



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

Mr. John Digilio, Administrator
Cedar Lodge Nursing Home
6 Frowein Road
Center Moriches, New York 11934

Re: Medicaid Rate Audit #09-4630
NPI Number: [REDACTED]
Provider Number: [REDACTED]

Dear Mr. Digilio:

Enclosed is the final audit report of the Office of the Medicaid Inspector General's (the "OMIG") audit of Cedar Lodge Nursing Home'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 12, 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 \$31,404. 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 #09-4630
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
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 Mr. Edward Stern at (516) 952-6398.

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)
- EXHIBIT IV - Correction of Patient Days

CERTIFIED MAIL #7009-1680-0000-8810-6288
RETURN RECEIPT REQUESTED

cc: Muriel Corcoran
14 Hawthorne Lane
East Moriches, NY 11940

Joseph Martello
Horan, Martello, Morrone, P.C.
527 Townline Rd.
Hauppauge, NY 11788

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

NAME AND ADDRESS OF AUDITEE

Cedar Lodge Nursing Home
6 Frowein Road
Center Moriches, New York 11934

NPI # [REDACTED]

PROVIDER # [REDACTED]

AUDIT #09-4630

**AUDIT
TYPE**

PROVIDER
 RATE
 PART B
 OTHER:

AMOUNT DUE: \$31,404

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 #09-4630
Albany, New York 12237-0048

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

CORRECT PROVIDER NUMBER

CEDAR LODGE NURSING HOME

RATE PERIODS JANUARY 1, 2005 THROUGH DECEMBER 31, 2008

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 Non-Elig.</u>	<u>Eligible</u>	<u>Medicare Part B Non-Elig.</u>	<u>Eligible</u>			
01/01/05 - 03/31/05	\$170.78	\$170.71	\$170.48	\$170.41	\$0.30	6,627	\$ 1,988
04/01/05 - 06/30/05	170.66	170.59	170.36	170.29	0.30	6,653	1,996
07/01/05 - 09/30/05	176.92	176.85	176.62	176.55	0.30	6,951	2,085
10/01/05 - 12/31/05	176.99	176.92	176.69	176.62	0.30	6,804	2,041
01/01/06 - 03/31/06	185.08	184.98	184.68	184.61	0.37	6,711	2,483
04/01/06 - 06/30/06	178.95	178.88	178.58	178.51	0.37	6,423	2,377
07/01/06 - 09/30/06	180.74	180.67	180.37	180.30	0.37	6,468	2,393
10/01/06 - 12/31/06	182.27	182.20	181.90	181.83	0.37	6,127	2,267
01/01/07 - 03/31/07	191.50	191.43	191.19	191.12	0.31	6,013	1,864
04/01/07 - 06/30/07	190.45	190.38	190.14	190.07	0.31	6,487	2,011
07/01/07 - 08/31/07	189.30	189.23	188.99	188.92	0.31	4,273	1,325
09/01/07 - 10/23/07	189.30	189.23	188.99	188.92	0.31	4,436	1,375
10/24/07 - 12/31/07	214.73	214.66	214.42	214.35	0.31	4,373	1,356
01/01/08 - 03/31/08	220.12	220.05	219.88	220.05	0.24	6,249	1,500
04/01/08 - 06/30/08	216.26	216.19	216.02	216.19	0.24	5,614	1,347
07/01/08 - 12/01/08	220.36	220.29	220.12	220.29	0.24	12,484	2,996
TOTAL MEDICAID OVERPAYMENT							<u>\$ 31,404</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.

CEDAR LODGE NURSING HOME

RATE PERIODS JANUARY 1, 2005 THROUGH DECEMBER 31, 2008

SUMMARY OF MEDICAID RATES AUDITED

The Facility's Medicaid utilization was approximately 69 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 - 03/31/05	\$170.04	\$169.97
04/01/05 - 06/30/05	169.92	169.85
07/01/05 - 09/30/05	176.16	176.09
10/01/05 - 12/31/05	176.23	176.16
01/01/06 - 03/31/06	184.24	184.17
04/01/06 - 06/30/06	178.18	178.11
07/01/06 - 09/30/06	179.96	179.89
10/01/06 - 12/31/06	181.48	181.41
01/01/07 - 03/31/07	190.71	190.64
04/01/07 - 06/30/07	189.66	189.59
07/01/07 - 08/31/07	188.51	188.44
09/01/07 - 10/23/07	188.51	188.44
10/24/07 - 12/31/07	214.73	214.66
01/01/08 - 03/31/08	220.13	220.06
04/01/08 - 06/30/08	216.27	216.20
07/01/08 - 12/31/08	220.36	220.29

CEDAR LODGE NURSING HOME
RATE PERIODS JANUARY 1, 2005 THROUGH DECEMBER 31, 2008
PROPERTY EXPENSE DISALLOWANCES/(ALLOWANCES)

	DESCRIPTION	COST CTR.	RATE PERIODS			
			2005	2006	2007	2008
Property Expense Allowed on HE-12B			\$ 307,159	\$ 311,874	\$ 440,303	\$ 444,437
Less Disallowances/(Allowances):						
1. AUTOMOBILE EXPENSE AND INSURANCE 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 was unable to provide documentation or demonstrate the relationship to patient care for reported automobile expense. Consequently, disallowances were necessary.	Auto Ins.	006	1,672	3,279	2,735	2,552
	ME Depr.	002	7,408	7,408	7,408	3,704
Regulations: PRM-1 Sections 2102.3, 2300 and 2304, 10 NYCRR Section 86-2.17(a)						
2. MOVABLE EQUIPMENT RENTAL DISALLOWANCES						
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.	Rent D	004		1,095		
	Rent A	004				534
Regulations: PRM-1 Sections 2300 and 2304, 10 NYCRR Section 86-2.17(a)						
3. OUT OF STATE SALES TAX DISALLOWANCES						
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. The Facility was unable to provide documentation to support reported out of state sales tax expense. Consequently, disallowances were necessary.	Sales Tax	005	490	848	841	1,280
Regulations: PRM-1 Sections 2300 and 2304, 10 NYCRR Section 86 2.17(a)						
Total Disallowances/(Allowances)			\$ 9,570	\$ 12,630	\$ 10,984	\$ 8,070
AUDITED PROPERTY EXPENSE			\$ 297,589	\$ 299,244	\$ 429,319	\$ 436,367

CEDAR LODGE NURSING HOME**RATE PERIODS JANUARY 1, 2005 THROUGH DECEMBER 31, 2008****CORRECTION OF PATIENT DAYS**

The audit of patient day statistics disclosed that the patient days reported were understated in rate years 2005, 2006 and overstated in 2008. The following adjustments were necessary to include the proper days in the rate calculations.

Regulation: 10 NYCRR Section 86-2.8(c)

	RATE PERIODS		
	<u>2005</u>	<u>2006</u>	<u>2008</u>
Patient Days in Promulgated Rates	35,364	35,586	34,542
Patient Days per Audit	35,457	35,668	34,540
Understated (Overstated) Patient Days	93	82	(2)