Department of Health and Human Services
Maine People Living Safe, Healthy and Productive Lives
Paul R. LePage, Governor Mary C. Mayhew, Commissioner

Department of Health and Human Services
Financial Services - Audit
11 State House Station
Augusta, Maine 04333-0011
Tel: (207) 287-2403; Fax: (207) 287-2601
TTY Users: Dial 711 (Maine Relay)
Fraud Hotline: (866) 348-1129

Final Informal Review Decision

March 23, 2017

Chad Cloutier , CEO
Davis Long Term Care Group, Inc.
18 Talbot Avenue
Rockland, Maine 04841

Re: **Hilltop Manor**

Dear Mr. Cloutier:

Your facility requested an informal review of an audit report for **Hilltop Manor** dated December 20, 2016 for the fiscal period from January 1, 2014 through December 31, 2014 which resulted in your receipt of an underpayment of $107,703.13. Your appeal request is based upon your letter dated February 17, 2017.

As a result of this request, we have prepared an informal review. Our **Final Informal Review Decision** is as follows:

Issue #1:
The Provider disagrees with audit adjustment #5 which adjusts the allowable routine & capital portions of software leases and equipment rental. The Provider requests that "computer software leases be categorized as fixed Capital Costs and that reimbursement of $ 17,702.09 be allowed because (a) computer software leases are directly applicable and consistent with Principle 20.58(g); and (b) categorizing computer software leases as fixed Capital Costs is consistent with historical precedent."

Department's Response:
The Department agrees that it has historically allowed the allocation of software lease costs between the fixed and routine cost components. The Department will allow this treatment for the Provider's existing software lease costs. For leases that have previously had an allocation percentage accepted for reimbursement purposes, we will continue to recognize that allocation. For the acquisition of any new software not currently in use and leased, the Provider will be required to submit documentation to justify any allocation between the fixed and routine cost components.

The Department will issue a revised audit report to reflect this change.

This final informal review decision was based upon a consultation with the auditor of record, a review of her audit report and the related work papers, and your subsequent communications to us.

Please refer to the attached Notice of Appeal Rights of MaineCare Providers for an explanation of your facility's further appeal options.

Sincerely,

David Hellmuth, Audit Program Manager, MaineCare
Division of Audit

Enclosures:
Notice of Appeal Rights of MaineCare Providers

DEPARTMENT OF HEALTH AND HUMAN SERVICES
DIVISION OF AUDIT – MAINECARE AND SOCIAL SERVICES

NOTICE OF APPEAL RIGHTS OF MAINECARE PROVIDERS

1. Informal Review:
If you disagree with any portion of the audit report, you must request an informal review by the Director of the Division of Audit, or his designee, by notifying the Division of Audit, 11 State House Station, Augusta, Maine 04333-0011, in writing **within 60 days of receipt of the audit report** of the issues that are in dispute. You must also provide any and all information that you intend to rely upon in disputing each issue. Failure to give timely notice or to include the information relied upon shall constitute a waiver of your facility's right to an informal review and to any subsequent administrative appeals. See the following chart for a reference to the Department's regulation that provides further explanation of your facility's appeal rights and the information you must present in your response:

Type of Facility	Effective Date	Appeal Regulation Citation
Residential Care Facility	11-13-13	Principle #34.7 (DHHS rules 10-144, chapter 115)
PNMI	09-01-11	Principle #6000 (MCBM, Chapter III, Section 97)
	06-30-14	Principle #6000 (MCBM, Chapter III, Section 97)

2. Administrative Hearing:
If you disagree with the decision made after an informal review, you must request an administrative hearing by the Commissioner of the Department of Health and Human Services, or Commissioner's designee, by notifying the Commissioner's office, in writing **within 60 days of receipt of the informal review decision** of the issues that are in dispute. Only those issues presented for informal review will be considered at the administrative hearing. See MaineCare Benefits Manual, Chapter I, Section 1.21; also see the Administrative Hearing Regulations.

3. Petition for Judicial Review:
If you disagree with the Commissioner's final decision made after an administrative hearing, you may petition the Superior Court for judicial review of final agency action. See 5 M.R.S.A §§ 11001-11007.