



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 15, 2013

[REDACTED]
Queens Boulevard Extended Care Facility
61-11 Queens Boulevard
Woodside, New York 11377

Re: Medicaid Rate Audit #11-3742
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 Queens Boulevard Extended Care Facility'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 May 31, 2013, 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 \$653,433. 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.

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 #11-3742
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 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 11-3742 in all correspondence.

Sincerely,

[REDACTED]
Bureau of Rate Audit
Division of Medicaid 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 - Property Expense Disallowances/(Allowances)
- EXHIBIT IV - Return on and Return of Real Property Equity Disallowances/(Allowances)
- EXHIBIT V - Correction of Patient Days
- EXHIBIT VI - Per Diem Disallowances

CERTIFIED MAIL [REDACTED]
RETURN RECEIPT REQUESTED

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

NAME AND ADDRESS OF AUDITEE

QUEENS BOULEVARD EXTENDED
CARE FACILITY
61-11 QUEENS BOULEVARD
WOODSIDE, NEW YORK 11377

NPI [REDACTED]
PROVIDER [REDACTED]

AUDIT 11-3742

AUDIT
TYPE

PROVIDER
 RATE
 PART B
 OTHER:

AMOUNT DUE: \$653,433

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 #11-3742
Albany, New York 12237-0048

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

CORRECT PROVIDER NUMBER

QUEENS BOULEVARD EXTENDED CARE FACILITY - AUDIT #11-3742
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 - 02/28/06	\$256.98	\$249.74	\$7.24	10,171	\$ 73,638
03/01/06 - 03/31/06	258.10	250.86	7.24	5,084	36,808
04/01/06 - 05/31/06	257.57	250.33	7.24	10,617	76,867
06/01/06 - 08/31/06	257.83	250.59	7.24	15,701	113,675
09/01/06 - 11/30/06	260.84	253.60	7.24	14,917	107,999
12/01/06 - 12/31/06	261.29	254.05	7.24	5,100	36,924
01/01/07 - 03/31/07	263.59	261.05	2.54	14,632	37,165
04/01/07 - 06/30/07	262.28	259.74	2.54	14,980	38,049
07/01/07 - 12/31/07	260.31	257.77	2.54	30,674	77,912
01/01/08 - 03/31/08	265.59	264.72	0.87	15,364	13,367
04/01/08 - 06/30/08	260.58	259.73	0.85	15,241	12,955
07/01/08 - 12/31/08	266.31	265.46	0.85	33,028	<u>28,074</u>
TOTAL MEDICAID OVERPAYMENT					<u>\$ 653,433</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.

QUEENS BOULEVARD EXTENDED CARE FACILITY - AUDIT #11-3742
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>	<u>Issued Medicare Part B & D Non-Eligible Rates *</u>
01/01/06 - 02/28/06	\$ 256.98
03/01/06 - 03/31/06	258.10
04/01/06 - 05/31/06	257.57
06/01/06 - 08/31/06	257.83
09/01/06 - 11/30/06	260.84
12/01/06 - 12/31/06	261.29
01/01/07 - 03/31/07	263.59
04/01/07 - 06/30/07	262.28
07/01/07 - 12/31/07	260.31
01/01/08 - 03/31/08	265.59
04/01/08 - 06/30/08	260.58
07/01/08 - 12/31/08	266.31

- * 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.

QUEENS BOULEVARD EXTENDED CARE FACILITY - AUDIT #11-3742
RATE PERIODS JANUARY 1, 2006 THROUGH DECEMBER 31, 2008
PROPERTY EXPENSE DISALLOWANCES/(ALLOWANCES)

DESCRIPTION	COST CTR.	DISALLOWED (ALLOWED)	TRACE BACK %	RATE PERIODS							
				01/01/06	03/31/06	04/01/06	12/31/06	01/01/07	12/31/07	01/01/08	12/31/08
		\$ 3,236,253	\$ 3,236,253	\$ 3,560,883	\$ 3,463,311						

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

1. MORTGAGE INTEREST EXPENSE ADJUSTMENTS

According to the Bureau of Long Term Care Reimbursement (BLTCR) capital cost methodology, mortgage interest is reimbursed on a rate year basis. Audited rate year mortgage interest expense varied from the amount allowed in the promulgated rates, resulting in adjustments. In addition, a portion of the mortgage interest was allocated to Adult Day Care based on the percentage of mortgage proceeds. However, the traceback percentage used in the promulgated rates was also based on a calculation that excluded Adult Day Care. To eliminate the duplicate disallowance, the audited mortgage interest will be reimbursed on the Direct Assignment line of the rate computation sheet using a traceback percentage of 100%.

Regulation: 10 NYCRR Section 86-2.20(a)

2. MORTGAGE AMORTIZATION EXPENSE ADJUSTMENTS

According to BLTCR capital cost methodology, mortgage amortization is reimbursed on a rate year basis. Audited rate year mortgage amortization expense varied from the amount allowed in the promulgated rates resulting in adjustments. In addition, a portion of the mortgage amortization was allocated to Adult Day Care based on the percentage of mortgage proceeds. However, the traceback percentage used in the promulgated rates was also based on a calculation that excluded Adult Day Care. To eliminate the duplicate disallowance, the audited mortgage amortization will be reimbursed on the Direct Assignment line of the rate computation sheet using a traceback percentage of 100%.

Regulations: 10 NYCRR Sections 86-2.17(a) & 86-2.20(a)

3. MORTGAGE INSURANCE ALLOWANCE

Mortgage insurance expense was erroneously omitted in the promulgated rates. Consequently, an allowance was necessary.

Regulations: 10 NYCRR Section 86-2.17(a) & PRIM-1 Section 2101.2

4. MOVABLE EQUIPMENT INTEREST EXPENSE ADJUSTMENTS

According to the Bureau of Long Term Care Reimbursement capital cost methodology, movable equipment interest is reimbursed on a rate year basis. Audited rate year movable equipment interest expense varied from the amount allowed in the promulgated rates resulting in adjustments. In addition, a portion of the movable equipment interest was allocated to Adult Day Care based on the percentage of mortgage proceeds. However, the traceback percentage used in the promulgated rates was also based on a calculation that excluded Adult Day Care. To eliminate the duplicate disallowance, the audited movable equipment interest will be reimbursed on the Direct Assignment line of the rate computation sheet using a traceback percentage of 100%.

Regulation: 10 NYCRR Section 86-2.20(a)

DESCRIPTION	COST CTR.	DISALLOWED (ALLOWED)	TRACE BACK %	RATE PERIODS							
				01/01/06	03/31/06	04/01/06	12/31/06	01/01/07	12/31/07	01/01/08	12/31/08
Mort. Int.	003	\$ 2,278,971	97.40%	2,219,718		2,219,718					
Mort. Int.	003	1,268,476	97.42%					1,235,749			1,219,880
Mort. Int.	003	1,252,315	97.41%								
Dir. Assign.	009	(1,347,424)	100.00%	(1,347,424)							
Dir. Assign.	009	(1,309,062)	100.00%								
Dir. Assign.	009	(1,268,475)	100.00%					(1,309,062)			(1,268,475)
Mort. Amort.	001	445,207	97.40%	433,632		433,632					
Mort. Amort.	001	749,710	97.42%					730,367			737,099
Mort. Amort.	001	756,697	97.41%								
Dir. Assign.	009	(661,568)	100.00%	(661,568)							
Dir. Assign.	009	(699,929)	100.00%								
Dir. Assign.	009	(740,581)	100.00%					(699,929)			(740,581)
Mort. Ins.	005	(127,236)	95.57%	(121,599)		(121,599)					
ME Int.	005	112,289	95.57%					107,315			
ME Int.	003	62,500	97.42%						60,888		58,820
ME Int.	003	60,384	97.41%								
Dir. Assign.	009	(66,390)	100.00%	(66,390)							
Dir. Assign.	009	(64,500)	100.00%								
Dir. Assign.	009	(62,445)	100.00%					(64,500)			(62,445)

QUEENS BOULEVARD EXTENDED CARE FACILITY - AUDIT #11-3742
RATE PERIODS JANUARY 1, 2006 THROUGH DECEMBER 31, 2008
PROPERTY EXPENSE DISALLOWANCES/(ALLOWANCES)

DESCRIPTION	COST CTR.	DISALLOWED (ALLOWED)	TRACE-BACK %	RATE PERIODS			
				01/01/06 03/31/06	04/01/06 12/31/06	01/01/07 12/31/07	01/01/08 12/31/08
Prop. Ins.	005	2,355	95.57%	2,251	2,251	964	764
Prop. Ins.	005	1,004	95.98%				
Prop. Ins.	005	798	95.79%				
Auto Ins.	005	24,950	95.98%			23,947	22,846
Auto Ins.	005	23,850	95.79%				
ME Depr.	002	741	97.41%				722
Ret on Eq.	001	(3,283)	97.40%	(3,198)	(3,198)	122,015	(2,661)
Ret on Eq.	003	125,246	97.42%				(2,068)
Ret on Eq.	003	(2,732)	97.41%				
Ret of Eq.	001	(2,123)	97.41%				

5. PROPERTY INSURANCE EXPENSE DISALLOWANCES

Reported property insurance expenses included amounts that could not be reconciled to the paid insurance premiums. In addition, a portion of the insurance premiums were related to crime insurance, NYFIF, and motor vehicle fees that are operating expenses and not allowable as a property cost. Crime 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. Property insurance expenses were adjusted to agree with the paid insurance premiums and to eliminate the expenses associated with crime insurance, NYFIF, and motor vehicle fees.
Regulations: 10 NYCRR Sections 86-2.7 & 86-2.17(a), PRM-1 Sections 2300 & 2304

6. AUTO INSURANCE 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 did not provide documentation or demonstrate the relationship to patient care for reported auto insurance. Consequently, disallowances were necessary.
Regulations: 10 NYCRR Section 86-2.17(a), PRM-1 Sections 2102.3, 2105.9 & 2300

7. MOVABLE EQUIPMENT DEPRECIATION DISALLOWANCE

The provider incorrectly capitalized gasoline expense that should have been expensed as operating cost. These expenditures should have been expensed in accordance with generally accepted accounting principles and the guidelines and definitions included in the RHCFA Accounting and Reporting Manual. Accordingly, the depreciation expense applicable to these costs was disallowed.
Regulations: 10 NYCRR Sections 86-2.4, 86-2.22, & 451.168

8. RETURN ON AND RETURN OF EQUITY ADJUSTMENTS

Proprietary residential health care facilities receive rate year mortgage interest, rate year mortgage principal debt amortization payments, a return on real property equity, and, in certain circumstances, a return of equity in lieu of all cost year real property expenses. Audited real property historical costs varied in the return on and return of equity calculations allowed in the promulgated rates. Consequently, adjustments were necessary. (Refer to Exhibit IV)
Regulation: 10 NYCRR Section 86-2.21

QUEENS BOULEVARD EXTENDED CARE FACILITY - AUDIT #11-3742
RATE PERIODS JANUARY 1, 2006 THROUGH DECEMBER 31, 2008
PROPERTY EXPENSE DISALLOWANCES/(ALLOWANCES)

DESCRIPTION	COST CTR.	DISALLOWED (ALLOWED)	TRACE-BACK %	RATE PERIODS			
				01/01/06	04/01/06	01/01/07	01/01/08
				03/31/06	12/31/06	12/31/07	12/31/08
9. EQUIPMENT RENTAL EXPENSE DISALLOWANCES							
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. The Facility did not provide sufficient documentation to substantiate patient care use of automobiles. Therefore, the automobile expenses were disallowed							
Regulations: 10 NYCRR Sections 86-2.17(a) & (d), PRM-1 Section 2105.9							
Rent H	005	2,029	95.57%	1,939	1,939		
Rent I	005	795	95.57%	760	760		
Rent J	005	1,059	95.57%	1,012	1,012		
10. EQUIPMENT RENTAL EXPENSE DISALLOWANCES							
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. Equipment rentals were allowed to the extent adequate supporting documentation was provided. Consequently, disallowances were necessary.							
Regulations: 10 NYCRR Sections 86-2.17(a) & (d), PRM-1 Sections 2300 & 2304							
Rent G	005	891	95.57%	852	852	36,737	
Rent C	005	38,276	95.98%				
Rent D	039	375	100.00%			375	
Rent C	005	9,920	95.79%				9,502
11. TELEPHONE EXPENSE DISALLOWANCE							
The Bureau of Long Term Care Reimbursement has determined the nature of telephone expense to be an operating expense. Since the expense is included in the formula to determine the base, mean, and ceiling prices used to establish the indirect expense corridor, the reimbursement of telephone depreciation expense in the property component amounts to duplicate reimbursement. Consequently, a disallowance was necessary.							
Regulation: 10 NYCRR Section 86-2.17(d)							
Rent C	005	8,862	95.57%	8,469	8,469		
12. WORKING CAPITAL INTEREST EXPENSE DISALLOWANCES							
a) The Facility reported interest on a fifteen-year loan as working capital interest. Interest is allowable on current indebtedness. However, in accordance with current regulations and BLTCR rate methodology, a fifteen-year loan is not considered a working capital loan. The interest related to the fifteen-year loan was disallowed.							
Regulations: 10 NYCRR Sections 86-2.17(a)&(d), 86-2.20 & 451.71, PRM-1 Section 202.1							
WCI	005	37,800	95.57%	36,125			
WCI	005	9,450	95.57%		9,031		
b) Effective April 1, 2006 and thereafter, rates shall not contain a payment factor for working capital interest if the RHC-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 for cost year 2004. Consequently, working capital interest expense was disallowed.							
Regulations: 10 NYCRR Section 86-2.17(d), Public Health Law, Section 2808, Paragraph 22(a)							
WCI	005	28,350	95.57%				27,094

QUEENS BOULEVARD EXTENDED CARE FACILITY - AUDIT #11-3742
RATE PERIODS JANUARY 1, 2006 THROUGH DECEMBER 31, 2008
PROPERTY EXPENSE DISALLOWANCES/(ALLOWANCES)

DESCRIPTION	COST CTR.	DISALLOWED (ALLOWED)	TRACE-BACK %	RATE PERIODS			
				01/01/06	04/01/06	01/01/07	01/01/08
WCI	005	(48,246)	95.57%	(46,109)	(46,109)	47,432	74,766
Dir. Assign.	009	47,262	100.00%	47,262	47,262	47,432	74,766
Dir. Assign.	009	47,432	100.00%				
Dir. Assign.	009	74,766	100.00%				
WCI	005	(48,420)	97.42%			(47,171)	(74,346)
WCI	005	(76,323)	97.41%				
				\$ 613,047	\$ 613,047	\$ 137,812	\$ (26,177)
Property Expense Disallowances/(Allowances)				\$ 2,623,206	\$ 2,623,206	\$ 3,423,071	\$ 3,489,488
TOTAL AUDITED PROPERTY EXPENSE							

13. INVESTMENT INCOME OFFSET ADJUSTMENTS

a) Reported investment income was appropriately offset against working capital interest expense in the 2006 promulgated rate. However, adjustment #12 disallowed all working capital interest expense. Consequently, it was necessary to reverse the offset of investment income in the 2006 rate computation. Should Adjustment #12 be adjusted or eliminated, this adjustment must be correspondingly revised.
Regulation: 10 NYCRR Section 86-2.20

b) Adjustments were necessary to reflect adjusting the traceback percentages for the investment income offset to correspond with the traceback percentages utilized for mortgage interest expense. An offline calculation was computed, and the adjustment made as a direct assignment.
Regulation: 10 NYCRR Section 86-2.20

QUEENS BOULEVARD EXTENDED CARE FACILITY - AUDIT #11-3742
RATE PERIODS JANUARY 1, 2006 THROUGH DECEMBER 31, 2008
RETURN ON AND RETURN OF REAL PROPERTY EQUITY DISALLOWANCES/(ALLOWANCES)

<u>Return of Equity Calculation</u>	RATE PERIODS		
	<u>2006</u>	<u>2007</u>	<u>2008</u>
Real Property Historical Cost per HE-12B	\$ 30,563,099	\$ 30,563,099	\$ 31,350,917
Adjustment to Historical Cost	<u>(73,768)</u>	<u>(119,516)</u>	<u>530,172</u>
Audited Historical Cost	\$ 30,636,867	\$ 30,682,615	\$ 30,820,745
Less: Accumulated Reimbursement	26,983,561	26,983,561	26,983,561
Less: Equity Return in Prior Years			
Audited Net Equity	<u>\$ 3,653,306</u>	<u>\$ 3,699,054</u>	\$ 3,837,184
Remaining Useful Life	See Note	See Note	<u>28</u>
Audited Return of Equity			\$ 137,042
Promulgated Return of Equity			<u>134,919</u>
Disallowance/(Allowance)			<u>\$ (2,123)</u>
 <u>Return on Equity Calculation</u>			
Audited Net Equity	\$ 3,653,306	\$ 3,699,054	\$ 3,837,184
Less: ½ Current Return of Equity	<u>-</u>	<u>-</u>	<u>68,521</u>
Audited Net Investment	\$ 3,653,306	\$ 3,699,054	\$ 3,768,663
Rate of Return	<u>4.45%</u>	<u>4.90%</u>	<u>4.68%</u>
Audited Return on Equity	\$ 162,572	\$ 181,254	\$ 176,373
Promulgated Return on Equity	<u>159,289</u>	<u>306,500</u>	<u>173,641</u>
Disallowance/(Allowance)	<u>\$ (3,283)</u>	<u>\$ 125,246</u>	<u>\$ (2,732)</u>

Note: The Bureau of Long Term Care Reimbursement did not reimburse return of equity until rate year 2008.

QUEENS BOULEVARD EXTENDED CARE FACILITY - AUDIT #11-3742
RATE PERIODS JANUARY 1, 2006 THROUGH DECEMBER 31, 2008
CORRECTION OF PATIENT DAYS

The audit of patient day statistics disclosed that the patient days reported were understated in rate year 2007. The following adjustment was necessary to include the proper days in the rate calculations.

Regulation: 10 NYCRR Section 86-2.8(c)

	<u>RATE PERIOD</u>
	<u>2007</u>
Patient Days in Promulgated Rates	99,401
Patient Days per Audit	<u>99,528</u>
Understated Patient Days	<u><u>127</u></u>

QUEENS BOULEVARD EXTENDED CARE FACILITY - AUDIT #11-3742
RATE PERIODS JANUARY 1, 2006 THROUGH DECEMBER 31, 2008
PER DIEM DISALLOWANCES

REDUCTION IN OBRA AND GLOVES PER DIEM ADD-ON ADJUSTMENTS

The Facility received OBRA and Gloves per diem add-ons in its 1/1/2006 through 12/31/2008 Medicaid rates. The OBRA per diem was added to recognize various Federally mandated direct expenses for facilities with operating base periods prior to 4/1/91. The Gloves per diem was added to recognize a Federal mandate for glove supplies for facilities with operating base periods prior to 4/1/94. This facility's operating base period covered 5/1/96 through 4/30/97, so the increased nursing costs and Federally mandated expenditures were included in its base period direct operating costs. Therefore, the per diem add-ons for this facility should only have replaced amounts that were cut by direct cost ceiling limitations in the applicable rate calculations. A comparison of the above per diem add-ons to the direct cost ceiling cuts disclosed that the per diem add-ons exceeded the amounts that were cut from direct costs. Consequently, the OBRA and Gloves per diem add-ons were reduced to equal the per diem cuts caused by the direct cost ceiling limitation.

Regulations: 10 NYCRR Sections 86-2.10(r), 86-2.10(u), & 86-2.17(a), Bureau of Long Term Care Reimbursement Rate Setting Policy

	RATE PERIODS					
	<u>1/1/06</u>	<u>3/1/06</u>	<u>4/1/06</u>	<u>6/1/06</u>	<u>9/1/06</u>	<u>12/1/06</u>
OBRA Per Diem Adjustment	0.81	0.81	0.81	0.81	0.81	0.81
Gloves Per Diem Adjustment	0.27	0.27	0.27	0.27	0.27	0.27
Total Per Diem Add-Ons	\$ 1.08	\$ 1.08	\$ 1.08	\$ 1.08	\$ 1.08	\$ 1.08
Direct Cost Ceiling Per Diem Reduction	-	-	-	-	-	-
Disallowance to Per Diem Add-Ons	\$ 1.08	\$ 1.08	\$ 1.08	\$ 1.08	\$ 1.08	\$ 1.08

	RATE PERIODS					
	<u>1/1/07</u>	<u>4/1/07</u>	<u>7/1/07</u>	<u>1/1/08</u>	<u>4/1/08</u>	<u>7/1/08</u>
OBRA Per Diem Adjustment	0.83	0.83	0.83	0.85	0.84	0.84
Gloves Per Diem Adjustment	0.28	0.28	0.28	0.29	0.28	0.28
Total Per Diem Add-Ons	\$ 1.11	\$ 1.11	\$ 1.11	\$ 1.14	\$ 1.12	\$ 1.12
Direct Cost Ceiling Per Diem Reduction	-	-	-	-	-	-
Disallowance to Per Diem Add-Ons	\$ 1.11	\$ 1.11	\$ 1.11	\$ 1.14	\$ 1.12	\$ 1.12