



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

ANDREW M. CUOMO
GOVERNOR

JAMES C. COX
MEDICAID INSPECTOR GENERAL

September 16, 2014

[REDACTED]
Fulton Commons Care Center, Inc.
60 Merrick Avenue
East Meadow, New York 11554

Re: Medicaid Rate Audit #13-2128
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 Fulton Commons Care Center, Inc.'s (the "Facility") Medicaid rates for the rate period January 1, 2008 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 July 11, 2014, the findings in the final audit report remain identical to the draft audit report. As previously stated in the draft audit report, the Medicare Part B and D offsets were not within the scope of the review and may be examined as part of a future audit. Based on the enclosed audited rates calculated by the Bureau of Long Term Care Reimbursement, the Medicaid overpayment currently due is \$301,000. This overpayment is subject to Department of Health ("DOH") and Division of Budget ("DOB") final approval. While not anticipated, any difference between the calculated overpayment and the final DOH and DOB approved amount will be resolved with the Facility by the OMIG Bureau of Collections Management.

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

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 #13-2128
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 13-2128 in all correspondence.

Sincerely,

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

Enclosure

- EXHIBIT I - Summary of Per Diem Impact and Medicaid Overpayment
- EXHIBIT II - Summary of Medicaid Rates Audited
- EXHIBIT III - Property Expense Disallowances/(Allowances)
- EXHIBIT IV - Correction of Patient Days

CERTIFIED MAIL [REDACTED]
RETURN RECEIPT REQUESTED

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

NAME AND ADDRESS OF AUDITEE

Fulton Commons Care Center, Inc.
60 Merrick Avenue
East Meadow, New York 11554

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

AUDIT #13-2128

AMOUNT DUE: \$301,000

AUDIT	[] PROVIDER
TYPE	[X] 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 #13-2128
Albany, New York 12237-0048

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

CORRECT PROVIDER NUMBER

FULTON COMMONS CARE CENTER, INC. - AUDIT #13-2128
RATE PERIODS JANUARY 1, 2008 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>
01/01/08 - 03/31/08	\$273.56	\$269.53	\$4.03	17,973	\$ 72,431
04/01/08 - 06/30/08	268.97	264.94	4.03	18,471	74,438
07/01/08 - 12/31/08	274.04	270.01	4.03	38,246	154,131
TOTAL MEDICAID OVERPAYMENT					<u>\$ 301,000</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.

FULTON COMMONS CARE CENTER, INC. - AUDIT #13-2128
RATE PERIODS JANUARY 1, 2008 THROUGH DECEMBER 31, 2008
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>
01/01/08 - 03/31/08	\$ 276.99
04/01/08 - 06/30/08	272.37
07/01/08 - 12/31/08	277.44

* 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.

FULTON COMMONS CARE CENTER, INC. - AUDIT #13-2128
RATE PERIODS JANUARY 1, 2008 THROUGH DECEMBER 31, 2008
PROPERTY EXPENSE DISALLOWANCES/(ALLOWANCES)

Property Expense Allowed per HE-12B	<u>DESCRIPTION</u>	<u>COST</u>	<u>RATE PERIOD</u>
Less Disallowances:		<u>CTR.</u>	<u>2008</u>
			<u>\$ 5,671,078</u>
1. MOVABLE EQUIPMENT DEPRECIATION DISALLOWANCE			
The Facility incorrectly capitalized costs that should have been expensed as operating costs because they were for repairs, maintenance, or other operating expenses. These expenditures should have been expensed in accordance with Generally Accepted Accounting Principles and the guidelines and definitions included in the RHCFC Accounting and Reporting Manual. Accordingly, the depreciation expense applicable to these costs was disallowed.	ME Depr.	002	834
Regulations: 10 NYCRR Sections 86-2.4 & 451.181, RHCFC Accounting and Reporting Manual			
2. MORTGAGE EXPENSE AMORTIZATION DISALLOWANCE			
Providers who receive payments on the basis of reimbursable cost must provide adequate cost data based on financial and statistical records that can be verified on audit. The Facility did not provide adequate documentation to substantiate reported mortgage expense amortization resulting in a disallowance.	Mort. Exp. Amort.	006	5,014
Regulations: 10 NYCRR Sections 86-2.17(a) & (d), PRM-1 Sections 2102.3, 2300, & 2304			
3. ORGANIZATION/START-UP COST DISALLOWANCES			
a) Providers receiving payment based on reimbursable costs must provide adequate cost data based on financial and statistical records that can be verified on audit. During previous audit #07-3260, the Facility did not provide supporting documentation for portions of organization/start-up costs, resulting in disallowances. As a result, rate year 2008 costs were adjusted accordingly.	Org/Start-Up	005	111,094
Regulations: 10 NYCRR Section 86-2.17(a), PRM-1 Sections 2300 & 2304			

FULTON COMMONS CARE CENTER, INC. - AUDIT #13-2128
RATE PERIODS JANUARY 1, 2008 THROUGH DECEMBER 31, 2008
PROPERTY EXPENSE DISALLOWANCES/(ALLOWANCES)

	<u>DESCRIPTION</u>	<u>COST CTR.</u>	<u>RATE PERIOD 2008</u>
3. ORGANIZATION/START-UP COST DISALLOWANCES (CONT.)			
b) The Facility amortized organization/start-up costs over a five year period. Unsubstantiated costs reimbursed in the 2008 rate were disallowed in Adjustment #3a. Of the remaining allowable organization/start-up costs, the facility received reimbursement for more than the total expense. Therefore, the excess reimbursement was disallowed. Regulations: 10 NYCRR Section 86-2.17(d), PRM-1 Section 2132	Org/Start-Up	005	182,142
c) Costs not related to patient care are costs that are not appropriate or necessary and proper in developing and maintaining the operation of patient care facilities and activities. Only costs properly chargeable to necessary patient care are allowable. Reported organization costs pertaining to the related organization are not related to patient care of the Facility and should not be included in the Facility's rate computation. Consequently, disallowances were necessary. Regulations: 10 NYCRR Section 86-2.17(a), PRM-1 Sections 2102.3 & 2132	Org/Start-Up	005	6,214
4. MORTGAGE INSURANCE EXPENSE DISALLOWANCE			
Mortgage insurance expense was reimbursed on a rate year basis in the promulgated rates. Audited rate year mortgage insurance expense varied from the mortgage insurance allowed in the promulgated rates resulting in a disallowance. Regulations: 10 NYCRR Section 86-2.17(a), PRM-1 Sections 2102.3, 2300, & 2304	Mort. Ins.	001	3,431
5. INVESTMENT INCOME OFFSET			
Interest expense shall be reduced by investment income with the exception of income earned by funded depreciation accounts and certain other restricted funds. Unrestricted income earned by the related company was not offset in the promulgated rates. Consequently, an investment income offset was necessary. Regulations: 10 NYCRR Sections 86-2.17(a) & 86-2.20(c)	Inv. Inc. Offset	001	87,639
Total Disallowances/(Allowances)			<u>\$ 396,368</u>
TOTAL AUDITED PROPERTY EXPENSE			<u><u>\$ 5,274,710</u></u>

FULTON COMMONS CARE CENTER, INC. - AUDIT #13-2128
RATE PERIODS JANUARY 1, 2008 THROUGH DECEMBER 31, 2008
CORRECTION OF PATIENT DAYS

The audit of patient day statistics disclosed that the patient days reported were overstated in rate year 2008. The following adjustment was necessary to include the proper days in the rate calculations.

Regulation: 10 NYCRR Section 86-2.8(c)

	<u>RATE YEAR</u>
	<u>2008</u>
Patient Days in Promulgated Rates	97,970
Patient Days per Audit	<u>97,934</u>
Overstated Patient Days	<u><u>(36)</u></u>