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Investigation finds mishandling of nursing home trust accounts

Many people in nursing homes have resident trust funds or personal accounts managed by the facility. It may be that the residents have no family members or family members do not want the responsibility, or the nursing facility prefers to manage the resident's income. Recently, *USA Today* did an investigative report in which 1,500 facilities have been cited for mishandling of funds in such resident trust accounts. Most of the deficiencies were related to failing to pay interest on the money held, inadequate accounting, or failure to give residents sufficient access to their money. However, there were egregious cases where funds were misappropriated by those who were intended to protect them (www.usatoday.com/story/news/nation/2013/10/16/nursing-home-trust-funds-thefts/2967925/).

This appears to be a growing problem according to state officials. The *USA Today* article gave details on a number of cases where nursing home employees misappropriated large sums of money entrusted to their care. Often times the residents from whom they stole were those with no family and/or dementia. The money was used for personal items (such as \$90 designer jeans charged to a resident who was a double amputee), shopping, gambling sprees, etc. Audits do not always result in finding the discrepancies since receipts match the debits. In some cases, the person handling the accounts has total control, including reconciling the accounts. The office of Texas Attorney General Greg Abbott stated that "These crimes are clearly crimes of opportunity."

The article also provides some tips to protect money in nursing home accounts. Either the resident, or a trusted family member, should watch quarterly statements. Be alert for unexpected or unexplained charges. Make sure that interest is being paid since these accounts are supposed to be interest bearing. Inquire from admission on how the funds are managed. Does the facility perform audits on resident funds? Is the audit done by someone other than the fund manager? If so, ask how often and whether audits are available to patients and their fiduciaries, family members or guardians. Check if the facility has any deficits in this area. Go to www.medicare.gov/nursinghomecompare/search.html for information on this. Deficiencies can range from theft to mismanaging client funds by failing to provide statements, not paying interest or not insuring the accounts. The resident should check on all expenditures and verify their veracity, and report if he or she cannot access the funds whenever needed.

Some other helpful tips would be to be certain that the resident has an effective Power of Attorney document in place naming a trusted agent and an alternate. Many nursing home residents are unable to monitor their own accounts. An agent under a Power of Attorney document can monitor the resident account, and even minimize its use by keeping a limited amount of funds in the account. If the agent is willing and able to pay the resident's bills, the use of the account will be limited to small purchases and will be less tempting to those who are using the accounts for their own purposes.

Since the money in resident fund accounts is usually insured, the resident can be made "whole" again fairly easily. What is not easily fixed is the loss of trust in the facility by residents, family members and other employees. This type of emotional devastation can be avoided by some thoughtful controls, safeguards, and diligent family members.