



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

November 4, 2014

[REDACTED]  
Workmen's Circle MultiCare Center  
3155 Grace Avenue  
Bronx, New York 10469

Re: Medicaid Rate Audit #09-1876  
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 Workmen's Circle MultiCare Center'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 audit report represents the OMIG's final determination on issues raised in the draft audit report.

In response to the draft audit report dated June 10, 2014, you identified specific audit findings with which you disagreed. Your comments have been considered (see Attachment A) and the report has been either revised accordingly and/or amended to address your comments (see Attachment B). Consideration of your comments resulted in an overall reduction of \$128,287 to the total Medicaid overpayment shown in the draft audit report. As previously stated in the draft audit report, Approved Project Cost #021284, and 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 \$1,134,404. However, this audit also processed Bureau of Long Term Care Reimbursement appeal that resulted in an amount due the Facility of \$8,660. Consequently, based on the enclosed audited rates calculated by the Bureau of Long Term Care Reimbursement, the Medicaid overpayment currently due is \$1,125,744. 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 Coming Tower, Room 2739  
File #09-1876  
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] or through email at [REDACTED]. Please refer to audit number 09-1876 in all correspondence.

Sincerely,

[REDACTED]

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

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)

CERTIFIED MAIL [REDACTED]  
RETURN RECEIPT REQUESTED

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

NAME AND ADDRESS OF AUDITEE

WORKMEN'S CIRCLE MULTICARE  
CENTER  
3155 GRACE AVENUE  
BRONX, NEW YORK 10469

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

AUDIT #09-1876

AUDIT  
TYPE

PROVIDER  
 RATE  
 PART B  
 OTHER:

AMOUNT DUE: \$1,125,744

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 #09-1876  
Albany, New York 12237-0048

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

CORRECT PROVIDER NUMBER

**WORKMEN'S CIRCLE MULTICARE CENTER - AUDIT #09-1876  
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 #1a – Building/Fixed Equipment Depreciation Disallowances**

**Facility Comment**

OMIG disallowed the following previously reimbursed depreciation related to capitalized wages:

<i>Cost Year</i>	<i>Depreciation</i>
2002	\$4,223
2003	\$295,180
2004	\$251,356
2005	\$45,415
2006	\$45,415

On several occasions we advised OMIG that the capitalized wages involved the following functions:

- unloading new furniture;
- moving furniture to and from resident rooms and offices;
- preparing floors for resident/staff use;
- cleaning resident rooms;
- moving resident belongings;
- closing of old units;
- setting up office space;
- installing phone wires, patient alarms, security systems; and
- installing new resident equipment

and we asserted that these functions were not part of the scope of work submitted and approved in the CON for the major renovations.

At the exit conference OMIG requested that documentation be provided relative to above assertion. Accordingly, the following documentation is presented:

- DOH CON Review

DOH's CON analysis and approval of the CON scope of work is presented in Attachment 1.

None of the functions identified previously were included in DOH's analysis, since they were never included in the CON scope, in the first place.

- Construction Contract

The 1999 executed contract (contract) with [REDACTED] (the general contractor) is presented in Attachment 2. The scope of work pursuant to this contract was reflected the CON approved scope.

None of the functions performed by the capitalized wages personnel was included in the contract. Therefore they were outside the scope of the CON.

**OMIG Response**

Although the functions behind the capitalized in-house labor costs may not have been included in the original CON approval related to project #021284, and not included in the final cost certification, they were related to the same project. The Department of Health (DOH) limits overall project costs on which Medicaid capital reimbursement is based to the approved project costs. As the Facility's total project cost without the capitalized in-house labor costs already exceeded the approved project cost, these additional labor costs are not allowable for reimbursement.

**Disposition: The draft audit report disallowance remains the same.**

**Adjustment #5 – Working Capital Interest Expense Disallowances**

**Lender: Workmen's Circle**

Based on the documentation submitted with the draft report response, the disallowance has been eliminated.

**Lender: Local 144 Funds**

Based on the documentation submitted with the draft report response, the disallowance has been eliminated.

**Lender: [REDACTED] Bank**

**Facility Comment**

OMIG disallowed \$56,550 of previously reimbursed interest in 2002 on the [REDACTED] Bank line of credit.

All documents relating to this loan was furnished to OMIG at or about the time of audit commencement.

**OMIG Response**

The Facility has not submitted any documentation substantiating the interest expense reported for this loan. Therefore, no reduction in the OMIG audit disallowance is warranted.

**Disposition: The draft audit report disallowance has been reduced as shown in Attachment B.**

**Adjustment #6b – Investment Income Offset**

**Facility Comment**

OMIG offset the following amounts of miscellaneous income against interest expenses:

<i>Cost Year</i>	<i>Amount</i>
2002	\$61,906
2003	\$25,595
2004	\$33,996
2005	\$34,293
2006	\$149,458

NYSCRR Part 86-2.20 states that interest expense should be reduced by investment income. Investment income in turn is defined as the "aggregate amount realized from dividend, interest, rental income... as well as gains and losses."

The regulation is very specific regarding the elements that constitute investment income. Miscellaneous income is NOT one of those elements.

Therefore, the above-referenced miscellaneous income adjustments should be eliminated.

**OMIG Response**

The Facility has not submitted any documentation substantiating the nature of reported miscellaneous income. Therefore, no reduction in the OMIG audit disallowance is warranted.

**Disposition:** The draft audit report disallowance remains the same. However, since the disallowance of working capital interest in adjustment #5 was reduced, it was necessary to reallocate the offset of investment income from property interest expense to working capital interest expense in rate year 2002.

**Open Appeal #015904**

**Facility Comment**

WCMC requests that the non-APC portion of appeal #015904 be processed. In accordance with the email sent by [REDACTED] on June 10, 2014 we submit a copy of the appeal modification letter sent to BLTCR (Attachment 5).

**OMIG Response**

OMIG has reviewed and processed the non-APC portion of Appeal #015904. However, during the review it was revealed that certain additions were not properly documented. As a result, adjustments were made to moveable equipment depreciation requested in the appeal. Details of the disallowance were communicated to the Facility via email on June 10, 2014. The appeal allowance is included in the BLTCR Open Appeals section of Exhibit III.

**Disposition:** Appeal #015904 has been partially allowed as shown in Attachment B.

**WORKMEN'S CIRCLE MULTICARE CENTER - AUDIT #09-1876**  
**SUMMARY OF CHANGES FROM DRAFT REPORT TO FINAL REPORT**

<b><u>EXHIBIT III - PROPERTY EXPENSE</u></b> <b><u>DISALLOWANCES/(ALLOWANCES)</u></b>	<b><u>Rate</u></b> <b><u>Period</u></b>	<b><u>Draft</u></b> <b><u>Disallowance</u></b> <b><u>(Allowance)</u></b>	<b><u>Change</u></b>	<b><u>Final</u></b> <b><u>Disallowance</u></b> <b><u>(Allowance)</u></b>
MOVABLE EQUIPMENT DEPRECIATION ALLOWANCE	2008	\$ -	\$ (10,038)	\$ (10,038)
1a). BUILDING/FIXED EQUIPMENT DEPRECIATION DISALLOWANCES	2004	4,223	-	4,223
	2005	295,180	-	295,180
	2006	251,356	-	251,356
	2007 & 2008	45,415	-	45,415
5. WORKING CAPITAL INTEREST EXPENSE DISALLOWANCES	2004	199,720	(143,170)	56,550
	2005	17,241	(17,241)	-
6b). INVESTMENT INCOME OFFSET	2004	27,586	34,320	61,906
	2004	34,320	(34,320)	-
	2005	25,595	-	25,595
	2006	33,996	-	33,996
	2007	34,293	-	34,293
	2008	64,894	-	64,894
	2008	84,564	-	84,564

Note: The adjustments shown above only reflect those adjustments addressed in the Facility's response. All other adjustments remain the same as shown in the draft audit report.

**WORKMEN'S CIRCLE MULTICARE CENTER - AUDIT #09-1876**  
**RATE PERIODS JANUARY 1, 2004 THROUGH DECEMBER 31, 2008**  
**SUMMARY OF PER DIEM IMPACT AND MEDICAID OVERPAYMENT**

<u>RATE PERIOD</u>	<u>ISSUED PART B &amp; D NON-ELIGIBLE RATES*</u>	<u>FINAL PART B &amp; D NON-ELIGIBLE RATES</u>	<u>RATE DECREASE (INCREASE)</u>	<u>MEDICAID DAYS</u>	<u>MEDICAID OVERPAYMENT</u>
01/01/04 - 03/31/04	\$222.55	\$221.28	\$1.27	31,838	\$ 40,434
04/01/04 - 06/30/04	221.87	220.60	1.27	31,478	39,977
07/01/04 - 08/31/04	220.31	219.04	1.27	21,636	27,478
09/01/04 - 09/30/04	235.61	234.34	1.27	10,493	13,326
10/01/04 - 12/31/04	236.15	234.88	1.27	32,510	41,288
01/01/05 - 03/31/05	243.36	240.92	2.44	30,715	74,945
04/01/05 - 06/30/05	238.44	236.00	2.44	32,122	78,378
07/01/05 - 08/31/05	237.77	235.33	2.44	23,728	57,896
09/01/05 - 09/30/05	239.44	237.00	2.44	11,913	29,068
10/01/05 - 12/31/05	243.23	240.79	2.44	35,769	87,276
01/01/06 - 03/31/06	245.98	243.90	2.08	35,328	73,482
04/01/06 - 06/30/06	235.61	233.53	2.08	37,044	77,052
07/01/06 - 09/30/06	237.84	235.76	2.08	37,097	77,162
10/01/06 - 12/31/06	271.37	269.29	2.08	36,418	75,749
01/01/07 - 03/31/07	276.54	275.83	0.71	35,203	24,994
04/01/07 - 06/30/07	275.27	274.56	0.71	36,417	25,856
07/01/07 - 08/31/07	273.05	272.34	0.71	24,573	17,447
09/01/07 - 12/31/07	273.05	272.34	0.71	48,526	34,453
01/01/08 - 03/31/08	276.31	274.72	1.59	36,192	57,545
04/01/08 - 06/30/08	271.82	270.23	1.59	35,986	57,218
07/01/08 - 12/31/08	276.25	274.66	1.59	72,151	114,720
<b>TOTAL MEDICAID OVERPAYMENT</b>					<b><u>\$ 1,125,744</u></b>

\* 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: Of the total Medicaid impact listed above, the impact associated with the processing of Bureau of Long Term Care open appeals is \$8,660 due the Facility.

**WORKMEN'S CIRCLE MULTICARE CENTER - AUDIT #09-1876**  
**RATE PERIODS JANUARY 1, 2004 THROUGH DECEMBER 31, 2008**  
**SUMMARY OF MEDICAID RATES AUDITED**

The Facility's Medicaid utilization was approximately 89 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 &amp; D NON-ELIGIBLE RATES *</u>
01/01/04 - 03/31/04	\$ 230.05
04/01/04 - 06/30/04	229.38
07/01/04 - 08/31/04	227.81
09/01/04 - 09/30/04	243.11
10/01/04 - 12/31/04	243.65
01/01/05 - 03/31/05	251.15
04/01/05 - 06/30/05	246.22
07/01/05 - 08/31/05	245.56
09/01/05 - 09/30/05	247.23
10/01/05 - 12/31/05	251.01
01/01/06 - 03/31/06	254.11
04/01/06 - 06/30/06	243.72
07/01/06 - 09/30/06	245.95
10/01/06 - 12/31/06	279.48
01/01/07 - 03/31/07	284.86
04/01/07 - 06/30/07	283.54
07/01/07 - 08/31/07	281.32
09/01/07 - 12/31/07	281.32
01/01/08 - 03/31/08	284.75
04/01/08 - 12/31/08	280.19

- \* 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.

WORKMEN'S CIRCLE MULTICARE CENTER - AUDIT #09-1876  
RATE PERIODS JANUARY 1, 2004 THROUGH DECEMBER 31, 2008  
PROPERTY EXPENSE DISALLOWANCES/(ALLOWANCES)

DESCR.	COST DISALLOWED CTR. (ALLOWED)	TRACE- BACK %	RATE PERIODS							
			01/01/04- 08/31/04	09/01/04- 12/31/04	01/01/05- 08/31/05	09/01/05- 12/31/05	2006	2007	2008	
	\$ 7,624,973	\$ 10,266,562	\$ 10,652,992	\$ 10,940,096	\$ 10,417,000	\$ 9,572,490	\$ 9,143,368			

Property Expense Allowed per HE-12B

Less Disallowances/(Allowances):

Disallowances/(Allowances) Related to Processing of Bureau of  
Long Term Care (BLTCR) Open Appeals

**MOVABLE EQUIPMENT DEPRECIATION ALLOWANCE**

The Facility was not fully reimbursed for movable equipment depreciation expenses. Necessary and reasonable expenses related to movable equipment are considered allowable costs for residential health care facilities, subject to such ceilings as may be established and promulgated by the Commissioner of Health. Therefore an adjustment to allow property documented movable equipment depreciation related to non-project costs was necessary. The Facility, in a letter dated July 9, 2014 modified outstanding appeal #015904 to exclude 2006 depreciation related to non-project costs.

Regulations: 10 NYCRR Sections 86-2.17(a) & 2.22(a), PRIM-1 Sections 2300 & 2304

ME Depr. 002 (10,038) 100.00%

(10,038)

**BLTCR Open Appeals Disallowances/(Allowances)**

Subtotal Property Expense

\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (10,038)
\$ 7,624,973	\$ 10,266,562	\$ 10,652,992	\$ 10,940,096	\$ 10,417,000	\$ 9,572,490	\$ 9,143,368				

**Other OMIG Audit Disallowances/(Allowances)**

**1. BUILDING/FIXED EQUIPMENT DEPRECIATION DISALLOWANCES**

a) The Facility reported depreciation on capitalized in-house labor costs related to Project #021284 as non-project costs. However, these costs were not included in the approved cost certification. Since these costs were not approved, and exceed the approved project costs, they are not allowable for reimbursement. Consequently, the depreciation related to the non-approved costs was disallowed.

Regulations: 10 NYCRR Sections 86-2.19 & 710.6

b) The Facility reported certain costs other than in-house labor, but related to Project #021284, as non-project costs. Since these costs were not included in the approved cost certification and exceeded the approved project costs, they are not allowable for reimbursement. Consequently, the depreciation related to the non-approved costs was disallowed.

Regulations: 10 NYCRR Sections 86-2.19 & 710.6

c) The Facility reported certain costs related to Project #021284 as non-project costs. These costs were also included in the approved project costs, resulting in duplicate reimbursement. Consequently, the depreciation related to these costs was disallowed.

Regulations: 10 NYCRR Sections 86-2.17(a) & (d), & 86-2.19

	4,187	99.16%	4,187							
	295,180	100.00%	295,180	295,180						
	251,356	100.00%	251,356	251,356						
	45,415	100.00%	45,415	45,415						
	23,843	100.00%	23,843	23,843						
	30,038	100.00%	30,038	30,038						
	1,590	100.00%	1,590	1,590						
	29,150	100.00%	29,150	29,150						

WORKMEN'S CIRCLE MULTICARE CENTER - AUDIT #09-1876  
RATE PERIODS JANUARY 1, 2004 THROUGH DECEMBER 31, 2008  
PROPERTY EXPENSE DISALLOWANCES/(ALLOWANCES)

DESCR.	CTR.	COST DISALLOWED (ALLOWED)	TRACE- BACK %	RATE PERIODS							
				01/01/04- 08/31/04	09/01/04- 12/31/04	01/01/05- 08/31/05	09/01/05- 12/31/05	2006	2007	2008	
Prop. Ins.	005	75,602	99.90%	75,526	75,526	75,602	75,602				
Prop. Ins.	005	75,602	100.00%								
ME Depr.	002	4,012	100.00%					4,012	4,012		
Rent F	022	7,592	100.00%	7,592	7,592						
Auto Ins.	005	11,963	100.00%			11,963	11,963				
Auto Ins.	006	4,793	100.00%						4,793		
Auto Ins.	005	22,569	100.00%							22,569	
Rent F	022	10,920	100.00%	10,920	10,920						
Rent C	022	49,287	100.00%							49,287	
Auto Ins.	005	2,297	100.00%	2,297	2,297						
Auto Ins.	005	609	100.00%			609	609				
Auto Ins.	005	7,582	100.00%							7,582	
Auto Ins.	006	9,124	100.00%								9,124
Auto Ins.	005	6,427	100.00%								6,427

2. PROPERTY INSURANCE DISALLOWANCES

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 in rate years 2004 and 2005 varied from the insurance expense allowed in the rates. Consequently, disallowances were necessary.  
Regulations: 10 NYCRR Section 86-2.17(a), PRM-1 Sections 2102.2, 2300, & 2304

3. MOVEABLE EQUIPMENT DEPRECIATION DISALLOWANCES

Providers receiving payments on the basis of 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 certain moveable equipment additions. Consequently, depreciation expense associated with these costs was disallowed.  
Regulations: 10 NYCRR Section 86-2.17(a), PRM-1 Sections 2300 & 2304

4. AUTOMOBILE EXPENSE DISALLOWANCES

a) 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. Furthermore, the cost information must be current, accurate, and in sufficient detail. The Facility could not provide documentation to substantiate certain reported expenses. Consequently, the unsubstantiated expenses were disallowed.  
Regulations: 10 NYCRR Section 86-2.17(a), PRM-1 Sections 2300 & 2304

b) The Facility reported rent and insurance expenses related to luxury automobiles. Providers receiving payments based on reimbursable costs must provide adequate cost data that can be verified on audit. The cost information must be current, accurate, and in sufficient detail. The Facility did not document reported expenses related to luxury automobiles and was unable to substantiate patient care related use of the vehicles. Also, expenses associated with luxury automobiles are not reimbursable. As a result, these expenses were disallowed.  
Regulations: 10 NYCRR Sections 86-2.7, 86-2.17(a) & (d), PRM-1 Sections 2102.3, 2105.9, 2300, & 2304

WORKMEN'S CIRCLE MULTICARE CENTER - AUDIT #09-1876  
RATE PERIODS JANUARY 1, 2004 THROUGH DECEMBER 31, 2008  
PROPERTY EXPENSE DISALLOWANCES/(ALLOWANCES)

DESCR.	CTR.	COST DISALLOWED (ALLOWED)	TRACE- BACK %	RATE PERIODS											
				01/01/04-		09/01/04-		01/01/05-		09/01/05-					
				08/31/04	12/31/04	08/31/05	12/31/05	12/31/05	12/31/05	2006	2007	2008			
WCI	005	56,550	99.90%	56,493	56,493										
WCI	005	10,910	100.00%									10,910			
WCI	005	61,906	99.90%	61,843	61,843										
WCI	005	25,595	100.00%			25,595									
WCI	005	33,996	100.00%									33,996			
WCI	041	34,293	100.00%												
WCI	005	64,894	100.00%												64,894
Int. Exp.	003	84,564	100.00%												84,564
				\$ 218,858	\$ 218,858	\$ 419,869	\$ 419,869	\$ 419,869	\$ 419,869	\$ 357,143	\$ 123,070	\$ 283,057			
				\$ 7,406,115	\$ 10,047,704	\$ 10,233,123	\$ 10,520,227	\$ 10,520,227	\$ 10,520,227	\$ 10,059,857	\$ 9,449,420	\$ 8,870,369			

5. **WORKING CAPITAL INTEREST EXPENSE DISALLOWANCES**  
Providers receiving payments 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. The Facility did not provide supporting documentation for certain working capital interest loans. Consequently, interest expense associated with the loans was disallowed.  
Regulations: 10 NYCRR Sections 86-2.17(a) & (d), & 86-2.20, PRM-1 Sections 202.1, 2300, & 2304

6. **INVESTMENT INCOME OFFSET**  
a) Reported unrestricted investment income was not offset against interest expense in the promulgated rates. Consequently, an adjustment was necessary to offset the income against reported interest expense.  
Regulations: 10 NYCRR Sections 86-2.17(a) & 86-2.20(c), PRM-1 Section 202.2

b) 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. The cost information must be current, accurate, and in sufficient detail. The Facility was unable to provide sufficient documentation to show the nature of reported miscellaneous income. Consequently, an additional investment income offset against interest expense was necessary.  
Regulations: 10 NYCRR Sections 86-2.7, 86-2.17(a), & 86-2.20(c), PRM-1 Section 202.2

Other OMIG Property Expense Disallowances/(Allowances)  
**TOTAL AUDITED PROPERTY EXPENSE**