



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

August 10, 2012

[REDACTED]
Woodbury Center for Health Care
8533 Jericho Turnpike
Woodbury, New York 11797

Re: Medicaid Rate Audit #11-3380
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 Woodbury Center for Health Care's (the "Facility") Medicaid rates for the rate period January 1, 2006 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 18, 2012, 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 \$127,873. The increase in overpayment from the draft to the final report is due to the use of incorrect trend factors in the estimated draft report overpayment along with the exclusion of the impact relating the sales tax disallowance. 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.

The overpayment does not reflect the impact on rates subsequent to December 31, 2005 that utilized the January 1, 1983 through December 31, 1983 base period for operating expense. Any overpayment resulting from operating expense disallowances in the January 1, 1983 through December 31, 1983 base period report for rates subsequent to December 31, 2005 will be addressed in the future.

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 #11-3380
Albany, New York 12237-0048

OPTION #2: Enter into a repayment agreement with the OMIG. 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
[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 [REDACTED] of 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. If you have any questions regarding the above, please contact [REDACTED] at [REDACTED]

Sincerely,

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

Attachments:

- EXHIBIT I - Summary of Per Diem Impact and Medicaid Overpayment
- EXHIBIT II - Summary of Medicaid Rates Audited
- EXHIBIT III - Operating Expense Disallowances/(Allowances)
- EXHIBIT IV - 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

Woodbury Center for Health Care
8533 Jericho Turnpike
Woodbury, New York 11797

NPI # [REDACTED]
PROVIDER # [REDACTED]

AUDIT #11-3380

AUDIT
TYPE

PROVIDER
 RATE
 PART B
 OTHER:

AMOUNT DUE: \$127,873

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 #11-3380
Albany, New York 12237-0048

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

CORRECT PROVIDER NUMBER

WOODBURY CENTER FOR HEALTH CARE
RATE PERIODS JANUARY 1, 2006 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>
01/01/06 - 03/31/06	\$210.17	\$208.50	\$1.67	6,117	\$ 10,215
04/01/06 - 06/30/06	213.12	211.36	1.76	6,687	11,769
07/01/06 - 09/30/06	214.46	212.67	1.79	7,127	12,757
10/01/06 - 12/31/06	216.09	214.33	1.76	7,818	13,760
01/01/07 - 03/31/07	230.06	228.67	1.39	7,374	10,250
04/01/07 - 06/30/07	228.83	227.45	1.38	6,981	9,634
07/01/07 - 12/31/07	224.69	223.31	1.38	14,397	19,868
01/01/08 - 03/31/08	231.69	230.22	1.47	6,889	10,127
04/01/08 - 06/30/08	226.59	225.13	1.46	6,538	9,545
07/01/08 - 12/31/08	232.31	230.85	1.46	13,663	19,948
TOTAL MEDICAID OVERPAYMENT					<u>\$ 127,873</u>

* Any differences between these rates and the rates listed in Exhibit II of this 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.

WOODBURY CENTER FOR HEALTH CARE
RATE PERIODS JANUARY 1, 2006 THROUGH DECEMBER 31, 2008
SUMMARY OF MEDICAID RATES AUDITED

The Facility's Medicaid utilization was approximately 60 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 report represent rate changes made subsequent to our audit. These changes remain open to future audit by the OMIG.

<u>RATE PERIOD</u>	Issued Medicare Part B & D <u>Non-Eligible Rates *</u>
01/01/06 - 03/31/06	\$210.17
04/01/06 - 06/30/06	213.12
07/01/06 - 09/30/06	214.46
10/01/06 - 12/31/06	216.09
01/01/07 - 03/31/07	230.06
04/01/07 - 06/30/07	228.83
07/01/07 - 12/31/07	224.69
01/01/08 - 03/31/08	231.69
04/01/08 - 06/30/08	226.59
07/01/08 - 12/31/08	232.31

- * 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.

**WOODBURY CENTER FOR HEALTH CARE
RATE PERIODS JANUARY 1, 2006 THROUGH DECEMBER 31, 2008
OPERATING EXPENSE DISALLOWANCES/(ALLOWANCES)**

	COST CENTER	DIRECT	INDIRECT	OPERATING EXPENSE COMPONENT	
				NON-COMP.	COMP.
		\$ 1,918,719	\$ 1,250,953	\$ 226,816	

**Operating Expense Allowed per HE-12B
Less Disallowances/(Allowances):**

SALES TAX DISALLOWANCE

Beginning with the 2006 rates, the Facility reported and was reimbursed for all sales tax expense in the property portion of the rate. Prior to 2006, the sales tax expense associated with operating expense was included in the appropriate operating expense category and reimbursed in the operating per diem. By reporting all sales tax in property, the Facility is being reimbursed for sales tax in both the operating and property per diems. In order to eliminate the duplication, sales tax expense was excluded from the base period (01/01/83 – 12/31/83) operating expense for the 2006 through 2008 rates.

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

DESCRIPTION	COST CENTER	DIRECT	INDIRECT	NON-COMP.
Nursing Admn.	013	74		
Activities.	014	673		
Social Services	021	2		
Physical Ther.	039	5		
Occup. Ther.	040	8		
Central Service	043	1,916		
SNF	051	956		
Fiscal Services	004		86	
Admin. Services	005		253	
Plant Oper. & Maint.	006		1,531	
Grounds	007		15	
Laundry & Linen	009		3,880	
Housekeeping	010		1,109	
Cafeteria	012		1,944	
Utilities	106			7,741

Total Disallowance/Allowance

\$	3,634	\$	8,818	\$	7,741
\$	1,915,085	\$	1,242,135	\$	219,075

TOTAL AUDITED OPERATING EXPENSE BY COMPONENT

**WOODBURY CENTER FOR HEALTH CARE
RATE PERIODS JANUARY 1, 2006 THROUGH DECEMBER 31, 2008
PROPERTY EXPENSE DISALLOWANCES/(ALLOWANCES)**

COST CENTER	RATE PERIODS		
	1/1/2006-3/31/2006	4/1/2006-12/31/2006	2007 2008
	\$ 310,688	\$ 310,688	\$ 475,396 \$ 479,007

**Property Expense Allowed per HE-12B
Less Disallowances/(Allowances):**

1. RENTAL EXPENSE ADJUSTMENTS

a) Costs not related to patient care are costs that are not appropriate or necessary for patient care in developing and maintaining the operation of patient care facilities and activities. Only costs properly chargeable to necessary patient care are allowable. Costs pertaining to an automobile used for personal use by the owner are not related to patient care and were disallowed.
Regulations: 10 NYCRR Sections 86-2.17(a) & (d), PRM-1 Section 2105.9

b) Providers receiving payment 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 did not provide support for all reported rentals in all years and, the Bureau of Long Term Care Reimbursement did not correct an approved Hotline appeal. Equipment rentals were allowed to the extent adequate support documentation was provided. Consequently, adjustments were necessary.
Regulations: 10 NYCRR Section 86-2.17(a) & (d), PRM-1 Sections 2300 & 2304

2. AUTO INSURANCE EXPENSE DISALLOWANCES

Costs not related to patient care are costs that are not appropriate or necessary and proper in developing and maintaining the operation of patient care facilities and activities. Only costs properly chargeable to necessary patient care are allowable. Auto insurance expense on vehicles that were used for personal use by the owner was disallowed since this expense was not directly related to patient care.
Regulations: 10 NYCRR Section 86-2.17(a), PRM-1 Sections 2102.3 & 2105.9

3. OTHER (RECERTIFICATION FEE) DISALLOWANCE

Recertification fees are considered operating expenses and should not be included in the capital component of the rate. Consequently these expenses were disallowed from the capital component of the rate
Regulation: 10 NYCRR Section 455.5

4. WORKING CAPITAL INTEREST EXPENSE DISALLOWANCE

Effective April 1, 2006 and thereafter, rates shall not contain a payment factor for working capital interest if the RHCFF 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 for cost year 2004 and a withdrawal of equity in cost year 2005. Consequently, working capital interest expense was disallowed.
Regulation: PHL Section 2808, Paragraph 22-a

DESCRIPTION	COST CENTER	1/1/2006-3/31/2006	4/1/2006-12/31/2006	2007	2008
Rent B	005	13,880	13,880	9,167	10,135
Rent C	043	7,416	7,416	(11,890)	1,996
Auto Ins.	006	4,510	4,510	3,385	4,558
Other	013	1,830	1,830		
WCI	005		4,166	13,257	
Total Disallowances/(Allowances)		\$ 27,636	\$ 31,802	\$ 13,919	\$ 16,689
TOTAL AUDITED PROPERTY EXPENSE		\$ 283,052	\$ 278,886	\$ 461,477	\$ 462,318