



STATE OF NEW YORK  
OFFICE OF THE MEDICAID INSPECTOR GENERAL  
259 Monroe Avenue, Room 312  
Rochester, New York 14607

ANDREW M. CUOMO  
GOVERNOR

JAMES C. COX  
MEDICAID INSPECTOR GENERAL

July 29, 2014

[REDACTED]  
Wayne County Nursing Home & Rehabilitation Center  
Wayne County Courthouse  
26 Church Street  
Lyons, New York 14489

Re: Medicaid Rate Audit #11-6841  
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 Wayne County Nursing Home & Rehabilitation Center's (the "Facility") Medicaid rates for the rate period May 14, 2005 through December 31, 2008. In accordance with 18 NYCRR Section 517.6, this audit report represents the OMIG's final determination on issues raised in the draft audit report.

In response to the draft audit report dated December 17, 2013, 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 an overall reduction of \$31,355 to the total Medicaid overpayment shown in 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. The Medicaid overpayment associated with OMIG adjustments was \$557,306. However, this audit also processed Bureau of Long Term Care Reimbursement appeals that resulted in an additional overpayment amount of \$95,118. Consequently, based on the enclosed audited rates calculated by the Bureau of Long Term Care Reimbursement, the Medicaid overpayment currently due is \$652,424. This overpayment is subject to Department of Health ("DOH") and Division of Budget ("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 May 14, 2005 through May 13, 2006 base period for operating expense. Any overpayment resulting from operating expense disallowances in the May 14, 2005 through May 13, 2006 base period report for rates subsequent to December 31, 2008 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:

[REDACTED]  
New York State Department of Health  
Medicaid Financial Management  
GNARESP Corning Tower, Room 2739  
File #11-6841  
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 50% withhold after 20 days until an agreement is established. 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. In addition, if you receive an adjustment in your favor while you owe funds to the State, such adjustment will be applied against any amount owed. If you wish to enter into a repayment agreement, please contact the Bureau of Collections Management within 20 days at the following:

Bureau of Collections Management  
New York State Office of the Medicaid Inspector General  
800 North Pearl Street  
Albany, New York 12204  
[REDACTED]

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 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 me at [REDACTED] or through email at [REDACTED]. Please refer to audit #11-6841 in all correspondence.

Sincerely,

[REDACTED]  
Bureau of Rate Audit  
Division of Medicaid Audit  
Office of the Medicaid Inspector General

Enclosure

ATTACHMENT A – Facility Draft Audit Report Comments and OMIG Response

ATTACHMENT B – Summary of Changes from Draft to Final Audit Report

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)

cc: [REDACTED]

CERTIFIED MAIL [REDACTED]  
RETURN RECEIPT REQUESTED

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

**NAME AND ADDRESS OF AUDITEE**

Wayne County Nursing Home &  
Rehabilitation Center  
1529 Nye Road  
Lyons, New York 14489

NPI #: [REDACTED]  
PROVIDER #: [REDACTED]

AUDIT #11-6841

AMOUNT DUE: \$652,424

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

[REDACTED]  
New York State Department of Health  
Medicaid Financial Management  
GNARESP Corning Tower, Room 2739  
File #11-6841  
Albany, New York 12237-0048

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

CORRECT PROVIDER NUMBER

WAYNE COUNTY NURSING HOME AND REHABILITATION CENTER- AUDIT #11-6841  
FACILITY DRAFT AUDIT 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 audit report response comments. See Attachment B for adjustment changes included in the final audit report.

EXHIBIT III COMMENTS-OPERATING EXPENSE DISALLOWANCES/(ALLOWANCES)

Adjustment #5 – MOW CANAL PUB AND JAIL MEALS ADJUSTMENT

Facility Comment

The Dietary adjustment (MOW, Cafeteria, & Jail meals) has been further analyzed to include a calculation to show the differential between the cost of meals for (MOW, Cafeteria, and Jail Meals) as compared with resident meals. (The Facility's response included attachments).

OMIG Response

The information submitted by the Facility was reviewed and it was determined that no change to the calculation used in the draft audit report was warranted.

**Disposition: The adjustment remains as stated in the draft audit report**

EXHIBIT IV COMMENTS-PROPERTY EXPENSE DISALLOWANCES/(ALLOWANCES)

Adjustment #2 – BUILDING DEPRECIATION REDUCTION

Facility Comment

The Building depreciation adjustment has been recalculated based on the Componentized Depreciation Study. (The Facility's response included attachments).

OMIG Response

Based on the information submitted by the Facility, the draft audit report disallowances were reduced.

**Disposition: The draft audit report disallowances were reduced as shown in Attachment B.**

**Adjustment #3 – ADJUSTMENT TO MOVABLE EQUIPMENT DEPRECIATION**

**Facility Comment**

The Moveable Equipment Depreciation adjustment is correct. However, the \$5,502 in excess depreciation in the 2006 cost year was adjusted out in the 2007 cost report to correct the 2006 mistake. Therefore, the 2009 Capital component is incorrect and missing this amount. We recommend that rather than carry this positive adjustment forward for the next property audit, that this adjustment be eliminated by OMIG. (The Facility's response included attachments).

**OMIG Response**

It was confirmed that the excess depreciation in 2006 was corrected by the Facility in the subsequent year. Therefore, the excess depreciation disallowance was eliminated from this audit report.

**Disposition: The draft audit report adjustment was eliminated as shown in Attachment B.**

**Adjustment #4 – BOND INTEREST EXPENSE**

**Facility Comment**

Bond Interest Expense adjustment of \$24,288 should be reduced by \$8,563 to \$15,725. (The Facility's response included attachments).

**OMIG Response**

Based on the information submitted by the Facility, and our further review, the disallowance was reduced by \$4,065 from \$24,286 to \$20,221.

**Disposition: The draft audit report adjustment was reduced as shown on Attachment B.**

**Adjustment #5 – MOW, CANAL PUB AND JAIL MEALS ADJUSTMENT**

**Facility Comment**

MOW, Cafeteria, & Jail meals adjustment from #2 above also affects the Capital portion of these areas. As the Operating Costs are adjusted, the Capital adjustment is changed. (The Facility's response included attachments).

**OMIG Response**

The information submitted by the Facility was reviewed (as noted above) and it was determined that no change to this adjustment was warranted.

**Disposition: The draft audit report adjustment remains unchanged.**

**WAYNE COUNTY NURSING HOME AND REHABILITATION CENTER AUDIT - #11-6841**  
**RATE PERIODS MAY 14, 2005 THROUGH DECEMBER 31, 2008**  
**SUMMARY OF CHANGES FROM DRAFT TO FINAL**

		Cost	Rate	Draft Report Disallowance		Final Report Disallowance
<u>Description</u>	<u>Ctr.</u>	<u>Period(s)</u>	<u>(Allowance)</u>	<u>Change</u>	<u>(Allowance)</u>	
<b>2. BUILDING DEPRECIATION REDUCTION</b>	Bldg. Depr.	001	2005-2008	\$ 31,224	\$ (6,247)	\$ 24,977
<b>3. ADJUSTMENT TO MOVABLE EQUIPMENT DEPRECIATION</b>	ME Depr.	002	2008	5,505	(5,505)	-
<b>4. BOND INTEREST EXPENSE DISALLOWANCE</b>	Interest	003	2005	24,286	(4,065)	20,221

**Note:** The adjustments shown above only reflect those adjustments that were revised as a result of the Facility's response. All other adjustments remain as shown in the draft report.

WAYNE COUNTY NURSING HOME AND REHABILITATION CENTER-AUDIT #11-6841RATE PERIODS MAY 14, 2005 THROUGH DECEMBER 31, 2008  
SUMMARY OF PER DIEM IMPACT AND MEDICAID OVERPAYMENT

<u>RATE PERIOD</u>	<u>ISSUED</u> PART B & D NON-ELIGIBLE RATES*	<u>FINAL</u> PART B & D NON-ELIGIBLE RATES	<u>RATE</u> DECREASE (INCREASE)	<u>MEDICAID</u> DAYS	<u>MEDICAID</u> OVERPAYMENT
05/14/05 - 06/30/05	\$189.02	\$186.55	\$2.47	6,527	\$16,122
07/01/05 - 07/31/05	189.02	186.55	2.47	4,065	10,041
08/01/05 - 10/31/05	188.41	185.94	2.47	12,473	30,808
11/01/05 - 12/31/05	189.46	186.99	2.47	8,378	20,694
01/01/06 - 01/31/06	195.82	193.57	2.25	4,204	9,459
02/01/06 - 03/31/06	196.26	194.01	2.25	8,014	18,032
04/01/06 - 04/30/06	195.89	193.64	2.25	4,112	9,252
05/01/06 - 05/31/06	196.81	194.54	2.27	4,313	9,791
06/01/06 - 07/31/06	196.81	192.62	4.19	8,341	34,949
08/01/06 - 10/31/06	205.28	201.02	4.26	11,947	50,894
11/01/06 - 12/31/06	207.20	202.94	4.26	7,629	32,500
01/01/07 - 03/31/07	230.32	226.03	4.29	11,566	49,618
04/01/07 - 08/31/07	229.30	225.03	4.27	19,298	82,402
09/01/07 - 12/31/07	229.30	225.03	4.27	15,881	67,812
01/01/08 - 03/31/08	238.24	233.86	4.38	11,506	50,396
04/01/08 - 12/31/08	236.90	232.54	4.36	36,618	159,654
<b>TOTAL MEDICAID OVERPAYMENT</b>					<b><u>\$ 652,424</u></b>

\* 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.

NOTE: Of the total Medicaid impact listed above, the impact associated with the processing of Bureau of Long Term Care open appeals was to increase the overpayment by \$95,118.

**WAYNE COUNTY NURSING HOME AND REHABILITATION CENTER-AUDIT #11-6841**  
**RATE PERIODS MAY 14, 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.

<u>RATE PERIOD</u>	<u>Issued Medicare Part B &amp; D Non-Eligible Rates *</u>
05/14/05 - 06/30/05	\$ 189.02
07/01/05 - 07/31/05	189.02
08/01/05 - 10/31/05	188.41
11/01/05 - 12/31/05	189.46
01/01/06 - 01/31/06	195.82
02/01/06 - 03/31/06	196.26
04/01/06 - 04/30/06	195.89
05/01/06 - 05/31/06	196.81
06/01/06 - 07/31/06	196.81
08/01/06 - 10/31/06	205.28
11/01/06 - 12/31/06	207.20
01/01/07 - 03/31/07	230.32
04/01/07 - 08/31/07	229.30
09/01/07 - 12/31/07	229.30
01/01/08 - 03/31/08	238.24
04/01/08 - 12/31/08	236.90

\* 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.

**WAYNE COUNTY NURSING HOME AND REHABILITATION CENTER-AUDIT #11-6841**  
**RATE PERIODS MAY 14, 2005 THROUGH DECEMBER 31, 2008**  
**OPERATING EXPENSE DISALLOWANCES/(ALLOWANCES)**

	DESCRIPTION	COST CENTER	DISALLOWED (ALLOWED)	TRACE-BACK %	OPERATING EXPENSE COMPONENT					
					DIRECT	INDIRECT	NON-COMP.	NON-COMP.		
					5/14/05-12/31/08	5/14/05-12/31/08	5/14/05-5/31/06	6/1/06-12/31/08		
Operating Expense Allowed per HE-12B					\$ 9,647,362	\$ 4,423,693	\$ 707,912	\$ 707,912		
Less Disallowances/(Allowances):										
<u>Disallowances/(Allowances) Related to Processing of Bureau of Long Term Care (BLTCR) Open Appeals</u>										
<b>1. MEDICAL STAFF SERVICES EXPENSE DISALLOWANCE</b>										
<p>The Facility filed an appeal with BLTCR as notification that in May of 2006, physicians were no longer employed by the Facility and that the physicians then began to bill for their services independently. A billing change of this nature necessitates the removal of these costs from base year expense to avoid duplicate Medicaid reimbursement of such services. Consequently, physician medical staff services expenses were subtracted from the nursing home's base period operating expenses as of the 6/1/06 rate. <b>The Facility should notify BLTCR that this appealed item was handled by the OMIG on audit.</b></p> <p>Regulations: 10 NYCRR Sections 86-2.17(a) &amp; (d), and 86-2.27</p>					Med Staff Svcs	044	\$ 118,927	100.00%		118,927
<b>2. DIRECTOR OF VOLUNTEERS RECLASSIFICATION</b>										
<p>The Facility filed an appeal to request that costs related to the Director of Volunteers be reclassified from direct costs to non-comparable costs. The regulations state that the noncomparable component of the rate shall include the costs associated with supervision of Facility volunteers. The Facility supplied adequate documentation to support their position and the reclassification was made per audit. <b>This reclassification was contingent upon the withdrawal of this item from the appeal. The Facility withdrew this item from the appeal in correspondence dated December 20, 2013.</b></p> <p>Regulation: 10 NYCRR Section 86-2.10 (f)(2)</p>					Other	000	(39,868)	100.00%		(39,868)
	Activities	014	39,868	100.00%	39,868					
<b>3. CAFETERIA BENEFITS ALLOWANCE</b>										
<p>The Facility filed an appeal with BLTCR to request that Cafeteria expenses be reclassified to various other cost centers. The BLTCR subtracted these expense from the Cafeteria cost center, but did not add back these expenses to the various other cost centers. Therefore, an audit adjustment was made to allow these expenses in the other cost centers as intended. <b>This allowance was contingent upon the withdrawal of this item from the appeal. The Facility withdrew this item from the appeal in correspondence dated December 20, 2013.</b></p> <p>Regulations: 10 NYCRR Section 86-2.17(a), BLTCR Rate Methodology</p>					Fiscal	004	(3,339)	99.73%		(3,330)
	Admin	005	(3,952)	99.73%				(3,941)		
	POM	006	(1,335)	99.70%				(1,331)		
	Laundry	009	(6,899)	99.53%				(6,867)		
	Housekeeping	010	(9,943)	98.39%				(9,783)		
	Dietary	011	(15,889)	100.00%				(15,889)		
	Nursing Admin	013	(3,292)	100.00%	(3,292)					
	Activities	014	(2,658)	100.00%	(2,658)					
	Medical Rec	019	(500)	100.00%				(500)		
	Social Svcs	021	(2,267)	100.00%	(2,267)					
	Transportation	022	(371)	100.00%	(371)					
	PT	039	(989)	90.77%	(898)					
	Pharmacy	042	(495)	100.00%	(495)					
	Central Svc Supply	043	(783)	100.00%	(783)					
	SNF	051	(86,173)	100.00%	(86,173)					
<b>BLTCR Open Appeals Operating Expense Disallowances/(Allowances)</b>					\$ (57,069)	\$ (41,641)	\$ (39,868)	\$ 79,059		
<b>Subtotal Operating Expense by Component</b>					\$ 9,704,431	\$ 4,465,334	\$ 747,780	\$ 628,853		

**WAYNE COUNTY NURSING HOME AND REHABILITATION CENTER-AUDIT #11-6841**  
**RATE PERIODS MAY 14, 2005 THROUGH DECEMBER 31, 2008**  
**OPERATING EXPENSE DISALLOWANCES/(ALLOWANCES)**

	DESCRIPTION	COST CENTER	DISALLOWED (ALLOWED)	TRACE-BACK %	OPERATING EXPENSE COMPONENT			
					DIRECT	INDIRECT	NON-COMP.	NON-COMP.
					5/14/05-12/31/08	5/14/05-12/31/08	5/14/05-5/31/06	6/1/06-12/31/08
<b>Other OMIG Audit Disallowances/(Allowances)</b>								
<b>4. LABORATORY AND RADIOLOGY EXPENSE DISALLOWANCES</b>								
Reported Laboratory and Radiology expenses were for services that were not provided or made available to Medicaid residents. Therefore, these expenses were not properly chargeable to the patient care of Medicaid residents, and not reimbursable in the Medicaid rates. Accordingly, these costs were disallowed from reported base period operating expenses.	Radiology	034	\$18,946	100.00%			18,946	18,946
	Laboratory	031	30,215	100.00%			30,215	30,215
<b>Regulations: 10 NYCRR Sections 86-2.17(a)&amp;(d) and 86-2.27, PRM-1 Section 2102.1</b>								
<b>5. MOW, CANAL PUB AND JAIL MEALS ADJUSTMENT</b>								
Reported expenses included costs associated with non-patient care activities (Meals on Wheels, public restaurant, and meals supplied to the county prison). The Facility reported the revenues from these activities, which BLTCR offset against expenses in the rate calculations. However, these revenues were less than the costs applicable to these activities. The regulations require that the cost of such activities be removed from patient care expenses, and the offset of revenues is only permitted when such costs cannot be determined. Since the cost of these activities could be determined, the differences between the revenue offsets, and the costs associated with these activities, were disallowed.	Patient Food	011	283,931	100.00%		283,931		
	Utilities	106	7,981	99.70%			7,957	7,957
<b>Regulations: 10 NYCRR Sections 86-2.17(a)&amp;(d), and 86-2.18, PRM-1 Sections 2102.1, 2102.3 and 2105.2</b>								
<b>6. RECLASSIFICATION OF COMPLIANCE OFFICER EXPENSE</b>								
A review of the Compliance Officer job description revealed that the nature of this position was exclusively A&G and Fiscal in nature and did not include any functions that would be specific only to Nursing Administration. Since almost all the functions fell into the category of audit/legal/facility-wide training, a reclassification from Nursing Administration to A&G was made to properly reflect the function of this position.	Nursing Admin	013	63,914	100.00%	63,914			
	A&G	005	(63,914)	99.73%		(63,741)		
<b>Regulations: NYCRR Sections 86-2.3, 455.5, and 455.13, NYS RHCF Accounting and Reporting Manual</b>								
<b>7. RECLASSIFICATION OF COPIER LEASE EXPENSE</b>								
The Facility reported various expenses in rent expense that were operating in nature. These types of expenses are not includable in property costs. Consequently, these expenses were reclassified from property to operating expense (see Exhibit IV, Adjustment #1).	A&G	005	(3,676)	99.73%		(3,666)		
<b>Regulations: 10 NYCRR Sections 86-2.17(a), 455.6, &amp; 455.37, PRM-1 Section 2806.2</b>								
<b>Other OMIG Operating Expense Disallowances/(Allowances)</b>					\$ 63,914	\$ 216,524	\$ 57,118	\$ 57,118
<b>AUDITED OPERATING EXPENSE BY COMPONENT</b>					<b>\$ 9,640,517</b>	<b>\$ 4,248,810</b>	<b>\$ 690,662</b>	<b>\$ 571,735</b>

**WAYNE COUNTY NURSING HOME AND REHABILITATION CENTER-AUDIT #11-6841**  
**RATE PERIODS MAY 14, 2005 THROUGH DECEMBER 31, 2008**  
**PROPERTY EXPENSE DISALLOWANCES/(ALLOWANCES)**

	DESCRIPTION	COST CENTER	DISALLOWED (ALLOWED)	TRACE-BACK %	RATE PERIODS				
					2005	2006	2007	2008	
<b>Property Expense Allowed per HE-12B</b>					\$ 2,941,960	\$ 2,925,690	\$ 2,863,848	\$ 2,829,082	
<b>Less Disallowances/(Allowances):</b>									
<b>1. RECLASSIFICATION OF COPIER LEASE EXPENSE</b>									
Reported equipment rental expenses included various costs that were operating in nature and not reimbursable as property costs. Consequently, these costs were reclassified from property to operating expense (see Exhibit III, Adjustment #7). <b>Regulations: 10 NYCRR Sections 86-2.17(a), 455.6, &amp; 455.37, PRM-1 Section 2806.2</b>					Rent B	005	3,676	99.57%	3,660
<b>2. BUILDING DEPRECIATION REDUCTION</b>									
The Facility used a ten year life in depreciating the cost of building site preparations. Since these costs were associated with the building's construction, they should be depreciated over the longer useful life established in the Facility's componentized depreciation study. Consequently, the reported depreciation expense on these asset costs was reduced to reflect the building's longer depreciable life. <b>Regulations: 10 NYCRR Section 86-2.19(a), American Hospital Association's Estimated Useful Lives of Depreciable Assets Publication</b>					Depreciation	001	24,977	99.70%	24,902
			24,977	99.32%				24,807	
<b>3. ADJUSTMENT TO MOVABLE EQUIPMENT DEPRECIATION</b>									
Facilities that receive payment on the basis of reimbursable costs must provide adequate cost data based on records that provide sufficient detail to be verified on audit. The movable depreciation expense that could be verified per audit varied from the reported amount. As a result, an audit adjustment was necessary. <b>Regulations: 10 NYCRR Sections 86-2.10(g), 86-2.17(a) and 86-2.22(a), PRM-1 Sections 2300 &amp; 2304</b>					ME Depr	002	(941)	99.70%	(938)

**WAYNE COUNTY NURSING HOME AND REHABILITATION CENTER-AUDIT #11-6841**  
**RATE PERIODS MAY 14, 2005 THROUGH DECEMBER 31, 2008**  
**PROPERTY EXPENSE DISALLOWANCES/(ALLOWANCES)**

	DESCRIPTION	COST CENTER	DISALLOWED (ALLOWED)	TRACE-BACK %	RATE PERIODS			
					2005	2006	2007	2008
<b>4. BOND INTEREST EXPENSE DISALLOWANCE</b>								
The bond interest expense reimbursed in the 5/14/2005 through 12/31/2005 Medicaid rates was more than the actual interest expense applicable to this period. Interest on capital indebtedness is reimbursed based on actual rate period interest expense. Therefore, bond interest expense reimbursed in the 5/14/2005 through 12/31/2005 rates was reduced to reflect the actual interest expense applicable to this period.								
<b>Regulation: Regulations: 10 NYCRR Sections 86-2.4, 86-2.17(a) &amp; 86-2.21, BLTCR Rate Methodology</b>								
	Interest	003	20,221	99.70%	20,160			
	Interest	003						
<b>5. MOW, CANAL PUB AND JAIL MEALS ADJUSTMENT</b>								
As was noted in Exhibit III, Adjustment #5, reported expenses included costs associated with non-patient care activities (Meals on Wheels, public restaurant, and meals supplied to the county prison). The regulations require that such costs be removed from reimbursed patient care expenses. Accordingly, the property costs associated with these activities were disallowed.								
<b>Regulations: 10 NYCRR Sections 86-2.17(a)&amp;(d), and 86-2.18, PRM-1 Sections 2102.1, 2102.3 and 2105.2</b>								
	Depreciation	001	31,161	99.70%	31,068	31,068	31,068	
	Depreciation	001	30,884	99.32%				30,674
	ME Depr	002	2,223	99.70%	2,216	2,216	2,216	
	ME Depr	002	2,127	99.32%				2,113
	Interest	003	15,732	99.70%	15,685	15,685	15,685	
	Interest	003	15,387	99.32%				15,282
<b>Other OMIG Property Expense Disallowances/(Allowances)</b>					\$ 94,031	\$ 73,871	\$ 72,933	\$ 76,536
<b>AUDITED PROPERTY EXPENSE</b>					<b>\$ 2,847,929</b>	<b>\$ 2,851,819</b>	<b>\$ 2,790,915</b>	<b>\$ 2,752,546</b>