



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

April 24, 2012

[REDACTED]
Rebekah Rehabilitation and
Extended Care Center
1072 Havemeyer Avenue
Bronx, New York 10462

Re: Medicaid Rate Audit #09-4227
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 Rebekah Rehabilitation and Extended Care Center's (the "Facility") Medicaid rates for the rate period January 1, 2005 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 report.

In response to the draft audit report dated November 1, 2011, 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 \$11,960 to the total Medicaid overpayment shown in the draft audit report. Your response also identified an issue concerning "Understated 2008 Depreciation Reimbursement", which was not raised in the draft audit report. In accordance with 18 NYCRR Section 517.5, objections may be raised only to the specific items contained in the draft audit report. Consequently, this issue was not considered. 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 \$378,892. 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 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 #09-4227
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 me at [REDACTED]

Sincerely,

[REDACTED]
Division of Medicaid Audit, White Plains
Audit Management and Development
Office of the Medicaid Inspector General

Attachments:

- ATTACHMENT A – Facility Draft Report Comments and OMIG Response
- ATTACHMENT B – Summary of Changes from Draft Audit Report to Final Audit Report
- EXHIBIT I - Summary of Per Diem Impact and Medicaid Overpayment
- EXHIBIT II - Summary of Medicaid Rates Audited
- EXHIBIT III - Property Expense Disallowances/(Allowances)

Enclosure

CERTIFIED MAIL # [REDACTED]
RETURN RECEIPT REQUESTED

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

NAME AND ADDRESS OF AUDITEE

Rebekah Rehabilitation and
Extended Care Center
1072 Havemeyer Avenue
Bronx, NY 10462

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

AUDIT #09-4227

AMOUNT DUE: \$378,892

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 #09-4227
Albany, New York 12237-0048

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

CORRECT PROVIDER NUMBER

REBEKAH REHABILITATION AND EXTENDED CARE CENTER - AUDIT #09-4227
FACILITY DRAFT 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 for the final audit report.

EXHIBIT III COMMENTS

Adjustment #1 (a) – Disallowances of Depreciation Expense

Facility Comment

In Attachment 3, we present documentation relating to three (3) items that OMIG disallowed as fixed assets:

Pelham Bay Refrigeration	\$1,693
Pelham Bay Refrigeration	\$999
G&S Plumbing and Heating Corp.	\$825

The first two items were betterments that extended the useful lives of the assets and did not merely return the item back to its condition prior to the deterioration of the item replaced.

We contend that all these costs were properly capitalizable in accordance with third-party reimbursement regulations and should be allowed.

OMIG Response

Based on the comments and documentation provided by the Facility in its draft audit report response, the disallowance of the G&S Plumbing and Heating Corp. charge has been eliminated.

The invoices provided by the Facility in the draft audit report response for the services rendered by Pelham Bay Refrigeration are the same invoices that were provided to the OMIG during the course of the audit. The OMIG's determination that the replaced parts only return the assets back to their condition prior to the deterioration of the replaced part remains unchanged. Therefore, no reduction in the OMIG disallowance of these charges is warranted.

Disposition: The draft audit report disallowance was reduced. This revision resulted in changes to Adjustment #1 (c) as well.

Adjustment #1 (c) – Disallowances/(Allowance) of Depreciation Expense

Facility Comment

We contend that the depreciation allowed by OMIG is understated in the following amounts:

<i>Rate Year</i>	<i>Amount</i>
2005	\$34,152
2006	\$26,151
2007	\$21,501

Prior to the exit conference, OMIG provided a report (dated August 3, 2011) of tentative adjustments to depreciation. In that report, OMIG stated the following in reference to proposed adjustment #l c):

The majority of assets acquired in cost years 2003 through 2005 were being depreciated over a two to three year period. These are less than the useful lives specified in the Estimated Useful Lives of Depreciable Hospital Assets, American Hospital Association (AHA) guidelines. The Facility has not provided the OMIG with a calculation of depreciation expense using AHA guidelines. Therefore, allowable depreciation expense has not been documented. Consequently, reported depreciation expense related to these additions was disallowed.

The allowance of depreciation expense for these assets is contingent upon the facility providing the OMIG with a depreciation schedule calculated in accordance with AHA guidelines. (emphasis added)

At the exit conference, we, in fact, provided OMIG with a “depreciation schedule calculated in accordance with AHA guidelines.” A copy of that document is presented in Attachment 1. (Note that the assets in Attachment 1 reflect the elimination of all assets which OMIG has disallowed in this audit claiming they were for repairs, inventory and supplies and, therefore, not capitalizable.)

The “depreciation schedule calculated in accordance with AHA guidelines” reflected the following depreciation expense (Table 1):

TABLE 1

Cost Year	Rate Year	Amount
2003	2005	\$605,773
2004	2006	\$564,505
2005	2007	\$487,825

However, the amounts allowed by OMIG (the amount per rate sheet adjustments) (Table 2) were less than the amounts shown in Table 1:

TABLE 2

	Amount Per Rate Sheet¹	Total of OMIG Disallowances	Allowed Amount
2005	\$594,614	\$(22,993)	\$571,621
2006	\$797,568	\$(259,214)	\$538,354
2007	\$596,882	\$(130,558)	\$466,324

¹For buildings and equipment

The depreciation allowance shortfall is as follows (Table 3):

TABLE 3

2005	\$34,152	(\$605,773 less \$571,621)
2006	\$26,151	(\$564,505 less \$538,354)
2007	\$21,501	(\$487,825 less \$466,324)

We contend OMIG’s depreciation adjustments should be reduced by the amounts shown in Table 3 since the depreciation schedules furnished in Attachment 1 were (a) done in accordance with AHA useful lives and (b) reflected elimination of all other OMIG adjustments to the fixed assets themselves.

In Attachment 2, we present independent corroboration (by American Appraisal) that the useful lives of the fixed assets were in conformity with AHA guidelines.

(Additional comment following email correspondence with OMIG auditors)

It is still our contention that the OMIG adjustments for depreciation expense should be reduced by the following amounts (Table A):

<u>Cost Year/Rate Year</u>	<u>Amount</u>
2003/2005	\$ 34,152
2004/2006	26,151
2005/2006	21,501

The 2003—2005 RHCF4 cost reports (Schedule 10) reflected the following aggregate amounts of depreciation expense for the various fixed asset categories (Table B).

	<u>2003</u>	<u>2004</u>	<u>2005</u>
Land improvements	\$ 15,342	\$ 18,042	\$ 13,326
Buildings	27,947	27,947	27,947
Building improvement	108,355	94,505	76,249
Fixed equipment	263,853	289,093	282,421
MME	179,117	367,981	196,939
Total	<u>\$ 594,614</u>	<u>\$ 797,568</u>	<u>\$ 596,882</u>

There were *no* breakouts of the depreciation for any particular fixed asset category for any of the three cost report years, by year of asset acquisition. Depreciation for all years' assets was aggregated and reported that way on the RHCF-4 cost reports.

The proper depreciation by asset acquisition year (i.e., 2002 and prior; 2003; 2004; and 2005) is shown in Attachment 1 to our response to the draft audit report, and is summarized below (Table C).

<u>Year of Asset Acquisition</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
2002 + prior	\$ 556,467	\$ 437,519	\$ 334,896
2003	49,306	82,120	58,426
2004		44,865	73,795
2005			20,208
Total	<u>\$ 605,773</u>	<u>\$ 564,504</u>	<u>\$ 487,325</u>

The depreciation on the 2002 and prior assets was *unchanged* from the amounts reported in our books and records and were the proper amounts that should be allowed. Since OMIG has agreed to the depreciation on the 2003—2005 additions (per Table C), the full amounts on the table should be reimbursed. (Note: OMIG's audit scope included the audit of all depreciation expense for 2003, 2004 and 2005, and since *no* item-specific disallowance was identified for any 2002 and prior years' assets, the full depreciation amount shown on Table C is therefore properly reimbursed.

OMIG Response

The OMIG's request that the Facility provide a revised depreciation schedule calculated in accordance with AHA guidelines was for the purpose of determining allowable depreciation expense for the period under review. At no time did the OMIG ever indicate or imply that a revised depreciation schedule would be accepted at face value without a detailed review of the entire document. The historical cost of assets reflected in the revised depreciation schedule for the period under audit, 2003 through 2006, agreed with amounts reported in the RHCF-4 cost reports and were verified and accepted on audit. The depreciation expense reflected in the revised depreciation schedule for the same period was verified and accepted as well. The historical cost of 2002 and prior assets reflected in the revised depreciation schedule was \$31,962 higher than that reported in the RHCF-4 cost report. The accumulated depreciation for 2002 and prior assets reflected in the revised depreciation schedule was \$86,438 lower than that reported in the RHCF-4 cost report. The additional depreciation amounts requested by the Facility are entirely attributable to these changes. There is no basis for allowing these changes and they will not be recognized.

Disposition: The draft audit report disallowance for 2002 and prior depreciation remains the same. The draft audit report disallowance for 2003 through 2005 depreciation increased due the partial reversal of adjustment #1 (a).

Adjustment #4 – Investment Income Offset

Facility Comment

The OMIG adjustment for investment income offset should be \$7,547 (\$20,930 less \$13,383).

OMIG Response

Comments and documentation provided in the Facility's draft audit report response have established that a portion of the investment income offset on audit was in fact restricted. The OMIG agrees that the audit adjustment should be reduced by \$13,383.

Disposition: The draft audit report disallowance was reduced.

REBEKAH REHABILITATION AND EXTENDED CARE CENTER
SUMMARY OF CHANGES FROM DRAFT REPORT TO FINAL REPORT - AUDIT #09-4227

EXHIBIT III - PROPERTY EXPENSE DISALLOWANCES/(ALLOWANCES)

	<u>Rate Period</u>	<u>Cost Center</u>	<u>Description</u>	<u>Draft Disallowance (Allowance)</u>	<u>Change</u>	<u>Final Disallowance (Allowance)</u>
1. (a) Disallowances of Depreciation Expense	2005	001	Bldg. Depn.	\$ 4,808	(206)	\$ 4,602
	2006	001	Bldg. Depn.	11,864	(413)	11,451
	1/1/07-7/9/07	001	Bldg. Depn.	10,512	(206)	10,306
	2006	002	ME Depn.	539	-	539
	1/1/07-7/9/07	002	ME Depn.	1,586	-	1,586
1. (c) Disallowances/(Allowance) of Depreciation Expense	2005	001	Bldg. Depn.	19,828	164	19,992
	2006	001	Bldg. Depn.	57,305	330	57,635
	1/1/07-7/9/07	001	Bldg. Depn.	66,268	124	66,392
	2005	002	ME Depn.	(1,641)	-	(1,641)
	2006	002	ME Depn.	16,158	-	16,158
	1/1/07-7/9/07	002	ME Depn.	41,083	-	41,083
4. Investment Income Offset	1/1/07-7/9/07	003	Income Offset	20,930	(13,383)	7,547
	7/10/07-12/31/07	003	Income Offset	20,930	(13,383)	7,547

REBEKAH REHABILITATION AND EXTENDED CARE CENTER
RATE PERIODS JANUARY 1, 2005 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>
01/01/05 - 02/28/05	\$199.90	\$199.04	\$0.86	10,430	\$ 8,970
03/01/05 - 05/31/05	203.28	202.42	0.86	15,816	13,602
06/01/05 - 06/30/05	204.33	203.47	0.86	5,133	4,414
07/01/05 - 08/31/05	207.62	206.76	0.86	10,489	9,021
09/01/05 - 11/30/05	202.93	202.07	0.86	15,189	13,063
12/01/05 - 12/31/05	204.16	203.30	0.86	5,026	4,322
01/01/06 - 02/28/06	214.40	210.60	3.80	9,573	36,377
03/01/06 - 03/31/06	211.08	207.28	3.80	5,062	19,236
04/01/06 - 05/31/06	210.63	206.83	3.80	10,190	38,722
06/01/06 - 08/31/06	211.43	207.63	3.80	15,857	60,257
09/01/06 - 11/30/06	210.56	206.76	3.80	16,025	60,895
12/01/06 - 12/31/06	209.62	205.82	3.80	5,679	21,580
01/01/07 - 03/31/07	213.99	211.94	2.05	16,464	33,751
04/01/07 - 06/30/07	212.83	210.78	2.05	15,858	32,509
07/01/07 - 07/08/07	209.68	207.63	2.05	1,418	2,907
07/09/07 - 12/31/07	262.35	262.07	0.28	30,988	8,677
01/01/08 - 03/31/08	268.56	268.39	0.17	15,594	2,651
04/01/08 - 06/30/08	264.94	264.77	0.17	15,518	2,638
07/01/08 - 12/31/08	268.43	268.26	0.17	31,178	5,300
TOTAL MEDICAID OVERPAYMENT					<u>\$ 378,892</u>

* Any differences between these rates and the rates listed in Exhibit II of this 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.

REBEKAH REHABILITATION AND EXTENDED CARE CENTER
RATE PERIODS JANUARY 1, 2005 THROUGH DECEMBER 31, 2008
SUMMARY OF MEDICAID RATES AUDITED

The Facility's Medicaid utilization was approximately 85 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.

<u>RATE PERIOD</u>	Issued Medicare Part B & D <u>Non-Eligible Rates *</u>
01/01/05 - 02/28/05	\$ 199.90
03/01/05 - 05/31/05	203.28
06/01/05 - 06/30/05	204.33
07/01/05 - 08/31/05	207.62
09/01/05 - 11/30/05	202.93
12/01/05 - 12/31/05	204.16
01/01/06 - 02/28/06	214.40
03/01/06 - 03/31/06	211.08
04/01/06 - 05/31/06	210.63
06/01/06 - 08/31/06	211.43
09/01/06 - 11/30/06	210.56
12/01/06 - 12/31/06	209.62
01/01/07 - 03/31/07	213.99
04/01/07 - 06/30/07	212.83
07/01/07 - 07/09/07	209.68
07/10/07 - 12/31/07	251.16
01/01/08 - 03/31/08	267.18
04/01/08 - 12/31/08	263.60

* 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.

**REBEKAH REHABILITATION AND EXTENDED CARE CENTER
RATE PERIODS JANUARY 1, 2005 THROUGH DECEMBER 31, 2008
PROPERTY EXPENSE DISALLOWANCES/(ALLOWANCES)**

DESCRIPTION	COST CENTER	DISALLOWED (ALLOWED)	TRACE-BACK %	RATE PERIODS			
				2005	2006	01/01/07-07/09/07	07/10/07-12/31/07
				\$ 1,017,968	\$ 1,276,336	\$ 1,118,886	\$ 4,179,278
Bldg. Depn.	001	\$4,602	99.99%	4,601			
Bldg. Depn.	001	11,451	100.00%		11,451		
Bldg. Depn.	001	10,306	100.00%			10,306	
ME Depn.	002	1,183	100.00%		1,183		
ME Depn.	002	3,945	100.00%			3,945	
ME Depn.	002	539	100.00%		539		
ME Depn.	002	1,586	100.00%			1,586	
Bldg. Depn.	001	19,992	99.99%	19,990			
Bldg. Depn.	001	57,635	100.00%		57,635		
Bldg. Depn.	001	66,392	100.00%			66,392	
ME Depn.	002	(1,641)	99.99%	(1,641)			
ME Depn.	002	16,158	100.00%		16,158		
ME Depn.	002	41,083	100.00%			41,083	
ME Depn.	002	172,165	100.00%		172,165		
ME Depn.	002	7,164	100.00%			7,164	

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

- DISALLOWANCES/ ALLOWANCE OF DEPRECIATION EXPENSE**
 - The Facility incorrectly capitalized expenses for certain repairs, inventory, and supplies. These expenditures should have been expensed in accordance with generally accepted accounting principles and the guidelines and definitions included in the RHCF Accounting and Reporting Manual. Accordingly, the depreciation expense applicable to these costs was disallowed.
Regulations: 10 NYCRR Sections 86-2.4 & 458.5, RHCF Accounting and Reporting Manual
 - The Facility reported depreciation expense on telephone equipment. It is the Commissioner's determination that telephone expense is an operating expense for residential health care facilities. Since this expense is included in the formula to determine the base, mean, and ceiling prices used to establish the indirect operating expense corridor, the reimbursement of telephone depreciation expense in the capital component amounts to duplicate reimbursement. Consequently, the telephone depreciation expense was disallowed from the capital component.
Regulation: 10 NYCRR Section 86-2.17(d)
 - The majority of assets acquired in cost years 2003 through 2005 were being depreciated over a two to three year period. These are less than the useful lives specified in the Estimated Useful Lives of Depreciable Hospital Assets, American Hospital Association (AHA) guidelines. Allowable depreciation was recalculated in accordance with AHA guidelines and resulted in adjustments to reported expense.
Regulations: 10 NYCRR Sections 86-2.19 and 86- 2.22, PRM-1 Sections 104.17 & 2300
 - In addition to depreciation based on the straight line method, the Facility expensed the year-end net book value of various movable equipment items. This, in effect, reduced the estimated useful lives of the assets to below those specified by AHA guidelines. Furthermore, a change from the straight line method of depreciation, in mid-asset life, to another method of depreciation is not allowable for Medicaid reimbursement purposes. Consequently, reported depreciation expense in excess of the reported straight line amount was disallowed.
Regulations: 10 NYCRR Section 86-2.22, PRM-1 Section 120

REBEKAH REHABILITATION AND EXTENDED CARE CENTER
RATE PERIODS JANUARY 1, 2005 THROUGH DECEMBER 31, 2008
PROPERTY EXPENSE DISALLOWANCES/(ALLOWANCES)

	DESCRIPTION	COST CENTER	DISALLOWED (ALLOWED)	TRACE-BACK %	RATE PERIODS			
					2005	2006	01/01/07-07/09/07	07/10/07-12/31/07
2. DISALLOWANCE OF MORTGAGE INTEREST								
a) Audited rate year interest expense varied from the mortgage interest allowed in the promulgated rates resulting in a disallowance. Regulations: 10 NYCRR Sections 86-2.17(d) and 86-2.20(a)	Mort. Int.	003	14,280	99.99%	14,279			
b) 2003 mortgage interest was erroneously reimbursed as working capital interest in rate year 2005. This mortgage interest was previously reimbursed in rate year 2003. Consequently, a disallowance was made to eliminate the duplicate reimbursement. Regulation: 10 NYCRR Section 86-2.17(a) & (d)	WC Int.	005	25,717	99.94%	25,702			
c) 2004 mortgage interest was erroneously reimbursed as leasehold improvement interest in rate year 2006. This mortgage interest was previously reimbursed in rate year 2004. Consequently, a disallowance was made to eliminate the duplicate reimbursement. Regulation: 10 NYCRR Section 86-2.17(a) & (d)	Lease. Impr. Int.	003	24,451	100.00%		24,451		
3. DISALLOWANCE OF MOVABLE EQUIPMENT RENT								
a) The Facility was unable to document several expenses that were posted to the movable equipment rental accounts. Facilities are required to provide adequate cost data that can be verified. Consequently, the undocumented expenses were disallowed. Regulations: 10 NYCRR Section 86-2.7, PRM-1 Section 2300	Rent B Rent D Rent D	005 043 006	2,743 900 3,000	100.00% 100.00% 100.00%	2,743 900	2,743	3,000	3,000
b) Movable equipment rental accounts included security deposits and duplicate expenses. These items do not represent allowable expense and were disallowed. Regulation: 10 NYCRR Section 86-2.17(d)	Rent D Rent D Rent F	006 006 040	6,000 6,917 284	100.00% 100.00% 100.00%			6,000	6,000 6,917 284
c) The Facility included expenses for late fees and extra copies in rent expense. These items are considered operating expenses and should not be included in the capital component of the rate. Consequently, these expenses were disallowed. Regulations: 10 NYCRR Sections 86-2.17(d) and 86-2.10(g), PRM-1 Section 2102.2	Rent B Rent B Rent C Rent C	005 005 005 005	1,728 879 4,083 4,757	99.94% 100.00% 100.00% 100.00%	1,726	879	4,083	4,757

REBEKAH REHABILITATION AND EXTENDED CARE CENTER
RATE PERIODS JANUARY 1, 2005 THROUGH DECEMBER 31, 2008
PROPERTY EXPENSE DISALLOWANCES/(ALLOWANCES)

DESCRIPTION	COST CENTER	DISALLOWED (ALLOWED)	TRACE-BACK %	RATE PERIODS				
				2006	2005	01/01/07-07/09/07	07/10/07-12/31/07	2008
Income Offset	003	7,547	100.00%	7,547			7,547	
				\$ 65,557	\$ 287,204	\$ 151,106	\$ 20,630	\$ 11,958
				\$ 952,411	\$ 989,132	\$ 967,780	\$ 4,158,648	\$ 4,952,261

4. INVESTMENT INCOME OFFSET

The Facility reported interest income on an escrow account maintained for payment of its mortgage as restricted. No documentation was provided to support a restriction. Providers receiving payment 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. The cost information must be current, accurate, and in sufficient detail. Consequently, the income was offset against interest expense.

Regulations: 10 NYCRR Sections 86-2.7 and 86-2.20(c)(1)

Property Expense Disallowances/(Allowances)

AUDITED PROPERTY EXPENSE