



STATE OF NEW YORK
OFFICE OF THE MEDICAID INSPECTOR GENERAL
90 Church Street, 14th Floor
New York, New York 10007

ANDREW M. CUOMO
GOVERNOR

JAMES C. COX
ACTING MEDICAID INSPECTOR GENERAL

September 21, 2011

[REDACTED]
Ocean Promenade Nursing Center
140 Beach 113th Street
Rockaway Park, New York 11694

Re: Medicaid Rate Audit #04-1386
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 Ocean Promenade Nursing Center's (the "Facility") Medicaid rates for the rate period March 15, 2002 through December 31, 2005. In accordance with 18 NYCRR Section 517.6, this report represents the OMIG's final determination on issues raised in the draft report.

In response to the draft audit report dated November 8, 2007, you identified specific audit findings with which you disagreed. Your comments have been considered and the report has been either revised accordingly and/or amended to address your comments. Consideration of your comments resulted in no reduction of the Medicaid overpayment. However, based on OMIG's internal review of the patient days for the 2005 rate year, the Medicaid overpayment has been revised downward. 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 \$758,132. 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.

The overpayment does not reflect the impact on rates subsequent to 2005 that utilized the March 15, 2002 through March 14, 2003 base period for operating expense. Any overpayment resulting from operating expense disallowances in the March 15, 2002 through March 14, 2003 base period report for rates subsequent to 2005 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 1237
File #04-1386
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 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
[REDACTED]

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 [REDACTED] of the Office of Counsel at [REDACTED]

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 [REDACTED] at [REDACTED]

Sincerely,

[REDACTED]
Rate Audit Manager
Division of Medicaid Audit
Audit Management and Development
Office of the Medicaid Inspector General

Enclosures

CERTIFIED MAIL # [REDACTED]
Return Receipt Requested

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

NAME AND ADDRESS OF AUDITEE

Ocean Promenade Nursing Center
140 Beach 113th Street
Rockaway Park, New York 11694

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

AUDIT #04-1386

AMOUNT DUE: \$758,132

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 1237
File #04-1386
Albany, New York 12237-0048

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

CORRECT PROVIDER NUMBER

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

ANDREW M. CUOMO
Governor

JAMES C. COX
Acting Medicaid Inspector General

FINAL REPORT

**OCEAN PROMENADE NURSING CENTER
140 BEACH 113TH STREET
ROCKAWAY PARK, NEW YORK 11694**

**MEDICAID RATE AUDIT
#04-1386**

**FOR THE RATE PERIOD MARCH 15, 2002
THROUGH DECEMBER 31, 2005**



ISSUED SEPTEMBER 21, 2011

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EXHIBIT I - SUMMARY OF PER DIEM IMPACT AND MEDICAID OVERPAYMENT

SCHEDULE A - SUMMARY OF PROPERTY EXPENSE DISALLOWANCES/(ALLOWANCES)

BACKGROUND

Ocean Promenade Nursing Center, Inc. is a 120 bed proprietary nursing facility (NF) located in Rockaway Park, New York. The facility received reimbursement from the Medicaid program for the period March 15, 2002 through December 31, 2005 by a daily rate established by the Department of Health. This rate consisted of operating and capital components as well as other various per diems. The operating component included in the March 15, 2002 through December 31, 2005 rates was based on the March 15, 2002 through March 14, 2003 base period. The Department of Health used the property expenses reported in March 15, 2002 through March 14, 2003 as the basis for the March 15, 2002 through December 31, 2004 rates, and the RHCF-4 Report for 2003 was used for the property expenses in the 2005 rates. Based on Appeal Numbers 317450 and 330001, the Final Approved Project Costs of \$776,700 for a Fuel Oil Spill Project were included in the rates effective January 1, 2003.

The facility's Medicaid utilization ranged from approximately 92 to 95 percent for the period under review and the Medicaid per diem rates audited were as follows.

<u>Rate Period</u>	Medicare Part B	
	<u>Non-Eligible</u>	<u>Eligible</u>
03/15/02-03/31/02	\$185.55	\$184.41
04/01/02-04/30/02	187.49	186.35
05/01/02-12/31/02	191.66	190.52
01/01/03-12/31/03	195.33	194.16
01/01/04-12/31/04	200.44	199.25
01/01/05-12/31/05	205.51	204.30

This audit included consideration of granted rate appeals reflected in the rates audited. Differences between the above rates and the "issued" rates used for Medicaid impact on Exhibit I of this report represent rate changes made subsequent to our audit. These changes are subject to future audit by the Office of the Medicaid Inspector General.

This audit was completed in accordance with the State of New York Official Compilation of Codes, Rules and Regulations (18 NYCRR Part 517 and 10 NYCRR Subpart 86-2), the Centers for Medicare and Medicaid Services Provider Reimbursement Manual (PRM-1), and the New York State Residential Health Care Facility (RHCF) Accounting and Reporting Manual.

PURPOSE AND SCOPE

The purpose of the audit was to identify Medicaid overpayments associated with the March 15, 2002 through December 31, 2005 promulgated Medicaid rates. The audit included various tests and reviews of selected fiscal and statistical data used in the computation of the Medicaid rates under review. The Medicare Part B offset was not within the scope of the review and may be examined as part of a future audit.

SUMMARY

Our findings applicable to the March 15, 2002 through December 31, 2005 Medicaid rates resulted in a Medicaid overpayment of \$758,132 as detailed in Exhibit I. The overpayment was due to capital cost disallowances of \$889,095 in the March 15, 2002 through December 31, 2005 rates (summarized on Schedule A).

The overpayment does not reflect the impact on rates subsequent to 2005 that utilized March 15, 2002 through March 14, 2003 as the base year for operating expense.

DETAILED FINDINGSProperty Expense Disallowances/(Allowances)1. Adjustments to Approved Project Cost

Based on Appeal Numbers 317450 and 330001, Final Approved Project Costs (APC) of \$776,700 relating to a November 5, 2002 fuel oil spill were included in the rate computations effective January 1, 2003. Adjustments to the approved project cost resulted in a reduction to the amount allowed for the project as follows:

	<u>Per Appeal Final APC</u>	<u>Audit Disallowance</u>	<u>Per Audit</u>
Construction and other costs	\$699,512	\$71,726	\$627,786
Movable Equipment	<u>77,188</u>	<u>26,965</u>	<u>50,223</u>
Total	<u>\$776,700</u>	<u>\$98,691</u>	<u>\$678,009</u>

The reduction of the APC resulted in adjustments to the over-mortgage percentage and movable equipment depreciation. The individual adjustments are as follows:

PRM-1, Section 2300 requires providers receiving payment on the basis of reimbursable costs to provide adequate cost data based on financial and statistical records which can be verified on audit. Title 10 NYCRR Section 86-2.17(a) states that for any expense to be allowable it must be related to patient care.

Included in the Approved Project Costs (APC) were \$9,914 (\$8,387 construction costs and \$1,527 security costs) that pertained to the fuel oil spill that were not sufficiently documented. This amount was disallowed.

The laundry equipment of \$54,312 included in the APC as fixed equipment was disallowed because it was not related to patient care. (See Adjustment 4.)

Based on Title 10 NYCRR Section 86-2.17(g), allowable costs shall not include any penalties imposed by governmental agencies or courts. The provider included \$7,500 in construction costs that were paid to Queens Criminal Court and this amount was disallowed.

The above adjustments totaling \$71,726 are disallowed from total construction costs. The over-mortgage percentage that applies to the mortgage interest and amortization for rate years 2003, 2004, and 2005 was decreased from .4765 to .4626 per audit for the rate periods 2003, 2004, and January 1, 2005 through April 28, 2005, and was also decreased from .4765 to .4179 per audit for the rate period April 29, 2005 through December 31, 2005 (see Adjustments 2 and 6).

PRM-1, Section 2300 requires providers receiving payment on the basis of reimbursable costs to provide adequate cost data based on financial and statistical records which can be verified on audit. According to Title 10 NYCRR Section 86-2.10, the allowable capital component shall include allowable capital costs determined in accordance with Title 10 NYCRR Sections 86-2.19, 86-2.21 and 86-2.22, and costs of other allowable items.

Laundry equipment of \$8,119 included as Movable Equipment was disallowed because it was not related to patient care. (See Adjustment 4.)

Operating expenses of \$18,138 incurred prior to the oil spill were included as Movable Equipment. This amount was disallowed because it was not related to the oil spill, and was already reimbursed as an operating expense.

Movable Equipment of \$708 was disallowed because it was not supported by documentation.

Based on the above adjustments totaling \$26,965, Movable Equipment depreciation expense of \$2,697 was disallowed for the rate years 2003 and 2004. For the rate year 2005 an allowance of \$5,022 ($\$50,223/10$ years) was made to depreciation expense because the promulgated rate sheets omitted the \$5,022.

Provider Comment:

The department disallowed \$7,500 in costs that were levied by the EPA. The facility's underground oil tank ruptured causing an oil spill. This was an accident that was not under the control of the facility and could not have been prevented. As such, the facility should not be penalized by the State.

Auditor Response:

The provider did not provide any additional documentation to refute the department's findings. Therefore, the adjustment remains unchanged.

2. Mortgage Interest Expense

In accordance with Title 10 NYCRR Section 86-2.20(a), necessary interest on capital indebtedness is an allowable cost for all residential health care facilities. According to the Bureau of Long Term Care Reimbursement, mortgage interest expense is reimbursed on a rate year basis. The adjustments to the Approved Project Costs necessitated reductions to the over-mortgage percentage from .4765 to .4626 for the 2003 to April 28, 2005 rate periods (see Adjustment 1), and from .4765 to .4179 for the April 29, 2005 to December 31, 2005 rate period (see Adjustment 6), and also to the allowable audited mortgage interest expense for the rate years 2003 through 2005. Our review disclosed that audited expenses exceeded rate sheet interest expense resulting in allowances for the rate period, March 15, 2002 to December 31, 2002, and 2005. For the rate years, 2003 and 2004, the audited interest expenses were less than the rate sheet amounts and the differences were disallowed.

<u>Rate Years</u>	<u>Disallowances/(Allowances)</u>
03/15/02-12/31/02	\$ (2,003)
2003	\$ 12,887
2004	\$ 19,304
2005	\$(13,777)

Provider Comment:

None

Auditor Response:

The provider did not respond; therefore, the adjustment remains unchanged.

3. Automobile Expense

According to PRM-1 Section 2102.3, costs not related to patient care are costs which are not appropriate or necessary and proper in developing and maintaining the operation of patient care facilities. Further, according to PRM-1 Section 2300, 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. Title 10 NYCRR Section 86-2.17(a) states that for any expense to be allowable it must be related to patient care. The provider failed to maintain logs recording actual mileage traveled, and did not supply any documentation to support the relationship to patient care. The automobile costs were disallowed as follows:

	<u>Rate Periods</u>			
	<u>03/15/02-12/31/02</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Automobile Insurance	\$ 5,566	\$ 5,566	\$ 5,566	\$ 4,401
Automobile Lease	<u>10,655</u>	<u>10,655</u>	<u>10,655</u>	<u>6,179</u>
Total	<u>\$16,221</u>	<u>\$16,221</u>	<u>\$16,221</u>	<u>\$10,580</u>

Provider Comment:

The department disallowed all costs of the facility's auto. The facility hereby attaches a schedule showing the necessity of the facility to have a car and what the car is used for on a daily and weekly basis.

Auditor Response:

The auditors reviewed the schedule included with the provider's Draft Report response. The documentation furnished was not acceptable because it was not contemporaneous auto logs or diaries. Therefore, the adjustment remains unchanged.

4. Laundry Equipment Lease

Title 10 NYCRR Section 86-2.17(a) states that for any expense to be allowable, it must be related to patient care. PRM-1, Section 2300 requires providers receiving payment on the basis of reimbursable costs to provide adequate cost data based on financial and statistical records which can be verified on audit. Ocean Promenade leased laundry equipment from Confidence Management. According to the provider's personnel, the equipment was only used for two days during the base period. Therefore, the lease expenses were disallowed as follows because it was not substantiated as to how the expenses were necessary and related to patient care.

<u>03/15/02-12/31/02</u>	<u>Rate Periods</u>		
	<u>2003</u>	<u>2004</u>	<u>2005</u>
\$42,675	\$42,675	\$42,675	\$59,763

Provider Comment:

None

Auditor Response:

The provider did not respond; therefore, the adjustment remains unchanged.

5. Telephone Equipment Lease

In accordance with Title 10 NYCRR Section 86-2.17(d), the Bureau of Long Term Care Reimbursement has determined the nature of telephone expense to be an operating expense for residential health care facilities. Since the expense was included in the formula to determine the base, mean, and ceiling prices used to establish the indirect expense corridor, the reimbursement of telephone rental expense in the capital component has amounted to duplicate reimbursement. The office rental expenses included the telephone equipment lease expenses for \$8,055, and these expenses were disallowed for the rate periods, March 15, 2002 through December 31, 2004. This expense should have been reclassified to the operating expense indirect component. However, since the indirect component exceeded the ceiling, a reclassification was not necessary.

Provider Comment:

None

Auditor Response:

The provider did not respond; therefore, the adjustment remains unchanged.

6. Mortgage Amortization

Title 10 NYCRR Section 86-2.21 states that the capital cost component of the rate shall include a payment factor sufficient to reimburse the principal debt amortization component of the allowable portion of the mortgage. The rate sheets promulgated for 2003 and 2004 applied an over-mortgage percentage of .4765 to the amortization that was reported. For these rate years the over-mortgage percentage was revised on audit to .4626, resulting in disallowances of \$4,773 for each of these two rate years (see Adjustment 1).

For the 2005 rate year, the over-mortgage percentage was not applied on the promulgated rate sheets. The provider refinanced their mortgage with LaSalle Bank on April 29, 2005 for \$5,700,000. Therefore, the over-mortgage percentage per audit (.4626) was applied to the total reported amortization of \$343,332 for 118 days for the period of January 1, 2005 through April 28, 2005, and \$51,346 was allowed. The over-mortgage percentage was recalculated per audit because of the refinancing and the revised over-mortgage percentage of .4179 was applied to the principal paid of \$62,118 for the period April 29, 2005 through December 31, 2005, and \$25,959 was allowed. The amortization per audit of \$77,305 (\$51,346 and \$25,959) for the 2005 rate year was compared to the amount of \$343,332 included in the rate sheets. The differences between the amounts per rate sheet and the amounts per audit were disallowed as follows:

	<u>Rate Periods</u>		
	<u>2003</u>	<u>2004</u>	<u>2005</u>
Mortgage Amortization Disallowance	\$4,773	\$4,773	\$266,027

Provider Comment:

None

Auditor Response:

The provider did not respond; therefore, the adjustment remains unchanged.

7. Related Party Movable Equipment Depreciation

PRM-1 Section 2300 requires providers receiving payment on the basis of reimbursable costs to provide adequate cost data based on financial and statistical records which can be verified on audit. Title 10 NYCRR Section 86-2.17(a) states that for any expense to be allowable it must be related to patient care. Ocean Promenade reported in the base period movable equipment depreciation expenses of \$149,222 for a related company. Based on documentation received from the provider, the related company's net book value of equipment was \$139,747. This amount was allowed as a one-time adjustment in the 2003 rate year resulting in a disallowance of \$9,475 in this rate year. The \$149,222 was disallowed entirely for the 2002 and 2004 rate periods.

	<u>Rate Periods</u>		
	<u>03/15/02-12/31/02</u>	<u>2003</u>	<u>2004</u>
Movable Equipment Depreciation Disallowances	\$149,222	\$9,475	\$149,222

Provider Comment:

None

Auditor Response:

The provider did not respond; therefore, the adjustment remains unchanged.

8. Sales Tax

PRM-1 Section 2300 requires providers receiving payment on the basis of reimbursable costs to provide adequate cost data based on financial and statistical records which can be verified on audit. The cost data must be based on an approved method of cost finding and on the accrual basis of accounting. Title 10 NYCRR Section 86-2.4 states that the completion of the financial and statistical report forms shall be in accordance with generally accepted accounting principles as applied to the residential health care facility.

Sales tax expenses of \$15,549 were included in the base period of March 15, 2002 to March 14, 2003 and properly reimbursed in the property component for the rate periods, March 15, 2002 through December 31, 2004. The same sales tax expense of \$15,549 was also included in the 2003 RHCF-4 Report. Therefore, this duplicate entry included in the 2005 property component was disallowed because it was already reimbursed in the prior rate periods.

Additionally, the 2003 sales tax of \$2,075 applicable to the Confidence Management Laundry Lease was disallowed because the lease was not related to patient care (see Adjustment 5).

The total of \$17,624 (\$15,549 and \$2,075) for the 2003 cost year was disallowed for the 2005 rate year.

Provider Comment:

None

Auditor Response:

The Provider did not respond; therefore, the adjustment remains unchanged.

OCEAN PROMENADE NURSING CENTER
RATE YEARS MARCH 15, 2002 THROUGH DECEMBER 31, 2005
SUMMARY OF PER DIEM IMPACT AND MEDICAID OVERPAYMENT

<u>RATE PERIOD</u>	<u>ISSUED RATES*</u>		<u>FINAL RATES</u>		<u>RATE DECREASE (INCREASE)</u>	<u>MEDICAID DAYS</u>	<u>MEDICAID OVERPAYMENT</u>
	<u>Medicare Part B Non-Elig.</u>	<u>Medicare Part B Eligible</u>	<u>Medicare Part B Non-Elig.</u>	<u>Medicare Part B Eligible</u>			
03/15/02-03/31/02	\$185.55	/ 184.41	\$180.22	/ 179.08	\$ 5.33	1,445	\$ 7,702
04/01/02-04/30/02	187.49	/ 186.35	182.16	/ 181.02	5.33	2,872	15,308
05/01/02-07/31/02	191.66	/ 190.52	186.33	/ 185.19	5.33	9,746	51,946
08/01/02-10/31/02	189.24	/ 188.10	183.91	/ 182.77	5.33	9,878	52,650
11/01/02-12/31/02	190.82	/ 189.68	185.49	/ 184.35	5.33	6,095	32,486
01/01/03-01/31/03	194.45	/ 193.28	192.04	/ 190.87	2.41	2,912	7,018
02/01/03-04/30/03	190.77	/ 189.60	188.36	/ 187.19	2.41	8,597	20,719
05/01/03-07/31/03	193.20	/ 192.03	190.79	/ 189.62	2.41	9,321	22,464
08/01/03-10/31/03	209.59	/ 208.42	207.18	/ 206.01	2.41	8,855	21,341
11/01/03-12/31/03	209.01	/ 207.84	206.60	/ 205.43	2.41	6,327	15,248
01/01/04-01/31/04	214.63	/ 213.44	208.59	/ 207.40	6.04	3,089	18,658
02/01/04-04/30/04	216.70	/ 215.51	210.66	/ 209.47	6.04	8,908	53,804
05/01/04-07/31/04	220.65	/ 219.46	214.61	/ 213.42	6.04	8,883	53,653
08/01/04-10/31/04	215.19	/ 214.00	209.15	/ 207.96	6.04	8,273	49,969
11/01/04-12/31/04	216.29	/ 215.10	210.25	/ 209.06	6.04	5,599	33,818
01/01/05-01/31/05	222.88	/ 221.67	214.37	/ 213.16	8.51	2,706	23,028
02/01/05-04/30/05	220.54	/ 219.33	212.03	/ 210.82	8.51	8,068	68,659
05/01/05-07/31/05	226.91	/ 225.70	218.40	/ 217.19	8.51	9,479	80,666
08/01/05-10/31/05	227.51	/ 226.30	219.00	/ 217.79	8.51	9,194	78,241
11/01/05-12/31/05	228.70	/ 227.49	220.19	/ 218.98	8.51	5,964	<u>50,754</u>
Total Medicaid Overpayment							<u>\$ 758,132</u>

* Any differences between these rates and the rates listed in the Background Section of this report represent rate changes made subsequent to our audit. These changes remain open to future audit by the Office of the Medicaid Inspector General.

OCEAN PROMENADE NURSING CENTER
RATE YEARS MARCH 15, 2002 THROUGH DECEMBER 31, 2005
SUMMARY OF PROPERTY EXPENSE DISALLOWANCES/(ALLOWANCES)

	Cost Center	Disallowed/ (Allowed)	RATE PERIOD			
			03/15/02- 12/31/02	2003	2004	2005
Expense Allowed per HE12-B			\$ 713,761	\$ 835,189	\$ 817,090	\$ 774,219
Less Disallowances/(Allowances):						
1. Movable Equipment						
2003 Rate	002	\$ 2,697		2,697		
2004 Rate	002	2,697			2,697	
2005 Rate	002	(5,022)				(5,022)
2. Mortgage Interest Expense						
03/15/02-12/31/02 Rate	003	(2,003)	(2,003)			
2003 Rate	003	12,887		12,887		
2004 Rate	003	19,304			19,304	
2005 Rate	003	(13,777)				(13,777)
3. Automobile Expense						
03/15/02-12/31/02 Rate	006	16,221	16,221			
2003 Rate	006	16,221		16,221		
2004 Rate	006	16,221			16,221	
2005 Rate	006	10,580				10,580
4. Laundry Equipment Lease						
03/15/02-12/31/02 Rate	009	42,675	42,675			
2003 Rate	009	42,675		42,675		
2004 Rate	009	42,675			42,675	
2005 Rate	009	59,763				59,763
5. Telephone Equipment Lease						
03/15/02-12/31/02 Rate	004	8,055	8,055			
2003 Rate	004	8,055		8,055		
2004 Rate	004	8,055			8,055	
6. Mortgage Amortization						
2003 Rate	001	4,773		4,773		
2004 Rate	001	4,773			4,773	
2005 Rate	001	266,027				266,027
7. Related Party Movable Equipment Depreciation						
03/15/02-12/31/02 Rates	002	149,222	149,222			
2003 Rate	002	9,475		9,475		
2004 Rate	002	149,222			149,222	
8. Sales Tax						
2003 Rate	005	17,624				17,624
Total Audit Disallowances/(Allowances)		\$ 889,095	\$ 214,170	\$ 96,783	\$ 242,947	\$ 335,195
Property Expense Per Audit			\$ 499,591	\$ 738,406	\$ 574,143	\$ 439,024