



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  
ACTING MEDICAID INSPECTOR GENERAL

December 19, 2011

[REDACTED]  
Oceanside Care Center  
2914 Lincoln Ave.  
Oceanside, New York 11572

Re: Medicaid Rate Audit #10-1629  
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 Oceanside Care Center's (the "Facility") Medicaid rates for the rate period January 1, 2005 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 26, 2011, 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 \$97,091. 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, 2008 that utilized the July 1, 1988 through December 31, 1988 base period for operating expense. Any overpayment resulting from operating expense disallowances in the July 1, 1988 through December 31, 1988 base period report for rates subsequent to December 31, 2008 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 1237  
File #10-1629  
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  
Audit Management and Development  
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**

OCEANSIDE CARE CENTER  
2914 LINCOLN AVE.  
OCEANSIDE, NEW YORK 11572

NPI # [REDACTED]  
PROVIDER # [REDACTED]

AUDIT #10-1629

AUDIT  
TYPE

PROVIDER  
 RATE  
 PART B  
 OTHER:

AMOUNT DUE: \$97,091

**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 1237  
File #10-1629  
Albany, New York 12237-0048

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

**CORRECT PROVIDER NUMBER**

**OCEANSIDE CARE CENTER**  
**RATE PERIODS JANUARY 1, 2005 THROUGH DECEMBER 31, 2008**  
**SUMMARY OF PER DIEM IMPACT AND MEDICAID OVERPAYMENT**

<u>RATE PERIOD</u>	<u>ISSUED PART B &amp; D NON-ELIGIBLE RATES*</u>	<u>FINAL PART B &amp; D NON-ELIGIBLE RATES</u>	<u>RATE DECREASE (INCREASE)</u>	<u>MEDICAID DAYS</u>	<u>MEDICAID OVERPAYMENT</u>
01/01/05 - 03/31/05	\$216.88	\$216.30	\$0.58	6,501	\$ 3,771
04/01/05 - 06/30/05	214.99	214.41	0.58	5,985	3,471
07/01/05 - 09/30/05	219.73	219.14	0.59	6,380	3,764
10/01/05 - 12/31/05	211.71	211.12	0.59	6,807	4,016
01/01/06 - 03/31/06	222.15	221.40	0.75	6,983	5,237
04/01/06 - 06/30/06	214.84	214.09	0.75	6,946	5,210
07/01/06 - 09/30/06	217.73	216.98	0.75	6,742	5,057
10/01/06 - 12/31/06	219.21	218.46	0.75	6,553	4,915
01/01/07 - 03/31/07	233.12	231.81	1.31	6,270	8,214
04/01/07 - 06/30/07	231.87	230.56	1.31	6,074	7,957
07/01/07 - 08/31/07	230.60	229.29	1.31	4,369	5,723
09/01/07 - 12/31/07	230.60	229.29	1.31	8,950	11,725
01/01/08 - 03/31/08	228.74	227.64	1.10	6,151	6,766
04/01/08 - 06/30/08	224.40	223.30	1.10	5,942	6,536
07/01/08 - 12/31/08	228.73	227.63	1.10	13,390	14,729
<b>TOTAL MEDICAID OVERPAYMENT</b>					<b><u>\$ 97,091</u></b>

\* 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.

**OCEANSIDE CARE CENTER**  
**RATE PERIODS JANUARY 1, 2005 THROUGH DECEMBER 31, 2008**  
**SUMMARY OF MEDICAID RATES AUDITED**

---

The Facility's Medicaid utilization was approximately 77 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.

<b><u>RATE PERIOD</u></b>	<b><u>Issued Medicare Part B &amp; D Non-Eligible Rates *</u></b>
01/01/05 - 03/31/05	\$216.88
04/01/05 - 06/30/05	214.99
07/01/05 - 09/30/05	219.73
10/01/05 - 12/31/05	211.71
01/01/06 - 03/31/06	222.15
04/01/06 - 06/30/06	214.84
07/01/06 - 09/30/06	217.73
10/01/06 - 12/31/06	219.21
01/01/07 - 03/31/07	233.12
04/01/07 - 06/30/07	231.87
07/01/07 - 08/31/07	230.60
09/01/07 - 12/31/07	230.60
01/01/08 - 03/31/08	228.74
04/01/08 - 06/30/08	224.40
07/01/08 - 12/31/08	228.73

\* 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.

OCEANSIDE CARE CENTER  
 RATE PERIODS JANUARY 1, 2005 THROUGH DECEMBER 31, 2008  
 OPERATING EXPENSE DISALLOWANCES/(ALLOWANCES)

	COST CENTER	DESCRIPTION	OPERATING EXPENSE COMPONENT		
			DIRECT	INDIRECT	NON-COMP.
<b>Operating Expense Allowed per HE-12B</b>			<b>\$ 1,313,230</b>	<b>\$ 726,807</b>	<b>\$ 88,495</b>
<b>Less Disallowances/(Allowances):</b>					
<b>ELIMINATION OF DUPLICATE SALES TAX</b>					
For rate years January 1, 2005 through December 31, 2008, the Facility reported and was reimbursed for all sales tax expense in the property portion of the rate. Since sales tax is included in Facility's July 1, 1988 through December 31, 1988 base year and since this year is also the basis for the operating portion of the January 1, 2005 through December 31, 2008 rates, inclusion of sales tax in the capital portion of the rate resulted in duplicate reimbursement. In order to eliminate the duplication, disallowances to the operating component of the January 1, 2005 through December 31, 2008 rates were necessary.					
<b>Regulations: 10 NYCRR Section 86-2.17(a) and (d)</b>					
	013	Nursing Admin.	41		
	014	Activities	242		
	021	Social Services	14		
	039	Physical Therapy	152		
	040	Occupational Therapy	131		
	043	Central Services	3,129		
	051/052	SNF	6,429		
	004	Fiscal		285	
	005	Admin. & General		402	
	006	Plant Operations		1,725	
	010	Housekeeping		1,584	
	106	Utilities			3,339
<b>Total Disallowances/(Allowances)</b>			<b>\$ 10,138</b>	<b>\$ 3,996</b>	<b>\$ 3,339</b>
<b>AUDITED OPERATING EXPENSE BY COMPONENT</b>			<b>\$ 1,303,092</b>	<b>\$ 722,811</b>	<b>\$ 85,156</b>

**OCEANSIDE CARE CENTER**  
**RATE PERIODS JANUARY 1, 2005 THROUGH DECEMBER 31, 2008**  
**PROPERTY EXPENSE DISALLOWANCES/(ALLOWANCES)**

DESCRIPTION	COST CENTER	RATE PERIODS			
		2005	2006	2007	2008
		\$ 293,662	\$ 310,077	\$ 730,580	\$ 520,989
Rent A	001				
Rent B	001	564			
Rent H	001	1,387			
Rent C	005		1,724	1,724	2,043
Rent D	001			14,066	14,712
Rent A	001	6,877	12,918		
Auto Ins.	005	507	957	977	942

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

**1. EQUIPMENT RENTAL EXPENSE DISALLOWANCES**

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 a automobile used for personal use by the Administrator are not related to patient care and were disallowed.

**Regulations: 10 NYCRR Section 86-2.17(a), PRM-1 Section 2102.3**

b) Reported cable television charges for patient rooms are not includable in allowable costs. Consequently, disallowances were necessary.

**Regulation: PRM-1 Section 2106.1**

**2. AUTO INSURANCE EXPENSE DISALLOWANCES**

Facilities 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 automobile use and insurance charges. Consequently, disallowances were necessary.

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

**OCEANSIDE CARE CENTER**  
**RATE PERIODS JANUARY 1, 2005 THROUGH DECEMBER 31, 2008**  
**PROPERTY EXPENSE DISALLOWANCES/(ALLOWANCES)**

	COST CENTER	DESCRIPTION	RATE PERIODS		
			2005	2006	2007
<b>3. RETURN ON EQUITY DISALLOWANCE</b>					
The return on equity was included in both the return on equity (Line 5) and the residual reimbursement (Line 52) calculation in the rate computation process. Therefore, a disallowance was necessary to avoid duplicate reimbursement.	003	Ret. On Eq.			2,660
<b>Regulations: 10 NYCRR Section 86-2.17(a), PRM-1 Section 2102.3</b>					
<b>4. REAL ESTATE TAX EXPENSE RECOVERY</b>					
Expense shall be reduced by the cost of services and activities which are not properly chargeable to patient care. The Facility received a tax refund for real estate tax expense paid for cost years 2005 and 2006. Consequently, the real estate tax refund was offset against real estate taxes	006	Real Est. Tax		17,984	9,915
<b>Regulations: 10 NYCRR Section 86-2.18, PRM-1 Section 810.1</b>					
<b>5. SALES TAX EXPENSE DISALLOWANCE</b>					
Facilities 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 sales tax varied from the sales tax expense allowed in the rate resulting in a disallowance.	005	Sales Tax	771		
<b>Regulations: 10 NYCRR Section 86-2.17(a), PRM-1 Sections 2102.3, 2300 and 2304</b>					
<b>Total Disallowances/(Allowances)</b>			\$ 10,106	\$ 15,599	\$ 30,272
<b>TOTAL AUDITED PROPERTY EXPENSE</b>			\$ 283,556	\$ 294,478	\$ 490,717