



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 28, 2013

[REDACTED]
Good Shepherd Fairview Home, Inc.
80 Fairview Avenue
Binghamton, New York 13904

Re: Medicaid Rate Audit #12-1833
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 Good Shepherd Fairview Home'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 March 21, 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 \$4,600. 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 #12-1833
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 [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 12-1833 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)

CERTIFIED MAIL # [REDACTED]
RETURN RECEIPT REQUESTED

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

NAME AND ADDRESS OF AUDITEE

GOOD SHEPHERD FAIRVIEW
HOME, INC.
80 FAIRVIEW AVENUE
BINGHAMTON, NEW YORK 13904

NPI [REDACTED]
PROVIDER [REDACTED]

AUDIT #12-1833

AMOUNT DUE: \$4,600

AUDIT TYPE	<input type="checkbox"/> PROVIDER
	<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 #12-1833
Albany, New York 12237-0048

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

CORRECT PROVIDER NUMBER

GOOD SHEPHERD FAIRVIEW HOME, INC. - AUDIT #12-1833
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	\$166.44	\$166.25	\$0.19	3,798	\$ 722
04/01/07 - 06/30/07	165.61	165.42	0.19	3,728	708
07/01/07 - 12/31/07	159.24	159.05	0.19	6,764	1,285
01/01/08 - 03/31/08	163.22	163.06	0.16	2,815	450
04/01/08 - 06/30/08	159.06	158.90	0.16	2,687	430
07/01/08 - 12/31/08	163.68	163.52	0.16	6,284	<u>1,005</u>
TOTAL MEDICAID OVERPAYMENT					<u>\$ 4,600</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.

GOOD SHEPHERD FAIRVIEW HOME, INC. - AUDIT #12-1833
RATE PERIODS JANUARY 1, 2007 THROUGH DECEMBER 31, 2008
SUMMARY OF MEDICAID RATES AUDITED

The Facility's Medicaid utilization was approximately 42 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	\$ 166.44
04/01/07 - 06/30/07	165.61
07/01/07 - 12/31/07	159.24
01/01/08 - 03/31/08	163.22
04/01/08 - 06/30/08	159.06
07/01/08 - 12/31/08	163.68

- * 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.

GOOD SHEPHERD FAIRVIEW HOME, INC. - AUDIT #12-1833
RATE PERIODS JANUARY 1, 2007 THROUGH DECEMBER 31, 2008
PROPERTY EXPENSE DISALLOWANCES/(ALLOWANCES)

DESCRIPTION	CTR.	COST DISALLOWED	TRACE- BACK %	RATE PERIODS	
				2007	2008
				\$ 298,056	\$ 242,387

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

1. BUILDING/FIXED EQUIPMENT DEPRECIATION ALLOWANCES

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 fixed equipment depreciation varied from the expense allowed in the rate, resulting in allowances.

Regulations: 10 NYCRR Sections 86-2.17(a) & 86-2.19(a), PRM-1 Sections 2300 & 2304

Bldg. Depr.	001	(1,161)	56.63%	(657)	
Bldg. Depr.	001	(3,117)	56.67%		(1,766)

2. MORTGAGE INTEREST ALLOWANCES

According to the Bureau of Long Term Care Reimbursement (BLTCR) capital cost methodology, mortgage interest expense is reimbursed on a rate year basis. Audited rate year interest expense varied from the mortgage interest allowed in the promulgated rates, resulting in allowances.

Regulation: 10 NYCRR Section 86-2.20(a)

Mort. Int.	003	(1,785)	26.50%	(473)	
Mort. Int.	003	(1,370)	26.44%		(362)

3. MOVABLE EQUIPMENT DEPRECIATION ADJUSTMENTS

a) The BLTCR 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, disallowances were necessary.

Regulation: 10 NYCRR Section 86-2.17(d)

ME Depr.	002	4,064	62.15%	2,526	
ME Depr.	002	3,304	39.96%		1,320

b) Providers receiving payment based on reimbursable costs must 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 movable equipment depreciation varied from the expense allowed in the rate, resulting in adjustments.

Regulations: 10 NYCRR Section 86-2.17(a), PRM-1 Sections 2102.3, 2300 & 2304

ME Depr.	002	2,263	62.15%	1,406	
ME Depr.	002	(183)	39.96%		(73)

GOOD SHEPHERD FAIRVIEW HOME, INC. - AUDIT #12-1833
RATE PERIODS JANUARY 1, 2007 THROUGH DECEMBER 31, 2008
PROPERTY EXPENSE DISALLOWANCES/(ALLOWANCES)

	DESCRIPTION	CTR.	COST DISALLOWED (ALLOWED)	TRACE- BACK %	RATE PERIODS	
					2007	2008
4. PROPERTY INSURANCE ADJUSTMENTS						
a) Reported property insurance expense was erroneously not included in the promulgated rates for 2007. The OMIG has determined the property insurance expense to be proper. Consequently, an allowance was made to reflect allowable property insurance supported by the Facility's records. Regulation: 10 NYCRR Section 86-2.17(a)	Prop. Ins.	005	(23,003)	69.06%	(15,886)	
b) Reported property insurance included insurance premiums for business income/interruption and other general liability insurance. These types of insurance do not relate to the loss of or damage to the Facility's physical property and consequently are 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	Prop. Ins.	005	6,965	68.88%		4,797
5. AUTO INSURANCE ADJUSTMENTS						
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 insurance varied from the insurance expense allowed in the rate resulting in adjustments. Regulations: 10 NYCRR Section 86-2.17(a), PRM-1 Sections 2300 & 2304	Auto Ins. Auto Ins.	041 005	4,131 (76)	100.00% 68.88%	4,131	(52)
6. EQUIPMENT RENTAL DISALLOWANCES						
The Facility reported various expenses in rent expense that were operating in nature. These types of expenses are not includable in property costs. Consequently, these expenses were disallowed from the capital component of the rate. Regulations: 10 NYCRR Sections 86-2.17(a), 455.6, & 455.11, PRM-1 Section 2806.2	Rent C Rent C	011 011	893 913	48.97% 51.32%	437	469
7. INVESTMENT INCOME OFFSET DISALLOWANCES						
Interest expense shall be reduced by investment income with the exception of income earned by funded depreciation accounts and certain other restricted funds. The OMIG determined that the Facility had additional unrestricted investment income in excess of the amount offset in the promulgated rate. Consequently, additional investment income offsets were necessary. Regulations: 10 NYCRR Sections 86-2.17(a) & 86-2.20(c), PRM-1 Section 202.2	Inv. Inc. Offset Inv. Inc. Offset	003 003	53,356 1,370	26.50% 26.44%	14,139	362
Total Disallowances/(Allowances)					\$ 5,623	\$ 4,695
TOTAL AUDITED PROPERTY EXPENSE					\$ 292,433	\$ 237,692