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

July 2, 2012

[redacted]
Belair Care Center
2478 Jerusalem Avenue
North Bellmore, New York 11710-1827

Re: Medicaid Rate Audit #10-1356
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 Belair 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.

In response to the draft audit report dated September 1, 2011 and revised draft audit report dated May 10, 2012, you identified specific audit findings with which you disagreed. Your comments have been considered (see Attachment A) and the consideration of your comments resulted in no reduction to the total Medicaid overpayment shown in the draft audit report. Your response also identified an issue concerning patient days used in the calculation of the rates, which was not raised in the draft audit report. In accordance with 18 NYCRR Section 517.5, objections may be raised only to the specific items contained in the draft audit report. Consequently, this issue was not considered. 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 $502,688. 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 June 16, 1996 through June 30, 1997 base period for operating expense. Any overpayment resulting from operating expense disallowances in the June 16, 1996 through June 30, 1997 base period report for rates subsequent to 2004 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:

New York State Department of Health
Medicaid Financial Management
GNARESP Corning Tower, Room 2266
File #10-1356
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.

If you have any questions regarding the above, please contact at

Sincerely,

Coordinator Medical Facilities Audit
Division of Medicaid Audit
Bureau of Rate Audit
Office of the Medicaid Inspector General

Attachments:

ATTACHMENT A – Facility Draft Report Comments and OMIG Response
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)
EXHIBIT V - Return On and Return Of Real Property Equity Disallowances/(Allowances)
EXHIBIT VI - Return On Average Equity Disallowances/(Allowances)

CERTIFIED MAIL #
RETURN RECEIPT REQUESTED
Ver-16.0

NEW YORK STATE
OFFICE OF THE MEDICAID INSPECTOR GENERAL
REMITTANCE ADVICE

NAME AND ADDRESS OF AUDITEE

BELAIR CARE CENTER
2478 JERUSALEM AVENUE
NORTH BELLMORE, NY 11710

AMOUNT DUE: $502,688

NPI # [redacted]
PROVIDER # [redacted]

AUDIT #10-1356

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 2266
File #10-1356
Albany, New York 12237-0048

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

CORRECT PROVIDER NUMBER

BELAIR CARE CENTER - AUDIT #10-1356
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 audit report adjustments after consideration of the Facility's draft audit report response comments.

EXHIBIT IV COMMENTS

Adjustment #1 – Property Insurance Expense Disallowance

Facility Comment

Regarding Adjustments 1, 5, 6 and 10, we recognize the disallowances, however we are requesting that the amounts disallowed be added to the facility's historical cost as these costs are part of the approved Certificate of Need for the new construction at our facility.

OMIG Response

Facility is arguing that the expense for the buildings that were purchased in order to enable the construction of a new nursing home building should be added to historical cost. All costs associated with the construction of the new nursing building are considered start up costs and part of the approved project cost (APC). This cost will start to be reimbursed when the first patients occupy the new building. According to the APC this is May 4, 2010.

Disposition: The audit report adjustment remains the same.

Adjustment #3 –Sales Tax Disallowances

Facility Comment

Regarding Adjustment #3, enclosed please find supporting documentation for a sales tax audit which we had already previously supplied. We are requesting that the portion of the disallowance regarding this audit be reinstated.

OMIG Response

For the cost year 2005 the Facility argues that the $10,973 in sales tax that was not supported by current years invoices was due to a NYS Sales Tax Audit of the tax years 2/28/99 -2/28/02. Accrual accounting rules require that this expense be claimed in the year it was incurred. In addition, in the years covered by the Audit sales tax was reimbursed as part of Operating Expense and not as a Property Expense.

Disposition: The audit report disallowance remains the same.

Adjustment #5 – Return On and Of Equity Expense Disallowances

See the explanation for Adjustment #1.

Disposition: The audit report disallowance remains the same.

Adjustment #6 – Average Equity Disallowances

See the explanation for Adjustment #1.

Disposition: The audit report disallowance remains the same.

Adjustment #10 – Real estate Tax Disallowance

See the explanation for Adjustment #1.

Disposition: The audit report disallowance remains the same.

New York Supreme Court Decision

Facility Comment

In accordance with the decision of the New York Supreme Court, Appellate Division, First Department, dated May 15, 2012, in the case of Kateri Residence, etc., against Antonia C. Novello M.D., etc., this facility requests that for all years under audit, all the per diem Medicaid rates be recalculated utilizing total patient days less reserved bed patient days.

OMIG Response

In accordance with 18 NYCRR Section 517.5, objections may be raised only to the specific items contained in the draft audit report. Consequently, this issue was not considered. Furthermore, OMIG defers to DOH regarding any implementation of the Kateri decision.

Disposition: The audit report remains the same.

EXHIBIT I

BELAIR CARE CENTER
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 - 01/31/05	$231.55	$227.23	$4.32	2,032	$ 8,778
02/01/05 - 04/30/05	236.61	232.29	4.32	5,415	23,393
05/01/05 - 06/30/05	234.73	230.42	4.31	4,091	17,632
07/01/05 - 07/31/05	234.73	230.42	4.31	2,139	9,219
08/01/05 - 10/31/05	235.67	231.35	4.32	6,208	26,819
11/01/05 - 12/31/05	233.65	229.33	4.32	4,097	17,699
01/01/06 - 01/31/06	242.70	240.26	2.44	1,967	4,799
02/01/06 - 03/31/06	246.30	243.86	2.44	3,833	9,353
04/01/06 - 04/30/06	245.73	243.29	2.44	1,878	4,582
05/01/06 - 07/31/06	241.82	239.38	2.44	5,424	13,235
08/01/06 - 10/31/06	243.03	240.59	2.44	6,040	14,738
11/01/06 - 12/31/06	241.90	239.46	2.44	4,009	9,782
01/01/07 - 03/31/07	254.34	247.38	6.96	5,859	40,779
04/01/07 - 06/30/07	252.94	245.98	6.96	6,258	43,556
07/01/07 - 08/31/07	250.91	243.95	6.96	4,285	29,824
09/01/07 - 12/31/07	250.91	243.95	6.96	8,439	58,735
01/01/08 - 03/31/08	254.33	247.67	6.66	5,710	38,029
04/01/08 - 06/30/08	249.49	242.84	6.65	5,833	38,789
07/01/08 - 12/31/08	254.30	247.66	6.64	13,998	92,947
TOTAL MEDICAID OVERPAYMENT					**$ 502,688**

* 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.

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

The Facility's Medicaid utilization was approximately 71 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 - 01/31/05	$ 231.55
02/01/05 - 04/30/05	236.61
05/01/05 - 06/30/05	234.73
07/01/05 - 07/31/05	234.73
08/01/05 - 10/31/05	235.67
11/01/05 - 12/31/05	233.65
01/01/06 - 01/31/06	242.70
02/01/06 - 03/31/06	246.30
04/01/06 - 04/30/06	245.73
05/01/06 - 07/31/06	241.82
08/01/06 - 10/31/06	243.03
11/01/06 - 12/31/06	241.90
01/01/07 - 03/31/07	254.34
04/01/07 - 06/30/07	252.94
07/01/07 - 08/31/07	250.91
09/01/07 - 12/31/07	250.91
01/01/08 - 03/31/08	254.33
04/01/08 - 06/30/08	249.49
07/01/08 - 12/31/08	254.30

*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.

EXHIBIT III

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

	DESCRIPTION	COST CENTER	OPERATING EXPENSE COMPONENT DIRECT	INDIRECT	NON-COMP.
Operating Expense Allowed per HE-12B			$3,770,474	$1,831,312	$225,368
Less Disallowances/(Allowances):					
ELIMINATION OF SALES TAX EXPENSE					
Beginning with the 2004 rates, the Facility reported and was reimbursed for all sales tax expense in the property portion of the rate. Prior to 2004, the sales tax expense associated with operating expense was included in the appropriate operating expense category and reimbursed in the operating per diem. By reporting all sales tax in property, the Facility is being reimbursed for sales tax in both the operating and property per diems. In order to eliminate the duplication, sales tax expense was excluded from the base period (06/16/1996-06/30/1997) operating expense for the 2005 through 2008 rates.	Activities	014	1,174		
	Social Service	021	332		
	PT	039	1,135		
	OT	040	642		
	Central Supply	043	11,119		
	Fiscal	004		5,107	
	Plant	006		9,939	
	Laundry	009		10	
	Housekeeping	010		2,362	
	Medical Records	019		1,569	
Regulations: 10 NYCRR Part 86-2.17(a) & (d)	Food	011		415	
	Security	008		94	
	Speech	041			224
Total Disallowances/(Allowances)			$ 14,402	$ 19,496	$ 224
AUDITED OPERATING EXPENSE BY COMPONENT			$ 3,756,072	$ 1,811,816	$ 225,144

BELAIR CARE CENTER

RATE PERIODS JANUARY 1, 2005 THROUGH DECEMBER 31, 2008

PROPERTY EXPENSE DISALLOWANCES/(ALLOWANCES)

	DESCRIPTION	COST CTR.	DISALLOWED (ALLOWED)	TRACE BACK %	RATE PERIODS 2005	2006	2007	2008
Property Expense Allowed per HE-12B					$ 324,119	$ 281,235	$ 596,203	$ 559,847
Less Disallowances/(Allowances):								
1. PROPERTY INSURANCE EXPENSE DISALLOWANCES								
Costs not related to patient care are costs that are not appropriate or necessary and proper in developing and maintaining the operation of patient care facilities and activities. Only costs properly chargeable to necessary patient care are allowable. Property insurance pertaining to non-patient care programs should not have been included in determining the Facility's rate since they cannot be attributed to patient care at the Facility. **Regulations: 10 NYCRR Section 86-2.17(a), PRM-1 Section 2102.3**	Property Ins.	005	$9,172	100.00%			9,172	
	Property Ins.	005	9,147	100.00%				9,147
2. AUTO 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 auto lease expense. Consequently, disallowances of auto insurance were necessary. **Regulations: PRM-1 Sections 2102.3 & 2300, 10 NYCRR Section 86-2.17(a)**	Auto Ins.	006	2,862	100.00%	2,862			
	Auto Ins.	006	6,311	100.00%		6,311		
	Auto Ins.	006	4,938	100.00%			4,938	
	Auto Ins.	006	4,963	100.00%				4,963
3. SALES TAX DISALLOWANCES								
(a) Certain products and services associated with energy sources provided to long-term care facilities are exempt from New York State sales tax if the facilities are considered to be residential. The reduced sales tax rate of zero percent applies to energy sources and services purchased for use at any long-term care facility which falls within the definition of a health related facility or nursing home as defined by public health law. Tax for which there is an exemption available is not allowable for reimbursement purposes. Consequently, disallowances were necessary. **Regulations: TSB-A-90(60)S, Sales and Use-Rate of Tax-Residential Energy Sources-Long Term Treatment Facilities & PRM-1 Section 2122.2D**	Sales Tax	005	4,229	99.99%	4,229			
	Sales Tax	005	7,346	100.00%		7,346		
(b) Facilities are required to provide adequate cost data that can be verified. Audited purchased service sales tax was less than the amount allowed in the promulgated rates. The unsubstantiated amounts were disallowed. **Regulations: PRM-1 Section 2300 & 2304**	Sales Tax	005	17,670	99.99%	17,668			
	Sales Tax	005	1,058	100.00%		1,058		
	Sales Tax	005	17,666	100.00%			17,666	
	Sales Tax	005	2,181	100.00%				2,181

BELAIR CARE CENTER

RATE PERIODS JANUARY 1, 2005 THROUGH DECEMBER 31, 2008

PROPERTY EXPENSE DISALLOWANCES/(ALLOWANCES)

	DESCRIPTION	COST CTR.	DISALLOWED (ALLOWED)	TRACE BACK %	RATE PERIODS 2005	2006	2007	2008
4. EQUIPMENT RENTAL EXPENSE ADJUSTMENTS								
a) Costs not related to patient care are costs that are not appropriate or necessary and proper in developing and maintaining the operation of patient care facilities and activities. Only costs properly chargeable to necessary patient care are allowable. Reported rental expense included lease payments on vehicles for the Facility's personnel that were used for personal purposes. Personal motor vehicles expense is not related to patient care of the nursing facility and should not be included in the nursing home rate computation. Therefore, the vehicle lease payments were disallowed. **Regulations: 10 NYCRR Section 86-2.17(a), PRM-1 Section 2102.3**	Rent A	006	6,034	100.00%	6,034			
	Rent A	006	4,312	100.00%		4,312		
	Rent D	006	4,230	100.00%			4,230	
	Rent D	006	59	100.00%				59
(b) 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 adjustments. **Regulations: PRM-1 Sections 2300 & 2304**	Rent E	004	1,246	99.99%	1,246			
	Rent H	003	1,607	100.00%	1,607			
	Rent I	004	1,134	99.99%	1,134			
	Rent C	005	703	100.00%			703	
	Rent B	004	205	100.00%		(175)	539	707
	Rent C	005	632	100.00%				632
	Rent E	043	365	100.00%				365
5. RETURN ON AND OF EQUITY EXPENSE DISALLOWANCES								
Proprietary residential health care facilities receive rate year mortgage interest, rate year mortgage principal debt amortization payments, a return on real property equity, and, in certain circumstances, a return of equity in lieu of all cost year real property expenses. Audited real property historical costs were overstated in the return on and of equity calculations. Consequently, disallowances were necessary. (Refer to Exhibit V) **Regulation: 10 NYCRR Section 86-2.21**	Ret. On Eq.	001	1,871	100.00%		1,871		
	Ret. On Eq.	001	42,460	100.00%			42,460	
	Ret. On Eq.	001	39,867	100.00%				39,867
	Ret. Of Eq.	001	4,424	100.00%		4,424		
	Ret. Of Eq.	001	101,943	100.00%			101,943	
	Ret. Of Eq.	001	113,582	100.00%				113,582
6. AVERAGE EQUITY DISALLOWANCES								
Based on the average equity regulation below, a proprietary residential health care facility is entitled to a reasonable return on average equity for equity associated with necessary and proper patient care activities. Audit adjustments to net investments as the result of capital additions resulted in disallowances to the return on average equity. (Refer to Exhibit VI) **Regulation: 10 NYCRR Section 86-2.28**	Aver. Equity	003	21,250	100.00%	21,250			
	Aver. Equity	003	34,855	100.00%		34,855		
7. MORTGAGE EXPENSE AMORTIZATION ADJUSTMENT								
Allowable mortgage expense amortization for rate year 2005 was held to 85% on audit in accordance with the overmortgaging percentage determined by the Bureau of Long Term Care Reimbursement (BLTCR). Consequently, a disallowance was necessary. **Regulation: 10 NYCRR Section 86-2.19(2)(i)**	Mort. Exp. Amort	005	1,220	100.00%	1,220			

BELAIR CARE CENTER

RATE PERIODS JANUARY 1, 2005 THROUGH DECEMBER 31, 2008

PROPERTY EXPENSE DISALLOWANCES/(ALLOWANCES)

	DESCRIPTION	COST CTR.	DISALLOWED (ALLOWED)	TRACE BACK %	RATE PERIODS 2005	2006	2007	2008
8. MORTGAGE INTEREST ADJUSTMENT According to BLTCR capital cost methodology, mortgage interest expense is reimbursed on a rate year basis. The Facility refinanced the mortgage during 2001. Audited rate year interest expense was less than the amount allowed in the promulgated rate resulting in a disallowance. **Regulation: 10 NYCRR Section 86-2.20**	Mort. Interest	003	13,892	100.00%	13,892			
9. MORTGAGE AMORTIZATION ADJUSTMENT The Facility refinanced the mortgage in 2001. Amortization reported on the cost report was based upon the original mortgage. Audited amortization based upon the refinanced mortgage was less than the amortization allowed in the promulgated rate resulting in a disallowance. **Regulation: 10 NYCRR Section 86-2.21**	Mort. Amort.	001	49,942	100.00%	49,942			
10. REAL ESTATE TAX DISALLOWANCE Costs not related to patient care are costs that are not appropriate or necessary and proper in developing and maintaining the operation of patient care facilities and activities. Only costs properly chargeable to necessary patient care are allowable. Real estate taxes pertaining to non-patient care programs should not have been included in determining the Facility's rate since they are not related to patient care at the Facility. **Regulations: 10 NYCRR Section 86-2.17(a), PRM-1 Section 2102.3**	RE Tax	006	32,086	100.00%			32,086	
	RE Tax	006	35,018	100.00%				35,018
11. WORKING CAPITAL INTEREST EXPENSE DISALLOWANCE Allowable costs shall not include any interest charged related to a rate determination or penalty imposed by governmental agencies. Consequently, a disallowance was necessary. **Regulation: 10 NYCRR Section 86-2.17(g)**	WCI Expense	005	3,277	99.99%	3,277			
12. INVESTMENT INCOME OFFSET REALLOCATION Reported investment income was appropriately offset against interest expense in the original rate computation. However, Adjustment #11 disallowed a portion of the interest expense. Consequently, it was necessary to reallocate the offset of investment income imposed in the rate computation. **Regulation: 10 NYCRR Section 86.2.20(c)**	Invest. Income	003	3,277	100.00%	3,277			
	WCI Income	005	(3,277)	99.99%	(3,277)			
Total Disallowances/(Allowances)					$ 124,361	$ 60,002	$ 213,737	$ 206,521
AUDITED PROPERTY EXPENSE					$ 199,758	$ 221,233	$ 382,466	$ 353,326

EXHIBIT V

BELAIR CARE CENTER
RATE PERIODS JANUARY 1, 2006 THROUGH DECEMBER 31, 2008
RETURN ON AND RETURN OF REAL PROPERTY EQUITY DISALLOWANCES/(ALLOWANCES)

	RATE PERIODS		
Return of Equity Calculation	**2006**	**2007**	**2008**
Real Property Historical Cost per HE-12B	$ 1,487,284	$ 2,417,003	$ 2,518,674
Audit Disallowances to Historical Costs	44,240	921,435	1,014,547
Audited Historical Cost	$ 1,443,044	$ 1,495,568	$ 1,504,127
Less: Accumulated Reimbursement	603,391	687,356	777,157
Audited Net Equity	$ 839,653	$ 808,212	$ 726,970
Remaining Useful Life	10	9	8
Audited Return of Equity	$ 83,965	$ 89,801	$ 90,871
Promulgated Return of Equity	88,389	191,744	204,453
Disallowances/(Allowances)	$ 4,424	$ 101,943	$ 113,582
Return on Equity Calculation			
Audited Net Equity	$ 839,653	$ 808,212	$ 726,970
Less: ½ Current Return of Equity	41,983	44,901	45,436
Audited Net Investment	$ 797,670	$ 763,311	$ 681,534
Rate of Return	4.45%	4.90%	4.68%
Audited Return on Equity	$ 35,496	$ 37,402	$ 31,896
Promulgated Return on Equity	37,367	79,862	71,763
Disallowances/(Allowances)	$ 1,871	$ 42,460	$ 39,867

EXHIBIT VI

BELAIR CARE CENTER
RATE PERIODS JANUARY 1, 2005 THROUGH DECEMBER 31, 2008
RETURN ON AVERAGE EQUITY DISALLOWANCES/(ALLOWANCES)

	RATE PERIODS			
Return on Average Equity	**01/01/05 12/31/05**	**01/01/06 12/31/06**	**01/01/07 12/31/07**	**01/01/08 12/31/08**
Average Equity per HE-12B	$ 1,842,891	$ 1,766,709	$ (51,077)	$ 13,498
Audit Disallowances:				
• Due From Parent/Affiliate	(10,000)	(10,000)	121,494	
• Construction in Progress	(20,775)	(18,544)	(43,673)	(91,823)
• Goodwill/Intangible Assets	(1,105,577)	(1,171,988)	16,079	
Audited Average Equity	$ 706,539	$ 566,177	$ 42,823	$ (78,325)
Less: Audited Net Investment	-	773,275	718,669	642,065
Audited Remaining Equity	$ 706,539	$ (207,098)	$ (675,846)	$ (720,390)
Rate of Return	1.87%	3.76%	5.07%	4.19%
Equity Returned Per Audit	$ 13,212	$ -	$ -	$ -
Equity Returned HE-12B	34,462	34,855	-	-
Disallowances/(Allowances)	$ 21,250	$ 34,855	$ -	$ -