



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 3, 2014

[REDACTED]
Northern Metropolitan RHCF, Inc.
225 Maple Avenue
Monsey, New York 10952-2715

Re: Medicaid Rate Audit #12-3614
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 Northern Metropolitan RHCF, Inc.'s (the "Facility") Medicaid rates for the rate period January 1, 2007 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 August 13, 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 \$27,898. 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 #12-3614
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

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 12-3614 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)

CERTIFIED MAIL [REDACTED]
RETURN RECEIPT REQUESTED

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

NAME AND ADDRESS OF AUDITEE

NORTHERN METROPOLITAN
RHCF, INC.
225 MAPLE AVENUE
MONSEY, NEW YORK 10952-2715

AMOUNT DUE: \$27,898

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

AUDIT #12-3614

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 #12-3614
Albany, New York 12237-0048

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

[REDACTED]
CORRECT PROVIDER NUMBER

NORTHERN METROPOLITAN RHCF, INC. - AUDIT #12-3614
RATE PERIODS JANUARY 1, 2007 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>
01/01/07 - 03/31/07	\$235.52	\$235.14	\$0.38	5,324	\$ 2,023
04/01/07 - 06/30/07	234.25	233.87	0.38	5,637	2,142
07/01/07 - 08/31/07	231.96	231.58	0.38	3,616	1,374
09/01/07 - 12/31/07	231.96	231.58	0.38	7,596	2,886
01/01/08 - 03/31/08	241.15	240.38	0.77	6,324	4,869
04/01/08 - 06/30/08	235.68	234.91	0.77	6,434	4,954
07/01/08 - 12/31/08	243.54	242.77	0.77	12,532	<u>9,650</u>
TOTAL MEDICAID OVERPAYMENT					<u>\$ 27,898</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.

NORTHERN METROPOLITAN RHCF, INC. - AUDIT #12-3614
RATE PERIODS JANUARY 1, 2007 THROUGH DECEMBER 31, 2008
SUMMARY OF MEDICAID RATES AUDITED

The Facility's Medicaid utilization was approximately 63 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>
01/01/07 - 03/31/07	\$ 235.52
04/01/07 - 06/30/07	234.25
07/01/07 - 08/31/07	231.96
09/01/07 - 12/31/07	231.96
01/01/08 - 03/31/08	241.15
04/01/08 - 06/30/08	235.68
07/01/08 - 12/31/08	243.54

* 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.

NORTHERN METROPOLITAN RHCF, INC. - AUDIT #12-3614
RATE PERIODS JANUARY 1, 2007 THROUGH DECEMBER 31, 2008
PROPERTY EXPENSE DISALLOWANCES/(ALLOWANCES)

	DESCRIPTION	COST CTR.	DISALLOWED (ALLOWED)	TRACE- BACK %	RATE PERIODS	
					2007	2008
Property Expense Allowed per HE-12B					\$ 1,164,369	\$ 1,254,828
Less Disallowances/(Allowances):						
1. 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 auto insurance and rental payments. Consequently, disallowances were necessary.						
Regulations: 10 NYCRR Section 86-2.17(a), PRM-1 Sections 2102.3, 2105.9, & 2300						
	Auto Ins.	005	1,343	80.88%	1,086	
	Auto Ins.	005	1,122	75.61%		848
	Rent B	005	4,500	80.88%	3,640	
	Rent B	005	6,078	75.61%		4,596
2. RENTAL EXPENSE DISALLOWANCE						
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 expenses 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 B	005	450	80.88%	364	
3. PROPERTY INSURANCE DISALLOWANCES						
a) The Facility included insurance premiums for business income insurance. Business income insurance does not relate to the loss of or damage to the Facility's physical property and consequently is only includable in the operating component of the rate. Since these insurance premiums are not allowable as property insurance costs, they were disallowed.						
Regulations: 10 NYCRR Sections 86-2.10(g), 86-2.17(a) & (d), PRM-1 Sections 2161 & 2806.2						
	Property Ins.	005	3,814	80.88%	3,085	
	Property Ins.	005	3,758	75.61%		2,841
b) The Facility was unable to provide documentation to support reported property insurance. Facilities receiving payments on the basis of reimbursable costs are required to provide adequate cost data that can be verified on audit. Consequently, the undocumented expenses were disallowed.						
Regulations: 10 NYCRR Sections 86-2.7 & 86-2.17(a), PRM-1 Section 2300						
	Property Ins.	005	5,334	80.88%	4,314	
	Property Ins.	005	5,282	75.61%		3,994

NORTHERN METROPOLITAN RHCF, INC. - AUDIT #12-3614
RATE PERIODS JANUARY 1, 2007 THROUGH DECEMBER 31, 2008
PROPERTY EXPENSE DISALLOWANCES/(ALLOWANCES)

	<u>DESCRIPTION</u>	<u>COST</u> <u>CTR.</u>	<u>DISALLOWED</u> <u>(ALLOWED)</u>	<u>TRACE-</u> <u>BACK %</u>	<u>RATE PERIODS</u>	
					<u>2007</u>	<u>2008</u>
4. WORKING CAPITAL INTEREST DISALLOWANCE						
The Facility was unable to provide sufficient documentation for working capital interest. Facilities receiving payments on the basis of reimbursable costs are required to provide adequate cost data that can be verified on audit. Consequently, the undocumented expense was disallowed.	WCI	005	2,083	80.88%	1,685	
Regulations: 10 NYCRR Sections 86-2.7 & 86-2.17(a), PRM-1 Section 2300						
5. RELATED COMPANY INVESTMENT INCOME OFFSETS						
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 support miscellaneous income and dividend income. Consequently, the income was offset against interest expense.	WCI	005	679	80.88%	549	
Regulations: 10 NYCRR Sections 86-2.7, 86-2.17(a), & 86.2.20(c), PRM-1 Section 202.2	WCI	005	24,004	75.61%		18,150
Property Expense Disallowances/(Allowances)					<u>\$ 14,723</u>	<u>\$ 30,429</u>
TOTAL AUDITED PROPERTY EXPENSE					<u>\$ 1,149,646</u>	<u>\$ 1,224,399</u>