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

December 21, 2012

[redacted]
Schuyler Ridge RHCF
1 Abele Drive
Clifton Park, New York 12065

Re: Medicaid Rate Audit #10-1609
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 Schuyler Ridge RHCF'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 November 11, 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 $71,541. 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:

New York State Department of Health
Medicaid Financial Management
GNARESP Corning Tower, Room 2739
File #10-1609
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 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

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 of 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 at or through email at . Please refer to audit number 10-1609 in all correspondence.

Sincerely,

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 #
RETURN RECEIPT REQUESTED

NEW YORK STATE
OFFICE OF THE MEDICAID INSPECTOR GENERAL
REMITTANCE ADVICE

NAME AND ADDRESS OF AUDITEE

Schuyler Ridge RHCF
1 Abele Drive
Clifton Park, New York 12065

AMOUNT DUE: $71,541

NPI [redacted]
PROVIDER [redacted]

AUDIT #10-1609

AUDIT TYPE	
	[ ] PROVIDER
	[X] RATE
	[ ] PART B
	[ ] 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 #10-1609
Albany, New York 12237-0048

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

CORRECT PROVIDER NUMBER

EXHIBIT I

SCHUYLER RIDGE RHCF - AUDIT #10-1609
RATE PERIODS JANUARY 1, 2005 THROUGH DECEMBER 31, 2008
SUMMARY OF PER DIEM IMPACT AND MEDICAID OVERPAYMENT

RATE PERIOD	ISSUED PART B & D NON-ELIGIBLE RATES*	FINAL PART B & D NON-ELIGIBLE RATES	RATE DECREASE (INCREASE)	MEDICAID DAYS	MEDICAID OVERPAYMENT
01/01/05 - 02/28/05	$186.09	$185.02	$1.07	3,598	$ 3,850
03/01/05 - 05/31/05	187.16	186.09	1.07	5,312	5,684
06/01/05 - 06/30/05	191.71	190.64	1.07	1,775	1,899
07/01/05 - 08/31/05	191.71	190.64	1.07	3,894	4,167
09/01/05 - 11/30/05	184.44	183.37	1.07	6,085	6,511
12/01/05 - 12/31/05	185.68	184.61	1.07	2,025	2,167
01/01/06 - 02/28/06	192.64	191.96	0.68	4,154	2,825
03/01/06 - 03/31/06	185.02	184.34	0.68	2,146	1,459
04/01/06 - 05/31/06	184.63	183.64	0.99	4,191	4,149
06/01/06 - 08/31/06	186.31	185.32	0.99	6,520	6,455
09/01/06 - 11/30/06	189.48	188.49	0.99	6,822	6,754
12/01/06 - 12/31/06	192.25	191.26	0.99	2,372	2,348
01/01/07 - 03/31/07	189.85	188.87	0.98	6,696	6,562
04/01/07 - 06/30/07	188.87	187.89	0.98	6,242	6,117
07/01/07 - 08/31/07	187.44	186.46	0.98	4,330	4,243
09/01/07 - 12/31/07	187.44	186.46	0.98	8,272	8,107
01/01/08 - 03/31/08	185.09	185.17	(0.08)	5,527	(442)
04/01/08 - 06/30/08	181.17	181.25	(0.08)	5,230	(418)
07/01/08 - 12/31/08	185.17	185.25	(0.08)	11,205	(896)
TOTAL MEDICAID OVERPAYMENT					**$ 71,541**

* 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.

SCHUYLER RIDGE RHCF - AUDIT #10-1609
RATE PERIODS JANUARY 1, 2005 THROUGH DECEMBER 31, 2008
SUMMARY OF MEDICAID RATES AUDITED

The Facility's Medicaid utilization was approximately 56 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.

RATE PERIOD	Issued Medicare Part B & D Non-Eligible Rates *
01/01/05 - 02/28/05	$ 186.09
03/01/05 - 05/31/05	187.16
06/01/05 - 06/30/05	191.71
07/01/05 - 08/31/05	191.71
09/01/05 - 11/30/05	184.44
12/01/05 - 12/31/05	185.68
01/01/06 - 02/28/06	192.64
03/01/06 - 03/31/06	185.02
04/01/06 - 05/31/06	184.63
06/01/06 - 08/31/06	186.31
09/01/06 - 11/30/06	189.48
12/01/06 - 12/31/06	192.25
01/01/07 - 03/31/07	189.85
04/01/07 - 06/30/07	188.87
07/01/07 - 08/31/07	187.44
09/01/07 - 12/31/07	187.44
01/01/08 - 03/31/08	185.09
04/01/08 - 06/30/08	181.17
07/01/08 - 12/31/08	185.17

* 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.

SCHUYLER RIDGE RHCF - AUDIT #10-1609
RATE PERIODS JANUARY 1, 2005 THROUGH DECEMBER 31, 2008
PROPERTY EXPENSE DISALLOWANCES/(ALLOWANCES)

	DESCRIPTION	COST CENTER	DISALLOWED (ALLOWED)	TRACE-BACK %	RATE PERIODS 01/1/05-12/31/05	01/01/06-03/31/06	04/01/06-12/31/06	01/01/07-12/31/07	01/01/08-12/31/08
Property Expense Allowed per HE-12B					$ 924,692	$ 919,677	$ 919,677	$ 816,234	$ 561,361
Less Disallowances/(Allowances):									
1. MORTGAGE INTEREST EXPENSE DISALLOWANCES									
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 rate computation process resulting in disallowances. **Regulation: 10 NYCRR Section 86-2.20(a)**	Mort. Int.	003	47,801	95.08%	45,449				
	Mort. Int.	003	27,057	95.19%		25,756	25,756		
	Mort. Int.	003	32,047	95.26%				30,528	
	Mort. Int.	003	61,429	95.21%					58,487
2. EQUIPMENT RENTAL EXPENSE ADJUSTMENTS									
a) Facilities receiving payment on the basis of reimbursable costs must provide adequate cost data based on financial and statistical records that can be verified on audit. In addition, the cost data is required to be current, accurate, and in sufficient detail. Audited equipment rental expense varied from the expenses allowed in the rate computation process resulting in adjustments. **Regulations: 10 NYCRR Sections 86-2.17(a) & 86-2.10(g), PRM-1 Sections 2300 & 2304**	Rent A	051	427	100.00%	427				
	Rent D	051	3,763	100.00%		3,763	3,763		
	Rent C	051	8,030	100.00%				8,030	
	Rent E	051	(6,734)	100.00%					(6,734)
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. Equipment rentals were allowed to the extent adequate support documentation was provided. Consequently, disallowances were necessary. **Regulations: 10 NYCRR Sections 86-2.17(a) & (d), PRM-1 Sections 2300 & 2304**	Rent B	005	2,044	96.08%					1,964
3. WORKING CAPITAL INTEREST EXPENSE DISALLOWANCE									
Effective April 1, 2006 and thereafter, rates shall not contain a payment factor for working capital interest if the RHCF-4 Report utilized to determine such payment factor also shows a positive net income. The Facility had a positive net income for cost year 2004. Consequently, working capital interest expense was disallowed. **Regulation: Public Health Law, Section 2808, Paragraph 22-a**	WCI	005	14,123	96.08%			13,569		

SCHUYLER RIDGE RHCF - AUDIT #10-1609
RATE PERIODS JANUARY 1, 2005 THROUGH DECEMBER 31, 2008
PROPERTY EXPENSE DISALLOWANCES/(ALLOWANCES)

	DESCRIPTION	COST CENTER	DISALLOWED (ALLOWED)	TRACE-BACK %	RATE PERIODS 01/1/05-12/31/05	01/01/06-03/31/06	04/01/06-12/31/06	01/01/07-12/31/07	01/01/08-12/31/08
4. PROPERTY INSURANCE DISALLOWANCES									
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. The Facility did not provide adequate documentation to substantiate reported property insurance expense. Consequently, disallowances were necessary. **Regulations: 10 NYCRR Section 86-2.17(a), PRM-1 Sections 2300 & 2304**	Prop. Ins.	005	3,729	96.39%				3,594	
	Prop. Ins.	005	1,426	96.08%					1,370
5. INCOME OFFSET REVERSAL									
Reported investment income was offset against interest expense in the promulgated rates. However, the offset was in excess of interest expense. Consequently, it was necessary to reduce the offset by the amount that it exceeded interest expense. **Regulation: 10 NYCRR Section 86-2.20(c)(2)**	Inc. Offset	003	(61,429)	95.21%					(58,487)
6. INVESTMENT INCOME OFFSET									
Interest expense shall be reduced by investment income with exception of income earned by funded depreciation accounts and certain other restricted funds. The OMIG determined that reported unrestricted investment income was not appropriately offset against interest expense in the promulgated rates. Consequently, the unrestricted investment income was offset against interest expense in the proper cost center. **Regulations: 10 NYCRR Sections 86-2.17(a) & 86-2.20(c), PRM-1 Section 202.2**	Inc. Offset	003	14,123	95.19%			13,444		
	Inc. Offset	005	(14,123)	96.08%			(13,569)		
Total Disallowances/(Allowances)					$ 45,876	$ 29,519	$ 42,963	$ 42,152	$ (3,400)
TOTAL AUDITED PROPERTY EXPENSE					**$ 878,816**	**$ 890,158**	**$ 876,714**	**$ 774,082**	**$ 564,761**