STATE OF NEW YORK
OFFICE OF THE MEDICAID INSPECTOR GENERAL
800 North Pearl Street
Albany, New York 12204

DAVID A. PATERSON
GOVERNOR

JAMES G. SHEEHAN
MEDICAID INSPECTOR GENERAL

October 13, 2010

[redacted]
Hempstead Park Nursing Home
800 Front St.
Hempstead, New York 11550

Re: Medicaid Rate Audit #05-1490
NPI Number: [redacted]
Provider Number: [redacted]

Dear [redacted]

Enclosed is the final report of the Office of the Medicaid Inspector General's (the "OMIG") audit of Hempstead Park Nursing Home's (the "Facility") Medicaid rates for the rate period June 3, 1998 through December 31, 2004. In accordance with 18 NYCRR Section 517.6, this report represents the OMIG's final determination on issues raised in the draft report.

Since you did not respond to our draft report dated June 16, 2010, the findings in the final report remain identical to the draft report. Based on the enclosed audited rates calculated by the Bureau of Long Term Care Reimbursement, the Medicaid overpayment currently due is $307,219. This overpayment is subject to Department of Health (the "DOH") and Division of Budget (the "DOB") final approval. While not anticipated, any difference between the calculated overpayment and the final DOH and DOB approved amount will be resolved with the Facility by the OMIG Bureau of Collections Management.

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 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 1237
File #05-1490
Albany, New York 12237-0048

OPTION #2: Enter into a repayment agreement with the OMIG. If your repayment terms exceed 90 days from the date of the final 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 report, the OMIG will impose a 15% withhold after 20 days until the agreement is established. The OMIG may require financial information from you to establish the terms of the repayment agreement. If additional information is requested, the OMIG must receive the information within 30 days of the request or a 50% withhold will be imposed. OMIG acceptance of the repayment agreement is based on your repaying the Medicaid overpayment as agreed. The OMIG will adjust the rate of recovery, or require payment in full, if your unpaid balance is not being repaid as agreed. The OMIG will notify you no later than 5 days after initiating such action. If you wish to enter into a repayment agreement, you must forward your written request within 20 days to the following:

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

If within 20 days, you fail to make full payment or contact the OMIG to make repayment arrangements, the OMIG will establish a withhold equal to 50% of your Medicaid billings to secure payment and liquidate the overpayment amount, interest and/or penalty, not barring any other remedy allowed by law. The OMIG will provide notice to you no later than 5 days after the withholding of any funds.

In addition, if you receive an adjustment in your favor while you owe funds to the State, such adjustment will be applied against the amount owed.

You have the right to challenge this action and determination by requesting an administrative hearing within sixty (60) days of the date of this notice. You may not request a hearing to raise issues related to rate setting or rate setting methodology. In addition, you may not raise any issue that was raised or could have been raised at a rate appeal with your rate setting agency. You may only request a hearing to challenge specific audit adjustments which you challenged in a response to the draft audit report.

If you wish to request a hearing, the request must be submitted in writing to:

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

Questions regarding the request for a hearing should be directed to of the Office of Counsel at

If a hearing is held, you may have a person represent you or you may represent yourself. If you choose to be represented by someone other than an attorney, you must supply a signed authorization permitting that person to represent you along with your hearing request. At the hearing, you may call witnesses and present documentary evidence on your behalf. If you have any questions regarding the above, please contact at

Coordinator Medical Facilities Audit
Division of Medicaid Audit
Audit Management and Development
Office of the Medicaid Inspector General

Attachments:

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)

CERTIFIED MAIL #
RETURN RECEIPT REQUESTED

Ver-13.0

NEW YORK STATE
OFFICE OF THE MEDICAID INSPECTOR GENERAL
REMITTANCE ADVICE

NAME AND ADDRESS OF AUDITEE	NPI # [redacted] PROVIDER [redacted]
HEMPSTEAD PARK NH 800 FRONT STREET HEMPSTEAD, NEW YORK 11550	AUDIT #05-1490
	AUDIT TYPE [ ] PROVIDER [X] RATE [ ] PART B [ ] OTHER:
AMOUNT DUE: $307,219	

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 1237
File #05-1490
Albany, New York 12237-0048

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

CORRECT PROVIDER NUMBER

EXHIBIT I

HEMPSTEAD PARK NURSING HOME

RATE PERIODS JUNE 3, 1998 THROUGH DECEMBER 31, 2004

SUMMARY OF PER DIEM IMPACT AND MEDICAID OVERPAYMENT

	ISSUED RATES*		FINAL RATES		RATE		
	Medicare Part B		Medicare Part B		DECREASE	MEDICAID	MEDICAID
RATE PERIOD	Non-Elig.	Eligible	Non-Elig.	Eligible	(INCREASE)	DAYS	OVERPAYMENT
06/03/98 - 06/09/98	$202.22	$199.87	$201.68	$199.33	$0.54	1,435	$ 775
06/10/98 - 08/31/98	202.22	199.87	201.68	199.33	0.54	17,217	9,297
09/01/98 - 11/30/98	205.73	203.38	205.19	202.84	0.54	17,519	9,460
12/01/98 - 12/31/98	208.01	205.66	207.47	205.12	0.54	5,713	3,085
01/01/99 - 02/28/99	212.20	209.78	211.65	209.23	0.55	10,493	5,771
03/01/99 - 03/31/99	212.20	209.78	211.65	209.23	0.55	5,261	2,894
04/01/99 - 05/31/99	215.93	213.51	215.38	212.96	0.55	10,351	5,693
06/01/99 - 06/30/99	215.74	213.32	215.19	212.77	0.55	5,173	2,845
07/01/99 - 08/31/99	209.36	206.94	208.81	206.39	0.55	10,385	5,712
09/01/99 - 11/30/99	206.40	203.98	205.85	203.43	0.55	16,373	9,005
12/01/99 - 12/31/99	206.03	203.61	205.48	203.06	0.55	5,886	3,237
01/01/00 - 02/29/00	209.36	206.88	208.82	206.34	0.54	11,862	6,405
03/01/00 - 05/31/00	208.45	205.97	207.91	205.43	0.54	18,101	9,775
06/01/00 - 08/31/00	211.76	209.28	211.22	208.74	0.54	17,022	9,192
09/01/00 - 11/30/00	211.94	209.46	211.40	208.92	0.54	16,925	9,140
12/01/00 - 12/31/00	210.90	208.42	210.36	207.88	0.54	5,738	3,099
01/01/01 - 02/28/01	218.11	215.56	217.52	214.97	0.59	10,112	5,966
03/01/01 - 05/31/01	220.58	218.03	219.99	217.44	0.59	15,286	9,019
06/01/01 - 08/31/01	220.69	218.14	220.10	217.55	0.59	15,675	9,248
09/01/01 - 11/30/01	223.69	221.14	223.10	220.55	0.59	16,554	9,767
12/01/01 - 12/31/01	224.08	221.53	223.49	220.94	0.59	5,893	3,477
01/01/04 - 02/29/04	220.47	217.74	217.73	215.00	2.74	10,001	27,403
03/01/04 - 03/31/04	220.45	217.72	217.71	214.98	2.74	5,273	14,448
04/01/04 - 05/31/04	220.45	217.72	217.71	214.98	2.74	10,216	27,992
06/01/04 - 08/31/04	219.56	216.83	216.81	214.08	2.75	15,373	42,276
09/01/04 - 11/30/04	211.82	209.09	209.08	206.35	2.74	16,776	45,966
12/01/04 - 12/31/04	213.64	210.91	210.89	208.16	2.75	5,917	16,272
TOTAL MEDICAID OVERPAYMENT							**$ 307,219**

* Any differences between these rates and the rates listed in Exhibit II of this report represent rate changes made subsequent to our audit. These changes remain open to future audit by the OMIG.

EXHIBIT II

HEMPSTEAD PARK NURSING HOME

RATE PERIODS JUNE 3, 1998 THROUGH DECEMBER 31, 2004

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.

	ISSUED RATES	
	Medicare Part B	
RATE PERIOD	Non-Elig.	Eligible
06/03/98 - 06/09/98	$ 202.22	$ 199.87
06/10/98 - 08/31/98	202.22	199.87
09/01/98 - 11/30/98	205.73	203.38
12/01/98 - 12/31/98	208.01	205.66
01/01/99 - 02/28/99	212.20	209.78
03/01/99 - 03/31/99	212.20	209.78
04/01/99 - 05/31/99	215.93	213.51
06/01/99 - 06/30/99	215.74	213.32
07/01/99 - 08/31/99	209.36	206.94
09/01/99 - 11/30/99	206.40	203.98
12/01/99 - 12/31/99	206.03	203.61
01/01/00 - 02/29/00	209.36	206.88
03/01/00 - 05/31/00	208.45	205.97
06/01/00 - 08/31/00	211.76	209.28
09/01/00 - 11/30/00	211.94	209.46
12/01/00 - 12/31/00	210.90	208.42
01/01/01 - 02/28/01	218.11	215.56
03/01/01 - 05/31/01	220.58	218.03
06/01/01 - 08/31/01	220.69	218.14
09/01/01 - 11/30/01	223.69	221.14
12/01/01 - 12/31/01	224.08	221.53
01/01/02 - 02/28/02	224.25	221.63
03/01/02 - 03/31/02	215.30	213.18
04/01/02 - 05/31/02	218.06	215.44
06/01/02 - 08/31/02	220.19	217.57
09/01/02 - 11/30/02	211.99	209.37
12/01/02 - 12/31/02	213.92	211.30
01/01/03 - 02/28/03	226.66	223.98
03/01/03 - 05/31/03	215.34	212.66
06/01/03 - 08/31/03	211.45	208.77
09/01/03 - 11/30/03	211.21	208.53
12/01/03 - 12/31/03	214.59	211.91
01/01/04 - 02/29/04	226.41	223.68
03/01/04 - 03/31/04	220.45	217.72
04/01/04 - 05/31/04	220.45	217.72
06/01/04 - 08/31/04	219.56	216.83
09/01/04 - 11/30/04	211.82	209.09
12/01/04 - 12/31/04	213.64	210.91

HEMPSTEAD PARK NURSING HOME

RATE YEARS JANUARY 1, 2004 THROUGH DECEMBER 31, 2004

OPERATING EXPENSE DISALLOWANCES

	DESCRIPTION	COST CENTER	DISALLOWED (ALLOWED)	TRACE-BACK %	OPERATING EXPENSE COMPONENT DIRECT	INDIRECT	NON-COMPARABLE
Operating Expense Allowed per HE-12B					$ 8,769,313	$ 4,392,144	$ 1,337,022
Less Disallowances/(Allowances):							
1. SALES TAX DISALLOWANCE Effective with the 2004 rates, the Facility reported and was reimbursed for all sales tax expense in the property portion of the rate. However, the sales tax expense associated with base year operating expense was included in the appropriate operating expense category and reimbursed in the operating per diem. By electing to change reporting and including all sales tax in property, the facility is being reimbursed for sales tax expense in both the operating and property per diems. In order to eliminate the duplication, sales tax expense was eliminated from the June 3, 1998 through May 31, 1999 base period operating expense effective with the 2004 rates. **Regulation: 10 NYCRR Sections 86-2.17(a)&(d)**	Utilities	106	20,296	99.98%			20,292
Total Disallowances					$ -	$ -	$ 20,292
AUDITED OPERATING EXPENSE BY COMPONENT					**$ 8,769,313**	**$ 4,392,144**	**$ 1,316,730**

HEMPSTEAD PARK NURSING HOME

RATE PERIODS JUNE 3, 1998 THROUGH DECEMBER 31, 2004

PROPERTY EXPENSE DISALLOWANCES

	DESCRIPTION	COST CENTER	DISALLOWED (ALLOWED)	TRACE-BACK %	RATE PERIODS* 6/3/98-12/31/1998	1999	2000	2001	2004
Property Expense Allowed per HE-12B					$ 885,695	$ 850,440	$866,982	$ 910,666	$ 891,311
Less Disallowances/(Allowances):									
1. MOVABLE EQUIPMENT DEPRECIATION DISALLOWANCE									
Depreciation on capitalized leased equipment is not a reimbursable cost. In lieu of depreciation and interest on capitalized assets, the provider is reimbursed actual lease payments. Lease payments were properly allowed in the promulgated rates. Consequently, movable equipment depreciation applicable to capitalized leases was disallowed in the 2004 rates. **Regulation: 10 NYCRR Sections 86-2.17(d) and 86-2.22**	ME Depr	002	$49,300	100.00%					49,300
2. WORKING CAPITAL INTEREST DISALLOWANCE									
Working capital interest expense allowed in the rate computation exceeded the threshold limitations. Consequently, disallowances were necessary. **Regulation: 10 NYCRR Section 86-2.20(d)(2)(i)**	WCI	005	44,244	99.75%	44,133				
	WCI	005	45,656	99.75%		45,542			
	WCI	005	44,244	99.75%			44,133		
	WCI	005	48,480	99.75%				48,359	
	WCI	005	86,969	99.75%					86,752
3. REVENUE RECOVERY									
Expenses shall be reduced by the cost of services and activities which are not properly chargeable to patient care. In the event that it is not practicable to establish the cost of such services and activities, the income derived from them may be substituted for their cost. Rental income derived from the lease of space for Physicians' Offices was offset against expense in the 2004 rates. **Regulations: 10 NYCRR Section 2.18(a)(7)**	Other	001	66,836	99.97%					66,816
Total Disallowances					$ 44,133	$ 45,542	$ 44,133	$ 48,359	$ 202,868
AUDITED PROPERTY EXPENSE					**$ 841,562**	**$ 804,898**	**$822,849**	**$ 862,307**	**$ 688,443**

* Note: There were no adjustments to the 2002 and 2003 property rates; therefore, no 2002 or 2003 rate column is shown