



STATE OF NEW YORK  
OFFICE OF THE MEDICAID INSPECTOR GENERAL  
250 Veterans Memorial Highway, Room 4A12  
Hauppauge, New York 11788

ANDREW M. CUOMO  
GOVERNOR

JAMES C. COX  
MEDICAID INSPECTOR GENERAL

March 26, 2014

[REDACTED]  
Maria Regina Residence, Inc.  
1725 Brentwood Road  
Brentwood, New York 11717

Re: Medicaid Rate Audit #12-3783  
NPI Number: [REDACTED]  
Provider Number: [REDACTED]

Dear [REDACTED]

Enclosed is the final audit report of the Office of the Medicaid Inspector General's (OMIG) audit of Maria Regina Residence, Inc.'s (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 January 2, 2014, 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. Based on the enclosed audited rates calculated by the Bureau of Long Term Care Reimbursement, the Medicaid overpayment currently due is \$144,956. 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.

In accordance with 18 NYCRR Part 518 which regulates the collection of overpayments, your repayment options are described below.

March 26, 2014

**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 #12-3783  
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 [REDACTED] or through email at [REDACTED]. Please refer to audit number 12-3783 in all correspondence.

Sincerely,

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

Enclosure

- 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 [REDACTED]  
RETURN RECEIPT REQUESTED

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

**NAME AND ADDRESS OF AUDITEE**

Maria Regina Residence, Inc.  
1725 Brentwood Road  
Brentwood, New York 11717

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

AUDIT #12-3783

AMOUNT DUE: \$144,956

AUDIT	<input type="checkbox"/>	PROVIDER
TYPE	<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 #12-3783  
Albany, New York 12237-0048

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

CORRECT PROVIDER NUMBER

**MARIA REGINA RESIDENCE, INC. - AUDIT #12-3783**  
**RATE PERIODS JANUARY 1, 2007 THROUGH DECEMBER 31, 2008**  
**SUMMARY OF PER DIEM IMPACT AND MEDICAID OVERPAYMENT**

<u>RATE PERIOD</u>	<u>ISSUED PART B &amp; D NON-ELIGIBLE RATES*</u>	<u>FINAL PART B &amp; D NON-ELIGIBLE RATES</u>	<u>RATE DECREASE (INCREASE)</u>	<u>MEDICAID DAYS</u>	<u>MEDICAID OVERPAYMENT</u>
01/01/07 - 03/31/07	\$219.87	\$217.60	\$2.27	12,828	\$ 29,120
04/01/07 - 06/30/07	218.74	216.47	2.27	13,465	30,566
07/01/07 - 08/31/07	216.96	214.69	2.27	9,356	21,238
09/01/07 - 12/31/07	216.96	214.69	2.27	18,618	42,263
01/01/08 - 03/31/08	220.50	220.09	0.41	13,460	5,519
04/01/08 - 06/30/08	216.59	216.18	0.41	13,449	5,514
07/01/08 - 12/31/08	221.00	220.59	0.41	26,186	<u>10,736</u>
<b>TOTAL MEDICAID OVERPAYMENT</b>					<b><u>\$ 144,956</u></b>

\* 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.

**MARIA REGINA RESIDENCE, INC. - AUDIT #12-3783**  
**RATE PERIODS JANUARY 1, 2007 THROUGH DECEMBER 31, 2008**  
**SUMMARY OF MEDICAID RATES AUDITED**

The Facility's Medicaid utilization was approximately 80 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 &amp; D NON-ELIGIBLE RATES *</u>
01/01/07 - 03/31/07	\$ 220.42
04/01/07 - 06/30/07	219.30
07/01/07 - 08/31/07	217.52
09/01/07 - 12/31/07	217.52
01/01/08 - 03/31/08	221.06
04/01/08 - 06/30/08	217.15
07/01/08 - 12/31/08	221.56

\* 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.

**MARIA REGINA RESIDENCE, INC. - AUDIT #12-3783**  
**RATE PERIODS JANUARY 1, 2007 THROUGH DECEMBER 31, 2008**  
**PROPERTY EXPENSE DISALLOWANCES/(ALLOWANCES)**

DESCRIPTION	COST CTR.	DISALLOWED (ALLOWED)	TRACE-BACK %	RATE PERIODS	
				2007	2008
				\$ 1,106,299	\$ 943,220

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

**1. PROPERTY INSURANCE EXPENSE ALLOWANCE**

Facility's receiving payments on the basis of reimbursable costs are required to provide adequate cost data based on financial and statistical records that can be verified on audit. Cost data must be current, accurate, and in sufficient detail. Audited property insurance expense varied from the amount allowed in the rate. Consequently, an allowance was necessary.

**Regulations: 10 NYCRR Section 86-2.17(a), PRM-1 Sections 2102.2, 2300, & 2304**

**2. MOVABLE EQUIPMENT DEPRECIATION DISALLOWANCES**

The Facility received capitalized lease movable equipment depreciation on assets that were already fully reimbursed by the Medicaid program. The inclusion of this depreciation expense results in duplicate reimbursement. It was therefore necessary to remove the capital lease depreciation.

**Regulation: 10 NYCRR Section 86-2.22**

**3. MOVABLE EQUIPMENT RENTAL ADJUSTMENTS**

a) The OMIG audit determined that the Facility misclassified nursing and physical therapy cost center rental expenses as administrative cost center rental expenses. Consequently, it is necessary to reclassify the rental expenses pertaining to nursing and physical therapy from the administrative cost center.

**Regulation: 10 NYCRR Section 86-2.17**

b) Facility's receiving payment on the basis of reimbursable costs are required to provide adequate cost data based on financial and statistical records that can be verified on audit. The cost information must be current, accurate, and in sufficient detail. Since the Facility could not fully document reported oxygen concentrator and PT equipment rentals, disallowances were necessary.

**Regulations: 10 NYCRR Section 86-2.17(a), PRM-1 Sections 2300 & 2304**

c) The Facility reported and was reimbursed oxygen as rent expense in the property component of the rate. Since oxygen is a direct component operating expense, disallowances were necessary in the property component of the rate.

**Regulations: 10 NYCRR Section 86-2.10 & 455.35**

DESCRIPTION	COST CTR.	DISALLOWED (ALLOWED)	TRACE-BACK %	RATE PERIODS	
				2007	2008
Prop. Ins.	005	\$ (30,000)	94.72%		(28,416)
ME Depr.	002	11,523	94.28%	10,864	
ME Depr.	002	11,523	93.56%		10,781
Rent B	005	35,180	94.51%	33,249	
Rent B	005	19,530	94.72%		18,499
Rent B	051	(35,180)	100.00%	(35,180)	
Rent B	051	(19,530)	100.00%		(19,530)
Rent B	005	3,420	94.51%	3,232	
Rent B	040	(3,420)	86.78%	(2,968)	
Rent B	005	4,758	94.51%	4,497	
Rent B	039	607	85.30%	518	
Rent B	005	1,490	94.72%		1,411
Rent B	005	137	94.51%	129	
Rent B	005	6,110	94.72%		5,787

**MARIA REGINA RESIDENCE, INC. - AUDIT #12-3783**  
**RATE PERIODS JANUARY 1, 2007 THROUGH DECEMBER 31, 2008**  
**PROPERTY EXPENSE DISALLOWANCES/(ALLOWANCES)**

	DESCRIPTION	COST CTR.	DISALLOWED (ALLOWED)	TRACE-BACK %	RATE PERIODS	
					2007	2008
<b>3. MOVABLE EQUIPMENT RENTAL ADJUSTMENTS (CONTINUED)</b>						
d) Facility's 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. Audited rental expenses varied from the rental expenses allowed in the rates, resulting in allowances.	Rent B Rent B	040 051	(3,420) (500)	89.12% 100.00%	(3,048) (500)	
<b>Regulations: 10 NYCRR Section 86-2.17(a), PRM-1 Sections 2300 &amp; 2304</b>						
<b>4. ORGANIZATION/START UP COST DISALLOWANCES</b>						
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 organization costs pertaining to the ADHC program are not related to patient care of the Facility and should not be included in the Facility's rate computation. Consequently, disallowances were necessary.	Orgn/Strt-Up Orgn/Strt-Up	006 006	7,158 13,457	93.26% 93.50%	6,676 12,582	
<b>Regulations: 10 NYCRR Section 86-2.17(a), PRM-1 Sections 2102.3 &amp; 2132</b>						
b) The Facility amortized start-up costs of \$839,521 related to APC #942840 over a five year period. Only a portion of this cost was eligible for reimbursement in rate year 2007. Therefore, the remaining amount was disallowed in rate year 2007. Since the costs were fully reimbursed prior to rate year 2008, the start-up costs included in the 2008 rates were also disallowed.	Orgn/Strt-Up Orgn/Strt-Up	006 006	142,142 27,980	93.26% 93.50%	132,562 26,161	
<b>Regulations: 10 NYCRR Section 86-2.17(d), PRM-1 Section 2132</b>						
<b>5. WORKING CAPITAL INTEREST DISALLOWANCE</b>						
Providers receiving payment on the basis of reimbursable costs are required to provide adequate cost data based on financial and statistical records that can be verified on audit. Cost data must be current, accurate, and in sufficient detail. Audited working capital expense varied from the amount reported by the Facility. Consequently, a disallowance was necessary.	WCI	005	1,579	94.51%	1,492	
<b>Regulations: 10 NYCRR Section 86-2.17(a), PRM-1 Sections 2300 &amp; 2304</b>						
<b>6. SALES TAX DISALLOWANCE</b>						
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. The audit disclosed that reported sales tax expense was for sales tax paid for the gift shop operated at the Facility. Such expenses are not related to patient care at the Facility. Consequently, the sales tax expense was disallowed.	Sales Tax	005	489	94.72%	463	
<b>Regulations: 10 NYCRR Section 86-2.17(a), PRM-1 Section 2102.3</b>						
Property Expense Disallowances/(Allowances)					\$ 155,071	\$ 24,190
<b>TOTAL AUDITED PROPERTY EXPENSE</b>					<b>\$ 951,228</b>	<b>\$ 919,030</b>

**MARIA REGINA RESIDENCE, INC. - AUDIT #12-3783**  
**RATE PERIODS JANUARY 1, 2007 THROUGH DECEMBER 31, 2008**  
**CORRECTION OF PATIENT DAYS**

The audit of patient day statistics disclosed that the patient days reported were understated in rate year through 2008. The following adjustments were necessary to include the proper days in the rate calculations.

**Regulation: 10 NYCRR Section 86-2.8**

	<b><u>RATE PERIOD</u></b>
	<b><u>2008</u></b>
Patient Days in Promulgated Rates	67,768
Patient Days per Audit	<u>68,038</u>
Understated Patient Days	<u><u>270</u></u>