



STATE OF NEW YORK
OFFICE OF THE MEDICAID INSPECTOR GENERAL
445 Hamilton Avenue, Suite 506
White Plains, New York 10601

ANDREW M. CUOMO
GOVERNOR

JAMES C. COX
MEDICAID INSPECTOR GENERAL

November 4, 2014

[REDACTED]
Throgs Neck Extended Care Facility
707 Throgs Neck Expressway
Bronx, New York 10465

Re: Medicaid Rate Audit #08-4252
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 Throgs Neck Extended Care Facility's (the "Facility") Medicaid rates for the rate period August 1, 2004 through December 31, 2007. 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 February 25, 2014, 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 \$377,780 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 \$2,409,252. However, this audit also processed Bureau of Long Term Care Reimbursement appeals that resulted in an amount due the Facility of \$597,446. Consequently, based on the enclosed audited rates calculated by the Bureau of Long Term Care Reimbursement, the Medicaid overpayment currently due is \$1,811,806. 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, 2007 that utilized the August 1, 2004 through July 31, 2005 base period for operating expense. Any overpayment resulting from operating expense disallowances in the August 1, 2004 through

July 31, 2005 base period report for rates subsequent to December 31, 2007 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 #08-4252
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 08-4252 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 Report to Final 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)
- EXHIBIT V - Per Diem Disallowances
- EXHIBIT VI - Correction of Patient Days
- EXHIBIT VII - Return on Real Property Equity Disallowances/(Allowances)

CERTIFIED MAIL [REDACTED]
RETURN RECEIPT REQUESTED

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

NAME AND ADDRESS OF AUDITEE

THROGS NECK EXTENDED CARE
FACILITY
707 THROGS NECK EXPRESSWAY
BRONX, NEW YORK 10465

AMOUNT DUE: \$1,811,806

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

AUDIT #08-4252

AUDIT TYPE	<input type="checkbox"/> PROVIDER <input checked="" type="checkbox"/> RATE <input type="checkbox"/> PART B <input type="checkbox"/> OTHER:
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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 #08-4252
Albany, New York 12237-0048

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

[REDACTED]

CORRECT PROVIDER NUMBER

**THROGS NECK EXTENDED CARE FACILITY - AUDIT #08-4252
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

Adjustment #7 – Disallowance of Non-Recurring Expense

Facility Comment

(i) Placement Fees Placement fees are not confined to the base year. This expense is not a one-time occurrence. Attached are examples of placement fees in subsequent years.

(ii) Umbrella Insurance The umbrella insurance was discontinued; however, its cost was picked up in subsequent years by an increase to the regular insurance carried by the facility. The facility made the determination and instead of an umbrella, it would raise the limits of its insurance in its ordinary liability policy. The insurance costs were increased in years subsequent to the base year. This provided the same kind of coverage as the umbrella policy. Moreover, in the Settlement Agreement between landlord and Throgs Neck, Throgs Neck committed to pay for general liability insurance at levels above those previously carried by the facility. This fully replaced the umbrella policy.

OMIG Response

(i) Placement Fees - Based on the draft report response, the disallowance has been eliminated.

(ii) Umbrella Insurance - Although the Facility did submit a schedule summarizing insurance expenses for the years 2005 through 2007, they did not submit details of the policy coverage and limits of liability for the years 2006 and 2007. The increase in general insurance coverage still cannot be determined. In addition, based upon the documentation received, the general insurance expense in the subsequent years was significantly less than the combined base year general liability and umbrella insurance expense. The disallowance remains the same.

Disposition: The draft report disallowance was reduced.

Adjustment #10 – Disallowance of Unsubstantiated Expense

Facility Comment

This disallowance involved the 5% fee to SentosaCare, an affiliated "administrative and management services company." Sentosa provided services and performed work that otherwise would have had to be accomplished by the facility's employees. This results in utilization of economies of scale and creates efficiencies which results in reduced costs at all Sentosa affiliated facilities. For Throgs Neck to have employed persons to do this work would have cost more than Sentosa charged this facility. At the time, Sentosa was providing services for approximately 20 facilities, and this spreads the cost of those services, all reimbursable, among each of the facilities costing less than it would have if each had an employee to do the work for the facility directly. The Sentosa bill was \$3,284, it should be allowed.

OMIG Response

The fee paid to SentosaCare was reported as an overhead cost in addition to all other costs that SentosaCare incurred and charged in connection with services provided to the Facility. Since SentosaCare and the Facility are related through common ownership, the allowable cost to the Facility is the actual cost incurred by SentosaCare. Actual costs incurred by SentosaCare, which were substantiated, were allowed and allocated to the Facility. If the related company did not incur the cost, then it is not allowable for inclusion in the Facility's costs. In addition, the Facility still has not provided documentation to substantiate the 5% fee as properly chargeable to necessary patient care.

Disposition: The draft report disallowance remains the same.

Adjustment #11 – Disallowance of Salary Accrual

Facility Comment

These accruals should be allowed as the costs were incurred in the period covered by the base year audit. Vacation and sick leave accruals are accrued weekly so that the amount owed is updated immediately. These costs were the result of an adjustment in employees' hourly rates during the base period. If an employee had ten days of unpaid vacation, and that employee's wage was \$100 per day, the accrual would be \$1,000. When that employee's wage rate is raised so that his/her daily wage is \$120 per day, immediately liability for vacation and sick leave for that employee is increased to \$1,200. This is the adjustment that was made in the accruals and this is what should be allowed.

OMIG Response

The Facility used the base period ending date rate of pay for accruing holiday and personal time, but a future rate of pay for accruing vacation and sick leave time. Accruals should be calculated using the rate of pay effective the time the adjustment is made. Therefore, OMIG allowed vacation and sick leave accruals using the hourly rate effective on the base period ending date and disallowed the portion of the accrual pertaining to the future rate of pay.

Disposition: The draft report disallowance remains the same.

Adjustment #15 – Disallowance of Overstated Expenses

Based on the draft report response, the disallowance has been eliminated.

Adjustment #16 – Disallowance of Employee Benefits Expense

Facility Comment

The facility provided additional documentation to substantiate employee benefit expenses and worker's compensation expense.

OMIG Response

The documentation received from the Facility was reviewed and accepted. Based on the additional documentation provided, the disallowance related to employee benefits expense is reduced by \$5,877. The disallowance of \$39,911 for worker's compensation has been eliminated.

Disposition: The draft report disallowance was reduced.

EXHIBIT IV COMMENTS

Adjustment #2 – Mortgage Interest Disallowances

Facility Comment

As you are aware, the Health Department calculates the Medicaid Real Property Reimbursement for a nursing facility under the Medicaid program by means of a "model" created by the original historical cost of the facility. Thus, the original construction costs are used, and the original financing costs employed to create an amortization and interest factor leading to the return on and return of equity. The Department of Health's position has long been that in a non-arms'-length transaction, reimbursed under 10 NYCRR § 86-2.21(e), the original model including the rate of mortgage interest originally approved by the Department does not change whether the interests paid by the facility or property owner increases or decreases. Thus, even though the landlord refinanced its mortgage, having an impact on the rate of interest paid by landlord, this should not have an effect on the Medicaid rate paid to the tenant. The reduction of the rate in this item should be reversed. The landlord, not the facility refinanced. This was clearly not in Throgs Neck's control. Moreover, the landlord is not a related party to Throgs Neck, as the facility was sold in an arms'-length sale concluded prior to August 1, 2004.

OMIG Response

NYCRR 86-2.21 (c) (5) states "In the computation of reimbursement for non-arm's length leases, the capital cost shall be included in allowable costs only to the extent that it does not exceed the amount which the facility would have included in allowable costs if it had legal title to the assets (the cost of ownership)...." The refinancing took place prior to the sale of the Facility to the current owner on July 2, 2004. At that time, the previous owner appealed to have the Medicaid rates reflect the refinancing. The cost of ownership prior to the sale includes the reduced interest rate of the refinanced mortgage. In accordance with 10 NYCRR Section 86-2.21 (f) (3), "The capital cost component shall not be affected by any sale, lease or transfer occurring after March 10, 1975." Therefore, the current owner's rates should reflect the refinanced amounts as if no sale or lease took place.

Disposition: The draft report disallowance remains the same.

Adjustment #4 – Automobile Expense Disallowance

Facility Comment

The disallowance should be reversed. Unlike some nursing facilities, Throgs Neck claimed costs for only one car. This auto was assigned to the Administrator who was naturally on call 24 hours a day, seven days a week. The administrator might be summoned to the facility at any time. The administrator lived in Carmel, New York in Putnam County. There is no public transportation available there. It is a thoroughly rural area, and it would be impossible for him to come to the facility in response to an emergency summons unless he came by automobile. The car was also used during the day to transport items such as equipment and supplies.

OMIG Response

The facility has not submitted any documentation substantiating the relationship to patient care for reported automobile costs.

Disposition: The draft report disallowance remains the same.

Adjustment #5 – Property Insurance Disallowances

Based on the draft report response, the disallowance has been eliminated.

Adjustment #6 – Working Capital Interest

Facility Comment

The interest involved was charged by the Medicaid program. The interest expense is a legitimate cost. The audit adjustment was a recovery of an overpayment which was caused by actions of the previous owner. The facility is without fault and the interest that had to be paid by Throgs Neck was a necessary expense. The alternative would have been to borrow the money to pay off the recoupment which would have incurred similar interest charges which clearly would have been reimbursable.

The facility has enclosed a schedule of the Interest Paid for Audit Recoveries. CSC delayed payment for Medicaid receivables which affected the cash flow. Due to this lack of liquidity caused by CSC, the facility could not pay the recovery to avoid the interest.

OMIG Response

Allowable costs shall not include any interest charged related to rate determination or penalty imposed by governmental agencies or courts, and the costs of policies obtained solely to insure against the imposition of such a penalty.

Disposition: The draft report disallowance remains the same.

Adjustment #7 – Real Estate Tax Adjustment

Facility Comment

Based on the draft report response, the disallowance has been eliminated.

EXHIBIT V COMMENTS

Reduction in Nursing, OBRA, and Gloves per Diem Add-On Adjustments

Facility Comment

OMIG should reverse the adjustments taken simply because the facility becomes below ceiling as a result of other adjustments, OMIG should not remove the OBRA payments and the nursing adjustment. Both of these payments are designed to meet specific additional needs of nursing facilities without regard to whether direct or indirect costs are above or below ceilings. Thus these payments should be allowed as the expenses incurred to meet the OBRA standards and provide the additional training to nurses remain notwithstanding the reduction of the total costs allowable. The Federal mandates which led to both of these adjustments are no less critical for a facility because there were cost disallowances in unrelated areas. The expenses remained real, the adjustments should continue. Removing these adjustments means that the facility is penalized for its operating efficiency; this is contrary to the Medicaid prospective system established by RUGS II.

OMIG Response

The Nursing, OBRA and Gloves per diem add-ons were meant for facilities with operating base periods prior to 1988, 1991 and 1994, respectively. Since the Facility's operating base period was 8/1/04 through 7/31/05, the nursing, OBRA and gloves costs were already included in the base period direct operating costs. Allowing the per diems would amount to duplicate reimbursement. The per diem add-ons should only replace amounts that were cut by direct cost ceiling limitations. Throgs Neck did not have a direct cost ceiling cut.

Disposition: The draft report disallowance remains the same.

THROGS NECK EXTENDED CARE FACILITY - AUDIT #08-4252
SUMMARY OF CHANGES FROM DRAFT REPORT TO FINAL REPORT

<u>EXHIBIT III - OPERATING EXPENSE</u> <u>DISALLOWANCES/(ALLOWANCES)</u>	Rate Period	Draft Disallowance (Allowance)	Change	Final Disallowance (Allowance)
7. DISALLOWANCE OF NON-RECURRING EXPENSE	Operating Base	\$ 186,668	\$ (47,400)	\$ 139,268
10. DISALLOWANCE OF UNSUBSTANTIATED EXPENSE	Operating Base	11,927	-	11,927
11. DISALLOWANCE OF SALARY ACCRUAL	Operating Base	12,113	-	12,113
15. DISALLOWANCE OF OVERSTATED EXPENSES	Operating Base	52,072	(52,072)	-
16. DISALLOWANCE OF EMPLOYEE BENEFITS EXPENSE	Operating Base	99,168	(45,788)	53,380

EXHIBIT IV - PROPERTY EXPENSE
DISALLOWANCES/(ALLOWANCES)

2. MORTGAGE INTEREST DISALLOWANCES	2004	237,348	-	237,348
	2005	262,057	-	262,057
	2006	239,498	-	239,498
	2007	166,694	-	166,694
4. AUTOMOBILE EXPENSE DISALLOWANCES	2004	6,994	-	6,994
	2005	6,994	-	6,994
	2006	6,994	-	6,994
	2007	8,479	-	8,479
5. PROPERTY INSURANCE DISALLOWANCES	2004	1,660	(1,660)	-
	2005	1,660	(1,660)	-
	2006	1,660	(1,660)	-
	2007	7,303	(7,303)	-
6. WORKING CAPITAL INTEREST	2004	8,459	-	8,459
	2005	8,459	-	8,459
	2006	8,459	-	8,459
	2007	8,464	-	8,464
7. REAL ESTATE TAX ADJUSTMENT	2007	10,266	(10,266)	-

EXHIBIT V - PER DIEM DISALLOWANCES

OBRA PER DIEM ADJUSTMENT	08/01/04-12/31/04	0.75	-	0.75
	01/01/05-12/31/05	0.78	-	0.78
	01/01/06-03/31/06	0.81	-	0.81
	04/01/06-12/31/06	0.81	-	0.81
	01/01/07-03/31/07	0.83	-	0.83
	04/01/07-12/31/07	0.83	-	0.83

THROGS NECK EXTENDED CARE FACILITY - AUDIT #08-4252
SUMMARY OF CHANGES FROM DRAFT REPORT TO FINAL REPORT

<u>EXHIBIT V - PER DIEM DISALLOWANCES (CON'T)</u>	<u>Rate Period</u>	<u>Draft Disallowance (Allowance)</u>	<u>Change</u>	<u>Final Disallowance (Allowance)</u>
GLOVES PER DIEM ADJUSTMENT	08/01/04-12/31/04	0.24	-	0.24
	01/01/05-12/31/05	0.26	-	0.26
	01/01/06-03/31/06	0.27	-	0.27
	04/01/06-12/31/06	0.27	-	0.27
	01/01/07-03/31/07	0.28	-	0.28
	04/01/07-12/31/07	0.28	-	0.28
NURSING PER DIEM ADJUSTMENT	08/01/04-12/31/04	1.02	-	1.02
	01/01/05-12/31/05	1.04	-	1.04
	01/01/06-03/31/06	1.07	-	1.07
	04/01/06-12/31/06	1.06	-	1.06
	01/01/07-03/31/07	1.09	-	1.09
	04/01/07-12/31/07	1.08	-	1.08

Note: The adjustments shown above only reflect those adjustments addressed in the Facility's response. All other adjustments remain the same as shown in the draft audit report.

THROGS NECK EXTENDED CARE FACILITY - AUDIT #08-4252
RATE PERIODS AUGUST 1, 2004 THROUGH DECEMBER 31, 2007
SUMMARY OF PER DIEM IMPACT AND MEDICAID OVERPAYMENT

<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</u>
08/01/04 - 10/31/04	\$229.63	\$220.41	\$9.22	15,434	\$ 142,301
11/01/04 - 12/31/04	234.33	225.12	9.21	9,300	85,653
01/01/05 - 01/31/05	241.40	232.81	8.59	4,503	38,681
02/01/05 - 04/30/05	243.98	235.38	8.60	13,604	116,994
05/01/05 - 06/30/05	239.39	230.79	8.60	9,631	82,827
07/01/05 - 07/31/05	239.39	230.79	8.60	5,017	43,146
08/01/05 - 10/31/05	240.00	231.40	8.60	14,571	125,311
11/01/05 - 12/31/05	241.49	232.93	8.56	9,419	80,627
01/01/06 - 01/31/06	248.67	238.55	10.12	4,642	46,977
02/01/06 - 03/31/06	248.89	238.79	10.10	8,549	86,345
04/01/06 - 04/30/06	248.35	238.27	10.08	4,287	43,213
05/01/06 - 07/31/06	252.58	242.50	10.08	13,509	136,171
08/01/06 - 10/31/06	255.65	245.55	10.10	13,744	138,814
11/01/06 - 12/31/06	261.27	251.19	10.08	8,668	87,373
01/01/07 - 03/31/07	270.98	260.09	10.89	12,144	132,248
04/01/07 - 06/30/07	269.57	258.72	10.85	12,265	133,075
07/01/07 - 08/31/07	268.61	257.76	10.85	8,895	96,511
09/01/07 - 12/31/07	268.61	257.76	10.85	18,022	195,539
TOTAL MEDICAID OVERPAYMENT					<u>\$ 1,811,806</u>

* 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 \$597,446.

THROGS NECK EXTENDED CARE FACILITY - AUDIT #08-4252
RATE PERIODS AUGUST 1, 2004 THROUGH DECEMBER 31, 2007
SUMMARY OF MEDICAID RATES AUDITED

The Facility's Medicaid utilization was approximately 76 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>
08/01/04 - 10/31/04	\$ 229.63
11/01/04 - 12/31/04	234.33
01/01/05 - 01/31/05	241.40
02/01/05 - 04/30/05	243.98
05/01/05 - 06/30/05	239.39
07/01/05 - 07/31/05	239.39
08/01/05 - 10/31/05	240.00
11/01/05 - 12/31/05	241.49
01/01/06 - 01/31/06	248.67
02/01/06 - 03/31/06	248.89
04/01/06 - 04/30/06	248.35
05/01/06 - 07/31/06	252.58
08/01/06 - 10/31/06	255.65
11/01/06 - 12/31/06	261.27
01/01/07 - 03/31/07	270.98
04/01/07 - 06/30/07	269.57
07/01/07 - 08/31/07	268.61
09/01/07 - 12/31/07	268.61

* 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.

THROGS NECK EXTENDED CARE FACILITY - AUDIT #08-4252
RATE PERIODS AUGUST 1, 2004 THROUGH DECEMBER 31, 2007
OPERATING EXPENSE DISALLOWANCES/(ALLOWANCES)

COST CENTER	OPERATING EXPENSE COMPONENT					
	08/01/04 - 12/31/04		08/01/04 - 12/31/06		2007	
	DIRECT	INDIRECT	DIRECT	INDIRECT	NON-COMP.	NON-COMP.
	\$ 9,325,629	\$ 4,720,268	\$ 9,325,629	\$ 4,720,268	\$ 1,059,810	\$ 717,164

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

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

1. CAFETERIA EXPENSE ALLOWANCES

Expense included in the Cafeteria cost center was disallowed on Schedule I of the August 1, 2004 through December 31, 2007 HE-12B. This expense was for cafeteria meals given to the employees, however, the expense was not allocated to cost centers as an employee benefit. An increase in expense is necessary to properly allocate the expense to the proper cost centers. **The Facility, in a letter dated June 18, 2014, rescinded this particular item from outstanding appeal #717602 filed with BLTCR.**

Regulations: 10 NYCRR Sections 86-2.17(a), 455.11, & 455.12

2. ADMINISTRATIVE SERVICES EXPENSE ALLOWANCE

The same interest income was offset on both Schedule I and Schedule VI of the August 1, 2004 through December 31, 2007 HE-12B, resulting in a duplicate disallowance. Consequently, an allowance was necessary. **The Facility, in a letter dated June 18, 2014, rescinded this particular item from outstanding appeal #717602 filed with BLTCR.**

Regulation: 10 NYCRR Section 86-2.20(c)

3. ALLOWANCE OF APPLICATION OF DISCRETE CEILING

The administrator's salary ceiling allowed on Schedule II of the August 1, 2004 through December 31, 2007 HE-12B was calculated using an incorrect trend factor. The administrator's ceiling was recalculated, resulting in a decrease to the original ceiling disallowance. Consequently, an allowance was necessary. **The Facility, in a letter dated June 18, 2014, rescinded this particular item from outstanding appeal #717602 filed with BLTCR.**

Regulation: 10 NYCRR Section 86-2.10(b)(3)(ii)

BLTCR Open Appeals Operating Expense Disallowances/(Allowances)

Subtotal Operating Expense by Component

	\$ (134,950)	\$ (134,950)	\$ (76,366)	\$ (76,366)	\$ -	\$ -
	\$ 9,460,579	\$ 9,460,579	\$ 4,796,634	\$ 4,796,634	\$ 1,059,810	\$ 717,164

THROGS NECK EXTENDED CARE FACILITY - AUDIT #08-4252
RATE PERIODS AUGUST 1, 2004 THROUGH DECEMBER 31, 2007
OPERATING EXPENSE DISALLOWANCES/(ALLOWANCES)

DESCRIPTION	COST CENTER	OPERATING EXPENSE COMPONENT							
		08/01/04 - 12/31/04		08/01/04 - 12/31/06		2007			
		DIRECT	INDIRECT	DIRECT	INDIRECT	COMP.	NON-COMP.		
Fiscal Svc.	004		942		942				
Admin. Svc.	005		9,163		9,163				
Plant Oper.	006		5,817		5,817				
Security	008		3,279		3,279				
Patient Food	011		2,536		2,536				
Social Svc.	021	1,597		1,597				2,404	2,404
Dental Svc.	037								
Physical Ther.	039	1,906		1,906					
Central Svc.	043	10,987		10,987					
SNF	051	29,177		29,177				33,543	33,543
Utilities	106								
Laboratory	031							24,173	24,173
Admin. Svc.	005							53,298	53,298

Other OMIG Audit Disallowances/(Allowances)

4. OUT OF PERIOD EXPENSES

The OMIG's review of the Facility's records disclosed charges not related to the base period under audit. Consequently, these expenses were disallowed.

Regulations: 10 NYCRR Sections 86-2.4 & 86-2.17(a)

5. DISALLOWANCE OF LABORATORY EXPENSE

Effective April 1, 2001, the Centers for Medicare and Medicaid Services (CMS) policy for consolidated billing required that nursing facilities bill and receive reimbursement under Medicare Part A for the radiology and laboratory "technical component" portion of charges. The actual radiology and laboratory service provider then bills the nursing facility to receive its reimbursement of the technical component. Consequently, inclusion of any such "expenses" in the Medicaid rate is inappropriate and would duplicate reimbursement. The "expense" is merely a pass through of income received by the nursing facility to the service provider. Additionally, the above transactions do not pertain to Medicaid patients in any way. Since the "expense" does not pertain to Medicaid patients, it is not reimbursable under the Medicaid program.

Regulations: 10 NYCRR Section 86-2.17(d), HCFA Pub. 60B, Transmittal B-00-67 dated Nov. 27, 2000, Subject: Consolidated Billing for SNF Residents

6. EXPENSES NOT RELATED TO PATIENT CARE

Payments to various vendors were verified, however, documentation to substantiate the relationship of these expenses to patient care was not made available. Facilities are required to provide adequate cost data that can be verified, and expenses must be related to patient care. Since the Facility did not substantiate that the expenses were related to patient care, the expenses were disallowed.

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

THROGS NECK EXTENDED CARE FACILITY - AUDIT #08-4252
RATE PERIODS AUGUST 1, 2004 THROUGH DECEMBER 31, 2007
OPERATING EXPENSE DISALLOWANCES/(ALLOWANCES)

	OPERATING EXPENSE COMPONENT								
	08/01/04 -		08/01/04 -		12/31/06		2007		
	12/31/04,	2006-2007	12/31/04,	2006-2007	NON-	NON-	COMP.	COMP.	
DESCRIPTION	COST CENTER	DIRECT	INDIRECT	DIRECT	INDIRECT	2005	2005	INDIRECT	
7. DISALLOWANCE OF NON-RECURRING EXPENSE									
Nursing placement fees and umbrella insurance expenses were reported in the base period. These expenses were not incurred in subsequent years. To attain proper reimbursement, these expenses are allowed in the rate year 2005, the first full calendar year for the period under audit, and disallowed in all previous and subsequent rate periods. This disallowance was reduced as a result of the Facility's response to the draft audit report.									
Regulations: 10 NYCRR Sections 86-2.17 (a) & (d), PRM-1 Section 2102.1									
8. DISALLOWANCE OF DUPLICATE EXPENSE									
Various expenses were reported twice. Other expenses were reported correctly, but were reimbursed in both the operating and capital components of the HE-12B. Consequently, disallowances were necessary to eliminate duplicate reimbursement.									
Regulations: 10 NYCRR Sections 86-2.17(a) & (d)									
9. DISALLOWANCE OF UNDOCUMENTED EXPENSE									
Providers 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. The Facility did not provide documentation to substantiate various expenses. Consequently, the expenses were disallowed.									
Regulations: 10 NYCRR Section 86-2.7 & 86-2.17(a), PRM-1 Section 2300									
10. DISALLOWANCE OF UNSUBSTANTIATED EXPENSE									
Providers 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. The Facility did not provide adequate documentation to substantiate reported expense. Consequently, the unsubstantiated expenses were disallowed.									
Regulations: 10 NYCRR Section 86-2.17(a), PRM-1 Sections 2300 & 2304									
11. DISALLOWANCE OF SALARY ACCRUAL									
Expenditures are to be recorded in the period in which they are incurred. Vacation, sick, holiday, and personal time accruals were overstated for some employees. The overstated amount was not associated with the operating base period, and was disallowed.									
Regulations: 10 NYCRR Sections 86-2.4, 86-2.17(a) & (d), PRM-1 Sections 2300, 2302.1, & 2304									

THROGS NECK EXTENDED CARE FACILITY - AUDIT #08-4252
RATE PERIODS AUGUST 1, 2004 THROUGH DECEMBER 31, 2007
OPERATING EXPENSE DISALLOWANCES/(ALLOWANCES)

	OPERATING EXPENSE COMPONENT							
	08/01/04 -				08/01/04 -			
	DESCRIPTION	COST CENTER	2006-2007 DIRECT	2005 DIRECT	2006-2007 INDIRECT	2005 INDIRECT	2007 NON-COMP.	2007 NON-COMP.
12. OFFSET OF INCOME								
Expense shall be reduced by the cost of services and activities which are not properly chargeable to patient care. The OMIG determined that telephone income was not offset against reported telephone expenses. An adjustment was made to offset this income. Regulations: 10 NYCRR Sections 86-2.17(a) & 86-2.18(a), PRM-1 Sections 800 & 802.1	Admin. Svc.	005	9,531	9,531	9,531	9,531		
13. RECLASSIFICATION OF EXPENSE								
Medical supplies expense included charges that should have been reported as capital costs. Also, reported rental costs included charges for items that should have been included as operating expenses. Adjustments were made to reclassify the costs to the proper component. See corresponding property expense adjustments #10a and #11. Regulations: 10 NYCRR Sections 86-2.10(c), (f), (g), & 455.35	Central Svc.	043	10,067	10,067	10,067			
14. UTILITIES DISALLOWANCE								
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 four 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: 10 NYCRR Section 86-2.17(a), TSB-A-90(60)S, Sales and Use-Rate of Tax-Residential Energy Sources-Long Term Treatment Facilities, & PRM-1 Section 2122.20	Utilities	106					15,566	15,566
15. DISALLOWANCE OF OVERSTATED EXPENSES								
Based on the draft report response, the disallowance has been eliminated.								
16. DISALLOWANCE OF EMPLOYEE BENEFITS EXPENSE								
Employee benefits expense determined per audit varied from the Facility's reported expense, resulting in disallowances in various cost centers. The Facility is required to provide cost data that is current, accurate and in sufficient detail. Consequently, the overstated expense was disallowed. This disallowance was reduced as a result of the Facility's response to the draft audit report. Regulations: 10 NYCRR Sections 86-2.17(a) & (d), PRM-1 Sections 2300 & 2304	Fiscal Svc. Admin. Svc. Plant Oper. Housekeeping Patient Food Nursing Admin Activities Med. Records Social Svc. Physical Ther. Occup. Ther. SNF	004 005 006 010 011 013 014 019 021 039 040 051	56 341 259 4,491 2,480	56 341 259 4,491 2,480	584 61 10,078 356 356 34,048	584 61 10,078 356 356 34,048	270	270

THROGS NECK EXTENDED CARE FACILITY - AUDIT #08-4252
RATE PERIODS AUGUST 1, 2004 THROUGH DECEMBER 31, 2007
OPERATING EXPENSE DISALLOWANCES/(ALLOWANCES)

COST CENTER	DESCRIPTION	OPERATING EXPENSE COMPONENT					
		08/01/04 - 12/31/04		08/01/04 - 12/31/06		2007	
		DIRECT	INDIRECT	DIRECT	INDIRECT	NON-COMP.	NON-COMP.
004	Fiscal Svc.		(3,998)		(3,998)		
005	Admin. Svc.		563		563		
006	Plant Oper.		303		303		
007	Grounds		17		17		
008	Security		358		358		
009	Laundry		(15,210)		(15,210)		
010	Housekeeping		680		680		
011	Patient Food		(476)		(476)		
012	Cafeteria		367		367		
014	Activities	74					
040	Occup. Ther.	13					
043	Central Svc.	1,306					
106	Utilities						
						255	255
		\$ 145,988	\$ 145,988	\$ 307,011	\$ 167,743	\$ 80,396	\$ 80,396
		\$ 9,314,591	\$ 9,314,591	\$ 4,489,623	\$ 4,628,891	\$ 979,414	\$ 636,768

Other OMIG Operating Expense Disallowances/(Allowances)
TOTAL AUDITED OPERATING EXPENSE BY COMPONENT

THROGS NECK EXTENDED CARE FACILITY - AUDIT #08-4252
RATE PERIODS AUGUST 1, 2004 THROUGH DECEMBER 31, 2007
PROPERTY EXPENSE DISALLOWANCES/(ALLOWANCES)

DESCRIPTION CENTER	RATE PERIODS		
	2004	2005	2006
	\$ 1,895,588	\$ 1,915,932	\$ 1,832,872
			\$ 2,351,940

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

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

1. RENT EXPENSE ALLOWANCES

The Facility filed a rate appeal requesting the inclusion of reported equipment rental expense in the 2006 rate. Since the rental expense was properly documented, allowances were necessary. The Facility, in a letter dated June 18, 2014, rescinded this particular item from outstanding appeal #717602 filed with BLTCR.

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

BLTCR Open Appeals Disallowances/(Allowances)
Subtotal Property Expense

Rent A	005	(17,876)
Rent C	043	(2,464)
Rent D	051	(3,482)
Rent E	051	(3,123)

\$ -	\$ -	\$ (26,945)	\$ -
\$ 1,895,588	\$ 1,915,932	\$ 1,859,817	\$ 2,351,940

Other OMIG Audit Disallowances/(Allowances)

2. MORTGAGE INTEREST DISALLOWANCES

The Facility filed a rate appeal requesting the Medicaid rates be adjusted to reflect the refinancing of their mortgage during 2004. The OMIG has determined the refinanced expense to be proper. Consequently, adjustments were necessary. The Facility must notify BLTCR of its withdrawal of outstanding appeal #423803.

Regulations: 10 NYCRR Sections 86-2.10(g), 86-2.17(a) & (d), 86-2.20(a), & 86-2.21

Interest	001	334,050	320,281	321,607	250,721
Interest	003				
ME Interest	001	20,267	19,388	19,512	15,211
ME Interest	003				(99,238)
Mort. Amort.	001	(116,969)	(77,612)	(101,621)	

3. DISALLOWANCE OF MORTGAGE INSURANCE

The Facility was reimbursed twice for mortgage insurance on Schedule VI of the 2007 HE-12B. The duplicated reimbursement was disallowed.

Regulations: 10 NYCRR Sections 86-2.17(a) & (d), PRIM-1 Sections 2300 & 2304

Mort. Ins.	005				74,816
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THROGS NECK EXTENDED CARE FACILITY - AUDIT #08-4252
RATE PERIODS AUGUST 1, 2004 THROUGH DECEMBER 31, 2007
PROPERTY EXPENSE DISALLOWANCES/(ALLOWANCES)

DESCRIPTION	COST CENTER	RATE PERIODS			
		2004	2005	2006	2007
Auto Ins.	006	1,486	1,486	1,486	2,741
Rent B	006	5,508	5,508	5,508	
Rent C	006				5,738

4. AUTOMOBILE EXPENSE 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 insurance. Consequently, disallowances were necessary.

Regulations: 10 NYCRR Section 86-2.17(a), PRM-1 Sections 2102.3, 2105.9, 2300, & 2304

5. PROPERTY INSURANCE DISALLOWANCES

Based on the draft report response, the disallowance has been eliminated.

6. WORKING CAPITAL INTEREST

The Facility reported working capital interest expense for a New York State Department of Health audit recovery loan and bank fees. The Facility did not provide any documentation to substantiate the expense. In addition, allowable costs shall not include any interest charged related to rate determination or penalty imposed by government agencies or courts, and the costs of policies obtained solely to insure against the imposition of such penalty. Consequently, working capital interest expense was disallowed.

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

7. REAL ESTATE TAX ADJUSTMENT

Based on the draft report response, the disallowance has been eliminated.

8. SALES TAX DISALLOWANCES

a) The Facility reported sales tax expense for laundry services, laundry disposable diapers and fiscal purchased services. These items did not have sales tax charged. Consequently, reported sales tax expense applicable to these costs was disallowed.

Regulations: 10 NYCRR Sections 86-2.17(a) & (d), PRM-1 Section 2122.2D

b) 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 four 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, a disallowance was necessary.

Regulations: 10 NYCRR Section 86-2.17(a), TSB-A-90(60)S, Sales and Use-Rate of Tax-Residential Energy Sources-Long Term Treatment Facilities, & PRM-1 Section 2122.2D

WCI Expense	005	8,459	8,459	8,459	8,464
Sales Tax	005	15,747	15,747	15,747	18,923
Sales Tax	005				17,669

THROGS NECK EXTENDED CARE FACILITY - AUDIT #08-4252
RATE PERIODS AUGUST 1, 2004 THROUGH DECEMBER 31, 2007
PROPERTY EXPENSE DISALLOWANCES/(ALLOWANCES)

DESCRIPTION	COST CENTER	RATE PERIODS		
		2004	2005	2006
Sales Tax	005			1,683
Ret. On Equity	001		(2,424)	3,708
Rent D	043	1,300		
Rent D	051		1,300	
Rent E	051	1,300		
Rent A	005	1,153		
Rent A	005		2,069	
Rent A	002			2,620
Rent C	043		4,480	
Rent A	005	9,492		
Rent D	043	2,900		
Rent D	051		2,900	

8. SALES TAX DISALLOWANCES (CONT.)

c) The Facility reported sales tax on promotional ads. Costs incurred for advertising are not related to patient care, and therefore, are not allowable for reimbursement. Regulations: 10 NYCRR Sections 86-2.17(a), (d), & (h), PRM-1 Sections 2102.3 & 2136.2

9. RETURN ON EQUITY ADJUSTMENTS

A proprietary facility is entitled to return on equity for capital invested for the necessary and proper operation of patient care facilities. Adjustments to historical costs and accumulated reimbursement resulted in adjustments to the return on equity. Refer to Exhibit VII for details. Regulation: 10 NYCRR Section 86-2.21

10. DISALLOWANCE OF RENTAL EXPENSE

a) Reported rental expenses for oxygen concentrators included amounts for oxygen. Oxygen is considered an operating expenditure. Consequently, an adjustment was made to reclassify the expense to the operating component. See corresponding operating adjustment #13. Regulations: 10 NYCRR Sections 86-2.17(a) & (d), & 86-2.10(g), PRM-1 Section 2102.2

b) The Facility reported expenses that were not related to the base period under audit. As a result, the expenses were disallowed. Regulations: 10 NYCRR Sections 86-2.4 & 2.17(a), PRM-1 Sections 2300, 2302.1, & 2304

c) 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. The Facility was unable to provide documentation or demonstrate the relationship to patient care for reported equipment rental. Consequently, disallowances were necessary. Regulations: 10 NYCRR Section 86-2.17(a), PRM-1 Sections 2300 & 2304

d) Certain rental expenses were reported or posted twice and allowed in the promulgated rates. Consequently, disallowances were necessary to eliminate duplicate reimbursement. Regulations: 10 NYCRR Sections 86-2.17(a) & (d)

THROGS NECK EXTENDED CARE FACILITY - AUDIT #08-4252
RATE PERIODS AUGUST 1, 2004 THROUGH DECEMBER 31, 2007
PROPERTY EXPENSE DISALLOWANCES/(ALLOWANCES)

	COST DESCRIPTION CENTER	RATE PERIODS			
		2004	2005	2006	2007
11. MOVABLE EQUIPMENT DEPRECIATION ADJUSTMENTS					
Depreciation on medical supplies expense reclassified from the operating component is an allowable property cost. Consequently, an allowance was made. See corresponding operating adjustment #13. Regulations: 10 NYCRR Sections 86-2.7, 2.17(a), & 2.22(a), PRM-1 Section 2300					
	ME Depr. 002	(625)	(625)	(625)	(625)
12. INVESTMENT INCOME OFFSET RECLASSIFICATION					
Reported investment income was appropriately offset against working capital interest expense. However, due to the disallowance of working capital interest in adjustment #6, it was necessary to reclassify the investment income offset to Other Interest. Regulation: 10 NYCRR Section 86-2.20(c)					
	WCI 005	(1,961)	(1,961)	(1,961)	(58)
	Other Interest 001	1,961	1,961	1,961	
	Other Interest 003				58
Other OMIG Property Expense Disallowances/(Allowances)		<u>\$ 286,137</u>	<u>\$ 312,902</u>	<u>\$ 273,781</u>	<u>\$ 295,807</u>
TOTAL AUDITED PROPERTY EXPENSE		<u>\$ 1,609,451</u>	<u>\$ 1,603,030</u>	<u>\$ 1,586,036</u>	<u>\$ 2,056,133</u>

THROGS NECK EXTENDED CARE FACILITY - AUDIT #08-4252
RATE PERIODS AUGUST 1, 2004 THROUGH DECEMBER 31, 2007
PER DIEM DISALLOWANCES

REDUCTION IN NURSING, OBRA AND GLOVES PER DIEM ADD-ON ADJUSTMENTS

The Facility received Nursing, OBRA, and Gloves per diem add-ons in its 8/1/2004 through 12/31/2007 Medicaid rates. The Nursing per diem was added to recognize increases in nursing costs between 1987 and 1988 for facilities with operating base periods prior to 1988. The OBRA per diem was added to recognize various Federally mandated direct expenses for facilities with operating base periods prior to 4/1/91. The Gloves per diem was added to recognize a Federal mandate for glove supplies for facilities with operating base periods prior to 4/1/94.

This Facility's operating base period was 8/1/04 through 7/31/05, so the increased nursing costs and Federally mandated expenditures were included in its base period direct operating costs. The per diem add-ons for the Facility should only have replaced amounts that were cut by direct cost ceiling limitations in the applicable rate calculations; however, the Facility did not have ceiling limitations. Consequently, the Nursing, OBRA and Gloves per diem add-ons were disallowed.

Regulations: 10 NYCRR Sections 86-2.10(r) & (u), 86-2.17(a), Bureau of Long Term Care Reimbursement Rate Setting Policy

	<u>08/01/04</u>	<u>01/01/05</u>	<u>01/01/06</u>	<u>04/01/06</u>	<u>01/01/07</u>	<u>04/01/07</u>
OBRA Per Diem Adjustment	\$ 0.75	\$ 0.78	\$ 0.81	\$ 0.81	\$ 0.83	\$ 0.83
Gloves Per Diem Adjustment	0.24	0.26	0.27	0.27	0.28	0.28
Nursing Per Diem Adjustment	1.02	1.04	1.07	1.06	1.09	1.08
Disallowance to Per Diem Add-Ons	<u>\$ 2.01</u>	<u>\$ 2.08</u>	<u>\$ 2.15</u>	<u>\$ 2.14</u>	<u>\$ 2.20</u>	<u>\$ 2.19</u>

THROGS NECK EXTENDED CARE FACILITY - AUDIT #08-4252
RATE PERIODS AUGUST 1, 2004 THROUGH DECEMBER 31, 2007
CORRECTION OF PATIENT DAYS

The audit of patient day statistics disclosed that reported patient days were not correctly used in the capital component of the 2004 and 2005 rate years. The following adjustments were necessary to include the proper days in the rate calculation.

Regulation: 10 NYCRR Section 86-2.8(c)

<u>PROPERTY COMPONENT</u>	RATE YEARS	
	<u>2004</u>	<u>2005</u>
Patient Days in Promulgated Rates	72,676	72,100
Patient Days per Audit	<u>72,697</u>	<u>72,697</u>
Understated Patient Days	<u>21</u>	<u>597</u>

THROGS NECK EXTENDED CARE FACILITY - AUDIT #08-4252
RATE PERIODS AUGUST 1, 2004 THROUGH DECEMBER 31, 2007
RETURN ON REAL PROPERTY EQUITY DISALLOWANCES/(ALLOWANCES)

<u>Return on Equity Calculation</u>	<u>RATE PERIODS</u>			
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Real Property Historical Cost per HE-12B	\$ 16,978,190	\$ 16,978,190	\$ 17,115,832	\$ 17,120,404
Audit Disallowances/(Allowances)	-	(48,974)	83,316	(5,352)
Audited Historical Cost	\$ 16,978,190	\$ 17,027,164	\$ 17,032,516	\$ 17,125,756
Less: Mortgage Principal	14,077,324	14,077,324	14,077,324	14,077,324
Audited Net Equity	\$ 2,900,866	\$ 2,949,840	\$ 2,955,192	\$ 3,048,432
Less: ½ Current Return of Equity	0	0	0	0
Audited Net Investment	\$ 2,900,866	\$ 2,949,840	\$ 2,955,192	\$ 3,048,432
Rate of Return	5.15%	4.95%	4.45%	4.90%
Audited Return on Equity	\$ 149,395	\$ 146,017	\$ 131,506	\$ 149,373
Promulgated Return on Equity	149,395	143,593	135,214	143,632
Disallowance/(Allowance)	\$ -	\$ (2,424)	\$ 3,708	\$ (5,741)