



ANDREW M. CUOMO
Governor

THOMAS R. MEYER
Acting Medicaid Inspector General

January 15, 2014

[REDACTED]
Menorah Home and Hospital
for the Aged and Infirm
1516 Oriental Boulevard
Brooklyn, New York 11235

Re: Medicaid Rate Audit #10-7828
NPI Number: [REDACTED]
Provider Number: [REDACTED]

Dear [REDACTED]

This is the final audit report of findings with regard to the Office of the Medicaid Inspector General's (the "OMIG") audit of the Medicare Part B Offset included in Menorah Home and Hospital for the Aged and Infirm's (the "Facility") Medicaid rates for the rate period January 1, 2004 through December 31, 2008. In accordance with 18 NYCRR Section 517.6, this report represents the OMIG's final determination on issues raised in the draft report.

In response to the draft audit report dated March 28, 2013, you identified specific audit findings with which you disagreed. Consideration of your comments resulted in no reduction of the overpayments per the draft audit report. However, the actual impact as calculated by the Bureau of Long Term Care Reimbursement resulted in an overall reduction of \$91,067 to the total Medicaid overpayment shown in the draft audit report. As previously stated in the draft audit report, the Medicare Part D offset was not within the scope of the review and may be examined as part of a future audit. Based on the final audit report Medicare Part B Offset calculation attached, the Medicaid overpayment currently due is \$1,511,851. 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.

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

January 15, 2015

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 Coming Tower, Room 2739
File #10-7828
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. 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
[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]

January 15, 2015

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] or through email at [REDACTED]. Please refer to audit number 10-7828 in all correspondence.

Sincerely, [REDACTED]

[REDACTED]
Bureau of Rate Audit
Division of Medicaid Audit
Office of the Medicaid Inspector General

Enclosures

- ATTACHMENT A - Facility Draft Report Comments and OMIG Response
- EXHIBIT I - Medicare Part B Offset Per Diem Impact and Medicaid Overpayment
- EXHIBIT II - Summary of Medicaid Rates and Medicare Part B Offset Audited
- EXHIBIT III - Calculation of the Medicare Part B Offset Per Diem Understatement/(Overstatement)

CERTIFIED MAIL [REDACTED]

RETURN RECEIPT REQUESTED

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

NAME AND ADDRESS OF AUDITEE

Menorah Home and Hospital for the
Aged and Infirm
1516 Oriental Boulevard
Brooklyn, New York 11235

NPI #: [REDACTED]

PROVIDER #: [REDACTED]

AUDIT #10-7828

AMOUNT DUE: \$1,511,851

AUDIT	<input type="checkbox"/>	PROVIDER
TYPE	<input type="checkbox"/>	RATE
	<input checked="" type="checkbox"/>	PART B
	<input type="checkbox"/>	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 #10-7828
Albany, New York 12237-0048

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

CORRECT PROVIDER NUMBER

MENORAH HOME AND HOSPITAL FOR THE AGED AND INFIRM - AUDIT #10-7828
RATE PERIODS JANUARY 1, 2004 THROUGH DECEMBER 31, 2008
MEDICARE PART B OFFSET PER DIEM IMPACT AND MEDICAID OVERPAYMENT

<u>RATE PERIOD</u>	<u>ISSUED PART B OFFSET AMOUNT</u>	<u>FINAL PART B OFFSET AMOUNT</u>	<u>PART B OFFSET INCREASE (DECREASE)</u>	<u>PART B ELIGIBLE MEDICAID DAYS</u>	<u>MEDICAID OVERPAYMENT</u>
01/01/04 - 12/31/04	\$0.00	\$4.94	\$4.94	91,994	\$ 454,450
01/01/05 - 12/31/05	0.00	3.49	3.49	86,669	302,475
01/01/06 - 12/31/06	0.00	3.45	3.45	83,558	288,275
01/01/07 - 12/31/07	0.00	3.12	3.12	81,424	254,043
01/01/08 - 12/31/08	0.00	2.59	2.59	82,088	<u>212,608</u>
TOTAL MEDICAID OVERPAYMENT					<u>\$ 1,511,851</u>

* Any differences between the latest promulgated 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.

MENORAH HOME AND HOSPITAL FOR THE AGED AND INFIRM - AUDIT #10-7828
RATE PERIODS JANUARY 1, 2004 THROUGH DECEMBER 31, 2008
SUMMARY OF MEDICAID RATES AND MEDICARE PART B OFFSETS AUDITED

The Facility's Medicaid per diem rates and associated Part B offset amounts 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 Non-Eligible Rates *</u>	<u>Issued Part B Offsets</u>
01/01/04 - 02/29/04	\$ 273.80	\$0.00
03/01/04 - 03/31/04	272.21	0.00
04/01/04 - 05/31/04	272.21	0.00
06/01/04 - 08/31/04	271.95	0.00
09/01/04 - 10/31/04	272.67	0.00
11/01/04 - 11/30/04	272.67	0.00
12/01/04 - 12/31/04	275.74	0.00
01/01/05 - 02/28/05	272.57	0.00
03/01/05 - 05/31/05	270.56	0.00
06/01/05 - 06/30/05	273.17	0.00
07/01/05 - 08/31/05	284.95	0.00
09/01/05 - 11/30/05	285.81	0.00
12/01/05 - 12/31/05	290.60	0.00
01/01/06 - 02/28/06	294.72	0.00
03/01/06 - 03/31/06	295.46	0.00
04/01/06 - 05/31/06	294.91	0.00
06/01/06 - 08/31/06	296.16	0.00
09/01/06 - 11/30/06	295.08	0.00
12/01/06 - 12/31/06	295.29	0.00
01/01/07 - 03/31/07	307.36	0.00
04/01/07 - 06/30/07	305.95	0.00
07/01/07 - 12/31/07	295.67	0.00
01/01/08 - 03/31/08	307.47	0.00
04/01/08 - 06/30/08	302.73	0.00
07/01/08 - 12/31/08	307.98	0.00

- * The Medicare Part B eligible and Part D eligible rates are not shown for the purpose of this Exhibit. In addition, the Medicare Part D offset was not within the scope of this audit and may be examined as part of a future audit.

MENORAH HOME AND HOSPITAL FOR THE AGED AND INFIRM - AUDIT #10-7828

RATE PERIODS JANUARY 1, 2004 THROUGH DECEMBER 31, 2008

CALCULATION OF THE MEDICARE PART B OFFSET PER DIEM UNDERSTATEMENT/(OVERSTATEMENT)

	RATE PERIOD				
	2004	2005	2006	2007	2008
ANCILLARY SERVICE AND PHYSICIANS PART B OFFSET CALCULATION					
Average Rate Per Diem Decrease Due to Part B Offset *	\$ 6.78	\$ 4.81	\$ 4.63	\$ 4.20	\$ 3.50
<u>Coinsurance, Deductibles, and Sequestration for which Medicaid is Responsible *</u>					
Coinsurance and Deductibles from Direct Medicare Match	\$ 158,413	\$ 106,097	\$ 88,267	\$ 80,953	\$ 67,032
Sequestration Amount (if applicable) from Direct Medicare Match	11,047	8,374	10,504	6,889	7,902
Total Coinsurance, Deductibles, and Sequestration Amount from Direct Match	\$ 169,460	\$ 114,471	\$ 98,771	\$ 87,842	\$ 74,934
Subtract: Coinsurance and Deductible Bad Debts Billed to Medicare	-	-	-	-	-
Net Coinsurance, Deductibles, and Sequestration Not Collected by Facility	\$ 169,460	\$ 114,471	\$ 98,771	\$ 87,842	\$ 74,934
Divided by Medicaid Part B Eligible Days (Rate Year)	91,994	86,669	83,466	81,273	82,088
Coinsurance, Deductibles, & Sequestration for which Medicaid is Responsible	\$ 1.84	\$ 1.32	\$ 1.18	\$ 1.08	\$ 0.91
Calculated Medicare Part B Offset - Medicaid *	\$ 4.94	\$ 3.49	\$ 3.45	\$ 3.12	\$ 2.59
Net Medicare Part B Revenue Applicable to Medicaid Patients (Direct Match)	\$ 679,938	\$ 457,093	\$ 364,769	\$ 342,308	\$ 283,555
Divided by Medicaid Part B Eligible Days (Rate Year)	91,994	86,669	83,558	81,424	82,088
Calculated Medicaid Part B Offset - Medicare	7.39	5.27	4.37	4.20	3.45
Audited Part B Offset (Lesser of Medicaid or Medicare Calculated (Not < Zero))	4.94	3.49	3.45	3.12	2.59
Promulgated Medicaid Part B Offset	-	-	-	-	-
Understated/(Overstated) Medicaid Part B Offset	\$ 4.94	\$ 3.49	\$ 3.45	\$ 3.12	\$ 2.59

* 10 NYCRR Section 86-2.17(m) requires that "Allowable costs shall be reduced by income earned for Medicare Part B eligible services to the extent that Medicaid has paid for these services." Consequently, the Facility's Medicare Part B income for the various periods under audit was detrended (using the Facility's specific Medicaid rate trend factors) to the base period, and offset against the applicable costs. The Medicaid rate was then recalculated in accordance with 10 NYCRR Section 86-2.10 which establishes the criteria for the computation of the basic rate. The difference between the original rate, and the rate after the Medicare Part B revenue reduction, represents the Medicare Part B Offset based on Medicaid reimbursement, which is then subject to credits for Medicaid patient specific coinsurance, deductible, and sequestration amounts for which the Medicaid program is responsible. The lower of that calculated offset or an offset based on actual Medicare revenue received for Medicaid patients represents the final audited Medicare Part B Offset.