



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

February 28, 2013

[REDACTED]
A Holly Patterson Extended Care Facility
875 Jerusalem Ave
Uniondale, New York 11553-3038

Re: Notice of Agency Action and
Final Audit Report #10-8386
NPI Number: [REDACTED]
Provider Number: [REDACTED]

Dear [REDACTED]:

This is the notice of agency action and final audit report covering the Office of the Medicaid Inspector General's (the "OMIG") audit of A Holly Patterson Extended Care Facility's (the "Facility") ancillary services for the rate period January 1, 2007 through March 31, 2009. In accordance with 18 NYCRR 515.6 and 517.6, this report represents the OMIG final determination on issues raised in the notice of proposed agency action and draft audit report.

In response to the OMIG notice of proposed agency action and draft audit report dated January 10, 2011, you identified specific audit findings with which you disagreed. Your comments have been considered (see Attachment A) and the report has been either revised accordingly and/or amended to address your comments (see Attachment B). Consideration of your comments resulted in a reduction of \$14,081 to the Medicaid overpayment. Based on the enclosed audited rates calculated by the Bureau of Long Term Care Reimbursement, the Medicaid overpayment currently due is \$587,466, as shown on Exhibit I. 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 audit findings are detailed in the attached exhibits. The exhibits list base year ancillary services that are no longer performed by the Facility yet are reimbursed in your Medicaid nursing home rate. Changes of this nature must be reported in accordance with 10 NYCRR 86-2.27. The failure to make such a report violates 18 NYCRR 515.2(a)(1); (b)(1)(i)(a); (b)(2)(i); (b)(3) and 540.7(a)(8).

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 notice of agency action and 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 #10-8386
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 notice of agency action and 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 notice of agency action and 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 notice of proposed agency action and 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.

Should you have any questions, please contact [REDACTED] at [REDACTED] or through email at [REDACTED]. Please refer to audit number 10-8386 in all correspondence.

Sincerely,

[REDACTED]

Bureau of Rate Audit
Division of Medicaid Audit
Office of the Medicaid Inspector General

Attachments

Attachment A – Facility Draft Report Comments and OMIG Response
Attachment B – Summary of Changes from Draft Report to Final Report
EXHIBIT I - Summary of Per Diem Impact and Medicaid Overpayment
EXHIBIT II - Summary of Terminated Services Disallowances

CERTIFIED MAIL # [REDACTED]
RETURN RECEIPT REQUESTED

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

NAME AND ADDRESS OF AUDITEE

A Holly Patterson Extended
Care Facility
875 Jerusalem Ave
Uniondale, New York 11553-3038

NPI # [REDACTED]
PROVIDER # [REDACTED]

AUDIT #10-8386

AUDIT
TYPE

PROVIDER
 RATE
 PART B
 ANCILLARY

AMOUNT DUE: \$587,466

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 #10-8386
Albany, New York 12237-0048

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

[REDACTED]

CORRECT PROVIDER NUMBER

**A HOLLY PATTERSON EXTENDED CARE FACILITY - AUDIT #10-8386
FACILITY DRAFT REPORT COMMENTS AND OMIG RESPONSE**

All OMIG adjustments were accepted by the Facility except for those shown below. The following details the disposition of final report adjustments after consideration of the Facility's draft report response comments. See Attachment B for adjustment changes for final report.

EXHIBIT II COMMENTS

Facility Comment

This audit represents a roll forward of a previous audit period which indicated the facility discontinued radiology and psychiatric services while continuing to be reimbursed for them from January 1, 2005 through December 31, 2006. As explained in our response of November 14, 2008 regarding this audit period, the services were never discontinued and we felt the matter was an accounting/reporting issue rather than a matter of discontinued services.

Nevertheless, we were informed by your Office that the services were considered discontinued and we could only be reimbursed for them, if we requested to have them regarded as added services detrended from 1983 and our request was approved. Consequently, our November 14, 2008 correspondence requested that the Office of the Medicaid Inspector General regard them as added services.

The final audit report issued by your Office on September 25, 2009 for the January 1, 2005 – December 31, 2006 period, granted our request to have the services added. The amount expended on the detrended psychiatric services that were added was greater than the amount we were reimbursed based on the psychiatric services trended forward from 1983. Consequently, your Office concluded no funds for psychiatric services should be recovered for the January 1, 2005 through December 31, 2006 audit period. However, the costs of the detrended radiology services that were added were less than the costs of the radiology services trended forward from 1983 for which we were reimbursed. As a result, your Office reversed the difference between these two amounts for radiology services for the period.

In view of the above, we believe that no funds for psychiatric services should be recovered for the January 1, 2007 – March 31, 2009 period. Moreover, we feel the facility was under-reimbursed for psychiatric services during this period since the value of the added detrended services was greater than the amount of the psychiatric services trended forward from 1983 for which we were reimbursed. Therefore, we request to be reimbursed this additional amount.

Regarding the radiology services, we acknowledge the difference between the amount we were reimbursed for radiology services for this audit period based on the 1983 costs trended forward and the amount we should have been reimbursed based on the detrended radiology services being added should be recovered.

OMIG Response

In conformance with previous audits and the request of the Facility, rate year costs detrended to base year 1983 are allowed.

Disposition: The Facility's request for the allowance of detrended rate year costs is accepted; the disallowances were revised as shown on Attachment B.

A HOLLY PATTERSON EXTENDED CARE FACILITY - AUDIT #10-8386
SUMMARY OF CHANGES FROM DRAFT REPORT TO FINAL REPORT

	<u>RATE PERIOD</u>	<u>DRAFT DISALLOWANCE</u>	<u>CHANGE</u>	<u>FINAL DISALLOWANCE</u>
RADIOLOGY DISALLOWANCE	01/01/07-03/31/07	\$134,292	\$873	\$133,419
	04/01/07-12/31/07	134,292	879	133,413
	01/01/08-03/31/08	134,292	650	133,642
	04/01/08-12/31/08	134,292	656	133,636
	01/01/09-03/31/09	134,292	636	133,656
PSYCHIATRIC DISALLOWANCE	01/01/07-03/31/07	71,102	6,058	65,044
	04/01/07-12/31/07	71,102	6,095	65,007
	01/01/08-03/31/08	71,102	9,079	62,023
	04/01/08-12/31/08	71,102	9,150	61,952
	01/01/09-03/31/09	71,102	8,884	62,218

A HOLLY PATTERSON EXTENDED CARE FACILITY - AUDIT #10-8386
RATE PERIODS JANUARY 1, 2007 THROUGH MARCH 31, 2009
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>Medicare Part B Eligible</u>	<u>Medicare Part B Non-Elig.</u>	<u>Medicare Part B Eligible</u>			
01/01/07-03/31/07	\$ 248.51	\$ 244.59	\$ 247.06	\$ 243.14	\$1.45	43,490	\$ 63,061
04/01/07-11/30/07	247.05	243.16	245.61	241.72	1.44	120,691	173,795
12/01/07-12/31/07	252.02	248.13	250.58	246.69	1.44	15,619	22,491
01/01/08-03/31/08	266.01	262.03	264.56	260.58	1.45	45,843	66,472
04/01/08-05/31/08	264.04	260.09	262.61	258.66	1.43	30,501	43,616
06/01/08-06/30/08	269.36	265.41	267.93	263.98	1.43	15,052	21,524
07/01/08-11/30/08	269.36	265.41	267.93	263.98	1.43	75,563	108,055
12/01/08-12/31/08	268.94	264.99	267.51	263.56	1.43	15,616	22,331
01/01/09-03/31/09	281.46	277.43	279.99	275.96	1.47	44,980	66,121
TOTAL MEDICAID OVERPAYMENT							<u>\$ 587,466</u>

A HOLLY PATTERSON EXTENDED CARE FACILITY - AUDIT #10-8386
RATE YEARS JANUARY 1, 2007 THROUGH MARCH 31, 2009
SUMMARY OF TERMINATED SERVICES DISALLOWANCES

	Radiology				Psychiatric			
	01/01/07	04/01/07	01/01/08	04/01/08	01/01/07	04/01/07	01/01/08	04/01/08
1983 Reported Costs	\$ 134,292	\$ 134,292	\$ 134,292	\$ 134,292	\$ 71,102	\$ 71,102	\$ 71,102	\$ 71,102
Less Detrended Rate Year Costs:								
Reported Rate Year Costs	\$ 2,030	\$ 2,030	\$ 1,534	\$ 1,534	\$ 14,082	\$ 14,082	\$ 21,413	\$ 21,413
Trend Factor (per HE-12B)	<u>2.3245</u>	<u>2.3105</u>	<u>2.3586</u>	<u>2.3402</u>	<u>2.3245</u>	<u>2.3105</u>	<u>2.3586</u>	<u>2.3402</u>
Net Detrended Costs	\$ 873	\$ 879	\$ 650	\$ 656	\$ 6,058	\$ 6,095	\$ 9,079	\$ 9,150
Total Adjustment	\$ 133,419	\$ 133,413	\$ 133,642	\$ 133,636	\$ 65,044	\$ 65,007	\$ 62,023	\$ 61,952
Traceback % (HE-12B)	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Total Expense Eliminated from Rate	\$ 133,419	\$ 133,413	\$ 133,642	\$ 133,636	\$ 65,044	\$ 65,007	\$ 62,023	\$ 61,952