



**STATE OF NEW YORK  
OFFICE OF THE MEDICAID INSPECTOR GENERAL**  
800 North Pearl Street  
Albany, New York 12204

**ANDREW M. CUOMO**  
GOVERNOR

**JAMES C. COX**  
MEDICAID INSPECTOR GENERAL

April 2, 2014

[REDACTED]  
The Pines Health Care & Rehabilitation Centers  
Machias Campus  
9822 Route 16  
Machias, New York 14101

Re: Medicaid PRI Audit #11-1068  
NPI Number: [REDACTED]  
Provider Number: [REDACTED]

Dear [REDACTED]

This is the revised final audit report of findings with regard to the Office of the Medicaid Inspector General's ("OMIG") Patient Review Instruments ("PRI") audit of The Pines Health Care & Rehabilitation Centers ("Facility") for the audit period July 1, 2005 through December 31, 2008. In accordance with 18 NYCRR Section 517.6, this final audit report represents the OMIG's final determination on issues raised in the draft audit report.

Since you did not respond to our revised draft audit report dated January 9, 2014, the findings in the final audit report remain identical to the (revised) draft audit report. The OMIG has attached the sample detail for the paid claims determined to be in error.

The findings applicable to the August 1, 2006 through March 31, 2009 Medicaid rates resulted in a Medicaid overpayment of \$229,928 as detailed in Attachment A. 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 amount will be resolved with the Facility by the OMIG Bureau of Collections Management. The finding explanation, regulatory reference, and applicable adjustment can be found in the exhibits following Attachment A.

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 #11-1068  
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 the 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]

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 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 regarding the above, please contact [REDACTED] at [REDACTED] or through email at [REDACTED]

Sincerely,

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

Attachments:

- ATTACHMENT A - Calculation of Medicaid Overpayment
- ATTACHMENT B - Change in RUG Counts for PRIs submitted on August 14, 2006 and November 7, 2006
- ATTACHMENT C - Detailed Findings by Sample Number
- ATTACHMENT D - Detailed Findings by Disallowance

CERTIFIED MAIL [REDACTED]  
RETURN RECEIPT REQUESTED

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

**NAME AND ADDRESS OF AUDITEE**

[REDACTED]  
The Pines Health Care & Rehabilitation  
Centers  
Machias Campus  
9822 Route 16  
Machias, New York 14101

**AMOUNT DUE: \$229,928**

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

**AUDIT #11-1068**

<b>AUDIT</b>	<input type="checkbox"/> <b>PROVIDER</b>
<b>TYPE</b>	<input checked="" type="checkbox"/> <b>RATE</b>
	<input type="checkbox"/> <b>PART B</b>
	<input type="checkbox"/> <b>OTHER:</b>

**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 #11-1068  
Albany, New York 12237-0048

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

[REDACTED]

**CORRECT PROVIDER NUMBER**

ATTACHMENT A

OFFICE OF THE MEDICAID INSPECTOR GENERAL  
 THE PINES HEALTHCARE & REHABILITATION CENTERS MACHIAS CAMPUS  
 AUDIT #11-1068  
 CALCULATION OF MEDICAID OVERPAYMENT

<u>Service</u>	<u>Effective Period</u>	<u>Part B Non-Elig.</u>		<u>Part B-Elig</u>		<u>Difference</u>	<u>Medicaid Days</u>	<u>Medicaid Impact</u>	
		<u>From</u>	<u>To</u>	<u>From</u>	<u>To</u>				
NF	08/01/06 - 10/31/06	198.42	195.96	198.32	195.86	2.46	8741	\$ 21,503	
NF	11/01/06 - 12/31/06	197.56	195.05	197.46	194.95	2.51	5666	14,222	
NF	01/01/07 - 03/31/07	211.52	208.96	211.42	208.86	2.56	7866	20,137	
NF	04/01/07 - 08/31/07	210.55	208.00	210.45	207.90	2.55	13864	35,353	
NF	09/01/07 - 12/31/07	210.55	208.00	210.45	207.90	2.55	10986	28,014	
NF	01/01/08 - 03/31/08	215.24	212.64	215.14	212.54	2.60	7978	20,743	
NF	04/01/08 - 12/31/08	213.96	211.38	213.86	211.28	2.58	26252	67,730	
NF	01/01/09 - 03/31/09	205.13	202.49	205.03	202.39	2.64	8419	22,226	
TOTAL MEDICAID OVERPAYMENT								\$	229,928

NOTE: Impact of the Dementia Per Diem Calculation handled as per diem disallowances on Schedule VII

NOTE: Rate Setting name is Cattaraugus County Home & Infirmary

OFFICE OF THE MEDICAID INSPECTOR GENERAL  
THE PINES HEALTHCARE & REHABILITATION CENTERS MACHIAS CAMPUS  
CHANGE IN RUG CATEGORIES  
AUGUST 14, 2006

RUG CATEGORY	CHANGE IN RUG CATEGORY			ADJUSTED
	REPORTED	INCREASE	DECREASE	
BA	0			0
BB	1			1
BC	0			0
CA	1		1	0
CB	26		3	23
CC	4			4
CD	0			0
PA	9	3		12
PB	8			8
PC	40	2		42
PD	7	1		8
PE	1		1	0
RA	4	1		5
RB	8		2	6
SA	4			4
SB	2			2
TOTAL	115	7	7	115

Dementia Patient Per Diem Calculation

CA	0			0
BA	0			0
PA	4		3	1
PB	8		8	0
TOTAL	12	0	11	1

OFFICE OF THE MEDICAID INSPECTOR GENERAL  
THE PINES HEALTHCARE & REHABILITATION CENTERS MACHIAS CAMPUS  
CHANGE IN RUG CATEGORIES  
NOVEMBER 7, 2006

RUG CATEGORY	CHANGE IN RUG CATEGORY			ADJUSTED
	REPORTED	INCREASE	DECREASE	
BA	0			0
BB	1			1
BC	0			0
CA	1		1	0
CB	25		3	22
CC	4			4
CD	0			0
PA	10	3		13
PB	8			8
PC	41	2		43
PD	6	1		7
PE	1		1	0
RA	3	1		4
RB	8		2	6
SA	4			4
SB	2			2
TOTAL	114	7	7	114

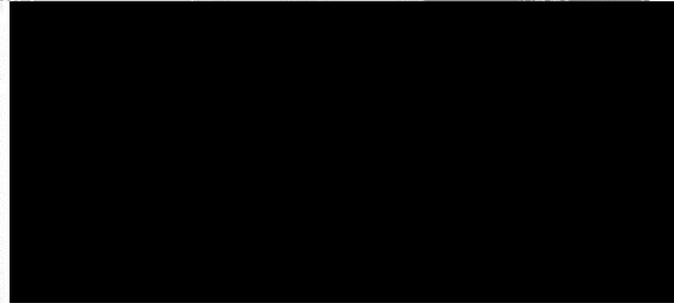
Dementia Patient Per Diem Calculation

CA	0			0
BA	0			0
PA	5		4	1
PB	8		8	0
TOTAL	13	0	12	1

OFFICE OF THE MEDICAID INSPECTOR GENERAL  
REVIEW OF PATIENT REVIEW INSTRUMENT  
THE PINES HEALTHCARE & REHABILITATION CENTERS  
MACHIAS CAMPUS  
AUDIT #11-1068

Sample#	DOB	INITIALS	PRI Date	Reported RUG	Derived RUG	Reported RUG Weight	Derived RUG Weight	DETAILED FINDINGS
1			8/10/2006	RB	RB	1.79	1.79	Disallow Dementia Add-on
2			8/11/2006	RB	PB	1.79	0.83	Disallow Dementia Add-on
3			8/14/2006	RB	RB	1.79	1.79	Disallow Dementia Add-on
4			8/14/2006	RB	RB	1.79	1.79	Disallow Dementia Add-on
5			8/14/2006	RB	RB	1.79	1.79	Disallow Dementia Add-on
6			8/14/2006	RB	RB	1.79	1.79	Disallow Dementia Add-on
7			8/14/2006	RB	RA	1.79	1.57	Disallow Dementia Add-on
8			8/14/2006	RB	RB	1.79	1.79	Disallow Dementia Add-on
9			8/8/2006	SB	SB	1.74	1.74	Disallow Dementia Add-on
10			8/11/2006	SB	SB	1.74	1.74	Disallow Dementia Add-on
11			8/11/2006	RA	RA	1.57	1.57	Disallow Dementia Add-on
12			8/14/2006	RA	RA	1.57	1.57	Disallow Dementia Add-on
13			8/14/2006	RA	RA	1.57	1.57	Disallow Dementia Add-on
14			8/14/2006	RA	RA	1.57	1.57	Disallow Dementia Add-on
15			8/8/2006	SA	SA	1.51	1.51	Disallow Dementia Add-on
16			8/8/2006	SA	SA	1.51	1.51	Disallow Dementia Add-on
17			8/10/2006	SA	SA	1.51	1.51	Disallow Dementia Add-on
18			8/11/2006	SA	SA	1.51	1.51	Disallow Dementia Add-on
19			8/10/2006	PE	PD	1.41	1.17	Disallow Dementia Add-on
20			8/8/2006	CC	CC	1.32	1.32	Disallow Dementia Add-on
21			8/9/2006	CC	CC	1.32	1.32	Disallow Dementia Add-on
22			8/9/2006	CC	CC	1.32	1.32	Disallow Dementia Add-on
23			8/10/2006	CC	CC	1.32	1.32	Disallow Dementia Add-on
24			8/8/2006	CB	CB	1.18	1.18	Disallow Dementia Add-on
25			8/8/2006	CB	CB	1.18	1.18	Disallow Dementia Add-on

PRI SUBMITTED ON AUGUST 14, 2006



OFFICE OF THE MEDICAID INSPECTOR GENERAL  
REVIEW OF PATIENT REVIEW INSTRUMENT  
THE PINES HEALTHCARE & REHABILITATION CENTERS  
MACHIAS CAMPUS  
AUDIT #11-1068

Sample#	DOB	INITIALS	PR/Date	Reported RUG	Derived RUG	Reported RUG Weight	Derived RUG Weight	Disallow Dementia Add-on	Disallow Toileting	Disallow Primary Medical Problem	Disallow Transfer	Disallow PT Level	Disallow OT Level	Disallow Decubitis Level	Disallow Eating	Disallow Oxygen
26			8/8/2006	CB	CB	1.18	1.18									
27			8/8/2006	CB	CB	1.18	1.18									
28			8/8/2006	CB	CB	1.18	1.18									
29			8/8/2006	CB	CB	1.18	1.18									
30			8/8/2006	CB	CB	1.18	1.18									
31			8/8/2006	CB	CB	1.18	1.18									
32			8/8/2006	CB	PC	1.18	1.03									
33			8/8/2006	CB	CB	1.18	1.18									
34			8/9/2006	CB	CB	1.18	1.18									
35			8/9/2006	CB	CB	1.18	1.18									
36			8/9/2006	CB	CB	1.18	1.18									
37			8/9/2006	CB	CB	1.18	1.18									
38			8/9/2006	CB	PC	1.18	1.03									
39			8/10/2006	CB	CB	1.18	1.18									
40			8/10/2006	CB	CB	1.18	1.18									
41			8/10/2006	CB	CB	1.18	1.18									
42			8/10/2006	CB	PC	1.18	1.03									
43			8/10/2006	CB	CB	1.18	1.18									
44			8/11/2006	CB	CB	1.18	1.18									
45			8/11/2006	CB	CB	1.18	1.18									
46			8/11/2006	CB	CB	1.18	1.18									
47			8/11/2006	CB	CB	1.18	1.18									
48			8/11/2006	CB	CB	1.18	1.18									
49			8/11/2006	CB	CB	1.18	1.18									
50			8/8/2006	PD	PD	1.17	1.17									

DETAILED FINDINGS

OFFICE OF THE MEDICAID INSPECTOR GENERAL  
REVIEW OF PATIENT REVIEW INSTRUMENT  
THE PINES HEALTHCARE & REHABILITATION CENTERS  
MACHIAS CAMPUS  
AUDIT #11-1060

Sample#	DOB	INITIALS	PRIDate	Reported		Derived		Reported		Derived		Detailed Findings
				RUG	Weight	RUG	Weight	RUG	Weight	RUG	Weight	
51			8/9/2006	PD	1.17	PD	1.17	1.17	1.17	1.17	1.17	Disallow Dementia Add-on
52			8/9/2006	PD	1.17	PD	1.17	1.17	1.17	1.17	1.17	Disallow Tolerating
53			8/9/2006	PD	1.17	PD	1.17	1.17	1.17	1.17	1.17	Disallow Primary Medical Problem
54			8/9/2006	PD	1.17	PD	1.17	1.17	1.17	1.17	1.17	Disallow Transfer
55			8/11/2006	PD	1.17	PD	1.17	1.17	1.17	1.17	1.17	Disallow PT Level
56			8/11/2006	PD	1.17	PD	1.17	1.17	1.17	1.17	1.17	Disallow OT Level
57			8/10/2006	BB	1.03	BB	1.03	1.03	1.03	1.03	1.03	Disallow Decubitis Level
58			8/8/2006	PC	1.03	PC	1.03	1.03	1.03	1.03	1.03	Disallow Eating
59			8/8/2006	PC	1.03	PC	1.03	1.03	1.03	1.03	1.03	Disallow Oxygen
60			8/8/2006	PC	1.03	PC	1.03	1.03	1.03	1.03	1.03	Disallow Decubitis Level
61			8/8/2006	PC	1.03	PC	1.03	1.03	1.03	1.03	1.03	Disallow OT Level
62			8/8/2006	PC	1.03	PC	1.03	1.03	1.03	1.03	1.03	Disallow PT Level
63			8/8/2006	PC	1.03	PC	1.03	1.03	1.03	1.03	1.03	Disallow Transfer
64			8/8/2006	PC	1.03	PC	1.03	1.03	1.03	1.03	1.03	Disallow Primary Medical Problem
65			8/8/2006	PC	1.03	PC	1.03	1.03	1.03	1.03	1.03	Disallow Tolerating
66			8/8/2006	PC	1.03	PC	1.03	1.03	1.03	1.03	1.03	Disallow Dementia Add-on
67			8/8/2006	PC	1.03	PC	1.03	1.03	1.03	1.03	1.03	Disallow Tolerating
68			8/9/2006	PC	1.03	PC	1.03	1.03	1.03	1.03	1.03	Disallow Primary Medical Problem
69			8/9/2006	PC	1.03	PC	1.03	1.03	1.03	1.03	1.03	Disallow Transfer
70			8/9/2006	PC	1.03	PC	1.03	1.03	1.03	1.03	1.03	Disallow PT Level
71			8/9/2006	PC	1.03	PC	1.03	1.03	1.03	1.03	1.03	Disallow OT Level
72			8/9/2006	PC	1.03	PC	1.03	1.03	1.03	1.03	1.03	Disallow Decubitis Level
73			8/9/2006	PC	1.03	PC	1.03	1.03	1.03	1.03	1.03	Disallow Eating
74			8/9/2006	PC	1.03	PC	1.03	1.03	1.03	1.03	1.03	Disallow Oxygen
75			8/9/2006	PC	1.03	PC	1.03	1.03	1.03	1.03	1.03	Disallow Decubitis Level





**THE PINES HEALTH CARE & REHABILITATION CENTERS  
MACHIAS CAMPUS DETAILED FINDINGS**

**PRI FINDINGS****Sample Selection****Decubitus Level Disallowed**

The PRI instructions/clarifications state, "For a patient to be cited as level 4, documentation by a licensed clinician must exist which describes the following three components: 1. A description of the patient's decubitus, 2. Circumstance or medical condition which led to the decubitus, 3. An active treatment plan."

In addition, "necrotic breakdown of skin and subcutaneous tissue which may involve muscle, fascia and bone" must be documented.

10 NYCRR Section 86-2.30 (II) 16

In 1 instance, documentation did not support a necrosis qualifier. 118

**Oxygen - (Daily)**

PRI instructions/clarifications state "For medical treatments having a daily frequency requirement, treatments must be provided every day of the four week period."

10 NYCRR Section 86-2.30 (II) 18C

In 1 instance, documentation did not support the daily frequency requirement for oxygen. 106

**Eating**

PRI instructions/clarifications state:

10 NYCRR Section 86-2.30 (III) 19

**Level 3 eating** continual help "means that the patient requires a staff person's continual presence and help for reasons such as: patient tends to choke, has a swallowing problem, is learning to feed self, or is quite confused and forgets to eat."

In 1 instance, documentation did not support continual help with eating. 58

#### Transfer

The PRI instructions/clarifications state:

*10 NYCRR Section 86-2.30 (III) 21*

**Level 4 transfer** *"requires two people to provide constant supervision and/or physically lift. May need lifting equipment. Documentation must support a logical medical reason why the patient required two people to transfer."*

In 1 instance, documentation did not support a logical medical reason why the patient required two people to transfer. 90

#### Toileting

The PRI instructions/clarifications state:

*10 NYCRR Section 86-2.30 (III) 22*

**Level 4 toileting** resident is *"incontinent 60% or more of the time; does not use a bathroom. The patient may be bed bound or mentally confused to the extent that a scheduled toileting program is not beneficial."*

In 7 instances, documentation did not support incontinence 60% of the time. 2, 7, 73, 76, 90, 101, 102

**Level 5 toileting** resident is *"incontinent of bowel and/or bladder but is taken to a bathroom every two to four hours during the day and as needed at night."* Additionally, PRI clarifications state that *"the resident's care plan must establish a toileting assistance program that is based on an assessment of the resident's needs. The assessment should establish the needs of the resident which lead to the development of the program."* To meet Toileting Level 5 there must be a *"care plan established for the resident based on an assessment."* The toileting schedule must include *"the name or initials of the health care worker performing the toileting assistance and the specific time the toileting assistance was provided must be present in each instance assistance is provided."*

In 4 instances, documentation did not support an individualized toileting schedule, the specific time the resident was toileted, the toileting schedule contained blanks, and/or or the toileting schedule contained intervals greater than four hours. 19, 34, 58, 97

**Physical Therapy**

PRI instructions/clarifications state:

*10 NYCRR Section 86-2.30 (V) 27A*

PRI instructions/clarifications also state *"in order for therapy to qualify as restorative, treatment is provided at least five days per week and 2.5 hours per week."*

In 1 instance, documentation did not support treatment five days/ 2.5 hours per week. 2

**Occupational Therapy**

PRI instructions/clarifications state:

*Title 10 NYCRR Section 86-2.30 (V) 27A*

In order for therapy to qualify as restorative therapy *"there is positive potential for improved functional status within a short and predictable period of time"...* Qualifier for maintenance therapy is *"to maintain and/or retard deterioration of current functional/ADL status."*

In 1 instance, documentation did not support the positive potential for improvement within a short and/or predictable period of time. 11

**Primary Medical Problem**

The PRI instructions/clarifications state: *"The primary medical problem should be selected based on the condition that has created the most need for nursing time during the past four weeks."*

*10 NYCRR Section 86-2.30 (l) (VI) 30*

In 5 instances, documentation did not support that the primary medical problem (ICD-9 code) was based on the condition that created the most need for nursing time. 32, 38, 42, 95, 117

**Dementia Add-on**

PR1 instructions/clarifications state: *"Facilities to whom the additional amount is paid shall demonstrate and document positive outcomes from the implementation or continuation of programs to improve the care of eligible dementia patients."*

*10 NYCRR Section 86-2.10 (o)*

In 12 instances, there was no documentation found in the record of activities that meet these criteria.

98, 99, 100, 101, 102, 103, 104, 105, 107, 112, 115, 124

**RUGS-II Classifications Overturned**

In 9 instances, the RUG-II classifications were overturned.

2, 7, 19, 32, 38, 42, 90, 101, 106

*10 NYCRR Section 86-2.11*