicare cost report.

RECOMMENDATIONS

We recommend that HCFA direct the fiscal intermediary to remove the \$516,632 of unallowable costs from VNA's 1993 cost report.

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INTRODUCTION

BACKGROUND

Title XVIII of the Social Security Act (Act) authorizes the Medicare program to provide medical benefits to individuals 65 years of age and older, and certain individuals under age 65 who are disabled or suffer from chronic kidney disease. These benefits include medical services provided to eligible beneficiaries in their homes by Medicare certified HHAs.

The HCFA administers the Medicare program with assistance under contracts from fiscal intermediaries, usually insurance companies. Nine regional intermediaries are under contract with HCFA to administer home health benefits. The intermediaries are responsible for making reasonable payments for services, serving as a channel for communication between HHAs and HCFA, and establishing safeguards against unnecessary payments.

Medicare guidelines require that payments to HHAs for services be the lesser of reasonable costs or customary charges. The HHAs are paid no less frequently than every two weeks based on estimated costs. Intermediaries determine the allowable costs during desk reviews and field audits of the annual Medicare cost reports submitted by the HHAs. The final settlement is limited to the costs the intermediary concludes are reasonable and related to patient care.

According to the October 1993 and June 1994 Prospective Payment Assessment Commission reports, home health expenditures for Medicare beneficiaries totaled \$7.1 billion in FY 1992 for 132 million visits for about 6,000 HHAs. The Commission estimates expenditures in FY 1996 will total \$18.6 billion.

The VNA is one of the two providers of the VNC. We reviewed costs reported by the VNA and the VNC.

The VNA reported 1993 Medicare costs totaling \$40,925,307. Of this amount, G&A costs totaled \$13,415,166. The G&A costs included the operating expenses of the home office and the providers' costs for Medicare related home health programs. Although these costs were not directly reimbursable by Medicare, they were allocated to the programs in VNA's operation. About 78 percent of the G&A costs were reimbursed indirectly by the Medicare program.

Title 42 CFR, Part 413, contains program regulations governing Medicare coverage of home health benefits. Additional instructions and guidelines are contained in the HCFA publication 15-1 Chapter 21.

SCOPE

The objective of our review was to determine the allowability of G&A costs claimed by VNA in its 1993 Medicare cost report. Our review focused primarily on those items that had the greatest risk of abuse or noncompliance with Federal regulations.

We reviewed the unaudited 1993 Medicare cost reports of the VNC (home office) and one of its providers, the VNA. We did not review costs reported by the remaining provider, Visiting Nurse Association of Coastal Georgia. We judgmentally selected transactions for testing and traced the costs to the accounting records. We reviewed invoices, payroll records and other financial documents to ensure the costs VNA claimed were in compliance with the Medicare guidelines.

Allowability of costs was determined based on the cost principles contained in HCFA Publication 15-1 Chapter 21, and the Commerce Clearing House Medicare and Medicaid Guide. We also applied the basic Medicare cost principle that an expense must be necessary, reasonable, and related to patient care to be allowable. (Title 42 CFR, Section 413.9)

Our review did not include an evaluation of VNA's methodology for allocating G&A costs or its system of internal control. Instead, we conducted substantive audit tests.

We coordinated our review with the Medicare fiscal intermediary and the State of Georgia, Department of Audits, to ensure that we considered for audit any areas which were of concern.

Our review was performed in accordance with generally accepted governmental auditing standards. Our audit fieldwork began in July 1994 and was completed in May 1995.

DETAILED RESULTS OF AUDIT

The VNA claimed unallowable G&A expenses totaling \$516,632. In our opinion, these expenses were unallowable because they did not comply with the Medicare guidelines; did not meet the test of reasonableness; were not necessary; or were not related to patient care.

UNALLOWABLE COSTS		
<u>Category of Unallowable Costs</u>	<u>Amount</u>	<u>Report Page</u>
<u>VNC Home Office Costs:</u>		
Deferred Officers Compensation	\$200,000	4
Miscellaneous Administrative Costs	81,747	5
Sales and Marketing Costs	71,911	6
Employee Benefit Costs	8,651	7
<u>VNA Provider Level Costs:</u>		
Accounting Posting Error	114,248	7
Bad Debt Expense	17,269	7
Meals For Employees	11,285	7
Legal Fees	4,668	7
Depreciation Cost	4,161	8
Flowers and Gifts Costs	<u>2,692</u>	8
Total	<u>\$516,632</u>	

We recommend HCFA direct the fiscal intermediary use the results of this audit to adjust VNA's 1993 cost report.

MEDICARE PROVIDER REIMBURSEMENT REQUIREMENTS

Title 42 CFR 413.1 states that providers will be reimbursed the cost of providing services to Medicare beneficiaries. The implementing guidelines, HCFA Publication 15-1, Chapter 21 Section 2102.3, contain the following explanation:

... costs not related to patient care are costs which are not appropriate or necessary and proper in developing and maintaining the operation of patient care facilities or activities. Such costs are not allowable in computing reimbursable costs ...

In addition, Section 2100 states that payments to providers must be based on the "reasonable cost" of covered services and be related to the care of Medicare beneficiaries.

Medicare cost principles limit reimbursement to the costs that would be incurred by a reasonable, prudent and cost-conscious management. The Social Security Amendments of 1972 provided for, among other things, improvements in the Medicare, Medicaid, and Maternal and Child Health programs with emphasis on improvements in their operating effectiveness. In the legislative history of the amendments, the House Ways and Means Committee recognized "... that costs can vary from one institution to another as a result of variations in efficiency of operation, or the provision of amenities in plush surroundings..."¹ Commenting on the causes of variations in costs, the Committee concluded that:

Health care institutions, like other entities in our economy, should be encouraged to perform efficiently, and when they fail to do so should expect to suffer the financial consequences. Unfortunately, a reimbursement mechanism that responds to whatever costs a particular institution incurs presents obstacles to the achievement of these objectives. It is believed that they can only be accomplished by reimbursement mechanisms that limit reimbursement to the costs that would be incurred by a reasonable prudent and cost-conscious management.

It is not the committee's view that if patients desire unusually expensive services they should be denied the services. However, it is unreasonable for Medicare or Medicaid (which are financed by almost all people in the country rather than the patient or community that wants the expensive services) to pay for it" (emphasis added).

¹ House Report No. 92-231

UNALLOWABLE HOME OFFICE COSTS

Deferred Officers Compensation

The VNA claimed reimbursement for \$200,000 of deferred compensation expense in the 1993 cost report in an attempt to compensate for a \$200,000 over-adjustment made by the fiscal intermediary during its review of the 1992 VNC home office cost statement.

Our review showed the \$200,000 claim was not supported by VNA's accounting records and was not properly disclosed in the cost report. Expenses claimed in the cost report that are not supported by the provider's accounting records must be disclosed. This cost is summarized in Appendix 1.

Miscellaneous Administrative Costs

The VNA claimed \$81,747 of unallowable miscellaneous expense on the 1993 Medicare cost report. These expenses were not related to patient care or necessary for the maintenance of the health care entity. Details are shown in the following paragraphs. These costs are summarized in Appendix 2.

American Express Charges - VNA officials are permitted to use Corporate American Express cards when conducting company business. We examined all American Express charges for 1993 and determined that of the \$154,229 paid to American Express, \$41,765 was not eligible to be claimed on the Medicare cost report. These expenses are shown below.

- \$14,684 of charges were made for VNC's Coastal Georgia HHA located in Savannah. These costs should have been charged directly to the Savannah entity and included in its cost pool for allocation to the Medicare program.
- \$13,787 of charges were incurred for items such as flowers, balloons, gifts, and cookies. These items were not related to patient care and are therefore unallowable.
- \$7,960 of charges were incurred by employees for personal items. The cost of these charges should not have been included in the cost statement. Although the company was eventually reimbursed for these costs, the reimbursements occurred after the Medicare accounting period ended. Thus, the amount of claimed costs remained overstated.
- \$5,054 of meal costs were charged by employees who were not in travel status but working at their Atlanta duty station.

- \$280 of airfare costs were incurred for Hospice activities but were improperly charged to VNA's HHA related activities.

Other - The VNA claimed \$39,982 for other home office costs that should not have been included in the cost pool allocated to all lines of business. Details of these expenses are shown below.

- ▶ \$21,208 was charged for Employee Recognition awards;
- ▶ \$8,914 of expenses were reported as meeting (conference) costs but actually represented the cost of meals for employees who were not in travel status;
- ▶ \$3,853 of costs were incurred for flowers and other items not related to patient care;
- ▶ \$2,408 of Sales and Marketing costs were incorrectly omitted from the Medicare adjustment schedule;
- ▶ \$1,264 of costs for meals and other items not related to patient care were recorded as education and training costs;
- ▶ \$879 was charged for flowers but recorded as supplies;
- ▶ \$867 of jewelry purchases were recorded as board expenses;
- ▶ \$305 of lodging costs should have been a direct charge to another entity; and
- ▶ \$284 of Foundation supplies were charged that were not related to patient care.

Sales and Marketing Costs

The VNA claimed \$71,911 of unallowable sales and marketing costs in the 1993 cost report. This occurred because VNA did not report these costs in the Medicare adjustment schedule. Thus, the cost statement was overstated by \$71,911. These costs are summarized in Appendix 3.

Medicare guidelines, HIM-15, Section 2102.2, state that costs included in the cost statement must be related to patient care and necessary for the maintenance of the health care entity. Section 2136 states, ". . . to be allowable advertising costs must be common and accepted occurrences in the field of the provider's activity."

In addition, Section 2136.2 states the "... costs of advertising to the general public which seeks to increase patient utilization of the provider's facilities are not allowable. Situations may occur where advertising which appears to be in the nature of the provider's public relations activity is, in fact, an effort to attract more patients."

In our opinion, the \$71,911 in sales and marketing costs were incurred in an effort to attract more patients; and were not related to patient care or necessary for the maintenance of the health care entity.

In addition, Section 2136.2 states the "... costs of advertising to the general public which seeks to increase patient utilization of the provider's facilities are not allowable. Situations may occur where advertising which appears to be in the nature of the provider's public relations activity is, in fact, an effort to attract more patients."

In our opinion, the \$71,911 in sales and marketing costs were incurred in an effort to attract more patients; and were not related to patient care or necessary for the maintenance of the health care entity.

Employee Benefit Costs

The VNA claimed \$8,651 of unallowable employee benefit costs in the 1993 cost report. This occurred because the amount claimed exceeded the amount supported by the accounting records. These costs are summarized in Appendix 4.

UNALLOWABLE PROVIDER COSTS

Accounting Posting Error

The VNA incorrectly claimed reimbursement for \$114,248 of expenses on the 1993 cost statement. This resulted from a posting error in the accounting records. Support for the cost statement included a schedule of adjustments of delivery fees. The accounting records indicated \$57,124 should have been charged to Hospice expenses, not HHA activities. However, the entry to the cost report resulted in an addition to HHA costs, not a reduction, as indicated in the supporting documentation. Thus, unallowable expenses were included twice ($\$57,124 \times 2 = \$114,248$). These costs are summarized in Appendix 5.

Bad Debt Expense

The VNA claimed reimbursement for \$17,269 of bad debt expense. When making adjustments to remove bad debt expense from the cost report, the amount of specialty service programs was omitted. Thus, the cost report was overstated by \$17,269. These costs are summarized in Appendix 6.

Meals For Employees

The VNA claimed \$11,285 for meals provided to employees who were not in travel status. The employees were working at their local place of employment. These costs are summarized in Appendix 7.

Legal Fees

The VNA claimed reimbursement for \$4,668 of unallowable legal fees. These costs were not related to home health activity. The fees included charges for VNA's Union Campaign, Hospice, and Unfair Labor Practice charges pending before the NLRB.

Medicare guidelines, HIM-15, Section 2102.2, state that costs included in the cost report must be related to patient care and necessary for the maintenance of the health care entity. In our opinion the \$4,668 of legal fees were not related to patient care; nor were they necessary for the maintenance of the health care entity. These costs are summarized in Appendix 8.

Depreciation Expense

The VNA claimed reimbursement for \$4,161 of unallowable depreciation expense. This occurred because the amount claimed for reimbursement exceeded the amount supported by the accounting records. These costs are summarized in Appendix 9.

Flowers and Gifts Costs

The VNA claimed reimbursement for \$2,692 of unallowable miscellaneous administrative expenses. Medicare guidelines, HIM-15 Section 2102.2, state that costs included in the cost report must be related to patient care and necessary for the maintenance of the health care entity.

These costs were not related to patient care; nor were they necessary for the maintenance of the health care entity. These costs are summarized in Appendix 10.

CONCLUSIONS AND RECOMMENDATIONS

Our review showed VNA included \$516,632 of unallowable G&A costs in the Medicare cost statement. Although the home office costs were not directly reimbursed by Medicare, they were allocated to VNA programs with home health activity. About 78 percent of these costs were reimbursed indirectly by the Medicare program.

We recommend that HCFA direct the fiscal intermediary remove the \$516,632 of unallowable costs from VNA's 1993 cost statement.

We discussed our findings with VNA officials during the audit to obtain any additional explanation and comments. The VNA concurred with our findings.

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In accordance with the principles of the Freedom of Information Act (Public Law 90-23), Office of Inspector General, Office of Audit Services reports issued to the Department's grantees and contractors are made available, if requested, to members of the press and general public to the extent information contained therein is not subject to exemptions in the Act that the Department chooses to exercise. (See 45 CFR Part 5.)

REVIEW OF GENERAL AND ADMINISTRATIVE COSTS
AT THE VISITING NURSE ASSOCIATION OF METRO ATLANTA
FOR 1993

Unallowable Deferred Officers Compensation Costs

<u>Category</u>	<u>Amount</u>
Reclaim of Previously Denied Costs	\$ 200,000
Total	<u>\$200,000</u>

REVIEW OF GENERAL AND ADMINISTRATIVE COSTS
AT THE VISITING NURSE ASSOCIATION OF METRO ATLANTA
FOR 1993

Unallowable Miscellaneous Administrative Costs

<u>Category</u>	<u>Amount</u>
Should have been direct charged to Coastal Georgia	\$14,684
Personal purchases not repaid to company	7,960
Meal cost for employees not in travel status	5,054
Airfare, non-Medicare program (Hospice)	280
Flowers, gifts, balloons, etc. not related to patient care	<u>13,787</u>
Subtotal	\$ 41,765
Foundation supplies expense not removed	\$ 284
Employee Recognition Cost	
Zoo Atlanta	\$ 5,638
Gifts	258
Savannah River Cruise	1,280
Balloons	249
Flowers	163
Jewelry	957
Sonny's BBQ	<u>12,663</u>
Sales and Marketing-Incorrect initial posting, omitted when adjusted	2,408
Flowers recorded as supplies	879
Lodging cost for Coastal Georgia, VNA	305
Meeting Cost - Actually meal cost for Atlanta based employees	8,914
Jewelry purchases recorded under board expense	867
Education and Training	
Meal Cost	\$ 679
Entertainment	<u>585</u>
Miscellaneous	
Flowers	\$ 2,837
United Way	260
Entertainer Coupon Books	656
St.Pius Catholic Church	<u>100</u>
Subtotal	\$ 39,982
TOTAL	<u>\$ 81,747</u>

REVIEW OF GENERAL AND ADMINISTRATIVE COSTS
AT THE VISITING NURSE ASSOCIATION OF METRO ATLANTA
FOR 1993

Unallowable Sales and Marketing Costs

<u>Category</u>	<u>Amount</u>
Incorrect General Ledger amounts were used when adjusting cost pool expenses for Sales and Marketing costs.	\$ 71,911
Total	<u>\$ 71,911</u>

REVIEW OF GENERAL AND ADMINISTRATIVE COSTS
AT THE VISITING NURSE ASSOCIATION OF METRO ATLANTA
FOR 1993

Unallowable Costs Accounting Posting Error

<u>Category</u>	<u>Amount</u>
Delivery Fee Adjustment: Negative entry of \$57,124 was treated as positive	\$ 114,248
Total	<u>\$ 114,248</u>

REVIEW OF GENERAL AND ADMINISTRATIVE COSTS
AT THE VISITING NURSE ASSOCIATION OF METRO ATLANTA
FOR 1993

Unallowable Bad Debt Expense

<u>Category</u>	<u>Amount</u>
VNA removed all bad debts cost except for one program	\$ 17,269
Total	<u>\$ 17,269</u>

REVIEW OF GENERAL AND ADMINISTRATIVE COSTS
AT THE VISITING NURSE ASSOCIATION OF METRO ATLANTA
FOR 1993

Unallowable Meal Cost For Employees

<u>Category</u>	<u>Amount</u>
Meal cost incurred at meeting by Atlanta employees not in travel status	\$ 11,285
Total	\$ 11,285

REVIEW OF GENERAL AND ADMINISTRATIVE COSTS
AT THE VISITING NURSE ASSOCIATION OF METRO ATLANTA
FOR 1993

Unallowable Legal Fees

<u>Category</u>	<u>Amount</u>
Union Campaign, Hospice, Unfair Labor Practice charges pending before National Labor Relations Board (NRLB)	\$ 4,668
Total	<u>\$ 4,668</u>

REVIEW OF GENERAL AND ADMINISTRATIVE COSTS
AT THE VISITING NURSE ASSOCIATION OF METRO ATLANTA
FOR 1993

Unallowable Miscellaneous Expenses - Provider Level

<u>Category</u>	<u>Amount</u>
Flowers and Gifts	\$ 2,692
Total	<u>\$ 2,692</u>

REVIEW OF GENERAL AND ADMINISTRATIVE COSTS
AT THE VISITING NURSE ASSOCIATION OF METRO ATLANTA
FOR 1993

Unallowable Miscellaneous Expenses - Provider Level

<u>Category</u>	<u>Amount</u>
Depreciation Expenses	\$ 4.161
Total	<u>\$ 4.161</u>

REVIEW OF GENERAL AND ADMINISTRATIVE COSTS
AT THE VISITING NURSE ASSOCIATION OF METRO ATLANTA
FOR 1993

Unallowable Employee Benefit Costs

<u>Category</u>	<u>Amount</u>
Employee Benefits	\$ 8,651
Total	<u>\$ 8,651</u>

Subject: Review of General and Administrative Costs Claimed by Visiting:
Nurse Association of Metro Atlanta (CIN: A-04-94-01081)

This final report identifies unallowable General and Administrative (G&A) costs of 516,632 claimed by the Visiting Nurse Association of metro Atlanta (VNA). About 78 percent of these costs were allocated to the Medicare program. Medicare regulations generally require that to be allocable, costs must be reasonable, necessary for the maintenance of the health care entity, and related to patient care. Our review showed that VNA claimed both home office and provider level costs that were unallowable according to Medicare regulations.