



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

ANDREW M. CUOMO
GOVERNOR

JAMES C. COX
MEDICAID INSPECTOR GENERAL

September 5, 2014

[REDACTED]
Shorefront Jewish Geriatric Center
3015 W 29TH St.
Brooklyn, New York 11224

Re: Medicaid Rate Audit #11-3850
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 Shorefront Jewish Geriatric Center's (the "Facility") Medicaid rates for the rate period January 1, 2006 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 June 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. The Medicaid overpayment associated with OMIG adjustments was \$153,055. However, this audit also processed Bureau of Long Term Care appeals that resulted in an amount due the OMIG of \$31,010. Consequently, based on the enclosed audited rates calculated by the Bureau of Long Term Care Reimbursement, the Medicaid overpayment currently due is \$184,065. 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.

September 5, 2014

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 #11-3850
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 [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.

Should you have any questions, please contact [REDACTED] or through email at [REDACTED]. Please refer to audit number 11-3850 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)

CERTIFIED MAIL [REDACTED]
RETURN RECEIPT REQUESTED

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

NAME AND ADDRESS OF AUDITEE:

Shorefront Jewish Geriatric Center
3015 W 29th St.
Brooklyn, New York 11224

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

AUDIT #11-3850

AMOUNT DUE: \$184,065

AUDIT
TYPE

PROVIDER
 RATE
 PART B
 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 #11-3850
Albany, New York 12237-0048

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

CORRECT PROVIDER NUMBER

SHOREFRONT JEWISH GERIATRIC CENTER - AUDIT #11-3850
RATE PERIODS JANUARY 1, 2006 THROUGH DECEMBER 31, 2008
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>
01/01/06 - 03/31/06	\$309.15	\$311.11	(\$1.96)	23,450	\$ (45,962)
04/01/06 - 06/30/06	308.67	310.63	(1.96)	23,917	(46,877)
07/01/06 - 09/30/06	310.17	312.13	(1.96)	23,746	(46,542)
10/01/06 - 12/31/06	310.07	312.03	(1.96)	23,056	(45,190)
01/01/07 - 03/31/07	319.08	318.19	0.89	22,594	20,109
04/01/07 - 06/30/07	317.46	316.57	0.89	24,120	21,467
07/01/07 - 08/31/07	304.56	303.67	0.89	16,734	14,893
09/01/07 - 12/31/07	304.56	303.67	0.89	32,808	29,199
01/01/08 - 03/31/08	311.74	308.82	2.92	23,973	70,001
04/01/08 - 06/30/08	299.98	297.06	2.92	24,015	70,124
07/01/08 - 12/31/08	316.73	313.81	2.92	48,919	142,843
TOTAL MEDICAID OVERPAYMENT					<u>\$ 184,065</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 \$31,010 due the OMIG.

SHOREFRONT JEWISH GERIATRIC CENTER - AUDIT #11-3850
RATE PERIODS JANUARY 1, 2006 THROUGH DECEMBER 31, 2008
SUMMARY OF MEDICAID RATES AUDITED

The Facility's Medicaid utilization was approximately 75 percent for the period under audit and the Medicaid per diem rates audited are shown below. Any differences between these rates and the "Issued Rates" listed in Exhibit I of this audit report represent rate changes made subsequent to our audit. These changes remain open to future audit by the OMIG.

<u>RATE PERIOD</u>	<u>ISSUED MEDICARE PART B & D NON-ELIGIBLE RATES *</u>
01/01/06 - 03/31/06	\$309.15
04/01/06 - 06/30/06	308.67
07/01/06 - 09/30/06	310.17
10/01/06 - 12/31/06	310.07
01/01/07 - 03/31/07	319.08
04/01/07 - 06/30/07	317.46
07/01/07 - 08/31/07	304.56
09/01/07 - 12/31/07	304.56
01/01/08 - 03/31/08	311.74
04/01/08 - 06/30/08	300.00
07/01/08 - 12/31/08	316.73

* 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.

SHOREFRONT JEWISH GERIATRIC CENTER - AUDIT #11-3850
RATE PERIODS JANUARY 1, 2006 THROUGH DECEMBER 31, 2008
PROPERTY EXPENSE DISALLOWANCES/(ALLOWANCES)

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

	RATE PERIODS		
	2006	2007	2008
	\$ 3,452,247	\$ 3,215,036	\$ 3,421,482

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

1. MORTGAGE INTEREST/INSURANCE ADJUSTMENTS

Mortgage interest expense is reimbursed on a rate year basis. In addition, the Bureau of Long Term Care Reimbursement (BLTCR) reimbursed mortgage insurance on a rate year basis in the promulgated rates. The Facility refinanced its mortgage in 2007 which resulted in higher interest and lower insurance payments than was allowed in the 2008 promulgated rates. Accordingly, 2008 rate year mortgage interest and insurance expenses were adjusted to reflect amounts that were actually paid. These adjustments are contingent upon the written withdrawal of appeal #014410 filed with the Bureau of Long Term Care Reimbursement.

DESCRIPTION	COST CTR.	DISALLOWED (ALLOWED)	TRACE-BACK %	2006	2007	2008
Mtg. Int.	003	(87,401)	93.55%			(81,764)
Mtg. Ins.	003	131,212	93.55%			122,749

Regulations: 10 NYCRR Sections 86-2.10(g), 86-2-17(a) & (d), & 86-2-20(a), BLTCR Rate Methodology

BLTCR Open Appeals Disallowances/(Allowances)
 Subtotal Property Expense

	\$ -	\$ -	\$ 40,985
	\$ 3,452,247	\$ 3,215,036	\$ 3,380,497

Other OMIG Audit Disallowances/(Allowances)

2. MORTGAGE INTEREST/INSURANCE ADJUSTMENTS

Mortgage interest expense is reimbursed on a rate year basis. In addition, the Bureau of Long Term Care Reimbursement (BLTCR) reimbursed mortgage insurance on a rate year basis in the promulgated rates. The Facility refinanced its mortgage in 2007 which resulted in higher interest and lower insurance payments than was allowed in the 2007 promulgated rates. Accordingly, 2007 rate year mortgage interest and insurance expenses were adjusted to reflect amounts that were actually paid.

Mtg. Int.	003	(48,781)	92.25%		(45,000)	
Mtg. Ins.	003	57,041	92.25%		52,620	

Regulations: 10 NYCRR Sections 86-2.10(g), 86-2-17(a) & (d), & 86-2-20(a), BLTCR Rate Methodology

SHOREFRONT JEWISH GERIATRIC CENTER - AUDIT #11-3850
RATE PERIODS JANUARY 1, 2006 THROUGH DECEMBER 31, 2008
PROPERTY EXPENSE DISALLOWANCES/(ALLOWANCES)

	<u>DESCRIPTION</u>	<u>COST CTR.</u>	<u>DISALLOWED (ALLOWED)</u>	<u>TRACE-BACK %</u>	<u>RATE PERIODS</u>		
					<u>2006</u>	<u>2007</u>	<u>2008</u>
3. BUILDING/FIXED DEPRECIATION EXPENSE DISALLOWANCES							
a) 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. Fixed equipment depreciation determined per audit varied from the expense allowed in the rate, resulting in a disallowance. Regulations: 10 NYCRR Sections 86-2.17(a) & 86-2.19(a), PRM-1 Sections 2300 & 2304	Bldg/Fixed Depr.	001	\$56,102	92.91%		52,124	
b) 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. Providers are required to provide adequate cost data that can be verified. The Facility was unable to provide full documentation for reported depreciation expense. Consequently, the unsubstantiated expense was disallowed. Regulations: 10 NYCRR Sections 86-2.17(a) & 86-2.22, PRM-1 Sections 2102.3, 2300, & 2304	Bldg/Fixed Depr.	001	1,944	93.55%			1,819
c) The Facility received a settlement from a lawsuit regarding a dispute with a construction company. The settlement consisted of both cash as well as building materials (to repair the disputed work). In 2005 and 2006, the Facility received \$545,000 and \$2,327,164 respectively. Because the assets involved continued to be depreciated as the lawsuit progressed, the settlement must reduce the basis of the assets being depreciated, and thus the depreciation allowed. The amount of the settlement was allocated over a fifteen year useful life on a straightline basis to determine the depreciation disallowance per year. Regulations: 10 NYCRR Section 86-2.17(a), & 2.18, PRM-1 Section 133	Bldg/Fixed Depr. Bldg/Fixed Depr.	001 001	36,333 191,477	92.91% 93.55%		33,757	179,127
4. MOVABLE EQUIPMENT DEPRECIATION ADJUSTMENTS							
Facilities 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 must be current, accurate, and in sufficient detail. The audit of movable equipment depreciation disclosed that the expense included in the rate varied when compared to audited movable equipment depreciation. Consequently, adjustments were necessary. Regulations: 10 NYCRR Section 86- 2.17(a), PRM-1 Section 2102.3	ME Depr. ME Depr.	002 002	(28,747) 17,260	44.45% 47.75%		(12,778)	8,242

SHOREFRONT JEWISH GERIATRIC CENTER - AUDIT #11-3850
RATE PERIODS JANUARY 1, 2006 THROUGH DECEMBER 31, 2008
PROPERTY EXPENSE DISALLOWANCES/(ALLOWANCES)

5. EQUIPMENT RENTALS DISALLOWANCES

a) Facilities 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 must be current, accurate, and in sufficient detail. Equipment rental expense determined per audit varied from the expenses allowed in the promulgated rates. Consequently, disallowances were necessary.

Regulations: 10 NYCRR Sections 86-2.17(a) & 86-2.10(g), PRM-1 Sections 2300 & 2304

DESCRIPTION	COST CTR.	DISALLOWED (ALLOWED)	TRACE-BACK %	RATE PERIODS		
				2006	2007	2008
Rent A	005	30,349	31.39%	9,527		
Rent A	005	19,257	31.39%	6,045		
Rent A	005	68,021	31.39%	21,352		
Rent D	039	742	100.00%	742		
Rent B	005	5,801	33.51%		1,944	
Rent B	005	15,521	33.51%		5,201	
Rent B	005	40,537	33.51%		13,584	
Rent C	005	9,497	30.36%			2,883
Rent C	005	8,456	30.36%			2,567
Rent G	035	756	100.00%			756

b) Rental expenses associated with maintenance agreements are considered operating expenses and should not be included in the capital component of the rate. Consequently, copier maintenance costs such as extra copies and maintenance fees were disallowed.

Regulations: 10 NYCRR Sections 86-2.17(a) & (d), & 86-2.10(g), PRM-1 Section 2102.2

Rent A	005	23,409	31.39%	7,348		
Rent B	005	26,276	33.51%		8,805	
Rent C	005	13,307	30.36%			4,040

c) The Facility reported various expenses in rent expense that were operating in nature. These types of expenses are not includable in property costs. Consequently, these expenses were disallowed from the capital component of the rate.

Regulations: 10 NYCRR Sections 86-2.17(a) and PRM-1 Section 2806.2

Rent C	010	4,755	99.32%	4,723		
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d) Rental expenses associated with supplies are considered operating expenses and should not be included in the property component of the rate. Additionally, reported rental expenses for oxygen concentrators included amounts for oxygen. Oxygen is also considered an operating expenditure. Disallowances were necessary to remove these amounts.

Regulations: 10 NYCRR Sections 86-2.17(a) & (d), & 86-2.10(g), PRM-1 Section 2102.2

Rent D	035	2,193	100.00%		2,193	
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e) 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 must 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

Other	004	15,005	31.39%	4,710		
Rent B	004	51,616	30.36%			15,671
Rent C	005	81,720	30.36%			24,810
Rent C	005	168,746	30.36%			51,231

SHOREFRONT JEWISH GERIATRIC CENTER - AUDIT #11-3850
RATE PERIODS JANUARY 1, 2006 THROUGH DECEMBER 31, 2008
PROPERTY EXPENSE DISALLOWANCES/(ALLOWANCES)

	DESCRIPTION	COST CTR.	DISALLOWED (ALLOWED)	TRACE- BACK %	RATE PERIODS		
					2006	2007	2008
5. EQUIPMENT RENTALS DISALLOWANCES (CONTINUED)							
f) The Facility received movable equipment depreciation expense that was in excess of related asset costs. Reimbursement is based on allowable historical cost, and the expense was reduced to limit reimbursement to historical cost. Regulations: 10 NYCRR Sections 86-2.17(a) & 86-2.22	Rent C	005	82,695	30.36%			25,106
6. INVESTMENT INCOME OFFSET ALLOWANCE							
Reported investment income was appropriately offset against interest expense in the original rate computation. However, the OMIG determined a portion of the investment income was restricted. Consequently, it was necessary to reverse the offset of investment income for that portion that was determined to be restricted. Regulations: 10 NYCRR Sections 86-2.17(a) & 86-2.20(c)(1), PRM-1 Section 202.2	Inv. Inc. Offset	003	(345,677)	92.75%	(320,615)		
7. PROPERTY INSURANCE DISALLOWANCES							
Facilities 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 was unable to provide adequate documentation to substantiate reported property insurance expense. Consequently, disallowances were necessary. Regulations: 10 NYCRR Section 86-2.17(a), PRM-1 Sections 2300 & 2304	Prop. Ins.	005	41,196	31.39%	12,931		
	Prop. Ins.	005	52,882	30.36%			16,055
8. AUTO INSURANCE DISALLOWANCES							
Facilities 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 auto insurance expense. Consequently, disallowances were necessary. Regulations: 10 NYCRR Section 86-2.17(a), PRM-1 Sections 2300 & 2304	Auto Ins.	005	3,656	31.39%	1,148		
	Auto Ins.	005	3,564	30.36%			1,082
Other OMIG Property Expense Disallowances/(Allowances)					\$ (252,089)	\$ 112,450	\$ 333,389
TOTAL AUDITED PROPERTY EXPENSE					\$ 3,704,336	\$ 3,102,586	\$ 3,047,108