



Office of the
Medicaid Inspector
General

ANDREW M. CUOMO
Governor

THOMAS R. MEYER
Acting Medicaid Inspector General

February 26, 2015

[REDACTED]
Dumont Center for Rehabilitation & Nursing Care
676 Pelham Road,
New Rochelle, New York 10805

Re: Medicaid Rate Audit #13-1446
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 Dumont Masonic Home's (the "Facility") ventilator unit (VU) Medicaid rates for the rate period January 1, 2004 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 December 2, 2014, you identified specific audit findings with which you disagreed. Your comments have been considered (see Attachment A), however, consideration of your comments resulted in no reduction 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 \$1,095,592. This overpayment is subject to Department of Health ("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.

The overpayment does not reflect the impact on VU rates subsequent to December 31, 2008 that utilized the January 1, 2004 through December 31, 2004 base period for operating expense. Any overpayment resulting from operating expense disallowances in the January 1, 2004 through December 31, 2004 base period report for VU rates subsequent to December 31, 2008 will be addressed in the future.

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:

[REDACTED]
New York State Department of Health
Medicaid Financial Management
GNARESP Corning Tower, Room 2739
File #13-1446
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 [REDACTED] 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 13-1446 in all correspondence.

Sincerely

[REDACTED]

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

Attachment
Enclosure

- ATTACHMENT A - Facility Draft Audit Report Comments and OMIG Response
- EXHIBIT I - Summary of Per Diem Impact and Medicaid Overpayment
- EXHIBIT II - Summary of Medicaid Rates Audited
- EXHIBIT III - Operating Expense Disallowances/(Allowances)
- EXHIBIT IV - Property Expense Disallowances/(Allowances)

[REDACTED]

CERTIFIED MAIL # [REDACTED]
RETURN RECEIPT REQUESTED

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

NAME AND ADDRESS OF AUDITEE

Dumont Masonic Home
Dumont Center for Rehabilitation &
Nursing Care
676 Pelham Road
New Rochelle, New York 10805

NPI #: [REDACTED]

PROVIDER #: [REDACTED]

AUDIT #13-1446

AMOUNT DUE: \$1,095,592

AUDIT
TYPE

[] PROVIDER
[X] 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 #13-1446
Albany, New York 12237-0048

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

[REDACTED]

CORRECT PROVIDER NUMBER

**DUMONT MASONIC HOME - AUDIT #13-1446
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.

EXHIBIT III COMMENTS

Operating Adjustments – Violation of Time Limitation on Audit

Facility Comment

The audit proposes certain adjustments to the costs submitted by Dumont in regards to the ventilator unit in rate appeal #518909 submitted to increase the associated non-comparable component of the rate.

Pursuant to 18 NYCRR §517.3(a):

"(2) All required fiscal and statistical reports are subject to audit for a period of six years from the date of their filing or from the date when such reports were required to be filed, whichever is later. This limitation does not apply to situations in which fraud may be involved or where the provider or an agent thereof prevents or obstructs the commissioner from performing an audit pursuant to this Part. Where reports and documentation have been submitted pursuant to a rate appeal of a provisional rate, such reports and documentation will likewise be subject to audit for a period of six years from the submission of material in support of such appeal or two years following certification of any revised rate resulting from such appeal, whichever is later."

In this audit, OMIG is attempting to audit certain reported costs for which the available window for auditing had already expired at the time of commencement of the audit.

This audit commenced by the issuance by OMIG of the engagement letter dated February 5, 2013. Therefore, OMIG may only audit those cost elements reported within the "six year" window which opened as of the date of the cost submission, or in the case of the audited appeal, two years from the date of certification, whichever is later.

While the appeal appears to have been certified by the DOH Commissioner on or about February 10, 2011 (see Attachment A), the only new costs that were submitted were those relating directly to the new ventilator unit – the \$68,173 referred to by the OMIG auditors as "Ancillary A" (see Attachment 2). These costs arguably fall within the 2 year window for appeal related submissions.

However, all other costs applicable to the ventilator unit were the result of allocations from previously reported base year facility costs. These costs, according to the appeal approval for # 518909 were taken from costs previously reported on the 2004 RHCF-4 filed June 2, 2005 (see Attachment 3). Any attempt to now audit any other costs is foreclosed as the audit "window" closed June 1, 2011. These costs do not fit within the window provided by OMIG regulations under the extended 2 year standard.

In sum, the step down of 2004 base year costs were not audited and the actual costs, other than those included and reported in the appeal, are not subject to audit under the extended 2 year window allowed for rate appeals (see *Matter of Jarrett v. Novello*, 27 A.D.3d 973 [3d Dept 2006]).

OMIG Response

According to Appeal #518809, The Facility requested "DOH to process cost-based rates for the ventilator – dependent unit effective 1/1/04 utilizing our 2004 RHCF DCN #51511024." This appeal was initiated by the Facility because the ventilator unit had achieved 90% utilization of its certified bed capacity.

DOH received the appeal on June 6, 2005, and it was certified by the Medicaid Director on February 10, 2011. OMIG sent an engagement letter to the Facility on February 5, 2013. The commencement of the audit was within the 18 NYCRR 517.3(a) (2), which states that "...Where reports and documentation have been submitted pursuant to a rate appeal of a provisional rate, such reports and documentation will likewise be subject to audit for a period of six years from the submission of material in support of such appeal or two years following certification of any revised rate resulting from such appeal, whichever is later." The engagement letter was sent within the two years following certification of the revised rates.

DOH's recommendations in the appeal address the calculation of the direct, indirect and non-comparable components, not just the amount of \$68,173 as the Facility proposes. In addition, DOH stated in their recommendation that "All rate changes, reallocations and other approvals expressed within this packet are subject to review and adjustment at time of audit."

Disposition: The draft audit report disallowances remain the same.

Documentation Submitted meets the Regulatory Requirements

Facility Comment

As to the costs first reported in the appeal, and even as to the others that have been subjected to OMIG adjustment, Dumont contends that the financial records submitted to date meets the necessary regulatory requirements.

OMIG cites as the bases for the adjustment and disallowance 10 NYCRR § 86-17(a) (presumably 86-2.17[a]) and PRM-1 §§ 2300 and 2304. §86-2.17(a) states:

"(a) To be considered as allowable in determining reimbursement rates, costs shall be properly chargeable to necessary patient care. Except as otherwise provided in this Subpart, or in accordance with specific determination by the commissioner, allowable costs shall be determined by the application of the principles of reimbursement developed for determining payments under title XVIII of the Federal Social Security Act (Medicare) program."

The PRM-1 sections provide:

"PRINCIPLE

Providers receiving payment on the basis of reimbursable cost must provide adequate cost data based on financial and statistical records which can be verified by qualified auditors. The cost data must be based on an approved method of cost finding and on the accrual basis of accounting. However, where governmental institutions operate on a cash basis of accounting, cost data on this basis will be acceptable subject to appropriate treatment of capital expenditures." (§2300)

"ADEQUACY OF COST INFORMATION

Cost information as developed by the provider must be current, accurate, and in sufficient detail to support payments made for services rendered to beneficiaries. This includes all ledgers, books, records and original evidences of cost (purchase requisitions, purchase orders, vouchers, requisitions for materials, inventories, labor time cards, payrolls, bases for apportioning costs, etc.), which pertain to the determination of reasonable cost, capable of being audited." (§2304)

Financial and statistical records should be maintained in a consistent manner from one period to another. However, a proper regard for consistency need not preclude a desirable change in accounting procedures, provided that full disclosure of significant change is made to the intermediary.

Under these rules, there is no particular type of documentation that must be retained and provided for purposes of audit. No "laundry" list has been provided by regulation of what the facility's records must contain, as is the case with Medicaid medical records for ambulatory and institutional providers. Rather, the rules permit the auditing agency to review the material, information and documentation that the facility has kept and maintained and adjust whether the costs have been substantiated as incurred and are related to patient care. We are hereby incorporating all of our submissions and materials provided during the audit process in this matter as further support of the fact that the audit adjustments should be reversed. They apply to the following adjustments for which documentation of cost incurred was provided:

1. Unsubstantiated Expense Disallowances

Inhalation Therapy	\$127,068
Ancillary-Other A	68,173
Ancillary-Other B	99,433

In this case, given the unique circumstances involved (see discussion below), Dumont has maintained and reproduced, at significant effort and expense, documentation substantiating all of the adjusted costs, not only the \$68,173 which is subject to audit. The voluminous 2004 general ledger computer reports submitted to the auditors, the documentation offered by Dumont of payments for similar items (prescription and/or IV drugs, pharmacy expense, hearing, dental, etc.) incurred and paid in subsequent periods, and the fact that the residents received appropriate ventilator care services during the period in question (no indication through survey actions that the ventilator care was not provided), reasonably establish that the costs reported were incurred and paid.

OMIG Response

It is common practice that an invoice explaining the type of service, and a check to document proof of payment be submitted to substantiate expenses. However, OMIG will accept other alternate documentation to review and allow. In this case, the Facility did not submit any documentation other than the general ledger to substantiate the ancillary costs of \$68,173 and \$99,433 and inhalation therapy expenses of \$127,068.

Therefore, no reduction in the OMIG audit disallowance is warranted.

Disposition: The draft audit report disallowances remain the same.

Unreasonable Delay

Facility Comment

It is well established that unreasonable delay which adversely affects the ability of a facility to provide responses to an audit may be taken into account as to whether the agency action is appropriate and timely (see *Cortlandt Nursing Home v. Axelrod*, 66 N.Y.2d 169 [1985]; *Matter of Blossom View Nursing Home v. Novello*, 4 N.Y.3d 581 [2005]; *Matter of County of Monroe v. Axelrod*, 125 A.D.2d 981 [4th Dept 1986]).

In this case, the auditing agency has delayed the audit to the clear detriment of the facility. As noted above, a small portion of the disallowed costs for the ventilator unit appear to have been subject to an audit timely, with the remainder clearly outside that the audit "window". And further, as to those costs outside the "window", it is clear that the audit agency's delay in waiting nearly nine years to commence an audit has affected prejudiced Dumont's ability to assist and respond to the audit.

As OMIG knows, the facility underwent a change in ownership and operation in 2011, with the prior owners disbanding their operational staff. The records, medical and financial went into storage, with much of the financial records (both computerized and hardcopy) retained and stored by the former accountants. Access to the computer documents, due to the lapse in software rights, was difficult to obtain, and what records could be accessed, after 9 years, were provided to the auditors. Unfortunately, as to the hard copy records, time has taken a toll on both the documents themselves and their caretakers, further frustrating the effort to comply at this late date.

However, OMIG, having known that the facility as it was previously operating had "closed", nonetheless delayed commencement of the current audit until the very last week possible. This has resulted in the difficulty that Dumont has faced, yet and substantially overcome, in providing the auditors with cost documentation.

Based upon the forgoing, we would ask that the auditors accept the material and documents previously submitted as reasonably substantiating the costs as reported for the ventilator unit.

OMIG Response

As previously explained, the 2004 base year costs are not outside the audit window. OMIG cannot audit base year costs until the base year appeal is approved by DOH. As allowed by 18 NYCRR 517.3 (a) (2), OMIG commenced the audit within the two years following the certification of the revised rates resulting from appeal #518909.

Regulations require that facilities keep and maintain records that support reported costs. Changing ownership does not excuse the Facility from keeping and maintaining all supporting documentation for the ventilator unit costs.

Disposition: The draft audit report disallowances remain the same.

DUMONT MASONIC HOME - AUDIT #13-1446
RATE PERIODS JANUARY 1, 2004 THROUGH DECEMBER 31, 2008
SUMMARY OF PER DIEM IMPACT AND MEDICAID OVERPAYMENT

VENTILATOR UNIT RATE PERIOD	ISSUED PART B & D NON-ELIGIBLE RATES*	FINAL PART B & D NON-ELIGIBLE RATES	RATE DECREASE (INCREASE)	MEDICAID DAYS	MEDICAID OVERPAYMENT
01/01/04 - 03/31/04	\$543.46	\$490.09	\$53.37	1,112	\$ 59,347
04/01/04 - 06/30/04	546.62	493.25	53.37	896	47,820
07/01/04 - 09/30/04	537.42	484.05	53.37	1,083	57,800
10/01/04 - 12/31/04	537.84	484.47	53.37	998	53,263
01/01/05 - 03/31/05	559.48	504.58	54.90	915	50,234
04/01/05 - 06/30/05	564.34	509.43	54.91	854	46,893
07/01/05 - 09/30/05	555.67	500.76	54.91	1,020	56,008
10/01/05 - 12/31/05	555.17	500.27	54.90	928	50,947
01/01/06 - 03/31/06	576.66	519.30	57.36	951	54,549
04/01/06 - 06/30/06	570.63	513.41	57.22	925	52,929
07/01/06 - 09/30/06	573.44	516.22	57.22	871	49,839
10/01/06 - 12/31/06	572.66	515.44	57.22	942	53,901
01/01/07 - 03/31/07	584.29	525.61	58.68	1,090	63,961
04/01/07 - 06/30/07	581.02	522.70	58.32	1,015	59,195
07/01/07 - 10/31/07	575.93	517.61	58.32	1,232	71,850
11/01/07 - 12/31/07	575.93	517.61	58.32	617	35,983
01/01/08 - 03/31/08	586.74	521.92	64.82	941	60,996
04/01/08 - 12/31/08	582.44	518.09	64.35	2,643	<u>170,077</u>
TOTAL MEDICAID OVERPAYMENT					<u>\$ 1,095,592</u>

* Any differences between these rates and the rates listed in Exhibit II of this audit 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.

DUMONT MASONIC HOME - AUDIT #13-1446
RATE PERIODS JANUARY 1, 2004 THROUGH DECEMBER 31, 2008
SUMMARY OF MEDICAID RATES AUDITED

The Facility's Medicaid utilization was approximately 74 percent 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 audit report represent rate changes made subsequent to our audit. These changes remain open to future audit by the OMIG.

<u>VENTILATOR UNIT RATE PERIOD</u>	<u>ISSUED MEDICARE PART B & D NON-ELIGIBLE RATES *</u>
01/01/04 - 03/31/04	\$ 543.46
04/01/04 - 06/30/04	546.62
07/01/04 - 09/30/04	537.42
10/01/04 - 12/31/04	537.84
01/01/05 - 03/31/05	559.48
04/01/05 - 06/30/05	564.34
07/01/05 - 09/30/05	555.67
10/01/05 - 12/31/05	555.17
01/01/06 - 03/31/06	576.66
04/01/06 - 06/30/06	570.63
07/01/06 - 09/30/06	573.44
10/01/06 - 12/31/06	572.66
01/01/07 - 03/31/07	584.29
04/01/07 - 06/30/07	581.02
07/01/07 - 10/31/07	575.93
11/01/07 - 12/31/07	575.93
01/01/08 - 03/31/08	586.74
04/01/08 - 12/31/08	582.44

* 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.

**DUMONT MASONIC HOME - AUDIT #13-1446
RATE PERIODS JANUARY 1, 2004 THROUGH DECEMBER 31, 2008
OPERATING EXPENSE DISALLOWANCES/(ALLOWANCES) - VENTILATOR UNIT**

		OPERATING EXPENSE COMPONENT			
		DIRECT	INDIRECT	NON-COMP.	
		\$ 1,717,797	\$ 466,278	\$ 787,976	

Operating Expense Allowed per HE-12B
Less Disallowances/(Allowances):

1. UNSUBSTANTIATED EXPENSE DISALLOWANCES

Facilities receiving payment based on reimbursable costs must 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. The Facility was unable to substantiate charges reported in numerous expense accounts. Consequently, the unsubstantiated expenses were disallowed.

Regulations: 10 NYCRR Section 86-17(a), PRM-1 Sections 2300 and 2304

DESCRIPTION	COST CTR.	DISALLOWED (ALLOWED)	TRACE-BACK %	
Inhalation Therapy	035	127,068	77.64%	98,656
Ancillary-Other A	045	68,173	100.00%	68,173
Ancillary-Other B	046	99,433	100.00%	99,433

2. LABORATORY AND RADIOLOGY EXPENSE DISALLOWANCES

Effective April 1, 2001, the Centers for Medicare and Medicaid Services (CMS) policy for consolidated billing required that nursing facilities bill and receive reimbursement under Medicare Part A for the radiology and laboratory "technical component" portion of charges. The actual radiology and laboratory service provider then bills the nursing facility to receive its reimbursement of the technical component. Consequently, inclusion of any such "expenses" in the Medicaid rate is inappropriate and would duplicate reimbursement. The "expense" is merely a pass through of income received by the nursing facility to the service provider. Additionally, the above transactions do not pertain to Medicaid patients in any way. Since the "expense" does not pertain to Medicaid patients, it is not reimbursable under the Medicaid program. Furthermore, Facilities receiving payment based on reimbursable costs must provide adequate cost data based on financial and statistical records that can be verified on audit. The Facility did not provide supporting documentation for laboratory and radiology expenses. Consequently, these expenses were disallowed.

Regulations: 10 NYCRR Sections 86-2.17 (a) & (d), PRM-1 Sections 2300 & 2304, HCFA Pub. 60B, Transmittal B-00-67 dated Nov. 27, 2000, Subject: Consolidated Billing for SNF Residents

DESCRIPTION	COST CTR.	DISALLOWED (ALLOWED)	TRACE-BACK %	
Laboratory	031	19,548	19.29%	3,771
Radiology	034	47,302	19.05%	9,011

Total Disallowances/(Allowances)

AUDITED OPERATING EXPENSE BY COMPONENT

\$ -	\$ -	\$ 279,044
\$ 1,717,797	\$ 466,278	\$ 508,932

DUMONT MASONIC HOME - AUDIT #13-1446
RATE PERIODS JANUARY 1, 2008 THROUGH DECEMBER 31, 2008
PROPERTY EXPENSE DISALLOWANCES/(ALLOWANCES) - VENTILATOR UNIT

DESCRIPTION	COST CTR.	DISALLOWED (ALLOWED)	TRACE- BACK %	RATE PERIOD 2008
				\$ 185,386

Property Expense Allowed per HE-12B
Less Disallowances/(Allowances):

1. BUILDING/FIXED EQUIPMENT DEPRECIATION DISALLOWANCES

a) The OMIG's prior audit of the nursing facility (NF) and VU's Approved Project Costs (APC) resulted in disallowances of building/fixe equipment costs. The Facility also reported building/fixe equipment costs for the NF and VU renovation projects that could not be reconciled to the APC. In addition, fixe equipment purchases in 2005 were not properly documented. Consequently, the overstated building and equipment costs and the related depreciation were disallowed. The disallowance was in accordance with prior audit #04-W04-3221.
Regulations: 10 NYCRR Sections 86-2.7 & 86-2.17(a) & (d), PRM-1 Sections 2102.3, 2300, & 2304

Bldg Depr.	001	18,629	11.76%	2,191
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b) The Bureau of Long Term Care Reimbursement has determined the nature of telephone expense to be an operating expense. Since the expense is included in the formula to determine the base, mean, and ceiling prices used to establish the indirect expense corridor, the reimbursement of telephone depreciation expense in the property component amounts to duplicate reimbursement. Consequently, a disallowance was necessary. The disallowance was in accordance with prior audit #04-W04-3221.
Regulations: 10 NYCRR Sections 86-2.17 (a) & (d)

Bldg Depr.	001	3,690	11.76%	434
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c) Providers receiving payment based on reimbursable costs must provide adequate cost data based on financial and statistical records that can be verified on audit. The Facility could not provide documentation to substantiate depreciation expense allowed in the 2008 rate. Consequently, this expense was disallowed.
Regulations: 10 NYCRR Section 86-2.17(a), PRM-1 Sections 2102.3, 2300, & 2304

Bldg Depr.	001	1,371	11.76%	161
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2. MOVABLE EQUIPMENT DEPRECIATION EXPENSE DISALLOWANCE

The OMIG's prior audit of the NF and VU APC resulted in disallowances of movable equipment. In addition, movable equipment purchased in the 2004 cost year was not properly documented. Consequently, the overstated equipment costs and the related depreciation were disallowed. The disallowance was in accordance with prior audit #04-W04-3221.
Regulations: 10 NYCRR Sections 86-2.7 & 86-2.17(a) & (d), PRM-1 Sections 2102.3, 2300, & 2304

ME Depr.	002	9,084	25.27%	2,296
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DUMONT MASONIC HOME - AUDIT #13-1446
RATE PERIODS JANUARY 1, 2008 THROUGH DECEMBER 31, 2008
PROPERTY EXPENSE DISALLOWANCES/(ALLOWANCES) - VENTILATOR UNIT

DESCRIPTION	COST CTR.	DISALLOWED (ALLOWED)	TRACE-BACK %	RATE PERIOD	
				2008	2008
3. AUTOMOBILE EXPENSE DISALLOWANCES					
Providers are required to provide adequate cost data that can be verified. Additionally, only costs that are properly chargeable to necessary patient care are allowable. The Facility was unable to provide documentation or demonstrate the relationship to patient care for reported automobile expenses. Consequently, disallowances were necessary. Regulations: 10 NYCRR Section 86-2.17(a), PRM-1 Sections 2102.3, 2105.9, 2300, & 2304					
Rent B	004	4,367	18.00%	786	
Rent C	005	2,252	18.00%	405	
Auto Ins.	005	6,490	18.00%	1,168	
Rent C	005	1,260	18.00%	227	
4. EQUIPMENT RENTALS DISALLOWANCES					
a) Facilities receiving payment on the basis of reimbursable costs must provide adequate cost data based on financial and statistical records that can be verified on audit. In addition, the cost data is required to be current, accurate, and in sufficient detail. Equipment rental expense determined per audit varied from the expense allowed in the promulgated rates resulting in a disallowance. Regulations: 10 NYCRR Sections 86-2.17(a) & 86-2.10(g), PRM-1 Sections 2300 & 2304					
Rent I	074	13,994	100.00%	13,994	
b) Facilities receiving payment 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. The cost information must be current, accurate, and in sufficient detail. The OMIG was unable to determine the nature of certain reported expenses and whether they were properly included in the capital component of the rate. Regulations: 10 NYCRR Section 86-2.17(a) & (d), 455.45, & 458.5, PRM-1 Sections 2300 & 2304					
5. WORKING CAPITAL INTEREST EXPENSE DISALLOWANCE					
The Facility temporarily financed operations with working capital loans while having large balances in several liquid investment accounts. Funds from these assets could have been used to avoid incurring interest charges. Consequently, the interest expense related to working capital loans was disallowed. The disallowance was in accordance with prior audit #04-W04-3221. Regulations: 10 NYCRR Sections 86-2.17(a) & (d) & 86-2.20					
WCI	005	31,512	18.00%	5,672	
Property Expense Disallowances/(Allowances)				\$ 27,334	
TOTAL AUDITED PROPERTY EXPENSE				\$ 158,052	