



STATE OF NEW YORK
OFFICE OF THE MEDICAID INSPECTOR GENERAL
800 North Pearl Street
Albany, New York 12204

ANDREW M. CUOMO
GOVERNOR

JAMES G. SHEEHAN
MEDICAID INSPECTOR GENERAL

February 10, 2011

Ms. Maria Motsavage, President/CEO
Ideal Senior Living Center
601 High Avenue
Endicott, New York 13760

Re: Medicaid Rate Audit #09-1792
NPI Number: [REDACTED]
Provider Number: [REDACTED]

Dear Ms. Motsavage:

Enclosed is the final audit report of the Office of the Medicaid Inspector General's (the "OMIG") audit of Ideal Senior Living Center (the "Facility") Medicaid rates for the rate period January 1, 2005 through December 31, 2007. 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 October 28, 2010, the findings in the final audit report remain identical to 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 \$20,222. 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:

Mr. Donald Collins
New York State Department of Health
Medicaid Financial Management
GNARESP Corning Tower, Room 1237
File #09-1792
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
Phone #: (518) 474-5878
Fax#: (518) 408-0593

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 Charlene D. Fleszar, Esq. of the Office of Counsel at (518) 408-5811.

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 Ms. Christine Crouch at (518) 473-8681.

Sincerely,



Paul E. Barry
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 - Property Expense Disallowances/(Allowances)

**CERTIFIED MAIL #7001-0320-0005-1709-1590
RETURN RECEIPT REQUESTED**

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

NAME AND ADDRESS OF AUDITEE

IDEAL SENIOR LIVING CENTER
601 HIGH AVENUE
ENDICOTT, NEW YORK 13760

NPI #: [REDACTED]

PROVIDER #: [REDACTED]

AUDIT #09-1792

AMOUNT DUE: \$20,222

AUDIT	<input type="checkbox"/>	PROVIDER
TYPE	<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:

Mr. Donald Collins
New York State Department of Health
Medicaid Financial Management
GNARESP Corning Tower, Room 1237
File #09-1792
Albany, New York 12237-0048

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

CORRECT PROVIDER NUMBER

IDEAL SENIOR LIVING CENTER

RATE PERIODS JANUARY 1, 2005 THROUGH DECEMBER 31, 2007

SUMMARY OF PER DIEM IMPACT AND MEDICAID OVERPAYMENT

<u>RATE PERIOD</u>	<u>ISSUED RATES*</u>		<u>FINAL RATES</u>		<u>RATE DECREASE (INCREASE)</u>	<u>MEDICAID DAYS</u>	<u>MEDICAID OVERPAYMENT</u>
	<u>Medicare Part B</u>		<u>Medicare Part B</u>				
	<u>Non-Elig.</u>	<u>Eligible</u>	<u>Non-Elig.</u>	<u>Eligible</u>			
01/01/05 - 02/28/05	\$155.06	\$154.37	\$154.89	\$154.20	\$0.17	6,555	\$ 1,114
03/01/05 - 05/31/05	154.90	154.21	154.73	154.04	0.17	10,063	1,711
06/01/05 - 06/30/05	154.88	154.19	154.71	154.02	0.17	3,279	557
07/01/05 - 08/31/05	155.57	154.88	155.40	154.71	0.17	6,598	1,122
09/01/05 - 11/30/05	156.95	156.26	156.78	156.09	0.17	9,535	1,621
12/01/05 - 12/31/05	157.54	156.85	157.37	156.68	0.17	3,213	546
01/01/06 - 02/28/06	163.13	162.42	162.90	162.19	0.23	5,825	1,340
03/01/06 - 03/31/06	163.18	162.47	162.95	162.24	0.23	3,010	692
04/01/06 - 05/31/06	162.86	162.15	162.63	161.92	0.23	5,824	1,340
06/01/06 - 08/31/06	163.05	162.34	162.82	162.11	0.23	9,102	2,093
09/01/06 - 11/30/06	166.35	165.64	166.12	165.41	0.23	8,677	1,996
12/01/06 - 12/31/06	167.05	166.34	166.82	166.11	0.23	3,013	693
01/01/07 - 03/31/07	172.46	171.73	172.31	171.58	0.15	8,853	1,328
04/01/07 - 06/30/07	171.56	170.84	171.41	170.69	0.15	8,932	1,340
07/01/07 - 08/31/07	169.94	169.22	169.79	169.07	0.15	6,232	935
09/01/07 - 12/31/07	169.94	169.22	169.79	169.07	0.15	11,963	<u>1,794</u>
TOTAL MEDICAID OVERPAYMENT							<u>\$ 20,222</u>

* Any differences between these rates and the rates listed in Exhibit II of this report represent rate changes made subsequent to our audit. These changes remain open to future audit by the OMIG.

IDEAL SENIOR LIVING CENTER

RATE PERIODS JANUARY 1, 2005 THROUGH DECEMBER 31, 2007

SUMMARY OF MEDICAID RATES AUDITED

The Facility's Medicaid utilization was approximately 67 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 RATES</u>	
	<u>Medicare Part B</u>	
	<u>Non-Elig.</u>	<u>Eligible</u>
01/01/05 - 02/28/05	\$163.93	\$163.24
03/01/05 - 05/31/05	163.75	163.06
06/01/05 - 06/30/05	163.74	163.05
07/01/05 - 08/31/05	164.43	163.74
09/01/05 - 11/30/05	165.85	165.16
12/01/05 - 12/31/05	166.41	165.72
01/01/06 - 02/28/06	172.40	171.69
03/01/06 - 03/31/06	172.46	171.75
04/01/06 - 05/31/06	172.11	171.40
06/01/06 - 08/31/06	172.33	171.62
09/01/06 - 11/30/06	175.66	174.95
12/01/06 - 12/31/06	176.38	175.67
01/01/07 - 03/31/07	181.98	181.25
04/01/07 - 06/30/07	181.03	180.31
07/01/07 - 08/31/07	179.41	178.69
09/01/07 - 12/31/07	179.41	178.69

IDEAL SENIOR LIVING CENTER
RATE PERIODS JANUARY 1, 2005 THROUGH DECEMBER 31, 2007
PROPERTY EXPENSE DISALLOWANCES/(ALLOWANCES)

	DESCRIPTION	COST CTR.	DISALLOWED (ALLOWED)	TRACE- BACK %	RATE PERIODS		
					2005	2006	2007
Property Expense Allowed per HE-12B					\$ 1,091,584	\$ 1,082,936	\$ 1,042,471
Less Disallowances/(Allowances):							
1. BUILDING DEPRECIATION DISALLOWANCES							
Approved Project Cost (APC) related asset costs were disallowed in prior audit #96-S04-2380. Accordingly, the depreciation expense applicable to these costs was disallowed.	Bldg. Depr.	001	\$5,076	97.57%		4,953	
Regulations: 10 NYCRR Sections 86-2.17(a) & (d), 86-2.19(a) & (b)	Bldg. Depr.	001	5,076	97.55%			4,952
2. MORTGAGE INTEREST EXPENSE DISALLOWANCES							
According to the Bureau of Long Term Care Reimbursement 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 disallowances.	Mort. Int.	003	11,578	97.58%	11,298		
Regulation: 10 NYCRR Section 86-2.20(a)	Mort. Int.	003	13,140	97.57%		12,821	
	Mort. Int.	003	5,402	97.55%			5,270
3. PROPERTY INSURANCE DISALLOWANCE/(ALLOWANCES)							
Audited property insurance expense varied from the expense allowed in the promulgated rates. These expenses were reallocated to their proper periods on audit resulting in disallowances/(allowances).	Prop. Ins.	005	(577)	81.74%	(472)		
Regulations: PRM-1 Section 2102.2 and 2102.3	Prop. Ins.	005	(5,714)	81.24%		(4,642)	
	Prop. Ins.	005	5,509	80.35%			4,426
4. FUNDING OF DEPRECIATION ALLOWANCES							
Reported depreciation was held to reported funding in the rate computation process. Funding of depreciation determined per audit exceeded the amount reported. Consequently, allowances were necessary to reflect the audited depreciation funded.	Bldg. Dep.	001	(2,493)	97.58%	(2,433)		
Regulations: 10 NYCRR Sections 86-2.17(a) and 86-2.19(b)	ME Depr.	002	(691)	72.38%	(500)		
5. EQUIPMENT RENTALS DISALLOWANCES/(ALLOWANCE)							
a) Providers 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. Equipment rental expense determined on audit varied from the expenses allowed in the promulgated rates resulting in disallowances/(allowance).	Rent A	051	1,462	72.38%	1,058		
Regulations: PRM-1 Sections 2300 and 2304	Rent B	005	1,392	72.38%	1,008		
	Rent B	001	(9,900)	97.57%		(9,659)	

IDEAL SENIOR LIVING CENTER
RATE PERIODS JANUARY 1, 2005 THROUGH DECEMBER 31, 2007
PROPERTY EXPENSE DISALLOWANCES/(ALLOWANCES)

	DESCRIPTION	COST CTR.	DISALLOWED (ALLOWED)	TRACE- BACK %	RATE PERIODS		
					2005	2006	2007
5. EQUIPMENT RENTALS DISALLOWANCES/(ALLOWANCE) (CONT.)							
b) Reported equipment rentals were not included in the promulgated rates for 2007. The Facility filed a rate appeal requesting the inclusion of reported equipment rental expense. The OMIG has determined rental expense to be proper. Consequently, an allowance was made to reflect the amounts supported by the Facility's records. This allowance is contingent upon the Facility's written withdrawal of this particular item from its outstanding appeal #729506 filed with the Bureau of Long Term Care Reimbursement.							
Regulations: PRM-1 Sections 2300 and 2304							
	Rent A	005	(16,733)	80.35%			(13,445)
	Rent B	051	(245)	100.00%			(245)
6. MORTGAGE INSURANCE DISALLOWANCE/(ALLOWANCES)							
Mortgage insurance expense was reimbursed on a rate year basis in the promulgated rates. Audited rate year mortgage insurance expense varied from the mortgage insurance allowed in the rate computation process resulting in disallowance/(allowances).							
Regulation: 10 NYCRR Section 86-2.17(a)							
	Mort. Ins.	005	1,502	81.74%	1,228		
	Mort. Ins.	001	(199)	97.57%		(194)	
	Mort. Ins.	001	(170)	97.55%			(166)
7. INTEREST INCOME OFFSET							
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 the Facility had additional unrestricted investment income in excess of the amount offset in the promulgated rate. Consequently, an additional investment income offset was necessary.							
Regulations: 10 NYCRR Section 86-2.20(c), PRM-1 Section 202.2							
	Inv. Income	003	764	97.57%		745	
8. DIRECT ASSIGNMENT DISALLOWANCES/(ALLOWANCES)							
The audit of reported direct assignment expense disclosed necessary reclassifications of certain expenditures to comply with functional reporting. Consequently, disallowances/(allowances) were necessary.							
Regulations: 10 NYCRR Sections 455.5 & 455.35							
	Rent A	005	(1,940)	100.00%	(1,940)		
	Rent B	051	(160)	100.00%	(160)		
	Rent B	005	1,617	100.00%		1,617	
	Mort. Ins.	005	6,943	100.00%		6,943	
	Mort. Ins.	005	7,173	100.00%			7,173
Total Disallowances/(Allowances)					\$ 9,087	\$ 12,584	\$ 7,965
AUDITED PROPERTY EXPENSE					\$ 1,082,497	\$ 1,070,352	\$ 1,034,506