



STATE OF NEW YORK
OFFICE OF THE MEDICAID INSPECTOR GENERAL
445 Hamilton Avenue, Suite 506
White Plains, New York 10601

ANDREW M. CUOMO
GOVERNOR

JAMES C. COX
MEDICAID INSPECTOR GENERAL

July 22, 2014

[REDACTED]
Sky View Rehabilitation and Health Care Center, LLC
1280 Albany Post Road
Croton-on-Hudson, New York 10520

Re: Medicaid Rate Audit #13-2797
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 Sky View Rehabilitation and Health Care Center, LLC's (the "Facility") Medicaid rates for the rate period January 1, 2008 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 audit report.

Since you did not respond to our draft audit report dated April 30, 2014, the findings in the final audit report remain identical to 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 \$87,330. 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.

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 #13-2797
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

[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 13-2797 in all correspondence.

Sincerely

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

Enclosure:

- 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 - Return on and Return of Real Property 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

SKY VIEW REHABILITATION AND
HEALTH CARE CENTER, LLC
1280 ALBANY POST ROAD
CROTON-ON-HUDSON, NEW YORK
10520

AMOUNT DUE: \$87,330

NPI #: [REDACTED]
PROVIDER #: [REDACTED]

AUDIT #13-2797

AUDIT	<input type="checkbox"/>	PROVIDER
TYPE	<input checked="" type="checkbox"/>	RATE
	<input 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 #13-2797
Albany, New York 12237-0048

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

[REDACTED]
CORRECT PROVIDER NUMBER

SKY VIEW REHABILITATION AND HEALTH CARE CENTER - AUDIT #13-2797
RATE PERIODS JANUARY 1, 2008 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>
01/01/08 - 03/31/08	\$253.33	\$251.52	\$1.81	12,493	\$ 22,612
04/01/08 - 06/30/08	248.84	247.03	1.81	11,435	20,697
07/01/08 - 12/31/08	253.59	251.78	1.81	24,321	<u>44,021</u>
TOTAL MEDICAID OVERPAYMENT					<u>\$ 87,330</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.

SKY VIEW REHABILITATION AND HEALTH CARE CENTER - AUDIT #13-2797
RATE PERIODS JANUARY 1, 2008 THROUGH DECEMBER 31, 2008
SUMMARY OF MEDICAID RATES AUDITED

The Facility's Medicaid utilization was approximately 73 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>RATE PERIOD</u>	<u>ISSUED MEDICARE PART B & D NON-ELIGIBLE RATES *</u>
01/01/08 - 03/31/08	\$ 248.36
04/01/08 - 06/30/08	243.91
07/01/08 - 12/31/08	248.66

* 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.

SKY VIEW REHABILITATION AND HEALTH CARE CENTER - AUDIT #13-2797

RATE PERIODS JANUARY 1, 2008 THROUGH DECEMBER 31, 2008

PROPERTY EXPENSE DISALLOWANCES/(ALLOWANCES)

	<u>DESCRIPTION</u>	<u>COST CTR.</u>	<u>RATE PERIOD 2008</u>
Property Expense Allowed per HE-12B			\$ 2,429,313
Less Disallowances/(Allowances):			
1. RETURN ON AND OF EQUITY DISALLOWANCES			
The real property historical costs and cumulative real property reimbursement that were used to calculate the return on equity and return of equity in the 2008 rates, were adjusted to reflect audited amounts based on the previous audit of the Facility. As a result, the returns on and of real property equity were adjusted accordingly. See Exhibit IV for the calculation of the audited return on and of real property equity.			
Regulation: 10 NYCRR Section 86-2.21			
	Ret. On Eq.	003	11,139
	Ret. Of Eq.	001	43,278
2. BOILER INSURANCE 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 boiler insurance varied from the boiler insurance expense allowed in the rate resulting in a disallowance.			
Regulations: 10 NYCRR Section 86-2.17(a), PRM-1 Sections 2102.3, 2300, & 2304			
	Boiler Ins.	006	3,010
3. MOVABLE EQUIPMENT DEPRECIATION EXPENSE ALLOWANCE			
The audit of movable equipment depreciation in the promulgated rates disclosed that the expense varied when compared to audited movable equipment depreciation. Consequently, an adjustment was necessary.			
Regulations: 10 NYCRR Sections 86-2.17(a) & 86-2.22(a), PRM-1 Section 2102.3			
	ME Depr.	002	(2,093)
4. MOVABLE EQUIPMENT RENT EXPENSE DISALLOWANCES			
a) The Facility reported movable equipment rent expense pertaining to Project #4239 that was not included in the approved cost certification. Any project cost which exceeds a cost already approved shall not be considered an allowable cost for reimbursement. Consequently, non-approved project costs reported as movable equipment rent expense were disallowed. This disallowance was in accordance with the prior audit #08-1612.			
Regulations: 10 NYCRR Sections 86-2.17(a) & (d) & 710.6(b)			
	Rent A	002	5,196
b) The audit disclosed that oxygen supplies were included within reported oxygen rentals. Oxygen supplies are an operating expense and were disallowed from the property component of the rate.			
Regulations: 10 NYCRR Sections 86-2.10(g), 86-2.17(a), 455.35, & 458.5			
	Rent E	043	2,040

SKY VIEW REHABILITATION AND HEALTH CARE CENTER - AUDIT #13-2797

RATE PERIODS JANUARY 1, 2008 THROUGH DECEMBER 31, 2008

PROPERTY EXPENSE DISALLOWANCES/(ALLOWANCES)

	<u>DESCRIPTION</u>	<u>COST CTR.</u>	<u>RATE PERIOD 2008</u>
5. AUTOMOBILE EXPENSE DISALLOWANCES			
The Facility did not provide sufficient documentation establishing the relationship of certain reported automobile expenses to patient care. Facilities are required to provide adequate cost data that can be verified on audit. Consequently, the automobile expenses were disallowed.			
Regulations: 10 NYCRR Sections 86-2.17(a) & (d), PRM-1 Sections 2102.3, 2105.9, 2300, & 2304			
	Rent C	006	11,252
	Auto Ins.	006	7,642
6. SALES TAX EXPENSE 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 a disallowance.			
Regulations: 10 NYCRR Sections 86-2.10(a) & 86-2.17(a), PRM-1 Sections 2300 & 2304			
	Sales Tax	005	3,604
7. WORKING CAPITAL INTEREST EXPENSE DISALLOWANCE			
The Facility reported a portion of interest on a non-amortizing loan as working capital interest. Interest is allowable on current indebtedness; however, a non-amortizing loan is not current. In addition, it has been determined by the Commissioner that interest expense related to working capital loans that are considered "interest only" is not reimbursable for Medicaid purposes. Furthermore, effective April 1, 2006 and thereafter, rates shall not contain a payment factor for working capital interest if the RHCF-4 report utilized to determine such payment factor also shows a withdrawal of equity, a transfer of assets, or a positive net income. The Facility had a positive net income and withdrawal of equity in cost year 2006. For the above reasons, reported working capital interest expense was disallowed.			
Regulations: 10 NYCRR Sections 86-2.17(a) & (d), 86-2.20, & 451.71, Public Health Law, Section 2808, Paragraph 22(a), PRM-1 Section 202.1			
	WCI Exp.	005	39,960
8. INVESTMENT INCOME OFFSET REVERSAL			
Reported investment income was appropriately offset against working capital interest expense in the 2008 promulgated rate. However, adjustment #7 disallowed all working capital interest expense. Consequently, it was necessary to reverse the offset of investment income in the 2008 rate computation.			
Regulation: 10 NYCRR Section 86-2.20(c)			
Total Disallowances/(Allowances)			<u>\$ 124,642</u>
TOTAL AUDITED PROPERTY EXPENSE			<u><u>\$ 2,304,671</u></u>

SKY VIEW REHABILITATION AND HEALTH CARE CENTER - AUDIT #13-2797

RATE PERIODS JANUARY 1, 2008 THROUGH DECEMBER 31, 2008

RETURN ON AND RETURN OF REAL PROPERTY EQUITY DISALLOWANCES/(ALLOWANCES)

	<u>RATE PERIOD</u>
	<u>2008</u>
<u>Return of Equity Calculation</u>	
Real Property Historical Cost per HE-12B	\$ 10,802,545
Audit Disallowances/(Allowances)	<u>313,476</u>
Audited Historical Cost	\$ 10,489,069
Less: Accumulated Reimbursement	<u>4,963,738</u>
Audited Net Equity	\$ 5,525,331
Remaining Useful Life	<u>6</u>
Audited Return of Equity	\$ 920,889
Promulgated Return of Equity	<u>964,167</u>
Disallowance/(Allowance)	<u><u>\$ 43,278</u></u>
<u>Return on Equity Calculation</u>	
Audited Net Equity	\$ 5,525,331
Less: ½ Current Return of Equity	<u>460,445</u>
Audited Net Investment	\$ 5,064,886
Rate of Return	<u>4.68%</u>
Audited Return on Equity	\$ 237,037
Promulgated Return on Equity	<u>248,176</u>
Disallowance/(Allowance)	<u><u>\$ 11,139</u></u>