

EXAMINATION OF

# Millcroft Long-Term Care Facility



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**KATHLEEN K. MCGUINESS, RPH, CFE**  
**DELAWARE STATE AUDITOR**



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DELAWARE  
STATE AUDITOR

***Examination of  
Millcroft Nursing Home Long-  
Term Care Facility  
Fiscal Year Ended June 30, 2018***

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**What Was Performed?** An examination of the Millcroft Nursing Home's fiscal records of the Delaware Department of Health and Social Services, Division of Medicaid and Medical Assistance, Medicaid Long-Term Care Facilities' Statement of Reimbursement Costs for Skilled and Intermediate Care Nursing Facilities – Title XIX and Nursing Wage Survey (cost report and nursing wage survey, respectively) for fiscal year ended June 30, 2018.

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**Why This Engagement?** The State Auditor is authorized under 29 Del. C., §2906 to conduct post-audits of all financial transactions of all state agencies. This engagement was conducted in accordance with federal requirements (42 CFR 447.253 and 483 Subpart B) and state requirements (Title XIX Delaware Medicaid State Plan, Attachment 4.19D) (criteria), as applicable to the Millcroft Nursing Home's fiscal records. The criteria were used to prepare the Schedule of Adjustments to the Trial Balance, Patient Days, and Nursing Wage Survey for fiscal year ended June 30, 2018 found in the report.

The State of Delaware is required to ensure that the fiscal records at the nursing care facilities are retained and properly support the cost report, or the financial report showing the cost and charges related to Medicaid activities, submitted to the Medicaid Agency. These costs must be compliant with federal and state regulations. Under the Delaware Medicaid State Plan, the state is required to examine a sample of facilities located within the state to ensure the facilities' cost reports and nursing wage surveys are compliant with federal and state requirements.

**What Was Found?** It is my pleasure to report that there were no findings identified and the Millcroft Nursing Home Long-Term Healthcare Facility complied, in all material respects, with the criteria mentioned above.

The Millcroft Nursing Home Long-Term Healthcare Facility Examination for Fiscal Year ended June 30, 2018, can be found on our website: [click here](#).

For any questions regarding the attached report, please contact State Auditor Kathleen K. McGuinness at [Kathleen.Mcguinness@delaware.gov](mailto:Kathleen.Mcguinness@delaware.gov).

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## Independent Accountant's Report

State of Delaware  
Office of Auditor of Accounts  
401 Federal Street  
Dover, DE 19901

Department of Health and Social Services  
Division of Medicaid and Medical Assistance  
Medicaid's Long Term Care Facilities  
1901 N. Dupont Highway, Lewis Building  
New Castle, DE 19720

Provider: Millcroft Nursing Home  
Period: Fiscal Year Ended June 30, 2018

We have examined management's assertions that Millcroft Nursing Home (Provider) has complied with federal requirements (42 CFR 447.253 and 483 Subpart B) and state requirements (Title XIX Delaware Medicaid State Plan, Attachment 4.19D) (criteria), as applicable, relative to the provider's fiscal records of the Department of Health and Social Services (DHSS), Division of Social Services, Medicaid Long-Term Care Facilities' Statement of Reimbursement Costs for Skilled and Intermediate Care Nursing Facilities – Title XIX and Nursing Wage Survey (cost report and survey, respectively) for the fiscal year ended June 30, 2018. The provider's management is responsible for the assertions and the information contained in the cost report and survey, which were reported to DHSS for purposes of the criteria described above. The criteria was used to prepare the Schedule of Adjustments to the Trial Balance, Patient Days, and Nursing Wage Survey. Our responsibility is to express an opinion on the assertions based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Governmental Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether management's assertions are in accordance with the criteria in all material respects. An examination includes performing procedures to obtain evidence about management's assertions. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of management's assertions, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

The accompanying Schedule of Adjustments to the Trial Balance, Patient Days, and Nursing Wage Survey were prepared from information contained in the provider's cost report for the purpose of complying with the DHSS's requirements for the Medicaid program reimbursement, and is not intended to be a complete presentation in conformity with accounting principles generally accepted in the United States of America.

In our opinion, except for the items listed as adjustments on the accompanying Schedule of Adjustments to the Trial Balance, Patient Days, and Nursing Wage Survey for the period cited, management's assertions referred to above presented in accordance with the criteria, in all material respects.

In accordance with *Government Auditing Standards*, we also issued our report dated June 14, 2022 on our consideration of the Provider's internal control over reporting for the cost report and survey and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting and compliance. That report is an integral part of an examination performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our examination.

This report is intended solely for the information and use of the State of Delaware Office of Auditor of Accounts, the Department of Health and Social Services, Division of Medicaid and Medical Assistance, and Medicaid's Long Term Care Facilities and is not intended to be and should not be used by anyone other than the specified parties. However, under 29 Del. C. §10002, this report is public record and its distribution is not limited. This report, as required by statute, was provided to the Office of the Governor, Office of the Controller General, Office of the Attorney General, and Office of Management and Budget.

*Myers and Stauffer LC*

Myers and Stauffer LC  
Owings Mills, Maryland  
June 14, 2022

Millcroft Nursing Home Schedule of Adjustments to the Trial Balance for the Fiscal Year Ending June 30, 2018				
Type of Cost	Description	Reported Amounts	Adjustment Amounts	Adjusted Amounts
<b>Expenses</b>				
<b>Primary Patient Care Costs per Trial Balance of Costs</b>		\$ 3,392,931		
	<b>Adjustments to Primary Patient Care Costs</b>			
1	To adjust the non-nursing allocation based on verified statistics		\$ 35,013	
4	To adjust employee benefits to the verified amount		\$ 20,735	
<b>Net Primary Patient Care Costs</b>		\$ 3,392,931	\$ 55,748	\$ 3,448,679
<b>Primary Patient Care Cost Per Day (*)</b>		\$ 110.7	\$ 1.5	\$ 95.4
<b>Secondary Patient Care Costs per Trial Balance of Costs</b>		\$ 444,469		
	<b>Adjustments to Secondary Patient Care Costs</b>			
1	To adjust the non-nursing allocation based on verified statistics		\$ 12,215	
4	To adjust employee benefits to the verified amount		\$ 337	
6	To remove costs not adequately documented		\$ (63,045)	
7	To remove costs not adequately documented		\$ (22,682)	
8	To reclassify x-ray expense to the proper cost center		\$ (3,945)	
<b>Net Secondary Patient Care Costs</b>		\$ 444,469	\$ (77,120)	\$ 367,349
<b>Secondary Patient Care Cost Per Day (*)</b>		\$ 14.5	\$ (2.1)	\$ 10.2
<b>Support Service Costs per Trial Balance of Costs</b>		\$ 1,331,637		
	<b>Adjustments to Support Service Costs</b>			
1	To adjust the non-nursing allocation based on verified statistics		\$ 48,944	
4	To adjust employee benefits to the verified amount		\$ 6,352	
9	To remove direct assisted living expense		\$ (13,193)	
<b>Net Support Service Costs</b>		\$ 1,331,637	\$ 42,103	\$ 1,373,740
<b>Support Service Cost Per Day (*)</b>		\$ 43.4	\$ 1.2	\$ 38.0
<b>Administrative &amp; Routine Costs per Trial Balance of Costs</b>		\$ 1,589,747		
	<b>Adjustments to Administrative &amp; Routine Costs</b>			
1	To adjust the non-nursing allocation based on verified statistics		\$ 7,615	
3	To reclassify lease expense to the proper cost center		\$ (4,916)	
4	To adjust employee benefits to the verified amount		\$ 5,084	
5	To remove patient telephone expense		\$ (7,105)	
10	To remove billable medical expense		\$ (11,339)	
11	To remove improper posted accrual		\$ (3,346)	
12	To adjust general liability insurance to the verified cost		\$ 31,720	
13	To remove direct assisted living expense		\$ (23,533)	
14	To reclassify ancillary expense to the proper cost center		\$ (2,805)	
15	To remove direct assisted living expense		\$ (1,547)	
16	To remove undocumented legal expense		\$ (2,626)	
17	To adjust the home office expense to the verified amount		\$ (38,236)	
<b>Net Administrative &amp; Routine Costs</b>		\$ 1,589,747	\$ (51,034)	\$ 1,538,713
<b>Administrative &amp; Routine Cost Per Day (*)</b>		\$ 51.9	\$ (1.4)	\$ 42.6

(\*) Adjusted Cost Per Day is calculated utilizing days at minimum occupancy.

<b>Millcroft Nursing Home</b> <b>Schedule of Adjustments to the Trial Balance for the Fiscal Year Ending June 30, 2018</b>				
Type of Cost	Description	Reported Amounts	Adjustment Amounts	Adjusted Amounts
<b>Expenses</b>				
<b>Capital Costs per Trial Balance of Costs</b>		\$ 291,777		
	<b>Adjustments to Capital Costs</b>			
2	To adjust depreciation to the verified amount per the depreciation schedule		\$ 2,422	
3	To reclassify lease expense to the proper cost center		\$ 4,916	
<b>Net Capital Costs</b>		\$ 291,777	\$ 7,338	\$ 299,115
<b>Net Capital Cost Per Day (*)</b>		\$ 9.5	\$ 0.2	\$ 8.3
<b>Ancillary Costs per Trial Balance of Costs</b>		\$ 1,157,780		
	<b>Adjustments to Ancillary Costs</b>			
1	To adjust the non-nursing allocation based on verified statistics		\$ 486	
8	To reclassify x-ray expense to the proper cost center		\$ 3,945	
14	To reclassify ancillary expense to the proper cost center		\$ 2,805	
<b>Net Ancillary Costs</b>		\$ 1,157,780	\$ 7,236	\$ 1,165,016
<b>Ancillary Cost Per Day (*)</b>		\$ 37.8	\$ 0.2	\$ 32.2
<b>Other Costs per Trial Balance of Costs</b>		\$ 4,921,641		
	<b>Adjustments to Other Costs</b>			
	None		\$ -	
<b>Net Other Costs</b>		\$ 4,921,641	\$ -	\$ 4,921,641
<b>Other Cost Per Day (*)</b>		\$ 160.6	\$ -	\$ 136.2

(\*) Adjusted Cost Per Day is calculated utilizing days at minimum occupancy.



<b>Millcroft Nursing Home</b> <b>Schedule of Adjustments to Patient Days for the Fiscal Year Ending June 30, 2018</b>				
Census Type	Description	Reported Amounts	Adjustment Amounts	Adjusted Amounts
<b>Census</b>				
	Bed days available			40,150
	Medicaid Non-Super Skilled Patient Days	12,144		
19	Adjustments to Medicaid Patient Days		(9)	
	Medicaid Super Skilled Patient Days	-		
19	Adjustments to Medicaid Super Skilled Patient Days		-	
	Medicare Patient Days	7,428		
19	Adjustments to Medicare Patient Days		(1)	
	Private Pay Patient Days	10,814		
19	Adjustments to Private Pay Patient Days		10	
	Medicare/Private Pay Hospice Patient Days	75		
19	Adjustments to Medicare/Private Pay Hospice Patient Days		(1)	
	Other Patient Days	190		
19	Adjustments to Other Patient Days		1	
	<b>Total Patient Days</b>	<b>30,651</b>	<b>-</b>	<b>30,651</b>
	<b>Minimum Occupancy</b>			<b>36,135</b>

<b>Millcroft Nursing Home</b> <b>Schedule of Adjustments to the Nursing Wage Survey for the Fiscal Year Ending June 30, 2018</b>				
Nurse Type	Description	Reported Amounts	Adjustment Amounts	Adjusted Amounts
<b>Nursing Wage Survey</b>				
<b>II-A Administrative Nurses</b>				
	Director of Nursing - Total Payroll	\$ 3,962	\$ -	\$ 3,962
	Director of Nursing - Total Hours	80.0	-	80.0
	Assistant Director of Nursing - Total Payroll	\$ 3,362	\$ -	\$ 3,362
	Assistant Director of Nursing - Total Hours	80.0	-	80.0
	Registered Nurses - Total Payroll	\$ 7,269	\$ -	\$ 7,269
	Registered Nurses - Total Hours	175.8	-	175.8
	Licensed Practical Nurses - Total Payroll	\$ -	\$ -	\$ -
	Licensed Practical Nurses - Total Hours	-	-	-
	Nurse Aides - Total Payroll	\$ 2,229	\$ -	\$ 2,229
	Nurse Aides - Total Hours	82.0	25.0	107.0
<b>II-B All Remaining Nursing Staff</b>				
	Registered Nurses - Total Payroll	\$ 23,757	\$ -	\$ 23,757
	Registered Nurses - Total Hours	647.7	-	647.7
	Licensed Practical Nurses - Total Payroll	\$ 43,869	\$ -	\$ 43,869
	Licensed Practical Nurses - Total Hours	1,591.4	(1.3)	1,590.2
	Nurse Aides - Total Payroll	\$ 39,476	\$ -	\$ 39,476
	Nurse Aides - Total Hours	2,678.4	-	2,678.4



The cost report had an incorrect start date of 7/1/2016 posted on the trial balance tab and explanation of adjustments tab.



**Independent Accountant's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Examination of Financial Statements Performed in Accordance With Government Auditing Standards**

State of Delaware  
Office of Auditor of Accounts  
401 Federal Street  
Dover, DE 19901

Department of Health and Social Services  
Division of Medicaid and Medical Assistance  
Medicaid's Long Term Care Facilities  
1901 N. Dupont Highway, Lewis Building  
New Castle, DE 19720

We have examined management's assertions that Millcroft Nursing Home (Provider) has complied with federal requirements (42 CFR 447.253 and 483 Subpart B) and state requirements (Title XIX Delaware Medicaid State Plan, Attachment 4.19D), as applicable, relative to the Provider's fiscal records of the Department of Health and Social Services (DHSS), Division of Social Services, Medicaid Long-Term Care Facilities' Statement of Reimbursement Costs for Skilled and Intermediate Care Nursing Facilities – Title XIX and Nursing Wage Survey (cost report and survey, respectively) for the fiscal year ended June 30, 2018, and have issued our report thereon dated June 14, 2022. We conducted our examination in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to financial examinations contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America.

**Internal Control Over Reporting**

In planning and performing our examination, we considered the Provider's internal control over financial reporting in order to determine our examination procedures for the purpose of expressing our opinions on management's assertions, but not for the purposes of expressing an opinion on the effectiveness of the Provider's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Provider's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the cost report or survey will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We

did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Provider's cost report and survey are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of reported amounts. However, providing an opinion on compliance with those provisions was not an objective of our examination, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Provider's internal control or on compliance. This report is an integral part of an examination performed in accordance with *Government Auditing Standards* in considering the Provider's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended solely for the information and use of the State of Delaware Office of Auditor of Accounts, the Department of Health and Social Services, Division of Medicaid and Medical Assistance, and Medicaid's Long Term Care Facilities and is not intended to be and should not be used by anyone other than the specified parties. However, under 29 Del. C. §10002, this report is public record and its distribution is not limited. This report, as required by statute, was provided to the Office of the Governor, Office of the Controller General, Office of the Attorney General, and Office of Management and Budget.

*Myers and Stauffer LC*

Myers and Stauffer LC  
Owings Mills, Maryland  
June 14, 2022

Millcroft Nursing Home  
Schedule of Findings for the Fiscal Year Ending June 30, 2018

Findings and Responses

None.