STATE OF NEW YORK
OFFICE OF THE MEDICAID INSPECTOR GENERAL
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Buffalo, New York 14202

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ANDREW M. CUOMO
GOVERNOR

JAMES C. COX
MEDICAID INSPECTOR GENERAL

July 23, 2013

[redacted]
Absolut Facilities Management, LLC
300 Gleed Avenue
East Aurora, New York 14052

Re: Absolut Center for Nursing and Rehabilitation at Orchard Park (formerly Orchard Park Health Care Center, Inc.)
Medicaid Rate Audit #12-1703
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 Absolut Center for Nursing and Rehabilitation at Orchard Park's (the "Facility") records that support the RHCF-4 Appeal Nos. 313981, 413274, 517192, 934450, 820558, 112293, 506185, 027553 and 107054 as they applied to Absolut Center for Nursing and Rehabilitation at Orchard Park's January 1, 1986 through December 31, 2009 Medicaid rates. 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 April 29, 2013, 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. The Medicaid overpayment associated with OMIG adjustments was $1,767,564. However, this audit also processed Bureau of Long Term Care appeals that resulted in an amount due the Facility of $1,186,816. Consequently, based on the enclosed audited rates calculated by the Bureau of Long Term Care Reimbursement, the Medicaid overpayment currently due is $580,748. This overpayment is subject to Department of Health (the "DOH") and Division of Budget (the "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 #12-1703
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 15% withhold after 20 days until the agreement is established. The OMIG may require financial information from you to establish the terms of the repayment agreement. If additional information is requested, the OMIG must receive the information within 30 days of the request or a 50% withhold will be imposed. 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. The OMIG will notify you no later than 5 days after initiating such action. If you wish to enter into a repayment agreement, you must forward your written request within 20 days to the following:

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

If within 20 days, you fail to make full payment or contact the OMIG to make repayment arrangements, the OMIG will establish a withhold equal to 50% of your Medicaid billings to secure payment and liquidate the overpayment amount, interest and/or penalty, not barring any other remedy allowed by law. The OMIG will provide notice to you no later than 5 days after the withholding of any funds.

In addition, if you receive an adjustment in your favor while you owe funds to the State, such adjustment will be applied against the amount owed.

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 of the Office of Counsel at

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. If you have any questions regarding the above, please contact at

Sincerely,

Director, Audit Resources Management
Bureau of Rate Audit
Division of Medicaid Audit
Office of the Medicaid Inspector General

cc:

Attachments:
Attachment A - Facility Draft Report Comments and OMIG Response
EXHIBIT I - Summary of Per Diem Impact and Medicaid Overpayment
EXHIBIT II - Summary of Medicaid Rates Audited
EXHIBIT III - Non-Comparable Expense Disallowances/(Allowances)
EXHIBIT IV - Property Expense Disallowances/(Allowances)
EXHIBIT V - Prior Rate Years Adjustment – Rate Year 2002

NEW YORK STATE
OFFICE OF THE MEDICAID INSPECTOR GENERAL
REMITTANCE ADVICE

NAME AND ADDRESS OF AUDITEE

Absolut Center for Nursing and Rehabilitation at Orchard Park (formerly Orchard Park Health Care Center, Inc.)
6060 Armor Road
Orchard Park, New York 14127

AMOUNT DUE: $580,748

NPI #: [redacted]
PROVIDER #: [redacted]

AUDIT #12-1703

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 #12-1703
Albany, New York 12237-0048

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

CORRECT PROVIDER NUMBER

ABSOLUT CENTER FOR NURSING AND REHABILITATION AT ORCHARD PARK - AUDIT #12-1703
FACILITY DRAFT 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

REAL ESTATE TAX DISALLOWANCE

Facility Comment
OMIG methodology used in calculating the audit disallowance - We agree that the rate setter from the NYS Department of Health's (DOH) who processed the above referenced appeals for the real estate tax assessment grossly erred in their calculations of the allowable appeal amounts. These incorrect amounts were ultimately entered into the Medicaid rate sheets covering the time period of the appeals filed, essentially over reimbursing (and under reimbursing - Adm. Appeal #H104803) the Facility for the real estate tax assessment appeal. DOH failed to account for a number of adjustments that should have been applied to the approved real estate tax appeal cost amounts. These adjustments were necessary to ensure compatibility with the Facility's base year cost data, which ultimately would have provided accurate and equitable Medicaid reimbursement to the facility through the published Medicaid rates that resulted.

We noted three adjustments that were necessary to the Schedule I adjustment number used in the Medicaid rate sheet in order to reflect the correct reimbursement for the real estate tax assessment increase. They are:

a) An adjustment to convert an annual cost number to a 250 day Facility base year period as the base period cost report was predicated on a 250 day cost reporting period ending December 31, 1983.
b) An adjustment to de-trend the rate year (1992, 1993 and 1998) real estate tax assessment appeal amounts back to 1983 dollars.
c) An adjustment to account for the difference in beds/days of the base period (171 beds) versus the number of rate year beds/days (202 beds) on record and licensed with DOH.

Although we recognize and agree that the processed appeal and Medicaid rate sheets were in error, we disagree with the methodology and amount of disallowances calculated by OMIG to rectify DOH's error. OMIG's recalculation of DOH's approved appeal amount compares the audited real estate tax appeal cost, combined with the base year real estate tax cost (including a bed conversion adjustment), against the amounts reimbursed to the Facility from their last published Medicaid rates. OMIG concluded that the Facility was over reimbursed for real estate tax costs and therefore justifies the disallowance of DOH's approved appeal amounts in their entirety ($12,107) for rate periods 7/1/1992 through 12/31/1992, ($41,276) of the approved appeal amount of $49,379 for rate periods 1/1/1993 through 12/31/1997, ($52,589) of the approved appeal amount of $67,351 for rate periods 1/1/1998 through 12/31/2006.

The Facility objects to OMIG's basis for the disallowance of previously approved DOH rate appeals #313981, #413274, #517192, #820558, and #934450, since the facility appealed for the increase in rate year expense following the completion of the 31 bed addition (Project #890716) in 1992 and following the 80 bed nursing facility addition in 1995 (Project #900724). This increase in real estate tax assessment values was directly attributable to the two major construction projects and sole reason for the appeals that were filed. Reimbursement methodology was not considered by DOH rate setting when these appeals were approved but rather approved in accordance with 10 NYSCRR, Sections 86-2.10(f) and 86-2.14(a)(5). Rightfully, OMIG should therefore not have considered reimbursement methodology in their determination as to whether the increase in real estate tax assessment/cost from the two projects were warranted or not. Nursing facilities are prohibited from filing rate appeals with DOH if the appeal involves rate setting methodology. The same should hold true for the agencies governing the regulations.

We do recognize the fact that OMIG is willing to process DOH administrative appeal #H104803 Issue #1 for the real estate tax assessment error (add back of $49,379 to rate year 1/1/1998) if the Facility will withdraw this issue with DOH. The Facility plans on sending a withdrawal letter before the final audit report is issued and after OMIG has a chance to review our draft responses for potential revision.

Attached Exhibit A details the Facility's alternate calculation of DOH's allowable real estate tax expense appeal amounts for rate years 7/1/1992, 1993, 1998 and forward to be used in the Medicaid rates effective 7/1/1992 through 12/31/2006. We ask that you review our calculations and adjust the draft report accordingly.

We would like it noted for the record that whatever final audit disallowance is decided upon by OMIG, following review of the draft audit report responses above, the Facility (old owner/operator) is able to recoup the payments made into the Medicaid system for the Cash Receipt Assessment Program on the original appeal monies received back in August/September of 2010 from the NYSDOH or OMIG. It should also be noted for the record that the Facility brought an appeal to the OMIG auditor's attention at the Exit Conference of April 25, 2013 (Exhibit B), however the NYSDOH has yet to allow the Facility to enter this appeal on the HCS network.

EXHIBIT A

Absolut Center for Nursing and Rehab at Orchard Park (Formerly Orchard Park Health Care Center, Inc.)
Medicaid Rate Audit #12-1703
Real Estate Tax Assessment Adjustment

	For Detrend Purposes 1983-1992	For Detrend Purposes 1983-1993	For Detrend Purposes 1983-1995
92/93/95 Detrend Factor to 83 Dollars ($) Per Final DOH Trend Factors	1.4920	1.5353	1.5781
Base Year Detrend Factor to 83 Dollars ($) (Per Rate Sheet)	1.0086	1.0086	1.0086
92/93/95 Detrend Factor to 83 Base Period Dollars ($)	1.4793	1.5222	1.5646

	Rate Year 7/1/1992	Rate Years 1993 to 1997	Rate Years 1998 to 2006
DOH Approved Real Estate Tax Assessment Appeal Amount	$12,107	$49,379	$67,351
Total Resident Days per RHCF-4	66, 808	72,739	72,626
DOH Approved Real Estate Tax Assessment Appeal PPD Amount	$ 0.18	$ 0.68	$ 0.93
Detrended DOH Approved Real Estate Tax Assessment Appeal PPD Amount	$ 0.12	$ 0.45	$ 0.59
Total Resident Days per 250 Day Base Year RHCF-4	42,163	42,163	42,163
Adjusted/Revised Real Estate Tax Appeal Adjustment	$ 5,060	$18,973	$24,876
Amount Allowed by OMIG Audit		$ 8,103	$14,762
Detrended Amounts Allowed		3,086	5,477
Requested Revision to Draft Audit Adjustments	$ 5,060	$15,887	$19,399

OMIG Response

The Facility filed Appeals #313981, #413274, #517192, #820558 and #934450 for increases in rate year real estate taxes based on an increase in the real estate tax assessment values that were attributable to the completion of the 31 net bed addition in 1992 and the 80 bed nursing home addition in 1995 (80 former HRF beds were also decertified). Those appeals were based on the current 202 certified bed capacity of the Facility and the estimated current annual real estate tax expense. However, the Facility's promulgated rates were based on a 250 calendar day base period ended December 31,1983 with a 166 bed certified bed capacity. The certified bed capacity was adjusted to 171 certified bed capacity via a bed conversion adjustment. In order to calculate a proper appeal adjustment, the 250 calendar day base period must be considered, and also reflective of the current 202 certified bed capacity.

The Facility's calculation of allowable real estate tax expense on Exhibit A fails to take into consideration any necessary adjustment of the 250 calendar day base period ended December 31,1983 real estate tax expense ($67,723) and the bed conversion adjustment ($2,025) for the then 171 bed facility. These costs need to be adjusted for the difference in the number of certified beds (171 beds versus 202 beds). This adjustment is necessary for the proper comparison of costs. We agree with the Facility that the appeals were "approved in accordance with 10 NYCRR Sections 86-2.10(f) and 86-2.14(a)(5)"; however, the fact that no consideration was given to length of the base period or the Facility bed size was improper as the Bureau of Long Term Care routinely factors in these type of issues. Rather, the above discrepancies were simply oversights when the appeal rates were calculated by BLTCR.

The audit calculated the real estate tax disallowance in accordance with the Bureau of Long Term Care Reimbursement's rate setting methodology. Since the overall cost of real estate tax expense increased, the audit recognized those increases adjusted for: 1) the 250 calendar day base period versus the annual expense reported for the appeals, 2) the change from 171 certified beds in the base period to 202 certified beds for the appeals, and 3) de-trending the appeal amounts to the base year. However, the per diem cost of real estate tax expense actually decreased for the July 1, 1992 through December 31, 1992 rate period and no increase in cost was recognized. Therefore, the audit allowed the proper expense based on appeal. The Facility has not provided any additional information to revise the adjustment.

Disposition: The draft report disallowance remains the same.

EXIT CONFERENCE APPEAL

Facility Comment
The Facility brought an appeal to the OMIG auditor's attention at the exit conference on April 25, 2013; however the New York State Health Department has yet to allow the Facility to enter this appeal on the HCS network.

OMIG Response
Appeals are submitted to the Bureau of Long Term Care Reimbursement and OMIG has no control on the acceptance of those appeals. Consequently, this issue was not considered.

Disposition: The Facility's response cannot be addressed by the OMIG.

ABSOLUT CENTER FOR NURSING AND REHABILITATION AT ORCHARD PARK - AUDIT #12-1703
RATE PERIODS JANUARY 1, 1986 THROUGH DECEMBER 31, 2009
SUMMARY OF PER DIEM IMPACT AND MEDICAID OVERPAYMENT

RATE PERIOD	ISSUED PART B & D NON-ELIGIBLE RATES*	FINAL PART B & D NON-ELIGIBLE RATES	RATE DECREASE (INCREASE)	MEDICAID DAYS	MEDICAID OVERPAYMENT
01/01/02 - 02/28/02	$139.05	$128.59	$10.46	9,147	$ 95,678
03/01/02 - 03/31/02	138.27	127.82	10.45	4,875	50,944
04/01/02 - 05/31/02	141.47	131.02	10.45	9,426	98,502
06/01/02 - 08/31/02	141.53	131.08	10.45	14,346	149,916
09/01/02 - 11/30/02	140.44	129.98	10.46	14,552	152,214
12/01/02 - 12/31/02	141.48	131.02	10.46	5,030	52,614
01/01/03 - 02/28/03	114.02	113.79	0.23	9,289	2,136
03/01/03 - 05/31/03	114.60	114.37	0.23	13,860	3,188
06/01/03 - 08/31/03	114.71	114.48	0.23	13,953	3,209
09/01/03 - 11/30/03	113.22	112.98	0.24	13,395	3,215
12/01/03 - 12/31/03	112.83	112.58	0.25	4,667	1,167
01/01/04 - 02/29/04	118.61	118.36	0.25	9,208	2,302
03/01/04 - 03/31/04	120.29	120.05	0.24	4,827	1,158
04/01/04 - 05/31/04	127.76	127.51	0.25	9,400	2,350
06/01/04 - 08/31/04	126.57	126.32	0.25	14,544	3,636
09/01/04 - 11/30/04	127.76	127.52	0.24	12,857	3,086
12/01/04 - 12/31/04	127.76	127.52	0.24	4,438	1,065
01/01/05 - 02/28/05	129.44	129.18	0.26	8,258	2,147
03/01/05 - 05/31/05	127.08	126.82	0.26	13,363	3,474
06/01/05 - 06/30/05	127.18	126.92	0.26	4,472	1,163
07/01/05 - 08/31/05	128.42	128.16	0.26	8,994	2,338
09/01/05 - 11/30/05	128.83	128.56	0.27	12,540	3,386
12/01/05 - 12/31/05	128.01	127.74	0.27	4,380	1,183
01/01/06 - 02/28/06	132.53	132.25	0.28	8,402	2,353
03/01/06 - 03/31/06	133.74	133.47	0.27	4,225	1,141
04/01/06 - 05/31/06	133.47	133.20	0.27	8,504	2,296
06/01/06 - 08/31/06	132.97	132.69	0.28	13,705	3,837
09/01/06 - 11/30/06	131.64	131.37	0.27	13,617	3,677
12/01/06 - 12/31/06	132.30	132.03	0.27	4,639	1,253
01/01/07 - 03/31/07	137.36	137.26	0.10	12,821	1,282
04/01/07 - 06/06/07	136.64	136.55	0.09	9,355	842
Medicaid Overpayment					$ 656,752

(cont.)

ABSOLUT CENTER FOR NURSING AND REHABILITATION AT ORCHARD PARK - AUDIT #12-1703
RATE PERIODS JANUARY 1, 1986 THROUGH DECEMBER 31, 2009
SUMMARY OF PER DIEM IMPACT AND MEDICAID OVERPAYMENT

		Overpayment	
Less: Prior Medicaid Overpayments Previously Collected			
Audit #	91-E04-1113	$ 12,047	
	93-E04-1199	5,341	
	95-E04-1252	10,558	
	00-E04-1389	12,078	
	02-E04-1436	6,574	
	03-E04-1498	7,478	
	06-1163	11,769	
	08-2367	10,159	76,004
NET MEDICAID OVERPAYMENT			**$ 580,748**

* 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.

NOTE: The impact of the January 1, 1986 through December 31, 2001 audit adjustments is included in the January 1, 2002 through December 31, 2002 rates as a prior rate year per diem adjustment. Further, there were no adjustments to the June 7, 2007 through December 31, 2009 rates.

NOTE: Of the total Medicaid impact listed above, the impact associated with the processing of Bureau of Long Term Care open appeals is $1,186,816.

ABSOLUT CENTER FOR NURSING AND REHABILITATION AT ORCHARD PARK - AUDIT #12-1703
RATE PERIODS JANUARY 1, 1986 THROUGH DECEMBER 31, 2009
SUMMARY OF MEDICAID RATES AUDITED

The Facility's Medicaid utilization was approximately 68 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.

RATE PERIOD	ISSUED MEDICARE PART B & D NON-ELIGIBLE RATES *
01/01/02 - 02/28/02	$ 139.05
03/01/02 - 03/31/02	138.27
04/01/02 - 05/31/02	141.47
06/01/02 - 08/31/02	141.53
09/01/02 - 11/30/02	140.44
12/01/02 - 12/31/02	141.48
01/01/03 - 02/28/03	114.02
03/01/03 - 05/31/03	114.60
06/01/03 - 08/31/03	114.71
09/01/03 - 11/30/03	113.22
12/01/03 - 12/31/03	112.83
01/01/04 - 02/29/04	118.61
03/01/04 - 03/31/04	120.29
04/01/04 - 05/31/04	127.76
06/01/04 - 08/31/04	126.57
09/01/04 - 11/30/04	127.76
12/01/04 - 12/31/04	127.76
01/01/05 - 02/28/05	129.44
03/01/05 - 05/31/05	127.08
06/01/05 - 06/30/05	127.18
07/01/05 - 08/31/05	128.42
09/01/05 - 11/30/05	128.83
12/01/05 - 12/31/05	128.01
01/01/06 - 02/28/06	132.53
03/01/06 - 03/31/06	133.74
04/01/06 - 05/31/06	133.47
06/01/06 - 08/31/06	132.97
09/01/06 - 11/30/06	131.64
12/01/06 - 12/31/06	132.30
01/01/07 - 03/31/07	137.36
04/01/07 - 06/06/07	136.64
06/07/07 - 06/30/07	155.85
07/01/07 - 08/31/07	153.63
09/01/07 - 12/31/07	153.63
01/01/08 - 03/31/08	158.39
04/01/08 - 06/30/08	155.37
07/01/08 - 12/31/08	158.61
01/01/09 - 12/31/09	152.67

* 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.

ABSOLUT CENTER FOR NURSING AND REHABILITATION AT ORCHARD PARK - AUDIT #12-1703
RATE PERIODS JANUARY 1, 1986 THROUGH DECEMBER 31, 2009
NON-COMPARABLE EXPENSE DISALLOWANCES/(ALLOWANCES)

	DESCRIPTION	COST CTR.	RATE PERIODS 07/01/1992-12/31/1992	01/01/1993-12/31/1997	01/01/1998-12/31/2006
Non-Comparable Expense Allowed per HE-12B			$ 162,870	$ 200,142	$ 168,735
Less Disallowances/(Allowances):					
Disallowances/(Allowances) Related to Processing of Bureau of Long Term Care (BLTCR) Open Appeals					
1. REAL ESTATE TAX ALLOWANCE Real estate taxes were increased to reflect the correction of an error in the processing of Appeals #820558 and #934450 for increase in the 1995 real estate tax assessment for rate periods January 1, 1998 through December 31, 2006. **This allowance was contingent on the Facility's withdrawal of this particular item (item #1) from its outstanding appeals filed with the Bureau of Long Term Care Reimbursement on September 3, 2010. The Facility withdrew the items in a letter dated July 18, 2013. Regulations: 10 NYCRR Sections 86-2.14(a)(3)&(5) & 86-2.17(a), PRM-1 Sections 2102.2, 2102.3, 2300 & 2304**	RE Taxes	106			(49,379)
BLTCR Open Appeals Non-Comparable Expense Disallowances/(Allowances)			$ -	$ -	$ (49,379)
Subtotal Non-Comparable Expense			$ 162,870	$ 200,142	$ 218,114
Other OMIG Audit Disallowances/(Allowances)					
2. REAL ESTATE TAX DISALLOWANCE The Facitlity filed Appeals #313981, #413274, #517192, #820558 and #934450 for real estate tax assessment increases that applied to the July 1,1992 through December 31, 2006 rates. Those appeals were based on the current 202 certified bed capacity of the Facility and the estimated current annual real estate tax expense. However, the Facility's promulgated rates were based on a 250 calendar day base period ended December 31,1983 with a 166 certified bed capacity. The certified bed capacity was adjusted to 171 certified beds via a bed conversion adjustment. In order to accurately calculate a proper appeal adjustment, the 250 calendar day base period must be given consideration, and the calculation must also take into consideration the current 202 certified capacity. Consequently, the audit adjusted the base year expense and the bed conversion adjustment to reflect the current 202 certified beds. Further, the audit adjusted the amount allowed on appeal to reflect the 250 day base period for 171 certified beds and de-trended that amount back to the base period. This proper comparison of costs resulted in audit disallowances. The disallowance for the July 1, 1992 through December 31, 1992 rate period was limited to the amount allowed on appeal. Workpapers detailing the adjustments were given to the Facility. **Regulations: 10 NYCRR Sections 86-2.14(a)(3)&(5), 86-2.17(a) & (d), PRM-1 Sections 2102.2, 2102.3, 2300 & 2304**	RE Taxes	106	12,107	41,276	52,589
Other OMIG Non-Comparable Expense Disallowances/(Allowances)			$ 12,107	$ 41,276	$ 52,589
TOTAL AUDITED NON-COMPARABLE EXPENSE			**$ 150,763**	**$ 158,866**	**$ 165,525**

NOTE: There were no adjustments to the January 1, 1986 through June 30, 1992 rates and the January 1, 2007 through December 31, 2009 rates.

EXHIBIT IV

ABSOLUT CENTER FOR NURSING AND REHABILITATION AT ORCHARD PARK - AUDIT #12-1703
RATE PERIODS JANUARY 1, 1986 THROUGH DECEMBER 31, 2009
PROPERTY EXPENSE DISALLOWANCES/(ALLOWANCES)

	DESCRIPTION	COST CTR.	RATE PERIOD 08/01/1995-12/31/1995
Property Expense Allowed per HE-12B			$ 1,427,575
Less Disallowances/(Allowances):			
DISALLOWANCE/(ALLOWANCE) OF MORTGAGE INTEREST AND AMORTIZATION			
The Bureau of Long Term Care Reimbursement allowed interest and amortization on a $4,400,000 mortgage based on Appeal #506185. The reimbursed mortgage interest and amortization did not agree to the actual mortgage payments. These items were adjusted to reflect the substantiated mortgage interest and amortization payments. **Regulations: 10 NYCRR Sections 86-2.14(a)(5), 86-2.17(d), & 86-2.21**	Mort. Int.	001	389,527
	Mort. Amort.	001	(75,976)
Property Expense Disallowances/(Allowances)			$ 313,551
TOTAL AUDITED PROPERTY EXPENSE			**$ 1,114,024**

NOTE: There were no adjustments to the January 1, 1986 through July 31, 1995 rates and the January 1, 1996 through December 31, 2009 rates.

ABSOLUT CENTER FOR NURSING AND REHABILITATION AT ORCHARD PARK - AUDIT #12-1703
RATE PERIODS JANUARY 1, 1986 THROUGH DECEMBER 31, 2009
PRIOR RATE YEARS ADJUSTMENT - RATE YEAR 2002

PER DIEM ADJUSTMENT - PRIOR YEARS ADJUSTMENT

The January 1, 2002 through December 31, 2002 promulated rates included the impact of the rate revisions for the period January 1, 1986 through December 31, 2001 as a prior rate year adjustment to facilitate billing for the rates prior to 2002. The audit recomputed this adjustment based on audited amounts.

RATE PERIOD	ISSUED PART B & D NON-ELIGIBLE RATES	FINAL PART B & D NON-ELIGIBLE RATES	RATE DECREASE (INCREASE)	MEDICAID DAYS	MEDICAID OVERPAYMENT (UNDERPAYMENT)
SNF					
01/01/86 - 02/28/86	$ 60.50	$ 61.47	$ (0.97)	2,750	$ (2,668)
03/01/86 - 05/31/86	60.61	61.58	(0.97)	3,986	(3,866)
06/01/86 - 08/31/86	61.50	62.48	(0.98)	3,785	(3,709)
09/01/86 - 11/30/86	61.36	62.32	(0.96)	3,734	(3,585)
12/01/86 - 12/31/86	61.55	62.53	(0.98)	1,286	(1,260)
01/01/87 - 02/28/87	62.41	64.36	(1.95)	2,420	(4,719)
03/01/87 - 05/31/87	64.03	66.02	(1.99)	4,079	(8,117)
06/01/87 - 08/31/87	64.54	66.51	(1.97)	4,030	(7,939)
09/01/87 - 11/30/87	62.75	64.72	(1.97)	3,885	(7,653)
12/01/87 - 12/31/87	62.38	64.33	(1.95)	1,485	(2,896)
01/01/88 - 02/29/88	68.31	69.17	(0.86)	2,803	(2,411)
03/01/88 - 05/31/88	68.64	69.51	(0.87)	4,264	(3,710)
06/01/88 - 06/30/88	69.46	70.35	(0.89)	1,374	(1,223)
07/01/88 - 08/31/88	69.88	70.67	(0.79)	2,834	(2,239)
09/01/88 - 11/30/88	69.52	70.30	(0.78)	4,370	(3,409)
12/01/88 - 12/31/88	69.06	69.83	(0.77)	1,514	(1,166)
01/01/89 - 02/28/89	78.64	79.84	(1.20)	3,028	(3,634)
03/01/89 - 05/31/89	79.51	80.72	(1.21)	4,898	(5,927)
06/01/89 - 07/01/89	80.17	81.39	(1.22)	1,811	(2,209)
07/02/89 - 08/31/89	84.87	86.09	(1.22)	3,562	(4,346)
09/01/89 - 11/30/89	84.58	85.79	(1.21)	5,483	(6,634)
12/01/89 - 12/31/89	85.83	87.07	(1.24)	1,741	(2,159)
01/01/90 - 02/28/90	85.11	86.47	(1.36)	3,153	(4,288)
03/01/90 - 03/31/90	83.86	85.21	(1.35)	1,725	(2,329)
04/01/90 - 05/31/90	83.90	86.61	(2.71)	3,649	(9,889)
06/01/90 - 06/30/90	83.90	86.59	(2.69)	1,912	(5,143)
07/01/90 - 08/31/90	83.24	85.93	(2.69)	4,125	(11,096)
09/01/90 - 09/30/90	81.90	84.58	(2.68)	1,944	(5,210)

ABSOLUT CENTER FOR NURSING AND REHABILITATION AT ORCHARD PARK - AUDIT #12-1703
RATE PERIODS JANUARY 1, 1986 THROUGH DECEMBER 31, 2009
PRIOR RATE YEARS ADJUSTMENT - RATE YEAR 2002

RATE PERIOD	ISSUED PART B & D NON-ELIGIBLE RATES	FINAL PART B & D NON-ELIGIBLE RATES	RATE DECREASE (INCREASE)	MEDICAID DAYS	MEDICAID OVERPAYMENT (UNDERPAYMENT)
HRF					
01/01/86 - 02/28/86	49.44	49.77	(0.33)	1,903	(628)
03/01/86 - 05/31/86	48.31	48.64	(0.33)	3,045	(1,005)
06/01/86 - 08/31/86	49.40	49.73	(0.33)	3,113	(1,027)
09/01/86 - 11/30/86	49.29	49.62	(0.33)	3,794	(1,252)
12/01/86 - 12/31/86	49.16	49.49	(0.33)	1,292	(426)
01/01/87 - 02/28/87	50.15	50.91	(0.76)	2,555	(1,942)
03/01/87 - 05/31/87	50.80	51.58	(0.78)	4,184	(3,264)
06/01/87 - 08/31/87	51.06	51.82	(0.76)	3,866	(2,938)
09/01/87 - 11/30/87	49.69	50.43	(0.74)	3,928	(2,907)
12/01/87 - 12/31/87	49.78	50.55	(0.77)	1,370	(1,055)
01/01/88 - 02/29/88	53.68	54.21	(0.53)	2,785	(1,476)
03/01/88 - 05/31/88	54.67	55.20	(0.53)	4,268	(2,262)
06/01/88 - 06/30/88	54.37	54.90	(0.53)	1,334	(707)
07/01/88 - 08/31/88	54.87	55.36	(0.49)	2,875	(1,409)
09/01/88 - 11/30/88	53.54	54.03	(0.49)	3,968	(1,944)
12/01/88 - 12/31/88	53.25	53.72	(0.47)	1,410	(663)
01/01/89 - 02/28/89	57.35	58.31	(0.96)	2,669	(2,562)
03/01/89 - 05/31/89	58.88	59.86	(0.98)	4,308	(4,222)
06/01/89 - 07/01/89	58.54	59.51	(0.97)	1,480	(1,436)
07/02/89 - 08/31/89	61.10	62.07	(0.97)	2,952	(2,863)
09/01/89 - 11/30/89	59.38	60.33	(0.95)	4,350	(4,133)
12/01/89 - 12/31/89	58.95	59.89	(0.94)	1,612	(1,515)
01/01/90 - 02/28/90	57.76	58.78	(1.02)	2,991	(3,051)
03/01/90 - 03/31/90	58.09	59.13	(1.04)	1,613	(1,678)
04/01/90 - 05/31/90	58.11	61.60	(3.49)	3,243	(11,318)
06/01/90 - 06/30/90	58.12	61.61	(3.49)	1,627	(5,678)
07/01/90 - 08/31/90	57.69	61.17	(3.48)	3,196	(11,122)
09/01/90 - 09/30/90	58.43	61.92	(3.49)	1,530	(5,340)
NF					
10/01/90 - 11/30/90	70.60	73.67	(3.07)	6,873	(21,100)
12/01/90 - 12/31/90	70.53	73.60	(3.07)	3,446	(10,579)
01/01/91 - 02/28/91	76.34	77.34	(1.00)	6,577	(6,577)
03/01/91 - 03/31/91	76.97	77.97	(1.00)	3,609	(3,609)
04/01/91 - 05/31/91	77.30	78.32	(1.02)	7,366	(7,513)

ABSOLUT CENTER FOR NURSING AND REHABILITATION AT ORCHARD PARK - AUDIT #12-1703
RATE PERIODS JANUARY 1, 1986 THROUGH DECEMBER 31, 2009
PRIOR RATE YEARS ADJUSTMENT - RATE YEAR 2002

RATE PERIOD	ISSUED PART B & D NON-ELIGIBLE RATES	FINAL PART B & D NON-ELIGIBLE RATES	RATE DECREASE (INCREASE)	MEDICAID DAYS	MEDICAID OVERPAYMENT (UNDERPAYMENT)
NF (Continued)					
06/01/91 - 06/30/91	77.16	78.18	(1.02)	3,653	(3,726)
07/01/91 - 08/31/91	77.64	78.66	(1.02)	7,871	(8,028)
09/01/91 - 11/30/91	78.25	79.28	(1.03)	11,730	(12,082)
12/01/91 - 12/31/91	77.75	78.76	(1.01)	3,991	(4,031)
01/01/92 - 02/29/92	79.83	80.73	(0.90)	7,755	(6,980)
03/01/92 - 03/31/92	80.90	81.79	(0.89)	3,920	(3,489)
04/01/92 - 04/01/92	80.90	81.79	(0.89)	127	(113)
04/02/92 - 05/31/92	77.80	78.69	(0.89)	7,646	(6,805)
06/01/92 - 06/30/92	77.65	78.55	(0.90)	3,727	(3,354)
07/01/92 - 07/31/92	78.76	79.57	(0.81)	3,983	(3,226)
08/01/92 - 08/31/92	78.76	82.71	(3.95)	4,329	(17,100)
09/01/92 - 11/30/92	80.85	84.84	(3.99)	12,942	(51,639)
12/01/92 - 12/31/92	80.26	84.24	(3.98)	4,487	(17,858)
01/01/93 - 02/28/93	83.31	84.42	(1.11)	8,359	(9,278)
03/01/93 - 03/31/93	85.42	86.57	(1.15)	4,369	(5,024)
04/01/93 - 05/31/93	85.57	86.72	(1.15)	8,601	(9,891)
06/01/93 - 06/30/93	85.25	86.40	(1.15)	4,223	(4,856)
07/01/93 - 08/31/93	85.41	86.56	(1.15)	9,077	(10,439)
09/01/93 - 11/30/93	85.32	86.48	(1.16)	13,610	(15,788)
12/01/93 - 12/31/93	85.94	87.09	(1.15)	4,323	(4,971)
01/01/94 - 02/28/94	84.68	85.87	(1.19)	8,015	(9,538)
03/01/94 - 03/31/94	84.64	85.84	(1.20)	4,375	(5,250)
04/01/94 - 05/31/94	84.90	86.10	(1.20)	8,724	(10,469)
06/01/94 - 06/30/94	84.43	85.63	(1.20)	4,328	(5,194)
07/01/94 - 08/31/94	84.05	85.24	(1.19)	9,186	(10,931)
09/01/94 - 11/02/94	85.50	86.68	(1.18)	9,978	(11,774)
11/03/94 - 11/30/94	90.80	91.98	(1.18)	4,393	(5,184)
12/01/94 - 12/31/94	89.76	90.95	(1.19)	4,838	(5,757)
01/01/95 - 02/28/95	87.38	88.59	(1.21)	8,821	(10,673)
03/01/95 - 03/31/95	92.47	93.77	(1.30)	3,768	(4,898)
04/01/95 - 05/31/95	90.23	90.07	0.16	7,500	1,200
06/01/95 - 06/30/95	89.34	89.17	0.17	3,936	669
07/01/95 - 07/31/95	93.70	93.53	0.17	4,247	722
08/01/95 08/31/95	93.70	100.62	(6.92)	4,303	(29,777)
09/01/95 - 11/30/95	91.60	98.57	(6.97)	12,695	(88,484)
12/01/95 - 12/31/95	91.84	98.81	(6.97)	4,312	(30,055)
01/01/96 - 02/29/96	108.55	115.33	(6.78)	7,940	(53,833)

ABSOLUT CENTER FOR NURSING AND REHABILITATION AT ORCHARD PARK - AUDIT #12-1703
RATE PERIODS JANUARY 1, 1986 THROUGH DECEMBER 31, 2009
PRIOR RATE YEARS ADJUSTMENT - RATE YEAR 2002

RATE PERIOD	ISSUED PART B & D NON-ELIGIBLE RATES	FINAL PART B & D NON-ELIGIBLE RATES	RATE DECREASE (INCREASE)	MEDICAID DAYS	MEDICAID OVERPAYMENT (UNDERPAYMENT)
NF (Continued)					
03/01/96 - 03/31/96	108.60	115.39	(6.79)	3,922	(26,630)
04/01/96 - 04/30/96	102.68	109.47	(6.79)	3,968	(26,943)
05/01/96 - 05/31/96	106.25	113.04	(6.79)	4,240	(28,790)
06/01/96 - 08/31/96	106.04	112.81	(6.77)	13,023	(88,166)
09/01/96 - 11/30/96	105.74	112.53	(6.79)	13,293	(90,259)
12/01/96 - 12/31/96	106.77	113.54	(6.77)	4,503	(30,485)
01/01/97 - 02/28/97	102.32	102.15	0.17	8,308	1,412
03/01/97 - 03/31/97	103.54	103.34	0.20	4,448	890
04/01/97 - 05/31/97	108.84	108.64	0.20	8,600	1,720
06/01/97 - 08/31/97	109.34	109.13	0.21	12,623	2,651
09/01/97 - 11/30/97	108.91	108.70	0.21	12,553	2,636
12/01/97 - 12/31/97	108.25	108.10	0.15	4,117	618
01/01/98 - 02/28/98	111.55	110.63	0.92	7,491	6,892
03/01/98 - 03/31/98	112.04	111.09	0.95	3,893	3,698
04/01/98 - 05/31/98	112.37	111.42	0.95	7,924	7,528
06/01/98 - 08/31/98	113.32	112.37	0.95	12,068	11,465
09/01/98 - 11/30/98	113.23	112.28	0.95	11,982	11,383
12/01/98 - 12/31/98	113.42	112.46	0.96	4,103	3,939
01/01/99 - 02/28/99	114.74	113.76	0.98	7,618	7,466
03/01/99 - 03/31/99	112.78	111.82	0.96	3,790	3,638
04/01/99 - 05/31/99	113.73	114.43	(0.70)	7,826	(5,478)
06/01/99 - 06/30/99	113.96	114.66	(0.70)	3,979	(2,785)
07/01/99 - 08/31/99	109.10	108.15	0.95	8,114	7,708
09/01/99 - 11/30/99	106.60	105.69	0.91	12,005	10,925
12/01/99 - 12/31/99	107.41	106.47	0.94	4,218	3,965
01/01/00 - 02/29/00	109.26	108.31	0.95	8,032	7,630
03/01/00 - 05/31/00	109.11	108.18	0.93	13,026	12,114
06/01/00 - 08/21/00	110.12	109.15	0.97	11,779	11,426
08/22/00 - 08/31/00	110.12	109.15	0.97	1,409	1,367
09/01/00 - 11/30/00	107.30	106.39	0.91	12,618	11,482
12/01/00 - 12/31/00	107.15	106.22	0.93	4,506	4,191

ABSOLUT CENTER FOR NURSING AND REHABILITATION AT ORCHARD PARK - AUDIT #12-1703
RATE PERIODS JANUARY 1, 1986 THROUGH DECEMBER 31, 2009
PRIOR RATE YEARS ADJUSTMENT - RATE YEAR 2002

RATE PERIOD	ISSUED PART B & D NON-ELIGIBLE RATES	FINAL PART B & D NON-ELIGIBLE RATES	RATE DECREASE (INCREASE)	MEDICAID DAYS	MEDICAID OVERPAYMENT (UNDERPAYMENT)
NF (Continued)					
01/01/01 - 02/28/01	113.85	112.92	0.93	9,058	8,424
03/01/01 - 05/31/01	112.66	111.77	0.89	14,185	12,625
06/01/01 - 08/31/01	113.54	112.61	0.93	13,887	12,915
09/01/01 - 11/30/01	116.49	115.53	0.96	13,898	13,342
12/01/01 - 12/31/01	117.52	116.52	1.00	4,621	4,621

Total Medicaid Overpayment/(Underpayment) January 1, 1986 through December 31, 2001	$ (841,404)
2002 Medicaid Days	57,376
Audited Prior Years Adjustment Per Diem	$ 14.66
Promulgated Prior Years Adjustment Per Diem	24.88
OVERSTATED PRIOR YEARS ADJUSTMENT PER DIEM	**$ 10.22**