



Office of the
Medicaid Inspector
General

ANDREW M. CUOMO
Governor

THOMAS R. MEYER
Acting Medicaid Inspector General

February 27, 2015

[REDACTED]
Staten Island Care Center
200 Lafayette Avenue
Staten Island, New York 10301

Re: Medicaid Rate Audit #09-3762
NPI Number: [REDACTED]
Provider Number: [REDACTED]

Dear [REDACTED]:

Enclosed is the final audit report of the Office of the Medicaid Inspector General's (the "OMIG") audit of Staten Island Care Center's (the "Facility") Medicaid rates for the rate period January 1, 2005 through December 31, 2008. In accordance with 18 NYCRR Section 517.6, this audit report represents the OMIG's final determination on issues raised in the draft audit report.

In response to the draft audit report dated August 12, 2014, you raised general objections to the audit and also identified specific audit findings with which you disagreed. Pursuant to 18 NYCRR Section 517.5, your general objections have not been considered. However, your comments pertaining to specific audit findings have been considered (see Attachment A) and the report has been either revised accordingly and/or amended to address your comments (see Attachment B). In addition, the processing of rate appeal #11474 has been precluded due to its inclusion in the pending universal settlement agreement between the Department of Health ("DOH") and the nursing home industry. Consideration of your comments and the elimination of the appeal resulted in an overall increase of \$14,463 to the total Medicaid overpayment shown in the draft audit report. As previously stated in the draft audit report, the Medicare Part B and D offsets were not within the scope of the review and may be examined as part of a future audit. Based on the enclosed audited rates calculated by the Bureau of Long Term Care Reimbursement, the Medicaid overpayment currently due is \$456,524. This overpayment is subject to the DOH and Division of Budget ("DOB") final approval. While not anticipated, any difference between the calculated overpayment and the final DOH and DOB approved amount will be resolved with the Facility by the OMIG Bureau of Collections Management.

In accordance with 18 NYCRR Part 518 which regulates the collection of overpayments, your repayment options are described below.

OPTION #1: Make full payment by check or money order within 20 days of the date of the final audit report. The check should be made payable to the New York State Department of Health and be sent with the attached Remittance Advice to:

New York State Department of Health
Medicaid Financial Management
GNARESP Corning Tower, Room 2739
File #09-3762
Albany, New York 12237-0048

OPTION #2: Enter into a repayment agreement with the Office of the Medicaid Inspector General. If your repayment terms exceed 90 days from the date of the final audit report, recoveries of amounts due are subject to interest charges at the prime rate plus 2%. If the process of establishing the repayment agreement exceeds 20 days from the date of the final audit report, the OMIG will impose a 50% withhold after 20 days until an agreement is established. OMIG acceptance of the repayment agreement is based on your repaying the Medicaid overpayment as agreed. The OMIG will adjust the rate of recovery, or require payment in full, if your unpaid balance is not being repaid as agreed. In addition, if you receive an adjustment in your favor while you owe funds to the State, such adjustment will be applied against any amount owed. If you wish to enter into a repayment agreement, please contact the Bureau of Collections Management within 20 days at the following:

Bureau of Collections Management
New York State Office of the Medicaid Inspector General
800 North Pearl Street
Albany, New York 12204
Phone #: [REDACTED]
Fax #: [REDACTED]

You have the right to challenge this action and determination by requesting an administrative hearing within sixty (60) days of the date of this notice. You may not request a hearing to raise issues related to rate setting or rate setting methodology. In addition, you may not raise any issue that was raised or could have been raised at a rate appeal with your rate setting agency. You may only request a hearing to challenge specific audit adjustments which you challenged in a response to the draft audit report.

If you wish to request a hearing, the request must be submitted in writing to:

General Counsel
Office of Counsel
New York State Office of the Medicaid Inspector General
800 North Pearl Street
Albany, New York 12204

Questions regarding the request for a hearing should be directed to the Office of Counsel at [REDACTED].

If a hearing is held, you may have a person represent you or you may represent yourself. If you choose to be represented by someone other than an attorney, you must supply a signed authorization permitting that person to represent you along with your hearing request. At the hearing, you may call witnesses and present documentary evidence on your behalf.

Should you have any questions, please contact [REDACTED] at [REDACTED] or through email at [REDACTED]. Please refer to audit number 09-3762 in all correspondence.

Sincerely,

[REDACTED]

Bureau of Rate Audit
Division of Medicaid Audit
Office of the Medicaid Inspector General

Attachments
Enclosure

- ATTACHMENT A - Facility Draft Audit Report Comments and OMIG Response
- ATTACHMENT B - Summary of Changes from Draft Report to Final Report
- EXHIBIT I - Summary of Per Diem Impact and Medicaid Overpayment
- EXHIBIT II - Summary of Medicaid Rates Audited
- EXHIBIT III - Property Expense Disallowances/(Allowances)
- EXHIBIT IV - Per Diem Disallowances
- EXHIBIT V - Return on Average Equity Disallowances/(Allowances)

CERTIFIED MAIL # [REDACTED]
RETURN RECEIPT REQUESTED

**NEW YORK STATE
OFFICE OF THE MEDICAID INSPECTOR GENERAL
REMITTANCE ADVICE**

NAME AND ADDRESS OF AUDITEE

Staten Island Care Center
200 Lafayette Avenue
Staten Island, New York 10301

NPI #: [REDACTED]

PROVIDER #: [REDACTED]

AUDIT #09-3762

AMOUNT DUE: \$456,524

AUDIT
TYPE

PROVIDER
 RATE
 PART B
 OTHER:

CHECKLIST

1. To ensure proper credit, please enclose this form with your check.
2. Make checks payable to: *New York State Department of Health*
3. Record the Audit Number on your check.
4. Mail check to:

[REDACTED]
New York State Department of Health
Medicaid Financial Management
GNARESP Corning Tower, Room 2739
File #09-3762
Albany, New York 12237-0048

5. If the provider number shown above is incorrect, please enter the correct number below.

[REDACTED]

CORRECT PROVIDER NUMBER

STATEN ISLAND CARE CENTER - AUDIT #09-3762
FACILITY DRAFT AUDIT REPORT COMMENTS AND OMIG RESPONSE

All OMIG adjustments were accepted by the Facility except for those shown below. The following details the disposition of final report adjustments after consideration of the Facility's draft audit report response comments. See Attachment B for adjustment changes included in the final audit report.

EXHIBIT III COMMENTS

Adjustment #2 – Property Insurance Disallowance

Facility Comment

As to Exhibit III, Item 2, the Facility objects to the disallowance of property insurance. The reason proffered by the auditors for their disallowance was stated to be because the policy was a multi coverage policy and the cost of the specific premium for property was not delineated. There should be an allowance based on a reasonable allocation between the coverages, which is what the Facility's accountants, the Martin Friedman firm, did when they reported it.

OMIG Response

The property insurance disallowance is based on the allocation and work papers provided by the Facility's accountant from the Martin Friedman firm. The Facility accepted the disallowance and did not raise any questions at the exit conference. There was no additional documentation provided with the response. Further review of the work papers indicates no change in the disallowance is warranted.

Disposition: The draft report disallowance remains unchanged.

Adjustment #3 – Movable Equipment Depreciation Adjustments

Based on the Facility's response and the documentation reviewed, the adjustment has been eliminated.

Adjustment #5 and 6(b) – Auto Insurance and Rental Disallowances

Facility Comment

As to Exhibit III, Items 5 and 6(b), the Facility objects to the disallowance of an allowance allowed by DOH. Please see general objection above.

OMIG Response

The Facility has not provided any documentation indicating the automobiles were used for patient care. At the exit conference the Facility accepted the disallowances and did not raise any questions.

Disposition: The draft report disallowances remain unchanged.

Adjustment #6(a) – Rentals Disallowances

Facility Comment

As to Exhibit III, Item 6(a), the Facility objects to the disallowance on the grounds that whatever documentation was necessary was provided.

OMIG Response

The facility has not provided sufficient documentation to fully substantiate the charges for oxygen concentrators. At the exit conference, the Facility accepted the disallowances and did not raise any questions.

Disposition: The draft report disallowances remain unchanged.

Adjustment #6(c) – Rentals Disallowances

Facility Comment

As to Exhibit III, Item 6(c), the Facility objects to the disallowance on the grounds that the reported costs were correct.

OMIG Response

The Facility has not specified with what it disagrees, but simply indicated that the reported costs were correct. The expenses disallowed are considered to be operating expenses. Further review of work papers indicates no change in the disallowances is warranted.

Disposition: The draft report disallowances remain unchanged.

Adjustment #8 – Working Capital Interest Expense Disallowance

Facility Comment

As to Exhibit III, Item 8, the Facility objects to the disallowance on the grounds that the DOH allowed the item.

OMIG Response

Effective April 1, 2006, and thereafter, working capital interest (WCI) expense is not allowable when the Facility reported a positive net income in the applicable cost year. The facility reported positive net income in cost year 2004 (rate year 2006).

Disposition: The draft report disallowance remains unchanged.

Adjustment #10 – Real Estate Tax Disallowance

Facility Comment

As to Exhibit III, Item 10, the Facility objects to the disallowance on the grounds that the payments were accurately made and reported.

OMIG Response

The real estate tax disallowance is based on work papers and documentation provided by the Facility at the exit conference. Real estate tax paid on property that is not located at the Facility is disallowed.

Disposition: The draft report disallowance remains unchanged.

Adjustment #11 – Return on Average Equity Disallowances

Facility Comment

As to Exhibit III, Item 11, the Facility objects to the disallowance on the grounds that the OMIG calculations are in error.

OMIG Response

The facility has not specified what OMIG calculations are in error. Work papers for return on average equity disallowances were provided to the Facility before the exit conference. The Facility accepted the disallowances and did not raise any questions at the exit conference. Further review of the work papers indicates no change in the disallowances is warranted.

Disposition: The draft report disallowance remains unchanged.

STATEN ISLAND CARE CENTER - AUDIT #09-3762
SUMMARY OF CHANGES FROM DRAFT REPORT TO FINAL REPORT

<u>EXHIBIT III - PROPERTY EXPENSE DISALLOWANCES/(ALLOWANCES)</u>	<u>Rate Period</u>	<u>Draft Disallowance (Allowance)</u>	<u>Change</u>	<u>Final Disallowance (Allowance)</u>
1. LAND/LEASEHOLD IMPROVEMENT AMORTIZATION ALLOWANCE	2005	\$ (21,512)	\$ 21,512	\$ -
2. PROPERTY INSURANCE DISALLOWANCE	2005	2,943		2,943
	01/01/06-03/31/06	2,817		2,817
	04/01/06-12/31/06	2,817		2,817
	2007	483		483
	2008	5,068		5,068
3. MOVABLE EQUIPMENT DEPRECIATION ADJUSTMENTS	2005	(3,530)	3,530	
	01/01/06-03/31/06	(3,485)	3,485	
	04/01/06-12/31/06	(3,485)	3,485	
	2007	2,303	(2,303)	
	2008	8,094	(8,094)	
5. AUTO INSURANCE DISALLOWANCE	2005	10,352		10,352
	01/01/06-03/31/06	2,315		2,315
	04/01/06-12/31/06	2,315		2,315
	2007	7,692		7,692
	2008	10,071		10,071
6a. RENTALS DISALLOWANCES	01/01/06-03/31/06	1,890		1,890
	04/01/06-12/31/06	1,890		1,890
	2007	5,231		5,231
6b. RENTALS DISALLOWANCES	2005	11,500		11,500
	01/01/06-03/31/06	6,060		6,060
	04/01/06-12/31/06	6,060		6,060
	2007	8,773		8,773
	2008	9,311		9,311
6c. RENTALS DISALLOWANCES	2005	1,412		1,412
	01/01/06-03/31/06	687		687
	04/01/06-12/31/06	687		687
	2008	10,352		10,352
8. WORKING CAPITAL INTEREST EXPENSE DISALLOWANCE	04/01/06-12/31/06	12,083		12,083
10. REAL ESTATE TAX DISALLOWANCE	2007	2,420		2,420
	2008	2,583		2,583
11. RETURN ON AVERAGE EQUITY DISALLOWANCES	2005	315		315
	01/01/06-03/31/06	728		728
	04/01/06-12/31/06	728		728
	2007	806		805
	2008	535		535

STATEN ISLAND CARE CENTER - AUDIT #09-3762
RATE PERIODS JANUARY 1, 2005 THROUGH DECEMBER 31, 2008
SUMMARY OF PER DIEM IMPACT AND MEDICAID OVERPAYMENT

<u>RATE PERIOD</u>	<u>ISSUED PART B & D NON-ELIGIBLE RATES*</u>	<u>FINAL PART B & D NON-ELIGIBLE RATES</u>	<u>RATE DECREASE (INCREASE)</u>	<u>MEDICAID DAYS</u>	<u>MEDICAID OVERPAYMENT</u>
01/01/05 - 03/31/05	\$209.80	\$208.57	\$1.23	20,007	\$ 24,609
04/01/05 - 06/30/05	209.48	208.25	1.23	20,548	25,274
07/01/05 - 09/30/05	210.08	208.85	1.23	20,757	25,531
10/01/05 - 12/31/05	209.84	208.61	1.23	20,674	25,429
01/01/06 - 03/31/06	219.92	218.79	1.13	19,951	22,545
04/01/06 - 06/30/06	217.57	216.32	1.25	19,991	24,989
07/01/06 - 09/30/06	219.07	217.82	1.25	21,611	27,014
10/01/06 - 12/31/06	220.92	219.67	1.25	23,758	29,698
01/01/07 - 03/31/07	227.87	226.60	1.27	22,882	29,060
04/01/07 - 06/30/07	226.63	225.36	1.27	23,437	29,765
07/01/07 - 12/31/07	225.56	224.29	1.27	47,235	59,988
01/01/08 - 03/31/08	230.53	229.10	1.43	23,260	33,262
04/01/08 - 06/30/08	226.41	224.99	1.42	23,212	32,961
07/01/08 - 12/31/08	230.50	229.08	1.42	46,760	66,399
TOTAL MEDICAID OVERPAYMENT					<u>\$ 456,524</u>

* Any differences between these rates and the rates listed in Exhibit II of this report represent rate changes made subsequent to OMIG's audit. These changes remain open to future audit by the OMIG. For the purpose of this Exhibit, the Medicare Part B and D rates are not shown. The rate decrease/(increase) for those rates is the same as shown for the Medicare Part B and D non-eligible rates above.

STATEN ISLAND CARE CENTER - AUDIT #09-3762
RATE PERIODS JANUARY 1, 2005 THROUGH DECEMBER 31, 2008
SUMMARY OF MEDICAID RATES AUDITED

The Facility's Medicaid utilization was approximately 90% for the period under audit and the Medicaid per diem rates audited are shown below. Any differences between these rates and the "Issued Rates" listed in Exhibit I of this report represent rate changes made subsequent to our audit. These changes remain open to future audit by the OMIG.

<u>RATE PERIOD</u>	<u>Issued Medicare Part B & D Non-Eligible Rates *</u>
01/01/05 - 03/31/05	\$ 215.52
04/01/05 - 06/30/05	215.20
07/01/05 - 09/30/05	215.80
10/01/05 - 12/31/05	215.56
01/01/06 - 03/31/06	225.88
04/01/06 - 06/30/06	223.49
07/01/06 - 09/30/06	224.99
10/01/06 - 12/31/06	226.86
01/01/07 - 03/31/07	228.77
04/01/07 - 06/30/07	227.53
07/01/07 - 12/31/07	226.46
01/01/08 - 03/31/08	231.45
04/01/08 - 06/30/08	227.33
07/01/08 - 12/31/08	231.42

* The Medicare Part B and D rates are not shown for the purpose of this Exhibit. The Medicare Part B and D offsets were not within the scope of this audit and may be examined as part of a future audit.

STATEN ISLAND CARE CENTER - AUDIT #09-3762
RATE PERIODS JANUARY 1, 2005 THROUGH DECEMBER 31, 2008
PROPERTY EXPENSE DISALLOWANCES/(ALLOWANCES)

	COST	RATE PERIODS					
		DESCRIPTION	CTR.	2005	01/01/06- 03/31/06	04/01/06- 12/31/06	2007
Property Expense Allowed per HE-12B			\$ 1,173,249	\$ 1,253,171	\$ 1,253,171	\$ 1,574,563	\$ 1,624,335
Less Disallowances/(Allowances):							
<u>Disallowances/(Allowances) Related to Processing of Bureau of Long Term Care (BLTCR) Open Appeals</u>							
1. LAND/LEASEHOLD IMPROVEMENT AMORTIZATION ALLOWANCE							
Due to the inclusion of rate appeal #11474 in the pending universal settlement between the DOH and the nursing home industry, the OMIG is precluded from granting approval on audit. As a result, this adjustment has been eliminated and the status of the corresponding appeal item remains as Open.							
Subtotal Property Expense			<u>\$ 1,173,249</u>				
<u>Other OMIG Audit Disallowances/(Allowances)</u>							
2. PROPERTY INSURANCE DISALLOWANCE							
Providers receiving payments on the basis of reimbursable costs are required to provide adequate cost data based on financial and statistical records that can be verified on audit. Cost data must be current, accurate, and in sufficient detail. Audited property insurance varied from the insurance expense allowed in the rate resulting in disallowances. Regulations: 10 NYCRR Section 86-2.17(a), PRM-1 Sections 2102.2, 2300, & 2304	Prop. Ins	005	2,943	2,817	2,817	483	5,068
3. MOVABLE EQUIPMENT DEPRECIATION ADJUSTMENTS							
Based on the Facility's response and the documentation reviewed, the adjustment has been eliminated.							
4. LAND/LEASEHOLD IMPROVEMENT AMORTIZATION DISALLOWANCES							
Audited land/leasehold improvement amortization expense varied from the expense allowed in the promulgated rates. In addition, the Facility claimed amortization on real property purchased without DOH approval in cost years 2004 through 2006. This resulted in disallowances. Regulations: 10 NYCRR Sections 86-2.17(a) & (d), PRM-1 Section 2300	LHI	001	4,000	4,287	4,287	4,431	4,492
5. AUTO INSURANCE DISALLOWANCE							
The Facility was unable to fully document that the reported automobiles were used for patient care purposes. Automobile insurance applicable to the unsubstantiated portion of automobile usage was disallowed. See Adjustment 6(b) for further details. Regulations: 10 NYCRR Sections 86-2.17(a) & (d), PRM-1 Sections 2300, 2102.3, & 2105.9	Auto Ins.	006	10,352	2,315	2,315	7,692	10,071

STATEN ISLAND CARE CENTER - AUDIT #09-3762
RATE PERIODS JANUARY 1, 2005 THROUGH DECEMBER 31, 2008
PROPERTY EXPENSE DISALLOWANCES/(ALLOWANCES)

	DESCRIPTION	COST CTR.	RATE PERIODS				
			2005	01/01/06- 03/31/06	04/01/06- 12/31/06	2007	2008
6. RENTALS DISALLOWANCES							
a) Providers are required to provide adequate cost data that can be verified. The Facility was unable to provide sufficient documentation for oxygen concentrators. Consequently, the unsubstantiated expenses were disallowed. Regulations: 10 NYCRR Section 86-2.17(a), PRM-1 Sections 2300 & 2304	Rent C	043		1,890	1,890		
	Rent E	043				5,231	
b) The Facility leased several automobiles for which the reported patient care related use ranged from 1% to 100%. Documentation to fully establish patient care related use for all of the vehicles was not maintained by the facility. For this reason, all costs in excess of 1% for all vehicles other than the maintenance vehicle were disallowed. Regulations: 10 NYCRR Sections 86-2.17(a) & (d), PRM-1 Sections 2300, 2102.3, & 2105.9	Rent F	006	11,500				
	Rent A	006		6,060	6,060		
	Rent C	006				8,773	9,311
c) Audited office equipment rental expense varied from the expenses allowed in the promulgated rate resulting in disallowances. Office equipment supplies are operating expenses. Therefore, disallowances were necessary. Consequently, those costs were disallowed. Regulations: 10 NYCRR Sections 86-2.17(a)&(d), 86-2.10(g), & 458.5, PRM-1 Section 2304	Rent A	043	763				
	Rent C	004	649				
	Rent E	004		687	687		2,638
	Rent B	004					7,714
d) Necessary and proper rental expenses are allowable in the property component based on a two year lag. Audited laundry equipment rental expense varied from the amount reported by the Facility. Therefore, a disallowance was necessary. Regulations: 10 NYCRR Sections 86-2.17(a) & 86-2.10(g), PRM-1 Sections 2300 & 2304	Rent D	009					1,842
7. SALES TAX DISALLOWANCE							
Facilities receiving payments on the basis of reimbursable costs are required to provide adequate cost data based on financial and statistical records that can be verified on audit. Cost data must be current, accurate, and in sufficient detail. Audited sales tax varied from the sales tax expense allowed in the rate resulting in disallowances. Regulations: 10 NYCRR Sections 86-2.10(a) & 86-2.17(a), PRM-1 Sections 2300 & 2304	Sales Tax	005	11,216	11,607	11,607	12,485	12,221
8. WORKING CAPITAL INTEREST EXPENSE DISALLOWANCE							
The Facility reported interest on working capital loans. Effective April 1, 2006, and thereafter, working capital interest (WCI) expense is not allowable when the Facility has positive net income. The Facility reported positive net income for the cost year 2004 (rate year 2006), and therefore, WCI expense was not allowable. Consequently, a disallowance was necessary. Regulations: 10 NYCRR Section 86-2.17(a), PRM-1 Sections 2103, 2300, & 2304, Public Health Law Section 2808 Paragraph 22(a)	WCI	005			12,063		

STATEN ISLAND CARE CENTER - AUDIT #09-3762
RATE PERIODS JANUARY 1, 2005 THROUGH DECEMBER 31, 2008
PROPERTY EXPENSE DISALLOWANCES/(ALLOWANCES)

	DESCRIPTION	COST CTR.	RATE PERIODS					
			2005	01/01/06- 03/31/06	04/01/06- 12/31/06	2007	2008	
9. ELIMINATION OF WORKING CAPITAL INTEREST INCOME OFFSET								
Interest expense shall be reduced by investment income with the exception of income earned by funded depreciation accounts and certain other restricted funds. Since working capital interest expense was not allowed starting April 1, 2006 (adjustment 8), the working capital interest income offset was eliminated, resulting in an allowance. Regulations: 10 NYCRR Sections 86-2.17(a) & 86-2.20(c), PRM-1 Section 202.2	WCI Offset	005			(297)			
10. REAL ESTATE TAX DISALLOWANCE								
Facilities receiving payments on the basis of reimbursable costs are required to provide adequate cost data based on financial and statistical records that can be verified on audit. Cost data must be current, accurate, and in sufficient detail. Audited real estate taxes varied from the real estate tax expense allowed in the rate resulting in disallowances. Regulations: 10 NYCRR Section 86-2.17(a), PRM-1 Sections 2102.2, 2300, & 2304	RE Tax	006				2,420	2,583	
11. RETURN ON AVERAGE EQUITY DISALLOWANCES								
The return on average equity determined on audit varied from the return allowed in the promulgated rates. Organization costs and security deposits were included in the average equity calculation. Organization costs are allowed to be amortized the first five years; any additional or unamortized cost is not allowable. Consequently, disallowances were necessary. See Exhibit V for details. Regulations: 10 NYCRR Sections 86-2.10(a), 86-2.17(a), & 86-2.28, PRM-1 Sections 2300 & 2304	Ave. Equity	001	315	728	728	805	535	
Other OMIG Property Expense Disallowances/(Allowances)			\$ 41,738	\$ 30,391	\$ 42,157	\$ 42,320	\$ 56,475	
TOTAL AUDITED PROPERTY EXPENSE			\$ 1,131,511	\$ 1,222,780	\$ 1,211,014	\$ 1,532,243	\$ 1,567,860	

STATEN ISLAND CARE CENTER - AUDIT #09-3762
RATE PERIODS JANUARY 1, 2005 THROUGH DECEMBER 31, 2008
PER DIEM DISALLOWANCES

ELIMINATION OF DENTAL PER DIEM

Residential health care facilities are responsible for the provision and reimbursement of dental services. Facilities that did not have the costs of required dental services in base year 1983 received a trended per diem add-on based on a submitted budget. A per diem dental adjustment was included in the promulgated rates. However, the Facility received a new base year which included costs pertaining to dental services. Consequently, a duplication of dental services resulted. The following dental per diems were disallowed.

Regulation: Health Facilities Memorandum 87-67S

<u>Rate Period</u>	<u>Per HE-12B</u>	<u>Per Audit</u>	<u>Disallowance</u>
01/01/05 - 03/31/05	\$ 0.80	\$ -	\$ 0.80
04/01/05 - 06/30/05	0.80	-	0.80
07/01/05 - 09/30/05	0.80	-	0.80
10/01/05 - 12/31/05	0.80	-	0.80
01/01/06 - 03/31/06	0.82	-	0.82
04/01/06 - 06/30/06	0.82	-	0.82
07/01/06 - 09/30/06	0.82	-	0.82
10/01/06 - 12/31/06	0.82	-	0.82
01/01/07 - 03/31/07	0.84	-	0.84
04/01/07 - 06/30/07	0.84	-	0.84
07/01/07 - 12/31/07	0.84	-	0.84
01/01/08 - 03/31/08	0.86	-	0.86
04/01/08 - 06/30/08	0.85	-	0.85
07/01/08 - 12/31/08	0.85	-	0.85

STATEN ISLAND CARE CENTER - AUDIT #09-3762
RATE PERIODS JANUARY 1, 2005 THROUGH DECEMBER 31, 2008
RETURN ON AVERAGE EQUITY DISALLOWANCES/(ALLOWANCES)

Return on Average Equity	RATE YEARS			
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Average Equity per HE-12B	\$1,458,822	\$1,024,361	\$1,335,788	\$1,745,704
Audit Disallowances:				
Organization Cost		1,289	3,289	
Security Deposits	16,851	18,066	12,573	12,775
Goodwill				86,874
Audited Average Equity	\$1,441,971	\$1,005,006	\$1,319,926	\$1,646,055
Less: Audited Net Investment	<u>23,366</u>	<u>23,612</u>	<u>3,863</u>	<u>1,460</u>
Audited Remaining Equity	\$1,418,605	\$ 981,394	\$1,316,063	\$1,644,595
Rate of Return	<u>1.87%</u>	<u>3.76%</u>	<u>5.07%</u>	<u>4.19%</u>
Return on Average Equity Per Audit	\$ 26,528	\$ 36,900	\$ 66,724	\$ 68,909
Return on Average Equity per HE-12B	<u>26,843</u>	<u>37,628</u>	<u>67,529</u>	<u>69,444</u>
Disallowance/(Allowance)	<u>\$ 315</u>	<u>\$ 728</u>	<u>\$ 805</u>	<u>\$ 535</u>