



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

March 14, 2014

[REDACTED]
Westmount Health Facility
49 Gurney Lane
Queensbury, New York 12804

Re: Medicaid Rate Audit #12-1192
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 Westmount Health Facility's (the "Facility") Medicaid rates for the rate period January 1, 2007 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 22, 2013, the findings in the final audit report remain identical to 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 \$68,522. However, this audit also processed Bureau of Long Term Care appeals that resulted in an amount due the Facility of \$182,032. Consequently, based on the enclosed audited rates calculated by the Bureau of Long Term Care Reimbursement, the Medicaid underpayment currently due the Facility is \$113,510. This underpayment is subject to Department of Health ("DOH") and Division of Budget ("DOB") final approval. While not anticipated, any difference between the calculated underpayment and the final DOH and DOB approved amount will be resolved with the Facility by the OMIG Bureau of Collections Management.

Arrangements for crediting the Facility for the amount of the underpayment will be made by the OMIG Bureau of Collections Management. Should you have any questions, please contact them at:

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

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 [REDACTED] or through email at [REDACTED]. Please refer to audit number 12-1192 in all correspondence.

Sincerely,

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

- EXHIBIT I - Summary of Per Diem Impact and Medicaid Overpayment/(Underpayment)
- EXHIBIT II - Summary of Medicaid Rates Audited
- EXHIBIT III - Property Expense Disallowances/(Allowances)

CERTIFIED MAIL [REDACTED]
RETURN RECEIPT REQUESTED

WESTMOUNT HEALTH FACILITY - AUDIT #12-1192
RATE PERIODS JANUARY 1, 2007 THROUGH DECEMBER 31, 2008
SUMMARY OF PER DIEM IMPACT AND MEDICAID OVERPAYMENT/(UNDERPAYMENT)

<u>RATE PERIOD</u>	<u>ISSUED PART B & D NON-ELIGIBLE RATES*</u>	<u>FINAL PART B & D NON-ELIGIBLE RATES</u>	<u>RATE DECREASE (INCREASE)</u>	<u>MEDICAID DAYS</u>	<u>MEDICAID OVERPAYMENT (UNDERPAYMENT)</u>
01/01/07 - 03/31/07	\$145.79	\$148.48	(\$2.69)	6,109	\$ (16,433)
04/01/07 - 08/31/07	145.00	147.69	(2.69)	10,128	(27,244)
09/01/07 - 12/31/07	145.00	147.69	(2.69)	8,092	(21,767)
01/01/08 - 03/31/08	153.06	155.04	(1.98)	6,094	(12,066)
04/01/08 - 12/31/08	152.00	153.98	(1.98)	18,182	(36,000)
TOTAL MEDICAID OVERPAYMENT/(UNDERPAYMENT)					\$ (113,510)

* Any differences between these rates and the rates listed in Exhibit II of this audit 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 is \$(182,032) due the Facility.

WESTMOUNT HEALTH FACILITY - AUDIT #12-1192
RATE PERIODS JANUARY 1, 2007 THROUGH DECEMBER 31, 2008
SUMMARY OF MEDICAID RATES AUDITED

The Facility's Medicaid utilization was approximately 84 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 audit 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 & D Non-Eligible Rates *</u>
01/01/07 - 03/31/07	\$ 145.63
04/01/07 - 08/31/07	144.84
09/01/07 - 12/31/07	144.84
01/01/08 - 03/31/08	152.90
04/01/08 - 12/31/08	151.85

- * 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.

WESTMOUNT HEALTH FACILITY - AUDIT #12-1192
RATE PERIODS JANUARY 1, 2007 THROUGH DECEMBER 31, 2008
PROPERTY EXPENSE DISALLOWANCES/(ALLOWANCES)

DESCRIPTION	COST CTR.	DISALLOWED (ALLOWED)	TRACE- BACK %	RATE PERIODS	
				2007	2008
				\$ 256,080	\$ 336,956

Property Expense Allowed per HE-12B
Less Disallowances/(Allowances):

Disallowances/(Allowances) Related to Processing of Bureau of
Long Term Care (BLTCR) Open Appeals

1. INTEREST EXPENSE ALLOWANCES

Real Property capital lease interest expense is reimbursed on a rate year basis. Providers are required to provide adequate cost data that can be verified. Audited mortgage interest expense varied from the amount allowed in the rate. Additionally, adjustments to the over-mortgaging percentage were necessary. Consequently, allowances were necessary. The Facility, in a letter dated January 24, 2014, has rescinded its outstanding RY 2007 appeal number 731215 and the outstanding RY 2008 appeal, filed with the Bureau of Long Term Care on February, 22, 2013. The Facility did not receive an appeal number for the RY 2008 appeal from the Bureau of Long Term Care Reimbursement.
Regulations: 10 NYCRR Sections 86-2.17(a) & 86-2.20, PRM-1 Sections 2300 & 2304

Int. Exp.	001	(\$117,140)	96.04%	(112,501)	
Int. Exp.	003	(107,595)	96.28%		(103,592)

BLTCR Open Appeals Disallowances/(Allowances)
Subtotal Property Expense

\$	(112,501)	\$	(103,592)
\$	368,581	\$	440,548

Other OMIG Audit Disallowances/(Allowances)

2. BUILDING DEPRECIATION 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. Costs pertaining to the Annex Building are not related to patient care of the Facility and should not be included in the Facility's rate computation. Consequently, disallowances were necessary.

Regulations: 10 NYCRR Sections 86-2.17(a) & 86-2.19, PRM-1 Section 2102.3

Bldg./Fixed Depr.	001	6,534	96.04%	6,275	
Bldg./Fixed Depr.	001	11,200	96.28%		10,783

WESTMOUNT HEALTH FACILITY - AUDIT #12-1192
RATE PERIODS JANUARY 1, 2007 THROUGH DECEMBER 31, 2008
PROPERTY EXPENSE DISALLOWANCES/(ALLOWANCES)

	DESCRIPTION	COST CTR.	DISALLOWED (ALLOWED)	TRACE- BACK %	RATE PERIODS	
					2007	2008
3 EQUIPMENT RENTAL DISALLOWANCES						
	The Facility reported and was reimbursed oxygen as rent expense in the property component of the rate. Oxygen expense is considered an operating expenditure and was therefore disallowed. Regulations: 10 NYCRR Sections 86-2.10(g), 455.35 & 458.5	051 051	7,775 9,827	100.00% 100.00%	7,775	9,827
4 INVESTMENT INCOME OFFSETS						
	The Bureau of Long Term Care disallowed interest expense in the promulgated rate. However, the audit determined that a portion of the interest expense was allowable (see adjustment #1). Consequently, unrestricted investment income was offset against interest expense. Regulations: 10 NYCRR Sections 86-2.17(a) & 86-2.20, PRM-1 Section 202.2	001 003	21,630 26,763	96.04% 96.28%	20,773	25,767
Other OMIG Property Expense Disallowances/(Allowances)						
TOTAL AUDITED PROPERTY EXPENSE					\$ 34,823	\$ 46,377
					\$ 333,758	\$ 394,171