

**Memorandum**

Date OCT 6 1999

From June Gibbs Brown
Inspector General *June A Brown*

Subject Review of Bad Debts Reported by Fresenius Medical Care's Facilities Under Medicare's End Stage Renal Disease Program for Calendar Year 1997 (A-01-99-00504)

To Nancy-Ann Min DeParle
Administrator
Health Care Financing Administration

Attached is the Office of Inspector General, Office of Audit Services' final report entitled "*Review of Bad Debts Reported by Fresenius Medical Care's Facilities Under Medicare's End Stage Renal Disease Program for Calendar Year 1997.*" The primary objective of our review was to determine whether home office costs and bad debts reported by Fresenius Medical Care (FMC) facilities for Calendar Year (CY) 1997 were in accordance with the prescribed Medicare laws and regulations.

Our review showed that FMC allocated \$5,980,886 in unallowable costs to 408 facilities claiming reimbursable bad debts in CY 1997. The FMC reported reimbursable bad debts totaling \$10,261,037 in CY 1997. To determine the adjustment to bad debts claimed, we prorated the total unallowable costs identified for each bad debt facility (based on a ratio of Medicare costs to total facility costs) which resulted in identification of the portion of unallowable costs applicable to Medicare expenses. Applying that ratio, we adjusted the facilities' reported Medicare expenses and recalculated bad debts using the Schedule D cost report format. We then compared the amount of bad debts claimed to the recalculated bad debts amount and determined that reimbursable bad debts were overstated by \$731,309 in CY 1997.

Although FMC has over the years taken actions to remove unallowable costs from its facilities' cost reports, corrective action is still needed to address the unallowable costs discussed in this report. Therefore, we are recommending that FMC establish additional procedures to exclude from future cost reports the unallowable costs identified during our review. We also recommend that the Health Care Financing Administration (HCFA) instruct the fiscal intermediaries (FI) to apply our cost adjustments and make appropriate adjustments to reimbursable bad debt amounts claimed by FMC on its facilities' cost reports for CY 1997, and recover all overpayments arising from unallowable amounts reimbursed to FMC facilities for bad debts.

Page 2 - Nancy-Ann Min DeParle

The draft report was issued on June 17, 1999 to FMC for comment. In response to the draft report, FMC agreed with all our findings and recommendations.

Under separate cover, we have provided home office audit adjustment reports for each FMC facility to their respective FI containing the necessary information for use in settling FMC facilities' cost reports. In addition, we have instructed the FIs to notify Tom Walsh of HCFA once our recommendations have been implemented.

Please advise us within 60 days on actions taken or planned on our recommendations. If you have any questions, please call me or have your staff contact George M. Reeb, Assistant Inspector General for Health Care Financing Audits at (410) 786-7104.

To facilitate identification, please refer to Common Identification Number A-01-99-00504 in all correspondence relating to this report.

Attachment

Department of Health and Human Services

**OFFICE OF
INSPECTOR GENERAL**

**REVIEW OF BAD DEBTS REPORTED BY
FRESENIUS MEDICAL CARE'S
FACILITIES UNDER MEDICARE'S END
STAGE RENAL DISEASE PROGRAM
FOR CALENDAR YEAR 1997**



JUNE GIBBS BROWN
Inspector General

OCTOBER 1999
A-01-99-00504

EXECUTIVE SUMMARY

Background

Under Medicare's composite rate reimbursement system, an End Stage Renal Disease (ESRD) facility is reimbursed 100 percent of its allowable ESRD Medicare bad debts, up to its unreimbursed Medicare reasonable costs. The amount is reimbursed by fiscal intermediaries (FI) outside the composite rate. However, if the facility's revenue exceeds its cost, it has no unrecovered cost and is not eligible to receive payment for Medicare bad debts.

Objective

The primary objective of our review was to determine whether home office costs and bad debts reported by Fresenius Medical Care (FMC) facilities for Calendar Year (CY) 1997 were in accordance with the prescribed Medicare laws and regulations.

Results of Review

Our review showed that FMC allocated \$5,980,886 in unallowable costs to 408 facilities claiming reimbursable bad debts in CY 1997.

The FMC reported reimbursable bad debts totaling \$10,261,037 in CY 1997. To determine the adjustment to bad debts claimed, we prorated the total unallowable costs identified for each bad debt facility (based on ratio of Medicare costs to total facility costs) which resulted in identification of the portion of unallowable costs applicable to Medicare expenses. Applying the ratio determined above, we adjusted the facilities' reported Medicare expenses and recalculated bad debts using the Schedule D cost report format. We then compared the amount of bad debts claimed to the recalculated allowable bad debts amount to determine the appropriate bad debt adjustment. As a result, we determined that reimbursable bad debts were overstated by \$731,309 in CY 1997.

Recommendations

Although FMC has over the years taken actions to remove significant unallowable costs from its facilities' cost reports, corrective action is still needed to address the unallowable costs discussed in this report. Therefore, we are recommending that FMC establish additional procedures to exclude from future cost reports the unallowable costs identified during our review. We also recommend that the Health Care Financing Administration (HCFA) instruct the FIs to apply our home office cost adjustments and make the appropriate adjustments to reimbursable bad debt amounts claimed by FMC on its facilities' cost reports for CY 1997, and recover all overpayments arising from unallowable amounts reimbursed to FMC facilities for bad debts.

The draft report was issued on June 17, 1999 to FMC for comment. In response to the draft report, FMC agreed with all our findings and recommendations.

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INTRODUCTION

BACKGROUND

Fresenius Medical Care, Inc. headquartered in Lexington, Massachusetts, provided renal dialysis treatments at 772 domestic outpatient kidney dialysis facilities which were either owned or managed by FMC through its wholly owned subsidiary, Dialysis Services Division (DSD), for CY 1997. Each individual FMC facility has a Medicare provider number and prepares a separate cost report which is submitted to a designated intermediary. In addition, included in each facility's cost report is a proportional share of FMC's and DSD's home office costs.

The Health Insurance for the Aged and Disabled (Medicare), Title XVIII of the Social Security Act, as amended, is a program of health insurance that is administered by HCFA. Medicare includes coverage for eligible persons suffering from kidney (renal) failure under its ESRD program. The HCFA established a prospective method of payment for maintenance dialysis. Under this system, HCFA uses a composite rate per treatment to reimburse independent renal dialysis and hospital based facilities. The Medicare program pays 80 percent of the composite rate, and the remaining 20 percent (the co-insurance) is the responsibility of the ESRD beneficiary.

Under Medicare's composite rate reimbursement system, ESRD facilities are reimbursed 100 percent of their allowable ESRD Medicare bad debts, up to their unreimbursed Medicare reasonable costs. The amount is reimbursed by the FIs outside the composite rate. However, if the facility's revenue exceeds its cost, it has no unrecovered cost and is not eligible to receive payment for Medicare bad debts. Of the 772 FMC dialysis facilities, 408 facilities claimed bad debts in CY 1997.

The FMC allocated home office costs to its divisions based on the ratio of divisional costs to total costs incurred by FMC. The DSD's portion of home office pooled costs reported was 58.01 percent in CY 1997, as illustrated in **Table 1**.

<u>FMC DIVISION</u>	CY 1997	
	COST (in millions)	%
Dialysis Services Division (DSD)	\$1,412	58.01
Medical Products Division (MPD)	625	25.69
LifeChem	82	3.35
Home Care Division	230	9.46
DSD International	0	0.00
Diagnostic Services	85	3.49
TOTAL	\$2,434	100.00

Table 1 - Distribution of FMC's Home Office Costs to the Respective Divisions

SCOPE

We conducted our audit in accordance with generally accepted government auditing standards. The primary objective of this review was to determine whether home office costs and bad debts reported by FMC facilities were in accordance with the prescribed Medicare laws and regulations. Our review covered bad debts of \$10,261,037 reported by FMC for CY 1997. These bad debts were claimed by 408 FMC facilities.

As part of our examination, we obtained an understanding of FMC's internal control structure; however, we limited the consideration of the internal control structure and ascertained that the audit could be conducted more efficiently by expanding substantive audit tests, thus placing very little reliance on the internal control structure.

Our review relates to home office cost reports filed by FMC and DSD for CY 1997, and certain facility cost reports. The FMC reported \$36,721,290 in CY 1997 for pooled allocated costs. Likewise, for the DSD Home Office Cost Report, FMC claimed \$112,939,290 in CY 1997 for direct and pooled allocated costs.

To accomplish our audit objective, we:

- reconciled reported home office costs to FMC's financial records and the Form 10K filing required for the Securities Exchange Commission;
- reviewed selected cost categories for allowability and allocability in accordance with Medicare Principles of Reimbursement;
- researched the nature and reasonableness of judgmentally selected expenditures by examining invoices and other supporting documentation and through discussions with FMC personnel;
- reviewed reclassifications and adjustments made to FMC and facility cost reports to obtain an understanding of the nature and type of reclassifications and adjustments;
- followed-up on the audit adjustments recommended in our prior report of CY 1996 home office costs and bad debts (A-01-98-00508); and
- applied audit adjustments of FMC's 1997 home office costs to FMC facilities reporting reimbursable bad debts.

We did not review reported bad debt amounts to determine their validity. Accordingly, any adjusted bad debt balances are still subject to review by the respective FIs for due diligence requirements as outlined in Chapter 27 of the Provider Reimbursement Manual (PRM).

In reviewing the allowability and allocability of costs, we considered whether costs incurred (1) were reasonable, (2) benefitted patient care, (3) were necessary to the overall operation of the FMC home office and facilities, and (4) were deemed to be assignable to patient care in view of the principles provided in the PRM and rulings of the Provider Reimbursement Review Board (PRRB).

Our review was performed during the period October 1998 through March 1999 at FMC headquarters located in Lexington, Massachusetts.

FINDINGS AND RECOMMENDATIONS

For each CY, FMC files a home office cost report as the parent of all divisions and a home office cost report for DSD. Our review of home office costs as well as costs directly claimed on facility cost reports disclosed the following unallowable costs reported by bad debt facilities (see EXHIBIT I):

COST CATEGORY	<u>AMOUNT RELATING TO</u>
	<u>BAD DEBT FACILITIES</u>
	CY 1997
Depreciation of Office Furniture Profit	\$2,006,111
Inter-Co. Profit Elimination	\$1,651,195
Goodwill	\$898,591
Lease Related Costs	\$347,994
Research & Development	\$297,359
Allocation Basis	\$294,819
DSD Salaries	\$205,041
Other Pooled Costs	\$168,867
Amortization of Medical Records	\$88,816
Income Offset	\$22,093
TOTAL	\$5,980,886

In reviewing the allowability and allocability of costs, we considered whether costs incurred (1) were reasonable, (2) benefitted patient care, (3) were necessary to the overall operation of the FMC home office and facilities, and (4) were deemed to be assignable to patient care in view of the principles provided in 42 CFR, the PRM, and rulings of the PRRB. We adjusted each facilities reported costs for the above unallowable costs and recalculated allowable bad debts. We determined that reimbursable bad debts were overstated by \$731,309 in CY 1997.

DEPRECIATION OF OFFICE FURNITURE & EQUIPMENT

The FMC overstated the depreciation expense for office furniture and equipment at its headquarters facility by \$6,746,412. Our variance analysis disclosed that this depreciation expense jumped significantly from \$98,640 in 1996 to \$6.8 million in 1997. According to FMC officials, the huge increase in depreciation expense resulted from the revaluation of

assets to current values which normally accompanies an acquisition. The acquisition occurred in September of 1996, when Fresenius AG, a German based dialysis concern, acquired National Medical Care (NMC). However, the acquisition involved a transfer of stock, and Medicare does not allow the revaluation of assets in acquisitions which involve merely the transfer of stock between parties to the acquisition.

According to 42 CFR, section 413.134 (l) (1):

If the capital stock of a provider is acquired, the provider's assets may not be revalued.

According to FMC officials, a revaluation was performed to determine the new fair market value of fixed assets as a result of the acquisition by Fresenius in 1996. The \$6.8 million in depreciation expense claimed for office furniture and equipment at its headquarters facility included \$6,746,412 in "step-up" depreciation related to the acquisition that should have been eliminated from the Home Office Cost Report as a Medicare adjustment. The FMC acknowledged that the correct amount of depreciation to be claimed should have been \$122,149.

As a result of not eliminating the "step-up" depreciation, the cost reports for facilities claiming bad debts are overstated by \$2,006,111 for CY 1997.

INTER-CO. PROFIT ELIMINATION (MEDICAL SUPPLIES)

The FMC sells dialysis supplies internally to its own facilities and externally to non-FMC facilities through its Medical Products Division (MPD), a wholly-owned subsidiary of FMC. For Medicare reporting purposes, FMC makes an adjustment to decrease each facilities' reported cost of medical supplies by the amount of profit on internal sales. In 1997, MPD reported a profit on internal sales of \$15 million.

When calculating the internal profit for CY 1997, FMC overstated internal expenses by including expense amounts which were unsupported, thereby understating the profit on internal sales to be removed from each facility's reported cost of medical supplies. Due to the miscalculation of profit on internal sales, each facility's reported cost of medical supplies was adjusted downward only 6.82 percent rather than the 8.89 percent necessary to remove the actual profit of \$19,548,977.

Section 2102.3 of the PRM states that costs not related to patient care are costs which are not appropriate (e.g., expense is not incurred or not paid) or necessary and proper in developing and maintaining the operation of patient care facilities and activities.

42 CFR 413.17 - Cost to Related Organizations states that: "...costs applicable to services, facilities, and supplies furnished to the provider by organizations related to the provider by common ownership or control are includable in the allowable cost of the provider at the cost to the related organization."

By understating the amount of internal profit to be eliminated, each facility's reported cost of medical supplies were overstated. We determined the cost of medical supplies were overstated by \$1,651,195 on the cost reports of those facilities claiming bad debts for CY 1997.

GOODWILL

The FMC included unallowable goodwill costs on the cost reports of facilities acquired in 1997. A new goodwill account was created in 1997 to enable FMC to separately identify the goodwill costs which resulted from facility acquisitions after the merger of Fresenius with NMC. When processing the adjustment to remove all goodwill accounts from the facility cost reports, this new account was omitted.

42 CFR 413.134(g) and 413.157(c)(2) provide that the excess cost over fair market value of the assets acquired is goodwill and is therefore unallowable.

As a result of not excluding goodwill costs related to the 1997 acquisitions, a total of \$898,591 was not removed from the cost reports of 13 bad debt facilities.

LEASE RELATED COSTS

The FMC pooled all costs associated with the lease of the Lexington facility, rather than first assigning costs directly to divisions based on occupancy.

Section 2150.3 of the PRM states that the initial step in the allocation process is the direct assignment of costs to the chain components. Allowable costs incurred for the benefit of, or directly attributable to, a specific provider or nonprovider activity must be allocated directly to the chain entity for which they were incurred.

The Lexington facility actually houses staff from all divisional components as well as corporate staff. Our review showed that the lease related costs (i.e., rent, electricity, telephone, and operating expenses) could be readily assigned directly to the divisions that incurred them based on the square footage of the building occupied. Instead FMC treated all lease related costs as pooled costs to be allocated based on the ratio of each divisions expenses to the total expenses of all divisions.

Accordingly, DSD was assigned 58.01 percent of the costs associated with the lease of the Lexington facility, when, based on occupancy, it should have received only 46.3 percent of the costs. Therefore, lease related costs assigned to DSD are overstated by \$678,879. By not assigning costs directly to divisions based on building occupancy, DSD was allocated more than its fair share of these lease related costs. As a result, the amounts reported on the bad debt facilities' cost reports are overstated by \$347,994 for CY 1997.

RESEARCH & DEVELOPMENT

The FMC claimed \$1,000,000 in research and development expense associated with establishing the Renal Research Institute (RRI) as a joint venture with an area hospital. The RRI mission statement states that operation of RRI is intended to result in improved and more efficient dialysis services to the community. However, FMC was unable to provide us with documentation to support that the research funds were spent to improve and make provider administration and operation more efficient.

Section 500 of the PRM states that costs incurred for research purposes, over and above usual patient care, are not includable as allowable costs.

The sole exception to this criteria, at section 501 of the PRM, states that studies, analyses, surveys, and related activities aimed at improving and making provider administration and operation more efficient are not considered research costs and are therefore allowable.

The FMC claimed the \$1 million provided to RRI for research because, based on RRI's mission statement, these costs meet the exception criteria on research costs cited above. Although RRI functions may include research aimed at making provider operations more efficient, it is not limited to this type of research. The Operating Agreement states that RRI shall conduct research into the care and treatment of ESRD patients and conduct other research in the field of nephrology. In the absence of support to the contrary, we consider RRI costs to be for general research, and therefore unallowable.

As a result, the amounts reported on the bad debt facilities' cost reports are overstated by \$297,359 for CY 1997.

ALLOCATION BASIS

The DSD did not allocate a share of corporate and divisional home office costs to all its components which resulted in dialysis facilities receiving a disproportionate share of those costs.

Section 2150.3.D.2.b of the PRM states that: "...all chain components will share in the pooled home office costs in the same proportion that the total costs of each component...bear to the total costs of all components in the chain."

The FMC and its divisions allocate home office costs to components on the basis of each component's costs to the total costs of all components. First, the home office costs of corporate management is allocated across all divisions. Then, DSD combines its allocated share of corporate costs with its own home office costs into one pool to be allocated across all DSD components. However, 12 components with significant costs were not included in DSD's allocation base, and therefore, did not receive their respective share of home office costs. The allocation base is used to determine each facility's share of home office costs. As a result, the dialysis facilities and other components which received an allocation of home office costs, received an excessive share of home office costs collectively totaling \$564,689.

As a result of DSD not allocating a share of corporate and divisional home office costs to all its components, the dialysis facilities included in the allocation base received a disproportionate share of home office costs. The cost reports for the facilities claiming bad debts are overstated by \$294,819.

DSD SALARIES

The DSD included \$400,000 in salaries and related costs which should have been charged to another division. To fill its own staffing needs, the DSD absorbed some staff from other FMC divisions, which were in the process of being sold. However, some of the absorbed staff split their time, performing their duties for the prior division, as well as, performing their duties for DSD. No adjustment was made to remove the salaries and related benefits properly chargeable to other divisions, and accordingly these costs were allocated to all DSD facilities.

Section 2150.3 of the PRM states that "The initial step in the allocation process is the direct assignment of costs to the chain components. Allowable costs incurred for the benefit of, or directly attributable to, a specific provider or nonprovider activity must be allocated directly to the chain entity for which it was incurred...The allowable home office costs that have not been directly assigned to specific chain components must be allocated among the providers (and any nonprovider activities in which the home office may be engaged) on a basis designed to equitably allocate the costs over the chain components or activities receiving the benefits of the costs."

The FMC did not make an adjustment to remove the salaries and related benefits properly chargeable to other divisions from its DSD's Home Office Cost report. As a result, the cost reports for facilities claiming bad debts are overstated by \$205,041 for CY 1997. Therefore, we recommend that FMC's cost reports for the bad debt facilities be adjusted to reflect this amount.

OTHER POOLED COSTS

In preparing the cost report for 1997, FMC improperly reported \$567,889 in audit fees, consulting and other administrative expenses which were not related to patient care.

Our review of invoices for auditing, consulting, and other administrative expenses disclosed that FMC improperly claimed costs that:

- ① related to stockholder servicing (\$477,556) (PRM section 2134.9),
- ② were not related to patient care (\$34,260) (PRM section 2102.3),
- ③ related to another division (\$32,144) (PRM section 2150.3),
- ④ were not supported by invoice (\$20,923) (PRM section 2102.3), or
- ⑤ related to the reorganization (\$3,006)(PRM section 2134.10).

The FMC did not make an adjustment to remove these costs from the Home Office Cost Report. As a result, the bad debt facilities' cost reports for 1997 are overstated by \$168,867.

AMORTIZATION OF MEDICAL RECORDS

Contrary to Federal regulations, FMC claimed amortization expense associated with capitalizing medical records as an intangible asset for six bad debt facilities.

42 CFR 413.134(a)(1), only allows depreciation expense on buildings and equipment when it is identifiable and recorded in the provider's accounting records. Furthermore, 42 CFR 413.134(g) and 413.157(c)(2) provide that the excess cost over fair market value of the assets acquired is goodwill and is therefore unallowable.

Since the Office of Inspector General first disallowed amortization of medical records, FMC has continued to claim amortization expenses on its cost reports as it appealed the disallowance decision through the court system. With the United States Court of Appeals decision on January 20, 1998, FMC decided to end further appeal and discontinue claiming amortization expense. Accordingly, FMC did not claim amortization expenses when it

prepared the 1997 facility cost reports. However, FMC had already filed cost reports for six facilities which had closed during 1997, in which the amortization expense under appeal was claimed.

As a result, cost reports for the six bad debt facilities claiming reimbursement for amortization of medical records are overstated by \$88,816 in CY 1997.

INCOME OFFSET

The FMC did not offset revenue received, for selling medical data from patient files to a third party, against the expenses incurred to produce such revenue.

Section 2302.5 of the PRM states that other income should be used to offset the costs necessary to produce the income.

During our variance analysis, we found a significant increase in other revenues. The increase resulted from a contract to sell medical data from patient files to a laboratory. However, FMC did not establish a separate cost center to accumulate the costs associated with the contract for offset against the contract revenue received. The FMC subsequently determined that the costs of collecting and providing this data totaled \$43,100.

As a result, the cost reports for facilities claiming bad debts are overstated by \$22,093 for CY 1997.

ALLOCATION OF UNALLOWED COSTS TO BAD DEBT FACILITIES

Total reported reimbursable bad debts equaled \$10,261,037 in CY 1997. To determine the adjustment to bad debts claimed, we prorated the total unallowable home office costs identified for each bad debt facility (based on ratio of Medicare costs to total facility costs) which resulted in identification of the portion of unallowable costs applicable to Medicare expenses. Applying the ratio determined above, we adjusted the facilities' reported Medicare expenses and recalculated bad debts using the Schedule D cost report format. We then compared the amount of bad debts claimed to the recalculated bad debts amount to determine the appropriate bad debt adjustment (see Exhibit II).

EFFECT ON REIMBURSABLE BAD DEBTS

The ESRD facilities claimed reimbursable bad debts on Schedule D (Calculation of Reimbursable Bad Debts) of the cost report only when their Medicare revenues were less than Medicare reasonable costs. Based on the audit adjustments of \$5,980,886 for CY 1997,

we recalculated Medicare expenses and revised Schedule D for each of the FMC facilities claiming reimbursable bad debts. We determined that reimbursable bad debts should be reduced by \$731,309 for CY 1997 (see Exhibit III).

Reimbursement for any remaining bad debts is still subject to the facilities' due diligence in attempting to recover debts from beneficiaries. As noted in the SCOPE section of this report, we did not perform any audit work relating to the validity of the bad debt amounts reported.

We recognize that HCFA utilized a prospective composite rate for the ESRD program and audit adjustments did not effect the amount facilities were reimbursed for each dialysis treatment for CY 1997. However, allowable bad debts are reimbursed exclusive of the composite rate on a retrospective cost basis. Accordingly, for bad debts to be reimbursable, they must be based on reasonable costs. Since FMC's home office costs (direct and indirect) have an impact on each facility's total reported cost, annual audits of FMC are needed to ensure the accuracy of reported reimbursable bad debts.

RECOMMENDATIONS

Although FMC has over the years taken actions to remove significant unallowable costs from its facility cost reports, corrective action is still needed to address those unallowable costs discussed in this report. Therefore, we are recommending that FMC establish additional procedures to exclude from future cost reports the unallowable costs identified during our review.

Further, we recommend that HCFA instruct the appropriate FIs to:

- (1) apply our home office cost adjustments of \$5,980,886 for CY 1997 and recalculate the reimbursable bad debts for the facilities in question;
- (2) perform a review of claimed bad debts for those facilities which have significant bad debts remaining to determine their allowability considering the facilities' due diligence in attempting to collect debts from beneficiaries; and
- (3) recover \$731,309 in overpayments arising from unallowable bad debts reimbursed to FMC facilities in CY 1997.

FRESENIUS MEDICAL CARE'S COMMENTS

The FMC agreed with all our findings and recommendations with the exception of minor wording preference on one finding. The full text of FMC's comments are included as the APPENDIX to this report.

EXHIBITS

SUMMARY OF AUDIT FINDINGS
TO FMC'S BAD DEBT FACILITIES
JANUARY 1, 1997 THROUGH DECEMBER 31, 1997

Medicare Provider Number	Total Facility Cost	Depr Office Furn & Equip	Research & Development	DSD Salaries	Intercompany Profit Elim	Goodwill	Other Pooled Costs	Lease Related Costs	Amort. of Med Records	Alloc. Basis	Income Offset	Total Adjustment
07-2505	2,631,934	7,542	1,118	771	5,415		635	1,308		1,108	83	17,981
20-2502	1,171,653	3,358	498	343	2,744		283	582		493	37	8,338
20-2503	1,544,877	4,427	656	452	3,817		373	768		651	49	11,193
22-2500	3,420,454	9,802	1,453	1,002	10,461		825	1,700		1,441	108	26,792
22-2502	4,380,249	12,552	1,861	1,283	8,108		1,057	2,177		1,845	138	29,021
22-2503	2,944,951	8,439	1,251	863	7,108		710	1,464		1,240	93	21,168
22-2505	3,143,358	9,008	1,335	921	6,987		758	1,563		1,324	99	21,995
22-2507	1,851,533	5,306	786	542	4,743		447	920		780	58	13,583
22-2512	2,414,757	6,920	1,026	707	6,401		583	1,200		1,017	76	17,930
22-2513	2,489,860	7,135	1,058	729	7,177		601	1,238		1,049	79	19,065
22-2515	1,838,557	5,269	781	539	4,478		444	914		774	58	13,256
22-2518	1,141,611	3,272	485	334	2,607		275	568		481	36	8,058
22-2519	1,318,810	3,779	560	386	4,098		318	656		555	42	10,395
22-2521	1,787,210	5,122	759	523	4,818		431	888		753	56	13,351
22-2524	1,865,938	5,347	793	547	5,095		450	928		786	59	14,004
22-2525	2,283,991	6,545	970	669	5,100		551	1,135		962	72	16,005
22-2531	1,714,959	4,915	728	502	4,075	116,415	414	853		722	54	128,678
22-2535	1,873,392	5,369	796	549	3,748		452	931		789	59	12,692
22-2537	1,386,600	3,974	589	406	2,488		334	689		584	44	9,108
30-2500	1,362,997	3,906	579	399	3,653		329	678		574	43	10,161
30-2502	1,539,965	4,413	654	451	5,094		371	766		649	49	12,446
31-2501	3,783,844	10,843	1,607	1,108	8,372		913	1,881		1,594	119	26,438
31-2503	2,140,719	6,135	909	627	3,954		516	1,064		902	68	14,175
31-2504	3,004,055	8,609	1,276	880	8,170		725	1,493		1,265	95	22,513
31-2505	1,387,354	3,976	589	406	2,656		335	690		584	44	9,280
31-2515	897,893	2,573	381	263	1,496		217	446		378	28	5,783
31-2516	1,007,389	2,887	428	295	1,940		243	501		424	32	6,750
31-2518	1,548,915	4,439	658	454	2,900		374	770		652	49	10,295
31-2529	1,831,841	5,250	778	537	3,497		442	911		771	5	12,243
40-2501	1,431,974	4,104	608	419	3,256		345	712		603	45	10,093
40-2502	2,467,209	7,070	1,048	723	4,000		595	1,226		1,039	78	15,779
40-2504	3,299,267	9,455	1,401	966	7,231		796	1,640		1,389	104	22,983
40-2506	1,629,679	4,670	692	477	3,216		393	810		686	51	10,997
40-2512	1,922,191	5,508	817	563	4,380		464	956		810	61	13,557
40-2515	1,569,512	4,498	667	460	4,050		379	780		661	50	11,543
40-2517	1,918,835	5,499	815	562	4,344		463	954		808	61	13,505
41-2500	5,451,484	15,622	2,316	1,597	11,409		1,315	2,710		2,296	172	37,437

SUMMARY OF AUDIT FINDINGS
TO FMC'S BAD DEBT FACILITIES
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Medicare Provider Number	Total Facility Cost	Depr Office Furn & Equip	Research & Development	DSD Salaries	Intercompany Profit Elim	Goodwill	Other Pooled Costs	Lease Related Costs	Amort. of Med Records	Alloc. Basis	Income Offset	Total Adjustment
41-2503	1,561,209	4,474	663	457	3,260		377	776		658	49	10,714
41-2504	2,025,368	5,804	860	593	4,946		489	1,007		853	64	14,616
41-2506	2,219,374	6,360	943	650	5,675		535	1,103		935	70	16,271
08-2501	3,827,318	10,968	1,626	1,121	8,227		923	1,903		1,612	121	26,500
08-2507	1,760,815	5,046	748	516	4,677		425	875		742	56	13,084
09-2502	2,156,843	6,181	916	632	6,275		520	1,072		908	68	16,573
09-2503	5,134,704	14,715	2,181	1,504	20,744		1,239	2,552		2,162	162	45,259
09-2505	1,761,018	5,047	748	516	5,941		425	875		742	56	14,349
09-2508	2,214,223	6,345	941	649	5,911		534	1,101		933	70	16,483
09-2509	1,559,814	4,470	663	457	5,005		376	775		657	49	12,452
09-2515	3,143,103	9,007	1,335	921	8,223		758	1,562		1,324	99	23,229
15-2529	1,002,308	2,872	426	294	1,851		242	498		422	32	6,636
18-2503	4,632,379	13,275	1,968	1,357	9,831		1,117	2,303		1,951	146	31,948
18-2507	2,053,846	5,886	872	602	4,947		495	1,021		865	65	14,753
18-2509	1,714,280	4,913	728	502	3,551		414	852		722	54	11,736
18-2524	3,591,396	10,292	1,526	1,052	8,161		866	1,785		1,513	113	25,308
18-2527	1,359,284	3,895	577	398	2,307		328	676		572	43	8,797
18-2532	801,312	2,296	340	235	1,291		193	398		337	25	5,117
18-2534	1,720,897	4,932	731	504	2,805		415	855		725	54	11,021
21-2503	3,083,557	8,837	1,310	903	6,951		744	1,533		1,299	97	21,673
21-2506	720,554	2,065	306	211	1,583		174	358		303	23	5,023
21-2510	1,568,614	4,495	666	459	6,338		378	780		661	50	13,827
21-2524	1,690,964	4,846	718	495	4,505		408	841		712	53	12,578
21-2531	1,186,136	3,399	504	347	4,073		286	590		500	37	9,736
21-2533	1,797,839	5,152	764	527	4,143		434	894		757	57	12,727
21-2539	2,924,024	8,379	1,242	856	12,662		705	1,454		1,231	92	26,622
21-2557	1,139,300	3,265	484	334	3,471		275	566		480	36	8,910
21-2558	1,493,129	4,279	634	437	3,578		360	742		629	47	10,707
21-2559	768,939	2,204	327	225	1,453		185	382		324	24	5,124
36-2534	1,701,305	4,875	723	498	4,227		410	846		717	54	12,350
44-2501	1,763,234	5,053	749	516	4,557		425	877		743	56	12,975
44-2519	1,795,645	5,146	763	526	5,757		433	893		756	57	14,330
44-2522	617,127	1,769	262	181	1,230		149	307		260	19	4,176
44-2577	1,538,946	4,410	654	451	4,460		371	765		648	49	11,808
49-2503	3,032,256	8,690	1,288	888	10,267		731	1,507		1,277	96	24,744
49-2510	452,571	1,297	192	133	821		109	225		191	14	2,982
49-2513	1,050,627	3,011	446	308	1,723		253	522		442	33	6,739

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Medicare Provider Number	Total Facility Cost	Depr Office Furn & Equip	Research & Development	DSD Salaries	Intercompany Profit Elim	Goodwill	Other Pooled Costs	Lease Related Costs	Amort. of Med Records	Alloc. Basis	Income Offset	Total Adjustment
49-2515	883,751	2,533	375	259	1,667		213	439		372	28	5,886
49-2519	1,277,401	3,661	543	374	3,185		308	635		538	40	9,284
49-2525	1,326,248	3,801	563	388	3,032		320	659		559	42	9,364
49-2533	770,387	2,208	327	226	2,288	42,039	186	383		324	24	48,005
49-2536	1,536,158	4,402	653	450	3,857		371	764		647	48	11,191
49-2540	747,685	2,143	318	219	1,508		180	372		315	24	5,078
49-2557	1,840,004	5,273	782	539	8,569		444	915		775	58	17,354
49-2570	2,312,560	6,627	982	677	4,302	92,486	558	1,150		974	73	107,830
49-2582	776,701	2,226	330	227	1,887		187	386		327	25	5,595
49-2588	160,064	459	68	47	17		39	80		67	5	781
51-2506	2,358,072	6,758	1,002	691	4,713		569	1,172		993	74	15,971
51-2507	545,487	1,563	232	160	659	11,678	132	271		230	17	14,941
51-2508	807,246	2,313	343	236	1,892		195	401		340	25	5,746
01-2509	1,030,608	2,953	438	302	2,357		249	512		434	33	7,278
01-2513	544,965	1,562	231	160	979		131	271		230	17	3,581
01-2518	463,289	1,328	197	136	961		112	230		195	15	3,173
01-2519	667,043	1,912	283	195	1,282		161	332		281	21	4,467
01-2522	3,905,348	11,192	1,659	1,144	13,397		942	1,941		1,645	123	32,043
01-2547	1,317,562	3,776	560	386	2,442		318	655		555	42	8,733
01-2564	465,381	1,334	198	136	758		112	231		196	15	2,980
01-2572	566,863	1,624	241	166	1,150		137	282		239	18	3,856
01-2574	313,710	899	133	92	805		76	156		132	10	2,303
10-2502	3,086,599	8,845	1,311	904	9,674		745	1,534		1,300	97	24,411
10-2503	2,399,379	6,876	1,019	703	5,314		579	1,193		1,010	76	16,770
10-2506	2,314,673	6,633	983	678	3,741		558	1,151		975	73	14,792
10-2508	1,732,467	4,965	736	507	3,708		418	861		730	55	11,980
10-2525	1,338,234	3,835	568	392	4,153		323	665		564	42	10,542
10-2538	2,041,936	5,852	867	598	4,197		493	1,015		860	64	13,946
10-2539	970,642	2,782	412	284	2,166		234	483		409	31	6,800
10-2542	566,372	1,623	241	166	966		137	282		239	18	3,670
10-2544	1,878,532	5,383	798	550	4,879		453	934		791	59	13,848
10-2546	2,884,543	8,266	1,225	845	6,224		696	1,434		1,215	91	19,996
10-2548	1,311,488	3,758	557	384	2,440		316	652		552	41	8,702
10-2557	909,641	2,607	386	266	1,818		219	452		383	29	6,161
10-2559	3,744,783	10,731	1,591	1,097	14,602		903	1,862		1,577	118	32,481
10-2562	1,391,156	3,987	591	407	2,739		336	692		585	44	9,381
10-2566	963,010	2,760	409	282	2,946		232	479		406	30	7,544

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Medicare Provider Number	Total Facility Cost	Depr Office Furn & Equip	Research & Development	DSD Salaries	Intercompany Profit Elim	Goodwill	Other Pooled Costs	Lease Related Costs	Amort. of Med Records	Alloc. Basis	Income Offset	Total Adjustment
10-2570	769,076	2,204	327	225	2,129		186	382		324	24	5,801
10-2579	1,284,482	3,681	546	376	2,551		310	639		541	41	8,684
10-2582	781,866	2,241	332	229	2,145		189	389		329	25	5,878
10-2584	801,090	2,296	340	235	1,845		193	398		337	25	5,670
10-2589	774,494	2,219	329	227	1,854		187	385		326	24	5,552
10-2594	1,199,425	3,437	509	351	3,194		289	596		505	38	8,921
10-2595	2,836,723	8,129	1,205	831	6,564		684	1,410		1,195	90	20,108
10-2619	874,881	2,507	372	256	1,956		211	435		368	28	6,133
10-2629	2,464,448	7,062	1,047	722	7,113		594	1,225		1,038	78	18,879
10-2653	2,551,985	7,313	1,084	747	5,929		616	1,269		1,075	81	18,113
10-2657	474,736	1,360	202	139	979		115	236		200	15	3,246
10-2661	813,593	2,332	346	238	2,461		196	404		343	26	6,345
10-2662	1,125,981	3,227	478	330	2,194		272	560		474	36	7,570
10-2677	616,654	1,767	262	181	1,037		149	307		260	19	3,981
10-2681	838,654	2,403	356	246	1,633		202	417		353	26	5,637
10-2684	960,510	2,753	408	281	1,979		232	477		405	30	6,565
10-2688	377,167	1,081	160	110	1,350		91	187		159	12	3,151
10-2694	554,069	1,588	235	162	1,049		134	275		233	17	3,694
10-2697	950,196	2,723	404	278	1,754		229	472		400	30	6,291
10-2714	980,146	2,809	416	287	2,154		236	487		413	31	6,834
10-2716	649,855	1,862	276	190	1,176		157	323		274	21	4,279
10-2717	648,779	1,859	276	190	1,128		157	323		273	20	4,226
03-2517	1,312,854	3,762	558	385	2,114		317	653		553	41	8,382
03-2522	638,500	1,830	271	187	1,173		154	317		269	20	4,221
03-2524	1,040,952	2,983	442	305	2,124		251	517		438	33	7,094
03-2529	1,335,706	3,828	567	391	1,864		322	664		563	42	8,241
03-2530	1,437,377	4,119	611	421	2,986		347	715		605	45	9,849
03-2536	1,354,000	3,880	575	397	2,719		327	673		570	43	9,184
03-2539	1,249,252	3,580	531	366	2,620		301	621		526	39	8,584
03-2542	1,064,905	3,052	452	312	1,903		257	529		448	34	6,987
03-2546	3,383,026	9,695	1,437	991	2,535		816	1,682		1,425	107	18,687
03-2550	2,080,351	5,962	884	609	23,760		502	1,034		876	66	33,692
03-2552	1,048,525	3,005	445	307	2,066		253	521		442	33	7,072
03-2558	602,215	1,726	256	176	898		145	299		254	19	3,773
03-2566	421,157	1,207	179	123	855		102	209		177	13	2,866
03-2567	455,885	1,306	194	134	634		110	227		192	14	2,811
03-2568	587,912	1,685	250	172	1,072		142	292		248	19	3,879

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Medicare Provider Number	Total Facility Cost	Depr Office Furn & Equip	Research & Development	DSD Salaries	Intercompany Profit Elim	Goodwill	Other Pooled Costs	Lease Related Costs	Amort. of Med Records	Alloc. Basis	Income Offset	Total Adjustment
05-2500	2,208,327	6,328	938	647	3,985		533	1,098		930	70	14,528
05-2513	1,172,971	3,361	498	344	3,855		283	583		494	37	9,455
05-2523	1,796,277	5,148	763	526	3,258		433	893		756	57	11,834
05-2524	1,739,672	4,985	739	510	4,606		420	865		733	55	12,912
05-2534	2,261,653	6,481	961	662	4,396		546	1,124		952	71	15,194
05-2543	1,519,122	4,353	645	445	3,713		366	755		640	48	10,966
05-2544	2,885,599	8,269	1,226	845	6,744		696	1,434		1,215	91	20,521
05-2548	1,043,430	2,990	443	306	1,733		252	519		439	33	6,715
05-2579	1,661,458	4,761	706	487	3,149		401	826		700	52	11,081
05-2624	1,426,939	4,089	606	418	3,247		344	709		601	45	10,060
05-2633	3,487,610	9,994	1,481	1,022	8,006		841	1,734		1,469	110	24,657
05-2651	3,183,660	9,123	1,352	932	7,279		768	1,583		1,341	100	22,479
05-2681	1,436,654	4,117	610	421	2,903		347	714		605	45	9,762
05-2687	1,274,518	3,652	541	373	2,253		307	634		537	40	8,338
05-2690	3,184,144	9,125	1,353	933	8,269		768	1,583		1,341	100	23,471
05-2694	1,608,403	4,609	683	471	2,993		388	800		677	51	10,672
05-2722	2,203,838	6,316	936	646	4,486		532	1,096		928	70	15,008
05-2758	1,848,959	5,299	785	542	3,684		446	919		779	58	12,512
05-2759	3,845,273	11,019	1,633	1,126	13,567		928	1,912		1,619	121	31,926
05-2762	2,231,290	6,394	948	654	4,940		538	1,109		940	70	15,593
05-2780	1,563,194	4,480	664	458	3,908		377	777		658	49	11,371
05-2797	885,526	2,538	376	259	1,703		214	440		373	28	5,931
06-2505	1,570,454	4,500	667	460	2,869		379	781		661	50	10,367
06-2510	1,495,986	4,287	635	438	3,204		361	744		630	47	10,346
06-2520	1,977,418	5,667	840	579	15,969	139,909	477	983		833	62	165,319
06-2522	217,030	622	92	64	1,478	15,366	52	108		91	7	17,880
06-2523	893,126	2,559	379	262	1,397		215	444		376	28	5,661
06-2526	255,620	733	109	75	1,671	19,409	62	127		108	8	22,301
32-2500	3,660,318	10,491	1,555	1,072	15,490		883	1,820		1,542	116	32,968
32-2501	1,912,674	5,481	812	560	4,567		461	951		806	60	13,699
32-2504	1,736,235	4,976	738	509	4,159		419	863		731	55	12,448
32-2509	1,433,709	4,109	609	420	3,099		346	713		604	45	9,944
32-2513	890,572	2,552	378	261	1,744		215	443		375	28	5,996
32-2518	756,040	2,167	321	221	1,378		182	376		318	24	4,988
45-2512	1,580,830	4,530	672	463	2,791		381	786		666	50	10,339
45-2604	581,693	1,667	247	170	970		140	289		245	18	3,747
45-2640	1,590,236	4,557	675	466	5,563		384	791		670	50	13,155

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Medicare Provider Number	Total Facility Cost	Depr Office Furn & Equip	Research & Development	DSD Salaries	Intercompany Profit Elim	Goodwill	Other Pooled Costs	Lease Related Costs	Amort. of Med Records	Alloc. Basis	Income Offset	Total Adjustment
45-2674	2,973,166	8,520	1,263	871	8,841		717	1,478		1,252	94	23,036
45-2718	659,939	1,891	280	193	1,089		159	328		278	21	4,240
45-2760	378,040	1,083	161	111	611		91	188		159	12	2,416
45-2500	2,745,465	7,868	1,166	804	5,569		662	1,365		1,156	87	18,677
45-2501	7,097,387	20,339	3,015	2,079	30,398		1,712	3,528		2,989	224	64,284
45-2519	1,712,615	4,908	727	502	4,273		413	851		721	54	12,450
45-2520	3,021,137	8,658	1,283	885	7,126		729	1,502		1,272	95	21,550
45-2524	3,182,302	9,120	1,352	932	7,003		768	1,582		1,340	100	22,197
45-2526	2,962,355	8,489	1,258	868	5,825		715	1,473		1,248	93	19,968
45-2594	1,594,835	4,570	677	467	3,525		385	793		672	50	11,139
45-2533	3,456,123	9,904	1,468	1,012	6,876		834	1,718		1,456	109	23,377
45-2537	683,761	1,959	290	200	1,386		165	340		288	22	4,651
45-2539	946,812	2,713	402	277	1,766		228	471		399	30	6,286
45-2544	1,566,350	4,489	665	459	2,806		378	779		660	49	10,284
45-2553	1,607,236	4,606	683	471	3,058		388	799		677	51	10,732
45-2565	3,869,929	11,090	1,644	1,133	8,237		934	1,924		1,630	122	26,714
45-2573	1,237,607	3,547	526	362	2,792		299	615		521	39	8,701
45-2576	3,674,444	10,530	1,561	1,076	9,104		886	1,827		1,547	116	26,647
45-2626	1,341,023	3,843	570	393	2,281		323	667		565	42	8,684
45-2629	1,277,224	3,660	543	374	2,238		308	635		538	40	8,336
45-2631	3,385,460	9,702	1,438	992	9,578		817	1,683		1,426	107	25,742
45-2635	2,341,001	6,709	994	686	5,235		565	1,164		986	74	16,412
45-2636	1,793,867	5,141	762	525	3,848		433	892		755	57	12,413
45-2638	2,899,658	8,310	1,232	849	5,367		699	1,441		1,221	92	19,211
45-2644	1,076,984	3,086	457	315	2,047		260	535		454	34	7,189
45-2666	865,937	2,482	368	254	1,738		209	430		365	27	5,872
45-2668	1,739,649	4,985	739	510	3,237		420	865		733	55	11,543
45-2669	820,995	2,353	349	240	1,543		198	408		346	26	5,463
45-2671	1,035,753	2,968	440	303	2,366		250	515		436	33	7,311
45-2673	658,054	1,886	280	193	1,128		159	327		277	21	4,270
45-2679	1,998,893	5,728	849	585	3,905		482	994		842	63	13,449
45-2682	1,386,126	3,972	589	406	2,575		334	689		584	44	9,193
45-2684	1,661,499	4,761	706	487	3,081		401	826		700	52	11,014
45-2686	2,440,574	6,994	1,037	715	4,659		589	1,213		1,028	77	16,311
45-2687	3,220,249	9,228	1,368	943	6,669		777	1,601		1,356	102	22,044
45-2688	2,991,383	8,572	1,271	876	5,783		722	1,487		1,260	94	20,065
45-2689	4,203,189	12,045	1,785	1,231	9,627		1,014	2,089		1,770	133	29,695

SUMMARY OF AUDIT FINDINGS
TO FMC'S BAD DEBT FACILITIES
JANUARY 1, 1997 THROUGH DECEMBER 31, 1997

Medicare Provider Number	Total Facility Cost	Depr Office Furn & Equip	Research & Development	DSD Salaries	Intercompany Profit Elim	Goodwill	Other Pooled Costs	Lease Related Costs	Amort. of Med Records	Alloc. Basis	Income Offset	Total Adjustment
45-2693	3,175,094	9,099	1,349	930	6,808		766	1,578		1,337	100	21,967
45-2694	1,858,255	5,325	789	544	3,323		448	924		783	59	12,195
45-2697	3,430,420	9,831	1,457	1,005	7,330		828	1,705		1,445	108	23,708
45-2700	2,769,941	7,938	1,177	811	4,578		668	1,377		1,167	87	17,803
45-2702	1,760,871	5,046	748	516	3,105		425	875		742	56	11,512
45-2709	1,415,981	4,058	601	415	2,865		342	704		596	45	9,625
45-2719	913,654	2,618	388	268	1,775		220	454		385	29	6,137
45-2722	1,241,185	3,557	527	364	2,171		299	617		523	39	8,097
45-2738	902,600	2,587	383	264	1,662		218	449		380	28	5,971
45-2745	1,107,989	3,175	471	325	2,019		267	551		467	35	7,309
45-2752	1,036,262	2,970	440	304	1,860		250	515		436	33	6,808
45-2753	598,876	1,716	254	175	1,071		144	298		252	19	3,930
45-2756	425,939	1,221	181	125	851		103	212		179	13	2,885
45-2764	740,375	2,122	314	217	1,652		179	368		312	23	5,187
04-2519	915,857	2,625	389	268	2,213		221	455		386	29	6,586
14-2573	662,549	1,899	281	194	1,305		160	329		279	21	4,468
19-2505	1,564,285	4,483	664	458	2,466		377	778		659	49	9,935
19-2510	2,230,201	6,391	947	653	5,785		538	1,109		939	70	16,433
19-2511	3,035,300	8,698	1,289	889	8,325		732	1,509		1,278	96	22,817
19-2512	4,009,303	11,489	1,703	1,174	14,703		967	1,993		1,689	127	33,845
19-2516	1,433,847	4,109	609	420	3,055		346	713		604	45	9,901
19-2521	3,108,691	8,909	1,320	911	8,492		750	1,545		1,309	98	23,334
19-2544	1,295,600	3,713	550	379	2,733		313	644		546	41	8,919
19-2565	2,144,732	6,146	911	628	8,861		517	1,066		903	68	19,101
19-2574	1,008,948	2,891	429	296	1,761		243	502		425	32	6,578
19-2587	683,119	1,958	290	200	1,422		165	340		288	22	4,683
19-2596	1,759,764	5,043	748	515	3,342		425	875		741	56	11,744
19-2601	767,342	2,199	326	225	1,567		185	381		323	24	5,231
19-2602	952,712	2,730	405	279	1,927		230	474		401	30	6,476
19-2603	845,707	2,424	359	248	1,985		204	420		356	27	6,023
19-2604	1,257,532	3,604	534	368	2,403		303	625		530	40	8,407
19-2605	697,455	1,999	296	204	1,353		168	347		294	22	4,683
19-2606	672,142	1,926	286	197	1,631		162	334		283	21	4,840
25-2529	1,136,120	3,256	483	333	2,080		274	565		478	36	7,504
25-2536	887,403	2,543	377	260	1,635		214	441		374	28	5,872
25-2537	1,280,699	3,670	544	375	2,118		309	637		539	40	8,233
25-2540	2,707,261	7,758	1,150	793	6,863		653	1,346		1,140	85	19,789

SUMMARY OF AUDIT FINDINGS
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Medicare Provider Number	Total Facility Cost	Depr Office Furn & Equip	Research & Development	DSD Salaries	Intercompany Profit Elim	Goodwill	Other Pooled Costs	Lease Related Costs	Amort. of Med Records	Alloc. Basis	Income Offset	Total Adjustment
25-2544	1,169,999	3,353	497	343	2,534		282	582		493	37	8,120
25-2547	2,579,751	7,393	1,096	756	4,823		622	1,282		1,086	81	17,140
26-2501	5,162,075	14,793	2,193	1,512	13,715		1,245	2,566		2,174	163	38,361
26-2507	2,583,019	7,402	1,097	757	7,281		623	1,284		1,088	82	19,613
26-2528	1,499,613	4,297	637	439	6,241		362	745		632	47	13,401
26-2531	1,028,046	2,946	437	301	2,878		248	511		433	32	7,786
26-2535	1,721,779	4,934	731	504	7,239		415	856		725	54	15,459
26-2555	607,779	1,742	258	178	1,020		147	302		256	19	3,922
37-2520	762,196	2,184	324	223	1,529		184	379		321	24	5,168
37-2532	2,703,822	7,748	1,149	792	6,367		652	1,344		1,139	85	19,276
37-2533	891,143	2,554	379	261	1,689		215	443		375	28	5,944
37-2537	374,217	1,072	159	110	597		90	186		158	12	2,384
44-2524	3,053,323	8,750	1,297	894	9,047		737	1,518		1,286	96	23,625
44-2544	95,597	274	41	28	139		23	48		40	3	595
44-2545	367,488	1,053	156	108	383		89	183		155	12	2,138
44-2550	737,928	2,115	313	216	755		178	367		311	23	4,278
44-2561	275,721	790	117	81	257		67	137		116	9	1,573
44-2603	553,106	1,585	235	162	895		133	275		233	17	3,536
15-2510	1,324,243	3,795	563	388	2,743		319	658		558	42	9,065
23-2500	5,539,191	15,874	2,353	1,622	17,084		1,336	2,754		2,333	175	43,530
23-2514	1,303,785	3,736	554	382	3,002		315	648		549	41	9,227
23-2517	2,902,901	8,319	1,233	850	8,012		700	1,443		1,223	92	21,872
23-2522	1,162,611	3,332	494	341	2,644		280	578		490	37	8,195
23-2525	1,289,791	3,696	548	378	2,487		311	641		543	41	8,645
23-2533	1,106,760	3,172	470	324	3,123		267	550		466	35	8,407
36-2514	2,058,530	5,899	874	603	5,303		497	1,023		867	65	15,131
36-2539	1,516,184	4,345	644	444	2,695		366	754		639	48	9,934
36-2549	1,335,849	3,828	567	391	3,314		322	664		563	42	9,692
36-2552	1,613,861	4,625	686	473	5,607		389	802		680	51	13,312
36-2566	605,056	1,734	257	177	1,142		146	301		255	19	4,031
36-2579	562,140	1,611	239	165	1,072		136	279		237	18	3,756
39-2501	3,744,498	10,731	1,591	1,097	7,425		903	1,861		1,577	118	25,303
39-2505	2,631,180	7,540	1,118	771	4,637		635	1,308		1,108	83	17,199
39-2506	3,361,794	9,634	1,428	985	5,747		811	1,671		1,416	106	21,798
39-2507	3,228,696	9,252	1,371	946	5,413		779	1,605		1,360	102	20,828
39-2511	3,026,628	8,673	1,286	886	7,163		730	1,505		1,275	96	21,613
39-2517	2,528,664	7,246	1,074	741	4,042		610	1,257		1,065	80	16,115

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JANUARY 1, 1997 THROUGH DECEMBER 31, 1997

Medicare Provider Number	Total Facility Cost	Depr Office Furn & Equip	Research & Development	DSD Salaries	Intercompany Profit Elim	Goodwill	Other Pooled Costs	Lease Related Costs	Amort. of Med Records	Alloc. Basis	Income Offset	Total Adjustment
39-2518	1,783,427	5,111	758	522	3,031		430	887		751	56	11,546
39-2525	1,280,678	3,670	544	375	3,612		309	637		539	40	9,726
39-2533	2,201,878	6,310	935	645	4,180		531	1,095		927	69	14,693
39-2540	3,396,209	9,733	1,443	995	5,014		819	1,688		1,430	107	21,229
39-2542	2,457,082	7,041	1,044	720	10,023		593	1,221		1,035	78	21,754
39-2547	912,661	2,615	388	267	1,370		220	454		384	29	5,727
39-2551	2,287,516	6,555	972	670	4,879		552	1,137		963	72	15,801
39-2559	2,235,213	6,405	949	655	6,818		539	1,111		941	71	17,490
39-2560	2,021,248	5,792	859	592	3,337		488	1,005		851	64	12,987
39-2568	2,624,428	7,521	1,115	769	4,609		633	1,305		1,105	83	17,139
39-2578	678,838	1,945	288	199	1,306		164	337		286	21	4,547
39-2594	1,594,555	4,570	677	467	2,810		385	793		672	50	10,423
39-2603	1,495,302	4,285	635	438	5,255		361	743		630	47	12,394
39-2607	4,357,537	12,487	1,851	1,276	14,089		1,051	2,166		1,835	138	34,894
39-2611	1,041,226	2,984	442	305	2,383		251	518		439	33	7,354
39-2620	626,357	1,795	266	183	1,416		151	311		264	20	4,406
52-2500	1,277,569	3,661	543	374	3,464		308	635		538	40	9,564
52-2510	2,306,993	6,611	980	676	6,538		557	1,147		972	73	17,553
52-2514	1,494,433	4,283	635	438	2,550		360	743		629	47	9,685
52-2516	456,856	1,309	194	134	1,097		110	227		192	14	3,278
14-2500	1,878,071	5,382	798	550	2,749		453	934		791	59	11,716
14-2523	1,004,982	2,880	427	294	1,268		242	500		423	32	6,066
11-2501	2,039,408	5,844	866	597	7,081		492	1,014		859	64	16,818
11-2504	1,325,623	3,799	563	388	3,196		320	659		558	42	9,525
11-2510	4,649,528	13,324	1,975	1,362	16,116		1,122	2,311		1,958	147	38,315
11-2511	2,445,886	7,009	1,039	716	7,882		590	1,216		1,030	77	19,560
11-2519	972,536	2,787	413	285	2,010		235	483		410	31	6,653
11-2520	1,153,377	3,305	490	338	3,009		278	573		486	36	8,516
11-2521	2,233,002	6,399	949	654	8,639		539	1,110		940	70	19,300
11-2524	2,215,517	6,349	941	649	6,810		534	1,101		933	70	17,388
11-2531	1,352,038	3,875	574	396	3,800		326	672		569	43	10,255
11-2534	1,058,989	3,035	450	310	3,602		255	526		446	33	8,658
11-2551	818,154	2,345	348	240	1,385		197	407		345	26	5,291
11-2563	1,283,037	3,677	545	376	3,109		310	638		540	40	9,235
11-2591	800,490	2,294	340	234	1,571		193	398		337	25	5,393
11-2599	1,247,507	3,575	530	365	2,945		301	620		525	39	8,901
11-2623	644,328	1,846	274	189	1,066		155	320		271	20	4,142

SUMMARY OF AUDIT FINDINGS
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Medicare Provider Number	Total Facility Cost	Depr Office Furn & Equip	Research & Development	DSD Salaries	Intercompany Profit Elim	Goodwill	Other Pooled Costs	Lease Related Costs	Amort. of Med Records	Alloc. Basis	Income Offset	Total Adjustment
11-2627	573,215	1,643	243	168	974		138	285		241	18	3,711
34-2503	5,407,923	15,497	2,297	1,584	23,990		1,305	2,688		2,278	171	49,810
34-2509	1,766,689	5,063	750	517	3,714		426	878		744	56	12,149
34-2519	2,125,153	6,090	903	622	5,022		513	1,056		895	67	15,168
34-2520		811	120	83	339	15,186	68	141		119	9	16,876
34-2520	840,090	1,596	237	163	666	29,891	135	277		235	18	33,218
34-2524	1,527,476	4,377	649	447	3,061		368	759		643	48	10,354
34-2525	780,379	2,236	331	229	1,778		188	388		329	25	5,504
34-2538	1,176,722	3,372	500	345	2,433	53,746	284	585		496	37	61,797
34-2540	2,084,244	5,973	885	610	7,261		503	1,036		878	66	17,212
34-2542	2,103,793	6,029	894	616	6,107		507	1,046		886	66	16,151
34-2545	845,976	2,424	359	248	1,968		204	421		356	27	6,007
34-2547	1,063,962	3,049	452	312	1,820		257	529		448	34	6,900
34-2554	862,755	2,472	366	253	1,749		208	429		363	27	5,868
34-2559	1,982,147	5,680	842	581	7,744		478	985		835	63	17,208
34-2561	1,335,669	3,828	567	391	2,458		322	664		563	42	8,835
34-2565	842,817	2,415	358	247	1,664		203	419		355	27	5,688
34-2568	952,309	2,729	405	279	1,910		230	473		401	30	6,457
34-2581	1,030,620	2,953	438	302	2,162		249	512		434	33	7,083
34-2586	702,155	2,012	298	206	1,264		169	349		296	22	4,616
34-2588	673,345	1,930	286	197	1,554		162	335		284	21	4,769
34-2590	374,950	1,083	160	111	595	21,840	91	188		159	12	24,239
42-2504	3,883,123	11,128	1,649	1,137	14,381		937	1,930		1,635	123	32,921
42-2505	1,987,169	5,695	844	582	7,138	96,963	479	988		837	63	113,589
42-2507	1,178,697	3,378	501	345	3,114		284	586		496	37	8,742
42-2514	1,797,133	5,150	763	526	4,957		434	893		757	57	13,537
42-2518	993,478	2,847	422	291	2,230		240	494		418	31	6,973
42-2521	1,925,303	5,517	818	564	4,420		464	957		811	61	13,612
42-2530	3,138,303	8,993	1,333	919	10,489	183,651	757	1,560		1,322	99	209,124
42-2532	1,171,582	3,357	498	343	4,481		283	582		493	37	10,075
42-2538	2,859,379	8,194	1,215	838	8,351		690	1,421		1,204	90	22,003
42-2542	1,555,168	4,457	661	456	4,340		375	773		655	49	11,765
42-2544		3,547	526	363	2,798	32,388	298	615		521	39	41,095
42-2544	2,293,227	3,025	448	309	2,386	27,623	255	525		445	33	35,049
42-2545	1,630,683	4,673	693	478	4,907		393	811		687	51	12,693
42-2546	2,399,663	6,877	1,019	703	6,631		579	1,193		1,011	76	18,088
42-2551	800,458	2,294	340	234	1,744		193	398		337	25	5,566

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Medicare Provider Number	Total Facility Cost	Depr Office Furn & Equip	Research & Development	DSD Salaries	Intercompany Profit Elim	Goodwill	Other Pooled Costs	Lease Related Costs	Amort. of Med Records	Alloc. Basis	Income Offset	Total Adjustment
42-2564	951,282	2,726	404	279	2,673		229	473		401	30	7,215
44-2579	1,308,160	3,749	556	383	3,320		316	650		551	41	9,566
04-2530	466,716	1,337	198	137	1,038		113	232		197	15	3,266
40-2518	1,457,469	4,177	619	427	2,448		352	725		614	46	9,407
49-2585	445,790	1,278	189	131	0		108	222		188	14	2,128
01-2559	1,338,584	3,836	569	392	978		323	665		564	42	7,369
29-2507	917,452	2,629	390	269	726		221	456		386	29	5,106
45-2513	3,772,490	10,811	1,602	1,105	2,659		910	1,875		1,589	119	20,670
45-2510	2,354,860	6,748	1,000	690	1,775		568	1,171		992	74	13,018
45-2511	3,406,890	9,763	1,447	998	3,075		822	1,694		1,435	108	19,341
45-2514	2,071,680	5,937	880	607	1,579		500	1,030		872	65	11,470
45-2750	3,080,394	8,827	1,308	902	0		743	1,531		1,297	97	14,707
44-2593	2,637,625	7,559	1,120	773	0		636	1,311		1,111	83	12,593
42-2541	1,632,105	4,677	693	478	580		394	811		687	52	8,372
44-2606	409,597	1,174	174	120	1,444		99	204		173	13	3,400
45-2699	3,326,630	9,533	1,413	974	7,018		802	1,654		1,401	105	22,901
22-2540	898,340	2,574	382	263	1,647		217	447		378	28	5,936
30-2501	1,936,125	5,548	822	567	5,088		467	962		815	61	14,332
40-2507	2,940,282	8,426	1,249	861	7,293		709	1,462		1,238	93	21,331
18-2517	1,539,990	4,413	654	451	3,439		371	766		649	49	10,792
18-2535	601,127	1,723	255	176	718		145	299		253	19	3,588
42-2520	1,183,430	3,391	503	347	3,529		285	588		498	37	9,179
22-2522	624,340	1,789	265	183	862		151	310	25,735	263	20	29,578
21-2540	308,105	883	131	90	323		74	153	9,882	130	10	11,676
05-2508	748,824	2,146	318	219	1,036		181	372	13,022	315	24	17,633
05-2556	589,798	1,690	251	173	861		142	293	4,182	248	19	7,859
45-2581	654,224	1,875	278	192	906		158	325	6,482	276	21	10,512
45-2597	433,984	1,244	184	127	768		105	216	29,513	183	14	32,353
45-2680	176,020	504	75	52	1,698		42	88		74	6	2,538
19-2500	273,138	783	116	80	217		66	136		115	9	1,521
33-2517	8,931,381	25,595	3,794	2,616	0		2,154	4,440		3,761	282	42,642
15-2545	441,835	1,266	188	129	0		107	220		186	14	2,110
39-2530	2,058,163	5,898	874	603	0		496	1,023		867	65	9,826
33-2523	1,499,275	4,296	637	439	0		362	745		631	47	7,158
45-2739	413,368	1,185	176	121	0		100	205		174	13	1,974
45-2561	1,233,698	3,535	524	361	0		298	613		520	39	5,890
45-2592	1,173,462	3,363	498	344	136		283	583		494	37	5,739

SUMMARY OF AUDIT FINDINGS
TO FMC'S BAD DEBT FACILITIES
JANUARY 1, 1997 THROUGH DECEMBER 31, 1997

Medicare Provider Number	Total Facility Cost	Depr Office Furn & Equip	Research & Development	DSD Salaries	Intercompany Profit Elim	Goodwill	Other Pooled Costs	Lease Related Costs	Amort. of Med Records	Alloc. Basis	Income Offset	Total Adjustment
33-2544	1,396,883	4,003	593	409	0		337	694		588	44	6,669
33-2569	1,086,953	3,115	462	318	0		262	540		458	34	5,190
19-2501	4,573,862	13,107	1,943	1,340	8,103		1,103	2,274		1,926	144	29,940
Total	700,039,009	2,006,111	297,359	205,041	1,651,195	898,591	168,867	347,994	88,816	294,819	22,093	5,980,886

Note: Due to split cost reporting periods, the 408 bad debt facilities are shown on this schedule over 410 lines

EXAMPLE CALCULATION
ADJUSTMENT TO REIMBURSABLE BAD DEBTS

		REIMBURSABLE BAD DEBTS			
		BEFORE AUDIT ADJUSTMENTS	AFTER AUDIT ADJUSTMENTS	TOTAL BAD DEBTS	OIG ADJUSTMENT TO REIMBURSABLE BAD DEBTS
1	Medicare Expenses (Sch. C, Col 5, line 11)	615,762	610,316		
2	Medicare Payment (Sch. C, Col 7, Line 11)	610,134	610,134		
3	Program Payment (80% line 2)	488,107	488,107		
4	Medicare Patients (Line 1 Minus 3)	127,655	122,209		
5	Ded & Coins Bill Medicare Patients	124,161	124,161		
6	Bad Debts Ded & Coins Net Bad Debt Recovery	50,678	50,678		
7	Net Ded & Coins Billed Medicare Patients - (Line 5 Minus 6)	73,483	73,483		
8	Unrecovered from Patients (Line 4 Minus 7)	54,172	48,726		
9	Reimbursable Bad Debts (Lesser Line 6 or 8)	50,678	48,726	48,726	1,952
	Audit Adjustments for FY 1997: -----	6,457			
	Ratio of Medicare Costs To Total Costs				
	Sch. C col 5 line 11 (Med)	615,762			
	Sch. A Col 8 Line 27 (Tot)	730,135			
	Ratio	84.34%			
	Audit Adjustments Applied to Medicare Expenses	5,446			

SUMMARY OF BAD DEBT RECOVERIES
CALENDAR YEAR 1997

FACILITY NAME	PERIOD COVERED	Provider #	Bad Debt Amount	Bad Debt Allowed	Bad Debt Recovered
Newington	01/01/97-12/31/97	07-2505	11,142	11,142	0
Bath	01/01/97-12/31/97	20-2502	1,263	1,263	0
Biddeford	01/01/97-12/31/97	20-2503	5,742	3,430	2,312
Boston (Babcock)	01/01/97-12/31/97	22-2500	18,435	18,435	0
Springfield	01/01/97-12/31/97	22-2502	23,619	23,619	0
New Bedford	01/01/97-12/31/97	22-2503	5,551	5,551	0
Brockton	01/01/97-12/31/97	22-2505	14,080	14,080	0
Medford	01/01/97-12/31/97	22-2507	1,702	1,702	0
Essex County (Saugus)	01/01/97-12/31/97	22-2512	15,752	15,752	0
Chicopee	01/01/97-12/31/97	22-2513	14,598	14,598	0
Quincy	01/01/97-12/31/97	22-2515	9,119	9,119	0
Waltham	01/01/97-12/31/97	22-2518	8,174	8,174	0
QCDC Weymouth	01/01/97-12/31/97	22-2519	5,911	5,911	0
Worcester	01/01/97-12/31/97	22-2521	16,435	16,435	0
QCDC Stoneham	01/01/97-12/31/97	22-2524	15,432	15,432	0
Roxbury	01/01/97-12/31/97	22-2525	21,564	21,564	0
Charles River	02/28/97-12/31/97	22-2531	3,924	3,924	0
East Springfield	01/01/97-12/31/97	22-2535	20,265	20,265	0
Northampton	01/01/97-12/31/97	22-2537	3,303	3,303	0
New Hampshire	01/01/97-12/31/97	30-2500	1,207	1,207	0
Manchester	01/01/97-12/31/97	30-2502	3,360	3,360	0
Irlington	01/01/97-12/31/97	31-2501	18,246	18,246	0
Pine Brook	01/01/97-12/31/97	31-2503	16,822	16,822	0
Trenton	01/01/97-12/31/97	31-2504	27,975	27,975	0
East Orange	01/01/97-12/31/97	31-2505	5,791	5,791	0
Plainfield	01/01/97-12/31/97	31-2515	7,813	7,813	0
Princeton	01/01/97-12/31/97	31-2516	6,718	6,718	0
Colonia	01/01/97-12/31/97	31-2518	19,807	19,807	0
North Hudson	01/01/97-12/31/97	31-2529	13,436	13,436	0
San Juan	01/01/97-12/31/97	40-2501	142,705	142,705	0
Ponce	01/01/97-12/31/97	40-2502	161,909	161,909	0
Bayamon	01/01/97-12/31/97	40-2504	265,827	244,855	20,972
San German	01/01/97-12/31/97	40-2506	32,042	21,895	10,147
Las Americas	01/01/97-12/31/97	40-2512	153,439	153,439	0
Rio Piedras	01/01/97-12/31/97	40-2515	68,973	58,290	10,683
West Ponce	01/01/97-12/31/97	40-2517	154,613	154,613	0
Providence	01/01/97-12/31/97	41-2500	66,873	66,873	0

SUMMARY OF BAD DEBT RECOVERIES
CALENDAR YEAR 1997

FACILITY NAME	PERIOD COVERED	Provider #	Bad Debt Amount	Bad Debt Allowed	Bad Debt Recovered
Woonsocket	01/01/97-12/31/97	41-2503	5,855	0	5,855
Warwick	01/01/97-12/31/97	41-2504	22,412	19,339	3,073
North Providence	01/01/97-12/21/97	41-2506	33,024	33,024	0
Brandywine (Wilmington)	01/01/97-12/31/97	08-2501	48,532	27,501	21,031
Milford	01/01/97-12/31/97	08-2507	55,841	55,841	0
Capital Hill	01/01/97-12/31/97	09-2502	11,848	11,848	0
Columbia Heights	01/01/97-12/31/97	09-2503	29,467	29,467	0
SE Washington	01/01/97-12/31/97	09-2505	2,724	0	2,724
Anacostia	01/01/97-12/31/97	09-2508	14,329	2,719	11,610
Martin Luther King	01/01/97-12/31/97	09-2509	29,783	29,783	0
North East DC	01/01/97-12/31/97	09-2515	18,374	18,374	0
Scottsburg	01/01/97-12/31/97	15-2529	14,390	14,390	0
Louisville	01/01/97-12/31/97	18-2503	27,715	27,715	0
Prestonburg	01/01/97-12/31/97	18-2507	13,165	13,165	0
Morehead	01/01/97-12/31/97	18-2509	25,671	25,671	0
Ashland	01/01/97-12/31/97	18-2524	50,624	50,624	0
East Louisville	01/01/97-12/31/97	18-2527	7,937	7,937	0
Central Richmond	01/01/97-12/31/97	18-2532	10,703	10,703	0
Suburban	01/01/97-12/31/97	18-2534	6,788	6,788	0
Washington	01/01/97-12/31/97	21-2503	16,924	2,290	14,634
Laurel	01/01/97-12/31/97	21-2506	4,238	3,588	650
Leonardtown	01/01/97-12/31/97	21-2510	2,871	2,871	0
Metropolitan Dialysis Center	01/01/97-12/31/97	21-2524	32,113	32,113	0
Greater Baltimore	01/01/97-12/31/97	21-2531	9,237	9,237	0
Takoma Park	01/01/97-12/31/97	21-2533	20,410	10,829	9,581
QCDC Southern Maryland	01/01/97-12/31/97	21-2539	8,789	0	8,789
South Annapolis	01/01/97-12/31/97	21-2557	10,311	10,311	0
Woodlawn	01/01/97-12/31/97	21-2558	4,232	4,232	0
Upper Marlboro	01/01/97-12/31/97	21-2559	9,825	9,825	0
Portsmouth	01/01/97-12/31/97	36-2534	15,044	15,044	0
Johnson City	01/01/97-12/31/97	44-2501	37,289	37,289	0
Bristol	01/01/97-12/31/97	44-2519	13,996	13,996	0
Greenville (E. Tenn)	01/01/97-12/31/97	44-2522	12,479	12,479	0
Kingsport	01/01/97-12/31/97	44-2577	7,395	0	7,395
West End	01/01/97-12/31/97	49-2503	40,155	27,860	12,295
Smyth County	01/01/97-12/31/97	49-2510	4,687	4,687	0
Roanoke	01/01/97-12/31/97	49-2513	4,678	4,678	0

SUMMARY OF BAD DEBT RECOVERIES
CALENDAR YEAR 1997

FACILITY NAME	PERIOD COVERED	Provider #	Bad Debt Amount	Bad Debt Allowed	Bad Debt Recovered
N Virginia - Arl	01/01/97-12/31/97	49-2515	8,461	8,461	0
Richmond	01/01/97-12/31/97	49-2519	9,770	9,770	0
Warrenton	01/01/97-12/31/97	49-2525	7,195	7,195	0
Mountain Empire	04/01/97-12/31/97	49-2533	144	144	0
Tappahannock	01/01/97-12/31/97	49-2536	9,274	9,274	0
Sterling	01/01/97-12/31/97	49-2540	348	348	0
QCDC Mt Vernon	01/01/97-12/31/97	49-2557	20,825	20,825	0
Crystal Spring	04/01/97-12/31/97	49-2570	599	599	0
Stuart Circle	01/01/97-12/31/97	49-2582	8,146	8,146	0
Greater Norfolk	09/27/97-12/31/97	49-2588	334	334	0
Morgantown	01/01/97-12/31/97	51-2506	21,802	21,802	0
Welch Dialysis	09/01/97-12/31/97	51-2507	542	542	0
Elkins	01/01/97-12/31/97	51-2508	8,115	8,115	0
North Alabama	01/01/97-12/31/97	01-2509	12,202	6,472	5,730
Langdale	01/01/97-12/31/97	01-2513	11,316	11,316	0
Decatur	01/01/97-12/31/97	01-2518	3,141	3,141	0
Scottsboro	01/01/97-12/31/97	01-2519	21,986	21,986	0
Parkway Dialysis(Huntsville)	01/01/97-12/31/97	01-2522	62,866	62,866	0
Eastern Shore	01/01/97-12/31/97	01-2547	25,951	25,951	0
Union Springs	01/01/97-12/31/97	01-2564	14,028	14,028	0
Camellia	02/01/97-12/31/97	01-2572	9,850	9,850	0
Chambers	06/17/97-12/31/97	01-2574	3,796	3,796	0
South Miami	01/01/97-12/31/97	10-2502	46,571	46,571	0
Miami	01/01/97-12/31/97	10-2503	56,550	56,550	0
Tampa	01/01/97-12/31/97	10-2506	26,532	26,532	0
Hollywood	01/01/97-12/31/97	10-2508	24,977	24,977	0
Treasure Coast Kidney Ctr. No.	01/01/97-12/31/97	10-2525	13,622	13,622	0
Bradenton	01/01/97-12/31/97	10-2538	46,272	46,272	0
Lantana	01/01/97-12/31/97	10-2539	14,870	14,870	0
Clearwater	01/01/97-12/31/97	10-2542	7,810	7,810	0
NW Broward	01/01/97-12/31/97	10-2544	18,972	18,972	0
Sanford	01/01/97-12/31/97	10-2546	25,490	11,963	13,527
Lake City	01/01/97-12/31/97	10-2548	10,691	4,455	6,236
St. Augustine	01/01/97-12/31/97	10-2557	10,372	8,881	1,491
Florida Kidney Center	01/01/97-12/31/97	10-2559	40,130	40,130	0
Palmetto	01/01/97-12/31/97	10-2562	27,781	20,804	6,977
Metró Miami	01/01/97-12/31/97	10-2566	20,235	20,235	0

SUMMARY OF BAD DEBT RECOVERIES
CALENDAR YEAR 1997

FACILITY NAME	PERIOD COVERED	Provider #	Bad Debt Amount	Bad Debt Allowed	Bad Debt Recovered
NE Broward	01/01/97-12/31/97	10-2570	13,991	13,991	0
Inverness	01/01/97-12/31/97	10-2579	23,711	23,711	0
West Boca	01/01/97-12/31/97	10-2582	2,763	2,763	0
Brandon	01/01/97-12/31/97	10-2584	10,513	10,513	0
Okeechobee	01/01/97-12/31/97	10-2589	7,466	7,466	0
Wellington	01/01/97-12/31/97	10-2594	11,053	11,053	0
West Kendall	01/01/97-12/31/97	10-2595	4,500	0	4,500
East Orlando	01/01/97-12/31/97	10-2619	12,971	8,307	4,664
Tamarac	01/01/97-12/31/97	10-2629	15,006	15,006	0
Coconut Grove	01/01/97-12/31/97	10-2653	839	0	839
Jupiter	01/01/97-12/31/97	10-2657	7,838	7,838	0
Crystal River	01/01/97-12/31/97	10-2661	24,651	24,651	0
Duval	01/01/97-12/31/97	10-2662	20,902	14,948	5,954
Treasure Coast Kidney Ctr. So.	01/01/97-12/31/97	10-2677	8,949	8,949	0
Carrollwood	01/01/97-12/31/97	10-2681	19,391	19,391	0
St. John's	01/01/97-12/31/97	10-2684	36,084	36,084	0
HIC Ft Myers	01/01/97-12/31/97	10-2688	698	698	0
Avon Park	01/01/97-12/31/97	10-2694	10,480	10,480	0
West Orlando	01/01/97-12/31/97	10-2697	4,532	4,532	0
Plantation	12/21/96-12/31/97	10-2714	686	686	0
Ybor City	01/02/97-12/31/97	10-2716	4,189	4,189	0
S Ft Myers	01/20/97-12/31/97	10-2717	858	858	0
C Phoenix	01/01/97-12/31/97	03-2517	10,360	10,360	0
Parker	01/01/97-12/31/97	03-2522	6,760	6,760	0
Flagstaff	01/01/97-12/31/97	03-2524	19,213	19,213	0
Salt River	01/01/97-12/31/97	03-2529	3,263	3,263	0
Desert Valley	01/01/97-12/31/97	03-2530	8,293	2,590	5,703
Winslow	01/01/97-12/31/97	03-2536	8,062	8,062	0
Mesa	01/01/97-12/31/97	03-2539	27,158	27,158	0
Arcadia	01/01/97-12/31/97	03-2542	17,673	17,673	0
Sun City/N. Phoenix Home	01/01/97-12/31/97	03-2546	4,300	4,300	0
North Phoenix	01/01/97-12/31/97	03-2550	56,769	56,769	0
Arrowhead	01/01/97-12/31/97	03-2552	7,686	7,686	0
Bullhead City	01/01/97-12/31/97	03-2558	16,230	16,230	0
Peach Springs	01/01/97-12/31/97	03-2566	3,960	3,960	0
Lake Powell	12/06/96-12/31/97	03-2567	213	213	0
Red Mountain	02/28/97-12/31/97	03-2568	2,448	2,448	0

SUMMARY OF BAD DEBT RECOVERIES
CALENDAR YEAR 1997

FACILITY NAME	PERIOD COVERED	Provider #	Bad Debt Amount	Bad Debt Allowed	Bad Debt Recovered
Hillcrest	01/01/97-12/31/97	05-2500	22,746	13,497	9,249
Santa Barbara	01/01/97-12/31/97	05-2513	1,226	1,226	0
Long Beach	01/01/97-12/31/97	05-2523	6,029	6,029	0
Santa Rose	01/01/97-12/31/97	05-2524	17,356	17,356	0
Oakland	01/01/97-12/31/97	05-2534	31,950	31,950	0
Eureka	01/01/97-12/31/97	05-2543	12,459	12,459	0
Culver City	01/01/97-12/31/97	05-2544	37,419	37,419	0
Ukiah	01/01/97-12/31/97	05-2548	903	903	0
Thousand Oaks	01/01/97-12/31/97	05-2579	3,087	0	3,087
Petaluma	01/01/97-12/31/97	05-2624	8,468	8,468	0
Mission Hills	01/01/97-12/31/97	05-2633	23,535	23,535	0
Berkeley	01/01/97-12/31/97	05-2651	37,483	37,483	0
Glendora	01/01/97-12/31/97	05-2681	10,983	8,525	2,458
Carson	01/01/97-12/31/97	05-2687	12,079	12,079	0
El Centro	01/01/97-12/31/97	05-2690	14,682	14,682	0
Los Gatos	01/01/97-12/31/97	05-2694	30,528	30,528	0
Fremont	01/01/97-12/31/97	05-2722	17,182	17,182	0
Diablo Renal SVC/ Walnut Creek	01/01/97-12/31/97	05-2758	1,377	1,377	0
Diablo Renal SVC of Concord	01/01/97-12/31/97	05-2759	37,450	37,450	0
Oxnard	01/01/97-12/31/97	05-2762	17,361	17,361	0
East County/East County Home	01/01/97-12/31/97	05-2780	2,302	2,302	0
Ardenwood	01/02/97-12/31/97	05-2797	6,931	6,931	0
Fort Collins	01/01/97-12/31/97	06-2505	2,908	2,908	0
Greeley	01/01/97-12/31/97	06-2510	37,312	37,312	0
QCI Pueblo	01/01/97-12/31/97	06-2520	46,849	46,849	0
QCI Canon City	01/01/97-12/31/97	06-2522	432	432	0
Loveland	01/01/97-12/31/97	06-2523	7,798	7,798	0
QCI Walsenburg	01/17/97-12/31/97	06-2526	9,223	9,223	0
Albuquerque	01/01/97-12/31/97	32-2500	25,025	25,025	0
Santa Fe	01/01/97-12/31/97	32-2501	19,601	19,601	0
NE Albuquerque	01/01/97-12/31/97	32-2504	6,273	0	6,273
W Albuquerque	01/01/97-12/31/97	32-2509	19,428	19,428	0
Espanola	01/01/97-12/31/97	32-2513	20,307	20,307	0
Las Vegas	01/01/97-12/31/97	32-2518	28,897	28,897	0
Permian Basin - Midland	01/01/97-12/31/97	45-2512	49,674	49,674	0
W Texas (Big Springs)	01/01/97-12/31/97	45-2604	2,899	2,899	0
El Paso Gateway	01/01/97-12/31/97	45-2640	48,744	48,744	0

SUMMARY OF BAD DEBT RECOVERIES
CALENDAR YEAR 1997

FACILITY NAME	PERIOD COVERED	Provider #	Bad Debt Amount	Bad Debt Allowed	Bad Debt Recovered
Central El Paso (Cliffview)	01/01/97-12/31/97	45-2674	65,019	65,019	0
Crown of Texas	01/01/97-12/31/97	45-2718	21,168	17,564	3,604
Pampa	06/25/97-12/31/97	45-2760	3,270	3,270	0
Houston	01/01/97-12/31/97	45-2500	88,093	88,093	0
Mockingbird Dialysis Center	01/01/97-12/31/97	45-2501	150,908	150,908	0
West Houston	01/01/97-12/31/97	45-2519	59,222	59,222	0
Galveston	01/01/97-12/31/97	45-2520	101,344	101,344	0
Beaumont	01/01/97-12/31/97	45-2524	91,613	91,613	0
Waco	01/01/97-12/31/97	45-2526	49,131	33,254	15,877
W Ft Worth	01/01/97-12/31/97	45-2594	45,510	45,510	0
Pasadena	01/01/97-12/31/97	45-2533	79,306	79,306	0
Alice	01/01/97-12/31/97	45-2537	5,580	5,580	0
Cypress Creek	01/01/97-12/31/97	45-2539	20,767	20,767	0
So. San Antonio	01/01/97-12/31/97	45-2544	30,657	23,562	7,095
Corsicana	01/01/97-12/31/97	45-2553	36,761	36,761	0
Northeast San Antonio	01/01/97-12/31/97	45-2565	10,771	0	10,771
Jasper	01/01/97-12/31/97	45-2573	15,896	9,326	6,570
Southwest Houston	01/01/97-12/31/97	45-2576	16,575	0	16,575
New Braunfels	01/01/97-12/31/97	45-2626	3,858	0	3,858
Killeen	01/01/97-12/12/97	45-2629	12,075	12,075	0
Northwest Bexar County	01/01/97-12/31/97	45-2631	50,983	38,698	12,285
Texas City	01/01/97-12/31/97	45-2635	70,765	56,794	13,971
Mission	01/01/97-12/31/97	45-2636	33,694	33,694	0
Southeast San Antonio	01/01/97-12/31/97	45-2638	18,083	3,828	14,255
Cleburne	01/01/97-12/31/97	45-2644	21,151	21,151	0
Rio Grande City	01/01/97-12/31/97	45-2666	10,065	10,065	0
W. Bexar County	01/01/97-12/31/97	45-2668	43,034	43,034	0
Liberty	01/01/97-12/31/97	45-2669	31,029	31,029	0
Northwest Houston	01/01/97-12/31/97	45-2671	39,470	39,470	0
Jourdanton	01/01/97-12/31/97	45-2673	21,473	21,473	0
Dallas South	01/01/97-12/31/97	45-2679	77,636	77,636	0
Farmers Branch Dialysis Ctr.	01/01/97-12/31/97	45-2682	41,278	41,278	0
Dallas Central	01/01/97-12/31/97	45-2684	53,197	53,197	0
Collin County Dialysis Center	01/01/97-12/31/97	45-2686	48,074	48,074	0
South Oak Cliff Dialysis Center	01/01/97-12/31/97	45-2687	108,186	100,016	8,170
Village II Dialysis Center	01/01/97-12/31/97	45-2688	51,153	35,558	15,595
Trinity Dialy. Ctr. (Ctr. Ft. Worth)	01/01/97-12/31/97	45-2689	51,037	51,037	0

SUMMARY OF BAD DEBT RECOVERIES
CALENDAR YEAR 1997

FACILITY NAME	PERIOD COVERED	Provider #	Bad Debt Amount	Bad Debt Allowed	Bad Debt Recovered
Swiss Avenue Dialysis Center	01/01/97-12/31/97	45-2693	93,332	76,026	17,306
Northeast Texas Dialysis Center	01/01/97-12/31/97	45-2694	44,809	44,809	0
S Dallas County	01/01/97-12/31/97	45-2697	159,397	143,188	16,209
Dallas East	01/02/97-12/31/97	45-2700	64,570	64,570	0
Richardson Dialysis Center	01/01/97-12/31/97	45-2702	26,626	26,626	0
Westminster	01/01/97-12/31/97	45-2709	30,304	30,304	0
Weatherford	01/01/97-12/31/97	45-2719	16,184	16,184	0
NWC San Antonio	01/01/97-12/31/97	45-2722	8,370	8,370	0
East Central Houston	01/01/97-12/31/97	45-2738	10,293	10,293	0
Bayshore	01/17/97-12/31/97	45-2745	14,584	14,584	0
Northeast Ft Worth	01/01/97-12/31/97	45-2752	9,834	9,834	0
Marlin	01/01/97-12/31/97	45-2753	5,833	5,833	0
Floresville	01/01/97-12/31/97	45-2756	816	816	0
Edinburg	01/01/97-12/31/97	45-2764	2,572	2,572	0
Pine Buff	01/01/97-12/31/97	04-2519	20,165	20,165	0
Saline County	01/01/97-12/31/97	14-2573	1,197	1,197	0
Hammond	01/01/97-12/31/97	19-2505	10,285	10,285	0
Northeast Louisiana	01/01/97-12/31/97	19-2510	59,811	59,811	0
Metairie	01/01/97-12/31/97	19-2511	23,255	23,255	0
Northwest Louisiana	01/01/97-12/31/97	19-2512	80,660	80,660	0
East New Orleans	01/01/97-12/31/97	19-2516	33,013	33,013	0
Marrero	06/25/97-12/31/97	19-2521	32,142	14,142	18,000
Pontchartrain	01/01/97-12/31/97	19-2544	31,490	25,464	6,026
QCDC Hammond	01/01/97-12/31/97	19-2565	29,574	29,574	0
Thibodaux	01/01/97-12/31/97	19-2574	951	0	951
Franklin	01/01/97-12/31/97	19-2587	11,490	11,490	0
C. New Orleans	01/01/97-12/31/97	19-2596	39,340	39,340	0
Winnfield	01/01/97-12/31/97	19-2601	10,909	10,909	0
New Roads	01/01/97-12/31/97	19-2602	18,490	18,490	0
Jennings	01/01/97-12/31/97	19-2603	12,804	12,804	0
Winnsboro	01/01/97-12/31/97	19-2604	7,527	7,527	0
DeSoto Parish (Mansfield)	01/01/97-12/31/97	19-2605	2,850	2,850	0
Plaquemine	01/01/97-12/31/97	19-2606	1,216	1,216	0
Magee	01/01/97-12/31/97	25-2529	29,229	29,229	0
Yazoo City	01/01/97-12/31/97	25-2536	10,132	5,851	4,281
Forest	01/01/97-12/31/97	25-2537	31,150	24,990	6,160
SMKC Gulfport	01/01/97-12/31/97	25-2540	5,247	0	5,247

SUMMARY OF BAD DEBT RECOVERIES
CALENDAR YEAR 1997

FACILITY NAME	PERIOD COVERED	Provider #	Bad Debt Amount	Bad Debt Allowed	Bad Debt Recovered
SMKC Bay St Louis	01/01/97-12/31/97	25-2544	28,551	28,551	0
SMKC Orange Grove	01/01/97-12/12/97	25-2547	39,195	39,195	0
Kansas City	01/01/97-12/31/97	26-2501	34,872	34,872	0
St Louis	01/01/97-12/31/97	26-2507	20,234	20,234	0
QCDC St Louis	01/01/97-12/31/97	26-2528	11,360	11,360	0
Metro- Normandy	01/01/97-12/31/97	26-2531	5,200	5,200	0
QCDC North County	01/01/97-12/31/97	26-2535	9,430	9,430	0
Lee Summit	01/01/97-12/31/97	26-2555	368	368	0
So Oklahoma City	01/01/97-12/31/97	37-2520	6,391	2,122	4,269
Oklahoma City (St Anth. Hosp)	01/01/97-12/31/97	37-2532	53,072	53,072	0
Oklahoma (Shawnee)	01/01/97-12/31/97	37-2533	15,279	15,279	0
Morningstar	01/01/97-12/31/97	37-2537	671	671	0
East Memphis Kidney Ctr	01/01/97-12/31/97	44-2524	38,926	20,744	18,182
Southwest Tennessee	01/01/97-12/31/97	44-2544	1,240	1,240	0
Humboldt	01/01/97-12/31/97	44-2545	3,137	3,137	0
Madison County	01/01/97-12/31/97	44-2550	10,904	10,904	0
Bolivar	01/01/97-12/31/97	44-2561	2,813	2,813	0
Tipton County	01/01/97-12/31/97	44-2603	2,592	2,592	0
Anderson	01/01/97-12/31/97	15-2510	11,165	11,165	0
Detroit	01/01/97-12/31/97	23-2500	57,881	41,723	16,158
Adrian	01/01/97-12/31/97	23-2514	2,220	2,220	0
QCDC St Clair Shores	01/01/97-12/31/97	23-2517	10,415	10,415	0
Owosso	01/01/97-12/31/97	23-2522	620	620	0
Madison Heights	01/01/97-12/31/97	23-2525	9,502	9,502	0
Great Lakes	01/01/97-12/31/97	23-2533	1,307	1,307	0
Grant Park	01/01/97-12/31/97	36-2514	7,356	7,356	0
Norwalk	01/01/97-12/31/97	36-2539	12,341	12,341	0
Heart of Ohio	01/01/97-12/31/97	36-2549	4,022	4,022	0
Franklin Park	01/01/97-12/31/97	36-2552	10,792	10,792	0
Mad River (Bellefontaine)	12/05/96-12/31/97	36-2566	3,482	3,482	0
Hocking Hills (Lancaster)	05/14/97-12/31/97	36-2579	816	816	0
Philadelphia	01/01/97-12/31/97	39-2501	72,932	54,180	18,752
Allentown	01/01/97-12/31/97	39-2505	20,835	20,835	0
Abington	01/01/97-12/31/97	39-2506	11,798	11,798	0
C. Philadelphia	01/01/97-12/31/97	39-2507	15,559	986	14,573
Bethlehem	01/01/97-12/31/97	39-2511	26,892	26,892	0
Easton	01/01/97-12/31/97	39-2517	32,808	32,808	0

SUMMARY OF BAD DEBT RECOVERIES
CALENDAR YEAR 1997

FACILITY NAME	PERIOD COVERED	Provider #	Bad Debt Amount	Bad Debt Allowed	Bad Debt Recovered
Pottsville	01/01/97-12/31/97	39-2518	11,716	11,716	0
Butler	01/01/97-12/31/97	39-2525	9,336	9,336	0
Northeast Philadelphia	01/01/97-12/31/97	39-2533	11,114	11,114	0
Fairmount	01/01/97-12/31/97	39-2540	37,953	37,953	0
West Penn	01/01/97-12/31/97	39-2542	5,148	0	5,148
East Stroudsburg	01/01/97-12/31/97	39-2547	7,981	7,981	0
Delco Dialysis Unit	01/01/97-12/31/97	39-2551	10,525	10,525	0
Three Rivers	01/01/97-12/31/97	39-2559	24,124	15,657	8,467
Northwest Philadelphia	01/01/97-12/31/97	39-2560	16,629	16,629	0
Episcopal	01/01/97-12/31/97	39-2568	15,719	15,719	0
Ellwood	01/01/97-12/31/97	39-2578	7,814	7,814	0
Harrisburg	01/01/97-12/31/97	39-2594	7,757	7,757	0
Fullerton	01/01/97-12/31/97	39-2603	9,322	9,322	0
So Philadelphia (St Agnes)	01/01/97-12/31/97	39-2607	42,663	42,663	0
Manayunk	01/01/97-12/31/97	39-2611	4,804	4,804	0
Carbon County (Palmerton)	03/27/97-12/31/97	39-2620	290	290	0
Neenah	01/01/97-12/31/97	52-2500	342	342	0
Milwaukee	01/01/97-12/31/97	52-2510	2,184	2,184	0
Appleton	01/01/97-12/31/97	52-2514	627	627	0
Milwaukee South	01/01/97-12/31/97	52-2516	463	463	0
Neomedica Niles	01/01/97-12/31/97	14-2500	14,379	14,379	0
Neomedica North Chicago	01/01/97-12/31/97	14-2523	21,498	21,498	0
Augusta	01/01/97-12/31/97	11-2501	29,533	29,533	0
Atlanta	01/01/97-12/31/97	11-2504	16,266	16,266	0
Marietta	01/01/97-12/31/97	11-2510	65,046	65,046	0
Dekalb-Gwinnett	01/01/97-12/31/97	11-2511	32,636	32,636	0
Eastman	01/01/97-12/31/97	11-2519	4,496	0	4,496
Carrollton	01/01/97-12/31/97	11-2520	32,091	32,091	0
Willette Wallace	01/01/97-12/31/97	11-2521	40,175	40,175	0
Dalton	01/01/97-12/31/97	11-2524	35,855	35,855	0
Warner Robins	01/01/97-12/31/97	11-2531	34,398	34,398	0
Sandersville	01/01/97-12/31/97	11-2534	18,099	10,709	7,391
N. Georgia (Canton)	01/01/97-12/31/97	11-2551	25,753	25,753	0
Tucker	01/01/97-12/31/97	11-2563	14,974	14,974	0
Cartersville	01/01/97-12/31/97	11-2591	22,544	22,544	0
Lithonia	01/01/97-12/31/97	11-2599	21,487	15,018	6,469
Calhoun	01/01/97-12/31/97	11-2623	16,516	16,516	0

SUMMARY OF BAD DEBT RECOVERIES
CALENDAR YEAR 1997

FACILITY NAME	PERIOD COVERED	Provider #	Bad Debt Amount	Bad Debt Allowed	Bad Debt Recovered
Snellville	01/01/97-12/31/97	11-2627	4,021	4,021	0
Charlotte	01/01/97-12/31/97	34-2503	137,752	109,331	28,421
Lenoir	01/01/97-12/31/97	34-2509	33,560	33,560	0
Concord	01/01/97-12/31/97	34-2519	38,533	25,578	12,955
Neuse River Dialysis - owned	09/01/97-12/31/97	34-2520	2,153	2,153	0
Neuse River Dialysis - managed	07/31/97-08/31/97	34-2520	1,521	1,521	0
Asheboro	01/01/97-12/31/97	34-2524	20,714	12,215	8,499
Monroe	01/01/97-12/31/97	34-2525	34,473	34,473	0
Freedom Lake	07/01/97-12/31/97	34-2538	7,508	7,508	0
Laurinburg	01/01/97-12/31/97	34-2540	50,533	50,533	0
Roanoke Rapids	01/01/97-12/31/97	34-2542	56,029	56,029	0
Smithfield	01/01/97-12/31/97	34-2545	38,148	38,148	0
Windsor	01/01/97-12/31/97	34-2547	1,553	0	1,553
West Charlotte	01/01/97-12/31/97	34-2554	21,538	21,538	0
Clinton	01/01/97-12/31/97	34-2559	40,848	26,678	14,170
Pamlico	01/01/97-12/31/97	34-2561	32,762	25,980	6,782
Albermarle	01/01/97-12/31/97	34-2565	14,058	14,058	0
Lincolnton	01/01/97-12/31/97	34-2568	50,678	48,726	1,952
Beatties Ford	01/01/97-12/31/97	34-2581	36,630	30,982	5,648
Rich Square	12/18/96-12/31/97	34-2586	14,648	14,648	0
Crystal Coast	02/26/97-12/31/97	34-2588	2,293	2,293	0
West Pettigrew Dialysis - owned	11/01/97-12/31/97	34-2590	1,200	1,200	0
Columbia	01/01/97-12/31/97	42-2504	3,359	0	3,359
Florence Dialysis Center	08/01/97-12/31/97	42-2505	187	187	0
Myrtle Beach Dialysis Center	01/01/97-12/31/97	42-2507	14,517	14,517	0
Beaufort	01/01/97-12/31/97	42-2514	18,640	8,258	10,382
Chester	01/01/97-12/31/97	42-2518	25,057	25,057	0
Kingstree	01/01/97-12/31/97	42-2521	19,707	9,153	10,554
Darlington	12/01/96-12/31/97	42-2530	56,593	56,593	0
Dillon	01/01/97-12/31/97	42-2532	12,033	12,033	0
Rock Hill	01/01/97-12/31/97	42-2538	61,172	61,172	0
Conway Dialysis Center	01/01/97-12/31/97	42-2542	53,876	53,876	0
Laurens County - owned	07/17/97-12/31/97	42-2544	24,678	24,678	0
Laurens County - managed	01/01/97-07/16/97	42-2544	18,603		18,603
Marion	01/01/97-12/31/97	42-2545	30,175	30,175	0
Northside	01/01/97-12/31/97	42-2546	39,881	39,881	0
Chesterfield City	01/01/97-12/31/97	42-2551	20,912	20,912	0

SUMMARY OF BAD DEBT RECOVERIES
CALENDAR YEAR 1997

FACILITY NAME	PERIOD COVERED	Provider #	Bad Debt Amount	Bad Debt Allowed	Bad Debt Recovered
Southeast Columbia	02/07/97-12/31/97	42-2564	12,821	12,821	0
Bradley	01/01/97-12/31/97	44-2579	11,374	11,374	0
McGehee	01/01/97-12/20/97	04-2530	14,310	14,310	0
QCDC Vega Baja	01/01/97-12/31/97	40-2518	55,135	49,710	5,425
Norfolk Community Hospital	03/17/97-12/31/97	49-2585	3,572	3,572	0
Univ of South Alabama	01/01/97-12/31/97	01-2559	41,040	41,040	0
Preferred Dialysis	07/16/97-12/31/97	29-2507	6,962	6,962	0
Amarillo	01/01/97-12/31/97	45-2513	109,400	109,400	0
Wichita Falls	01/01/97-12/31/97	45-2510	24,060	14,174	9,886
Abilene	01/01/97-11/30/97	45-2511	25,480	9,932	15,548
Corpus Christi	01/01/97-12/31/97	45-2514	21,273	21,273	0
Medical Kidney Center	02/12/97-12/31/97	45-2750	46,746	46,746	0
Memphis North	01/01/97-12/31/97	44-2593	42,084	42,084	0
Easley	01/01/97-12/31/97	42-2541	25,297	25,297	0
West Kingsport	08/04/97-12/31/97	44-2606	679	679	0
Redbird Dialysis Center	01/01/97-12/31/97	45-2699	118,023	118,023	0
Methuen	12/20/96-12/31/97	22-2540	2,116	2,116	0
Dover (Seacoast)	01/01/97-12/31/97	30-2501	6,645	6,645	0
Carolina	01/01/97-12/31/97	40-2507	116,199	96,920	19,279
Hazard	01/01/97-12/31/97	18-2517	8,129	8,129	0
Shelbyville	01/01/97-12/31/97	18-2535	2,199	2,199	0
Bennettsville	01/01/97-12/31/97	42-2520	30,608	30,608	0
QCDC Newton	01/01/97-05/05/97	22-2522	1,471	1,471	0
QCDC Baltimore	01/01/97-02/18/97	21-2540	2,140	2,140	0
Los Angeles	01/01/97-04/12/97	05-2508	5,832	0	5,832
Torrance	01/01/97-06/30/97	05-2556	8,866	8,866	0
El Paso	01/01/97-04/25/97	45-2581	10,649	10,649	0
East El Paso	01/01/97-03/12/97	45-2597	8,740	8,740	0
So. Central Dallas	01/01/96-01/31/97	45-2680	39,252	39,252	0
New Orleans	01/01/97-03/01/97	19-2500	19,470	19,470	0
Queens	01/01/97-12/31/97	33-2517	53,600	48,637	4,963
Shelbyville	02/21/97-12/31/97	15-2545	249	249	0
Germantown- Temple Univ	01/01/97-12/31/97	39-2530	34	0	34
Capital Suffolk	01/01/97-12/31/97	33-2523	57,060	57,060	0
North Buckner	01/1/97-12/31/97	45-2739	61,153	61,153	0
Irving	01/1/97-12/31/97	45-2561	19,750	19,750	0
South Arlington	01/1/97-12/31/97	45-2592	50,548	50,548	0

SUMMARY OF BAD DEBT RECOVERIES
CALENDAR YEAR 1997

FACILITY NAME	PERIOD COVERED	Provider #	Bad Debt Amount	Bad Debt Allowed	Bad Debt Recovered
Albany	01/01/97-12/31/97	33-2544	248,039	248,039	0
Albany Regional	05/19/97-12/31/97	33-2569	105,506	105,506	0
Baton Rouge	01/01/97-12/31/97	19-2501	34,112	11,797	22,315
			10,261,037	9,529,728	731,309

APPENDIX



Fresenius Medical Care

Law Department
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E-mail melissa.thompson@fmc-na.com

July 16, 1999

VIA OVERNIGHT MAIL

Mr. William J. Hornby
Regional Inspector General for Audit Services
Department of Health and Human Services
Office of Inspector General
Office of Audit Services, Region I
John F. Kennedy Federal Building
Boston, MA 02203

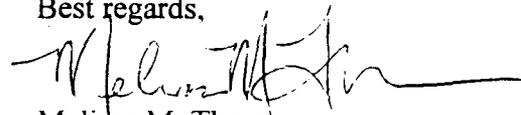
Re: National Medical Care's Response to OIG Draft Audit Report for Calendar Year 1997
(CIN: A-01-99-00504)

Dear Mr. Hornby:

Enclosed please find the response of National Medical Care, Inc. and its affiliates to the *Review of Bad Debts Reported by Fresenius Medical Care's Facilities Under Medicare's End Stage Renal Disease Program for Calendar Year 1997*.

Please feel free to call me if you have any questions.

Best regards,



Melissa M. Thompson
Corporate Counsel

Enclosures

cc: Robert McGorty
Lisa Paquette-Rowland
Mary Panessiti
Chris McEleney

Fresenius Medical Care North America

Corporate Headquarters: Two Ledgemont Center 95 Hayden Avenue Lexington, MA 02420-9192 (781) 402-9000

**RESPONSE OF NATIONAL MEDICAL CARE, INC. AND ITS AFFILIATES TO
THE OFFICE OF INSPECTOR GENERAL'S DRAFT REVIEW OF BAD DEBTS
REPORTED BY FRESENIUS MEDICAL CARE'S FACILITIES UNDER
MEDICARE'S END STAGE RENAL DISEASE PROGRAM FOR CALENDAR
YEAR 1997**

Response Date: June 16, 1999

CIN: A-01-99-00504

Introduction

National Medical Care, Inc. (a subsidiary of Fresenius Medical Care Holdings, Inc.) and its affiliates (NMC), hereby submit the following response to the June 1999 draft report of the Office of Inspector General, Office of Audit – Region 1 (OIG), entitled Review of Bad Debts Reported by Fresenius Medical Care's Facilities Under Medicare's End Stage Renal Disease Program for Calendar Year 1997 (Draft Audit Report).

The OIG Audit (Audit) for Calendar Year 1997 (CY 1997) was conducted approximately from October 1998 through March 1999 at NMC headquarters in Lexington, Massachusetts. The stated objective of the Audit was to determine whether home office costs and bad debts reported by NMC facilities for CY 1997 were in accordance with the prescribed Medicare laws and regulations. The Draft Audit Report found that, although NMC has over the years taken actions to remove significant unallowable costs from its facility cost reports, corrective action is still needed to address those unallowable costs discussed in the Draft Audit Report. The Draft Audit Report recommends adjustments that reduce costs for the 408 NMC affiliated facilities that claimed bad debts for CY 1997 by \$5,980,886. (This is less than one percent of the total direct and indirect costs claimed by the 408 facilities, which was approximately \$700 million.)

I. Depreciation of Office Furniture and Equipment

As was voluntarily disclosed by NMC prior to the OIG's Draft Audit Report, the Company agrees with the OIG's position and accepts the recommendations of the OIG with respect to NMC's claimed depreciation for office furniture and equipment, and agrees with the OIG's position that the correct amount of depreciation should be \$122,149 for CY 1997.

II. Inter-Company Profit Elimination

NMC accepts the recommendations of the OIG with respect to NMC's Inter-Company Profit Elimination calculations, and agrees with the OIG's position that the proper adjustment should be 8.89% not 6.82% for CY 1997.

III. Goodwill

As was voluntarily disclosed by NMC prior to the OIG's Draft Audit Report, the Company agrees with the OIG's position and accepts the recommendations of the OIG with respect to NMC's Goodwill costs for CY 1997.

IV. Lease Related Costs

Although in the Draft Audit Report, the OIG applied a different methodology to the calculation of Lease Related Costs than applied in prior years, NMC accepts the recommendations of the OIG with respect to NMC's Lease Related Costs for CY 1997.

V. Research and Development

NMC accepts the recommendation of the OIG with respect to NMC's claimed Research and Development expense for CY 1997.

VI. Allocation Basis

NMC agrees with the OIG's position that there should be a reduction in allowable costs as a result of allocation of home office costs.

VII. DSD Salaries

NMC accepts the recommendation of the OIG with respect to DSD Salaries.

VIII. Other Pooled Costs

NMC accepts the recommendation of the OIG with respect to NMC's Other Pooled Costs.

IX. Amortization of Medical Records

NMC accepts the recommendations of the OIG with respect to NMC's amortization of medical records.

X. Income Offset

NMC recommends revising the language in this section to delete the phrase "from patient files" in the first and fourth sentences. Except for this revision, NMC accepts the recommendations of the OIG with respect to NMC's Income Offset.

Conclusion

NMC appreciates the cooperation of the OIG Audit Staff in completing the Audit, and is pleased that the OIG recognizes the efforts of NMC to continuously improve its cost reporting system for its affiliates. As a result of those efforts, the Audit results were significantly more favorable than in the previous year. NMC urges the OIG to consider NMC's comments in this Response and discuss them with NMC personnel if necessary before issuing the final report.

NMC notes that the effect, if any, of cost disallowance on the total amount of bad debt payment to NMC under the Medicare Program is subject to the final resolution of NMC's challenge to the bad debt cost cap in Kidney Center of Hollywood v. Shalala, D.C. Court of Appeals, No. 96-5074.