



DEPARTMENT OF HEALTH & HUMAN SERVICES

Office of Inspector General

Office of Audit Services, Region V
233 North Michigan Avenue
Suite 1360
Chicago, IL 60601

April 8, 2010

Report Number: A-05-07-00082

Mr. Rex Brown
President and Chief Executive Officer
Hillsboro Area Hospital
1200 East Tremont Street
Hillsboro, IL 62049

Dear Mr. Brown:

Enclosed is the U.S. Department of Health & Human Services (HHS), Office of Inspector General (OIG), final report entitled *Review of Select Medicare Conditions of Participation and Costs Claimed at Hillsboro Area Hospital from April 1, 2004, Through June 30, 2006*. We will forward a copy of this report to the HHS action official noted on the following page for review and any action deemed necessary.

The HHS action official will make final determination as to actions taken on all matters reported. We request that you respond to this official within 30 days from the date of this letter. Your response should present any comments or additional information that you believe may have a bearing on the final determination.

Section 8L of the Inspector General Act, 5 U.S.C. App., requires that OIG post its publicly available reports on the OIG Web site. Accordingly, this report will be posted at <http://oig.hhs.gov>.

If you have any questions or comments about this report, please do not hesitate to call me, or contact Jaime Saucedo, Audit Manager, at (312) 353-8693 or through email at Jaime.Saucedo@oig.hhs.gov. Please refer to report number A-05-07-00082 in all correspondence.

Sincerely,

/James C. Cox/
Regional Inspector General
for Audit Services

Enclosure

Direct Reply to HHS Action Official:

Nanette Foster Reilly, Consortium Administrator
Consortium for Financial Management & Fee for Service Operations
Centers for Medicare & Medicaid Services
601 East 12th Street, Room 235
Kansas City, MO 64106

Department of Health & Human Services

**OFFICE OF
INSPECTOR GENERAL**

**REVIEW OF SELECT MEDICARE
CONDITIONS OF PARTICIPATION AND
COSTS CLAIMED AT HILLSBORO AREA
HOSPITAL FROM APRIL 1, 2004,
THROUGH JUNE 30, 2006**



Daniel R. Levinson
Inspector General

April 2010
A-05-07-00082

Office of Inspector General

<http://oig.hhs.gov>

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OFFICE OF AUDIT SERVICES FINDINGS AND OPINIONS

The designation of financial or management practices as questionable, a recommendation for the disallowance of costs incurred or claimed, and any other conclusions and recommendations in this report represent the findings and opinions of OAS. Authorized officials of the HHS operating divisions will make final determination on these matters.

EXECUTIVE SUMMARY

BACKGROUND

Section 4201 of the Balanced Budget Act of 1997, P.L. No. 105-33, Social Security Act, § 1820, 42 U.S.C. § 1395i-4, authorized States to establish Medicare Rural Hospital Flexibility Programs and to designate certain facilities as Critical Access Hospitals (CAH). CAHs must meet certain Medicare Conditions of Participation (CoP) (42 CFR pt. 485, subpart F) and guidelines established by the Centers for Medicare & Medicaid Services (CMS), which administers the Medicare program.

Section 405(e) of the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA), P.L. No. 108-173, Social Security Act, § 1820(c)(2)(B)(iii), 42 U.S.C. § 1395i-4(c)(2)(B)(iii), allowed CAHs to have up to 25 inpatient beds that could be used for acute care or swing-bed services, with CMS approval. Section 405(a) of the MMA, Social Security Act §§ 1814(l), 1834(g)(1) and 1883(a)(3), 42 U.S.C. §§ 1395f(1), 1395m(g)(1) and 1395tt(a)(3), allowed CAHs to receive Medicare reimbursement totaling 101 percent of allowable, allocable, and reasonable costs for payments for services furnished during cost reporting periods beginning on or after January 1, 2004.

Hillsboro Area Hospital, Inc. (the hospital), located in Hillsboro, Illinois, is a not-for-profit corporation owned by Hillsboro Area Health System. On April 1, 2004, the State of Illinois designated the hospital a CAH providing inpatient and outpatient services. The hospital received Medicare reimbursement totaling \$9.1 million for costs reported on its 2004, 2005, and 2006 Medicare cost reports.

OBJECTIVES

Our objectives were to determine whether the hospital complied with select Medicare CoP and reported costs that were allowable, allocable, and reasonable on its 2004, 2005, and 2006 Medicare cost reports.

SUMMARY OF FINDINGS

The hospital was not always compliant with Medicare CoP, did not properly disclose rental costs, and reported unallowable entertainment costs on its Medicare cost reports. Specifically, on November 27, 2007, we observed that the hospital maintained 26 beds, one more than the 25 bed limit allowed under the Medicare CoP. The hospital did not believe that the one bed (crib) should be included within its inventory of available beds because it was a temporary crib used for training purposes. The hospital said it recently changed the bed configuration to include 24 adult beds and one crib, for a total of 25 maintained beds and is currently in compliance with the CoP.

The hospital did not properly disclose \$10,844 for related party rental costs and reported \$2,030 for unallowable entertainment costs on its Medicare cost reports.

RECOMMENDATIONS

We recommend that the hospital:

- ensure that it remains compliant with the Medicare CoP related to the 25 bed limit for inpatient beds,
- revise and resubmit its 2005 and 2006 Medicare cost reports to properly reflect the disclosure of \$10,844 for related party rental costs and the exclusion of the \$2,030 in unallowable entertainment costs, and
- ensure that it properly reflects the disclosure of related party transactions and only reports allowable costs on future Medicare cost reports.

HOSPITAL COMMENTS

In written comments on our draft report, the hospital disagreed with our findings related to noncompliance with the 25 inpatient bed limit and rental costs and agreed with our finding related to entertainment costs.

Regarding the 25 bed limit, the hospital said that at the time of our visit, one crib was temporarily used for training purposes and it was removed when the training was completed. The hospital said it recently changed the bed configuration to include 24 adult beds and one crib, for a total of 25 maintained beds and is currently in compliance with the CoP.

Regarding the rental costs, the hospital raised four issues. The hospital said that:

- based on comparable available commercial space, it had acted as a prudent buyer in renting space for its physical therapy department;
- in transactions between related parties, the amount one party charges the other is irrelevant and that only costs incurred by a related party are relevant as long as the costs do not exceed the cost of obtaining the item in the open market;
- offsetting revenue from the rental of land against costs for space is not appropriate from either an accounting or cost reporting standpoint; and
- based on a recent purchase by its parent corporation, offsetting rental costs by the market-based rental of land would be of minimal impact.

The hospital's comments are included in their entirety as the Appendix, except for personally identifiable information.

OFFICE OF INSPECTOR GENERAL RESPONSE

After reviewing the hospital's comments, we revised our finding and recommendation related to the 25 bed limit. Specifically, we reduced the number of beds from 37 in our draft report to 26 beds by excluding the beds in storage. However, we maintain that the crib was available for use by the hospital contrary to the Federal requirements. The hospital's recent change to a bed configuration of 24 adult beds and one crib made the hospital compliant with the CoP.

Regarding the hospital's comments on rental costs, we revised our finding and recommendation. Specifically, we changed our finding from determining that the \$10,844 in related party rental costs was unreasonable to the provider not properly reporting the rental costs on its Medicare cost report.

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTION	1
BACKGROUND	1
Critical Access Hospitals	1
Hillsboro Area Hospital, Inc.	1
OBJECTIVES, SCOPE, AND METHODOLOGY	1
Objectives	1
Scope.....	2
Methodology	2
FINDINGS AND RECOMMENDATIONS	2
AVAILABLE INPATIENT BEDS EXCEEDED 25 BED LIMIT	3
Federal Requirements	3
Observation of Available Inpatient Beds	3
DISCLOSURE OF RELATED PARTY RENTAL COSTS.	3
Federal Requirements	3
Rental Costs	4
UNALLOWABLE ENTERTAINMENT COSTS	4
Federal Requirements	4
Entertainment Costs	4
RECOMMENDATIONS	4
HOSPITAL COMMENTS	4
OFFICE OF INSPECTOR GENERAL RESPONSE	5
APPENDIX: HOSPITAL COMMENTS	

INTRODUCTION

BACKGROUND

Critical Access Hospitals

Section 4201 of the Balanced Budget Act of 1997, P.L. No. 105-33, Social Security Act, § 1820, 42 U.S.C. § 1395i-4, authorized States to establish Medicare Rural Hospital Flexibility Programs and to designate certain facilities as Critical Access Hospitals (CAH). CAHs must meet certain Medicare Conditions of Participation (CoP) (42 CFR pt. 485, subpart F) and guidelines established by the Centers for Medicare & Medicaid Services (CMS), which administers the Medicare program.

Section 405(e) of the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA), P.L. No. 108-173, Social Security Act, § 1820(c)(2)(B)(iii), 42 U.S.C. § 1395i-4(c)(2)(B)(iii), allowed CAHs to have up to 25 inpatient beds that could be used for acute care or swing-bed services, with CMS approval.¹ Section 405(a) of the MMA, Social Security Act §§ 1814(l), 1834(g)(1) and 1883(a)(3), 42 U.S.C. §§ 1395f(1), 1395m(g)(1) and 1395tt(a)(3), allowed CAHs to receive Medicare reimbursement totaling 101 percent of allowable, allocable, and reasonable costs for payments for services furnished during cost reporting periods beginning on or after January 1, 2004.

Hillsboro Area Hospital, Inc.

Hillsboro Area Hospital, Inc. (the hospital), located in Hillsboro, Illinois, is a not-for-profit corporation owned by Hillsboro Area Health System. On April 1, 2004, the State of Illinois designated the hospital a necessary provider and CAH under 42 CFR § 485.606. The hospital provides inpatient and outpatient services. The hospital received Medicare reimbursement totaling \$9.1 million for costs reported on its 2004, 2005, and 2006 Medicare cost reports.

OBJECTIVES, SCOPE, AND METHODOLOGY

Objectives

Our objectives were to determine whether the hospital complied with select Medicare CoP and reported costs that were allowable, allocable, and reasonable on its 2004, 2005, and 2006 Medicare cost reports.

¹ A swing-bed can be used interchangeably for either inpatient care or skilled nursing care. A patient “swings” or transitions from receiving inpatient services to receiving skilled nursing services.

Scope

We reviewed the hospital's compliance with select Medicare CoP and costs reported for the period April 1, 2004, through June 30, 2006.²

We limited our internal control review to obtaining an overall understanding of the hospital's policies and procedures for complying with the Medicare CoP and reporting costs on its Medicare cost reports.

We performed our fieldwork at the hospital located in Hillsboro, Illinois.

Methodology

To accomplish our objectives, we:

- reviewed applicable Federal CAH requirements;
- reviewed the hospital's policies and procedures related to compliance with select Medicare CoP and cost reporting requirements;
- observed the number of inpatient beds available for use on November 27, 2007, and reviewed inventory records and depreciation schedules for the audit period; and
- analyzed the hospital's financial statements and judgmentally reviewed \$102,630 in costs from Medicare cost reports for the audit period and determined whether reported costs were allowable, allocable, and reasonable.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

FINDINGS AND RECOMMENDATIONS

The hospital was not always compliant with Medicare CoP, did not properly disclose rental costs, and reported unallowable entertainment costs on its Medicare cost reports. Specifically, on November 27, 2007, we observed that the hospital maintained 26 beds, one more than the 25 bed limit allowed under the Medicare CoP. The hospital did not believe that the one bed (crib) should be included within its inventory of available beds because it was a temporary crib used for training purposes.

² The hospital's Medicare cost reporting period is July 1 through June 30. The hospital became a CAH in April 1, 2004. We reviewed three cost reporting periods: the 3 month period starting April 1, 2004 through June 30, 2004, and the two 12-month cost reporting periods ending June 30, 2005 and 2006.

The hospital did not properly disclose \$10,844 for related party rental costs and reported \$2,030 for unallowable entertainment costs on its Medicare cost reports.

AVAILABLE INPATIENT BEDS EXCEEDED 25 BED LIMIT

The hospital was noncompliant with a Medicare CoP because it maintained more inpatient beds than allowed.

Federal Requirements

Federal regulations at 42 CFR § 485.620(a) state that CAHs may not maintain more than 25 inpatient beds after January 1, 2004, that can be used for either inpatient or swing-bed services. Additionally, the CMS *State Operations Manual*, Pub. No. 100-7, Appendix W, Tag C-0211, states, “Any hospital-type bed located in or adjacent to any location where the bed could be used for inpatient care counts toward the 25 bed limit.”³

Observation of Available Inpatient Beds

On November 27, 2007, we observed a total of 26 inpatient beds that were available for use by the hospital; one more than the 25 bed limit allowed by Medicare CoP. The 26 beds consisted of 25 inpatient beds and a crib⁴ in the acute care section of the hospital.

The hospital did not believe that the crib in the acute care section of the hospital should be included within the 25 bed limit because the crib was in the inpatient care area temporarily for training purposes.

DISCLOSURE OF RELATED PARTY RENTAL COSTS

Federal Requirements

42 CFR § 413.17(a) and Chapter 10, section 1000 of the *Provider Reimbursement Manual* provide that costs applicable to facilities furnished to the provider by a related organization⁵ are allowable “at the cost to the related organization.” Moreover, 42 CFR § 413.17(a) states that, “such cost must not exceed the price of comparable services, facilities, or supplies that could be purchased elsewhere.”

CMS’s instructions for Form CMS-2552-96 in Part 2, Chapter 36, section 3614 of the *Provider Reimbursement Manual* state that worksheet A-8-1 is to be used by providers to include information for reporting costs of services from related organizations. Part A of the worksheet

³ The revised version of Tag C-0211 published by CMS in Transmittal 34, effective April 4, 2008, does not contain this sentence.

⁴ The CMS *State Operations Manual*, Pub. No. 100-7, Appendix W, Tag C-0211 lists certain beds that do not count toward the 25 bed limit. The list does not exclude cribs from counting towards the limit.

⁵ The term “related to the provider” is defined at 42 CFR § 413.17.

would show allowable cost at the cost to the related organizations with Part B showing the relationship to the organizations identified in Part A.

Rental Costs

Contrary to CMS's instructions, the hospital did not properly disclose \$10,844 for related party rental costs on Worksheet A-8-1 of its 2006 Medicare cost report.

UNALLOWABLE ENTERTAINMENT COSTS

The hospital reported \$2,030 for unallowable entertainment costs on its 2005 Medicare cost report.

Federal Requirements

The CMS "*Provider Reimbursement Manual* Part 1, Publication 15, chapter 21, section 2105.8, titled "Cost of Entertainment," states, "Costs incurred by providers for entertainment, including tickets to sporting or other events . . . , are not allowable."

Entertainment Costs

Contrary to Medicare requirements, the hospital included \$2,030 in unallowable entertainment costs on its 2005 Medicare cost report for employees to attend a professional sporting event.

RECOMMENDATIONS

We recommend that the hospital:

- ensure that it remains compliant with the Medicare CoP related to the 25 bed limit for inpatient beds,
- revise and resubmit its 2005 and 2006 Medicare cost reports to properly reflect the disclosure of \$10,844 for related party rental costs and the exclusion of the \$2,030 in unallowable entertainment costs, and
- ensure that it properly reflects the disclosure of related party transactions and only reports allowable costs on future Medicare cost reports.

HOSPITAL COMMENTS

In written comments on our draft report, the hospital disagreed with our findings related to noncompliance with the 25 inpatient bed limit and rental costs and agreed with our finding related to entertainment costs.

Regarding the 25 bed limit, the hospital said that at the time of our visit, the inpatient unit consisted of 25 adult beds and that one crib was temporarily used for training purposes and was removed when the training was completed. The hospital said it recently changed the bed

configuration to include 24 adult beds and one crib, for a total of 25 maintained beds and is currently in compliance with the CoP.

Regarding the rental costs, the hospital raised four issues. The hospital said that:

- based on comparable available commercial space, it had acted as a prudent buyer in renting space for its physical therapy department;
- in transactions between related parties, the amount one party charges the other is irrelevant and that only costs incurred by a related party are relevant as long as the costs do not exceed the cost of obtaining the item in the open market;
- offsetting revenue from the rental of land against costs for space is not appropriate from either an accounting or cost reporting standpoint; and
- based on a recent purchase by its parent corporation, offsetting rental costs by the market-based rental of land would be of minimal impact.

The hospital's comments are included in their entirety as the Appendix, except for personally identifiable information.

OFFICE OF INSPECTOR GENERAL RESPONSE

After reviewing the hospital's comments, we revised our finding and recommendation related to the 25 bed limit. Specifically, we reduced the number of beds from 37 in our draft report to 26 beds by excluding the beds in storage. However, we maintain that the crib was available for use by the hospital contrary to the Federal requirements. The hospital's recent change to a bed configuration of 24 adult beds and one crib made the hospital compliant with the CoP.

Regarding the hospital's comments on rental costs, we revised our finding and recommendation. Specifically, we changed our finding from determining that the \$10,844 in related party rental costs was unreasonable to the provider not properly reporting the rental costs on its Medicare cost report.

APPENDIX

APPENDIX: AUDITEE COMMENTS



217-532-6111

August 6, 2009

Mr. Marc Gustafson
Regional Inspector General
For Audit Services
Office of Inspector General
Department of Health and Human Services
233 North Michigan Avenue
Chicago, Illinois 60601

Re: Review of Select Medicare Conditions of Participation and Costs Claimed at Hillsboro Area Hospital from April 1, 2004, through June 30, 2006 Draft Audit Report No. A-05-07-00082

Dear Mr. Gustafson:

Thank you for the opportunity to comment on the Draft Report entitled "Review of Select Medicare Conditions of Participation and Costs Claimed at Hillsboro Area Hospital from April 1, 2004, through June 30, 2006." We include our comments on the Draft Report's findings and recommendations below.

Condition of Participation Limiting Number of Inpatient Beds

OIG Finding and Recommendation. The Draft Report finds that the hospital was not in compliance with the Medicare Condition of Participation (CoP) for Critical Access Hospitals (CAH) because it maintained 37 beds, more than the 25 bed limit allowed under the CoP, and recommends that the hospital ensure that it is compliant with the 25 bed limit.

Response. We respectfully disagree with the finding that our CAH at any time maintained more than 25 inpatient beds. We have always had our CAH inpatient unit set up and maintained for 25 beds, consistent with the regulatory requirements. The state surveyors came on site on prior to approving our hospital as a CAH with 25 beds, effective April 1, 2004. This indicates that the state surveyors found we were in compliance with the CoP. Moreover, the OIG auditors verified that at no time did our CAH have more than 25 inpatients.

The finding indicates there was a crib in the acute care section of the hospital. At the time of the OIG audit, the inpatient unit consisted of 25 adult beds. One crib was temporarily placed in an empty patient room in the CAH inpatient unit for a week or so for purposes of training our nurses' aides, which happened to coincide with the auditors' physical count of beds. This crib was removed when the training was complete. More

recently, we have changed the bed configuration of the unit. Currently, the unit has 24 adult beds and one crib, for a total of 25 maintained beds.

The remaining 8 beds and 3 cribs the auditors noted were not part of, nor adjacent to, our inpatient unit.¹ They were stacked in the back hallway, on the way to the laundry area, awaiting disposal. The adult beds were taken out of service from the long-term care unit, were not “maintained” in any way, and should not be counted as part of the CAH inpatient unit. These 8 beds and 3 cribs were physically disposed of by June 30, 2008, and our asset inventory and depreciation records have been revised accordingly.

Thus, although we dispute that we previously were not in compliance with this CoP, there is no question but that we now currently are in compliance with the CoP. Our inpatient unit is maintained with 24 adult beds and 1 crib.

Rental Costs

OIG Finding and Recommendation: The Draft Report finds that the hospital did not act as a prudent buyer in claiming \$10,844² in rental costs for space rented from a related party for its physical therapy department on its 2006 cost report, when the hospital rented the underlying land to the related party for \$1 a year. The Draft Report indicates that the hospital should have obtained a market-based rent for the land it leased to the related party to offset the physical therapy space rental costs. The Draft Report finds that the rental costs are therefore unreasonable, and recommends that the hospital submit an amended cost report to remove these costs.

Response: We respectfully disagree with the Draft Report findings that the hospital has not been a prudent buyer and that the \$10,744 rental costs we incurred for our physical therapy department for FY 2006 are unreasonable.

First, the related party regulation provides that, in obtaining services or facilities from a related party, the cost may not exceed the price of comparable facilities. 42 C.F.R. § 413.17(a). Had we not rented space from a related party for our physical therapy department, we would have rented space from a commercial lessor. The going rate for comparable available commercial space ranges from \$1/square foot/month to \$12.25/square foot/month (see Attachment A).³ To rent the same amount of space we are using for our physical therapy department (2,962 square feet) from a commercial lessor thus would cost at least \$2,962 if we could rent for \$1/square ft/month. For the eight months of FY 2006 that we rented space, this would amount to \$23,696, well in excess of the \$10,744 we claimed for costs attributable to the rented space for physical

¹ The Draft Report quotes Section C-0211 of Appendix W to say that “Any hospital-type bed located in or adjacent to any location where the bed could be used for inpatient care counts toward the 25 bed limit.” We note that this language is not currently part of Section C-0211. Similar language does appear in survey protocols for swing-beds in CAHs.

² This appears to be a typographical error. The amount of expense we claimed for the physical therapy space rented pursuant to this related party lease was \$10,744, not \$10,844.

³ There is no comparable commercial space available for rent in Hillsboro. The nearest community with available comparable commercial space is Litchfield, Illinois, 8 miles away.

therapy for those eight months (equivalent to \$0.45/square foot/month). Therefore, we did in fact act as a prudent buyer in terms of renting space for our physical therapy department.

Second, we maintain that the analysis in the Draft Report is flawed, for two reasons:

(1) In transactions between related parties, the amount one party charges the other is irrelevant; only the costs incurred by a related party are relevant, so long as they do not exceed the cost of obtaining the item in the open market. *See* 42 C.F.R. § 413.17(a). In this case, the cost of the physical therapy space is far less than obtaining similar space on the open market. Yet the Draft Report would require us to offset against the actual cost of the physical therapy space (the depreciation and utilities for the space the physical therapy department uses in the related party building) an amount that we may have charged an unrelated entity for renting the land. This reduction of a cost-based claim by market-based charges is an invalid method of calculating reasonable cost.

(2) The Draft Report would require us to offset revenue from the rental of land against costs for space used for physical therapy in a building. We do not believe that this is appropriate from either an accounting or cost reporting standpoint, as these are two separate transactions. On our financial statements, the rental income from the land lease would be recorded as miscellaneous income under Other Operating Revenue. On our cost report, such miscellaneous income would be offset against Administrative and General (A&G) costs on Worksheet A, line 6.01, column 6. The rental cost for the leased space for physical therapy would be recorded on our financials as an expense in the Physical Therapy department, and would be reported on Worksheet A, line 50 of the cost report. Thus it would not be appropriate from an accounting or cost reporting perspective to offset the costs of the physical therapy leased space by the rental income from the land.

Finally, even if we accept the position that the rental of land to a related party should be based on a market-based rental rather than \$1/year, the impact would be minimal. The hospital's parent corporation recently purchased 24 nearby acres for a total purchase price of \$72,600, or \$3,025 per acre. This amounts to less than \$0.07 per square foot ($\$3,025/43,560$ square ft per acre = \$0.0694). We leased 23,827 square feet of land to our related party. Using \$3,025 per acre, the fair market value of that land thus would be \$1,654.65 ($\$3,025/43,560 \times 23,827 = \$1,654.65$). This amount should then be amortized over the 40-year useful life of the building, for an imputed rental income of \$41.37 per year. Such an offset would be a minimal reduction of our A&G costs, and would have a negligible effect on our cost reimbursement.

Nonetheless, while we disagree with the analysis in the Draft Report that would require offsetting the rental income from the land against the rental costs for the physical therapy space, we will notify our fiscal intermediary that a correction should be made on the FY 2006 cost report to include a miscellaneous income offset of \$41.37 against A&G expense on Worksheet A, line 6.01, column 6, and will inquire whether the Intermediary

wishes us to submit an amended cost report.⁴ We will also notify the Intermediary that the same correction should be made to other later filed cost reports, and will include such an offset against our A&G expense in cost reports filed in the future.

Entertainment Expense

OIG Finding and Recommendation: The Draft Report finds that the hospital improperly included \$2,030 on its FY 2005 cost report for employees to attend a professional sporting event, and recommends that the hospital file an amended cost report and ensure that such unallowable costs are not claimed on future cost reports.

Response: The tickets to the sporting event in question were given to the employees in lieu of an annual picnic. We agree, however, that such costs should not be claimed. To comply with the recommendation, we will notify the Intermediary that this correction should be made and will inquire whether they wish us to submit an amended cost report for FY 2005.⁵

The hospital no longer provides such tickets to employees. Furthermore, beginning in 2008 the hospital has added a compliance checklist identifying such costs for the cost report preparer, to ensure any unallowable costs are identified and not claimed on future cost reports.

We appreciate the opportunity to comment on the Draft Report. Hillsboro Area Hospital is committed to compliance, including with all of the CAH conditions of participation and reasonable cost reimbursement principles, and believes that going through this audit process has been helpful to us in ensuring such compliance.

Sincerely,



Terri L. Carroll
Vice President of Financial Services

And



Elvis David Harrison
Vice President, Patient Care Services and
Compliance Officer

⁴ We note that the Intermediary historically has had a materiality threshold of \$5,000 for reopening a cost report and issuing a revised settlement. The amount of reimbursement impacted by this revision would fall below that threshold, and the Intermediary has discretion not to require the submission of an amended cost report.

⁵ See note 4.

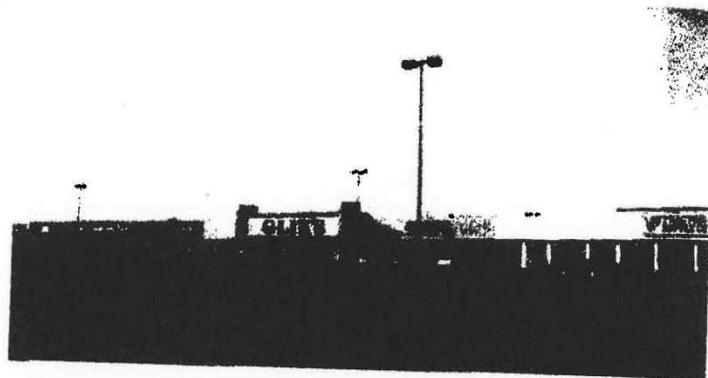
Attachment A

N.J. UZ04 P. 4

Location, Location, Location
 4,000 Square Feet
AVAILABLE NOW!
Litchfield Plaza Shopping Center

OUR TENANTS:

- Tractor Supply Co.
- Glik's
- Sears
- Dollar General
- Kirlins
- Maurices
- National Rent to Own
- Radio Shack
- And more*



FOR MORE INFORMATION CONTACT:

Shannon Simpson Hall, Property Manager

(217)246-2889

Shannon@simpson-inc.com

Recent Updates:

- New Parking Lot!
- Some New Façade
- Rear and side exterior repainted!
- New Pylon sign !



Simpson Realty

Previous Restaurant – no equipment remaining
Rent is approx. \$4,000 per month
including CAM, Taxes, & Insurance

Don't miss out on this opportunity to have a Landlord that cares!

Attachment A

[REDACTED]
[REDACTED]

[REDACTED] Office
[REDACTED] Fax
[REDACTED] Toll-Free

TO: [REDACTED] FROM: [REDACTED]
FAX #: [REDACTED] DATE: 12/11/2008
TOTAL PAGES: 4 RE: Litchfield Plaza

Attached are brochures on the two spaces I believe you were interested in at the Litchfield Plaza. I have tried to call you a couple of times, but we must have different schedules. If you have any questions, I expect to be in the office most of this afternoon and tomorrow.

Thanks!

Celebrating 25 Years of service 1983-2008

Office of Inspector General Note—The deleted text has been redacted because it is personally identifiable information.

Location, Location, Location

1,600 Square Feet

AVAILABLE NOW!

Litchfield Plaza Shopping Center

OUR TENANTS:

Tractor Supply Co.
Glik's
Sears
Dollar General
Kirlins
Maurices
National Rent to Own
Radio Shack
And more



Recent Updates:

New Parking Lot!
Some New Façade
Rear and side exterior
repainted!
New Pylon sign !

FOR MORE INFORMATION CONTACT:

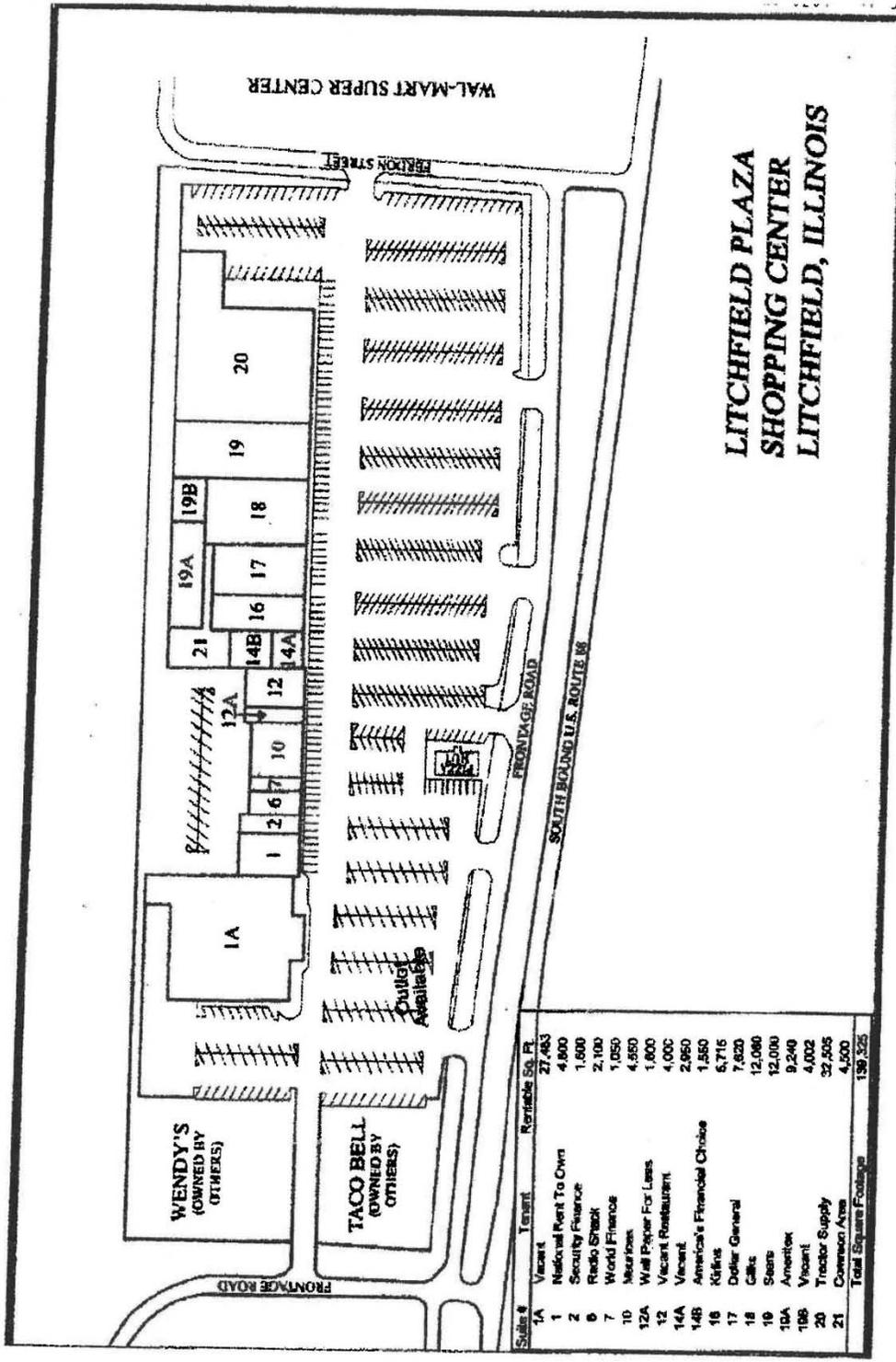
Shannon Simpson Hall
Property Manager
(217)246-2889
Shannon@simpson-inc.com

Century 21
Simpson Realty

*Flip this over and look for space 12A -
Your new retail store!*

\$12.25 per square foot (\$1,633.33 per month)
including \$1.25 in cam, taxes, insurance
White Box Condition—tenant pays utilities

Don't miss out on this opportunity to have a Landlord that cares!



**LITCHFIELD PLAZA
SHOPPING CENTER
LITCHFIELD, ILLINOIS**

Units #	Tenant	Rentable SQ. Ft.
1A	Vacant	27,483
1	National Rent To Own	4,800
2	Security Fence	1,600
6	Radio Shack	2,100
7	World Finance	1,050
10	Miscellaneous	4,850
12A	Wall Paper For Lanes	1,600
12	Vacant Restaurant	4,000
14A	Vacant	2,950
14B	America's Financial Choice	1,550
16	Kirkus	5,716
17	Dollar General	7,820
18	Gifts	12,080
19	Stears	12,000
19A	Ameritex	9,240
19B	Vacant	4,002
20	Tractor Supply	32,505
21	Common Area	4,500
Total Square Footage		139,325