DELAWARE VETERANS HOME
LONG TERM CARE FACILITY

EXAMINATION
FOR YEAR ENDED JUNE 30, 2019

DELAWARE VETERANS HOME LONG TERM CARE FACILITY

REPORT SUMMARY FOR FISCAL YEAR ENDED JUNE 30, 2019

BACKGROUND

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 Delaware Veterans Home Long-Term Care Facility 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, 2019, 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.

The purpose of the Internal Control 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.

KEY INFORMATION AND FINDINGS

It is my pleasure to report that an unqualified opinion was issued for this examination.

The examination found one finding resulting in both a material weakness in internal control and a compliance finding. Specifically, the Provider's census per cost report did not trace to census summary reports and routine revenue recalculation, and Medicaid eligibility documentation was not provided (for four of the five residents requested). However, an opinion on internal control over financial reporting and compliance will not be expressed.

Management stated that On December 14, 2021, DVH implemented a new Electronic Medical Record (EMR) system. Point Click Care (PCC) was implemented, and the use of American Data was halted. Medicaid eligibility forms for the residents were not kept in the American Data system. Eligibility was entered on the resident files in the system, but the ability to attach backup was not available or used. Moving forward in the PCC system, the eligibility document is
saved in the system. Furthermore, all cost report source documents are preserved on the facility share drive.

For any questions regarding the attached report, please contact OAOA_Comms@delaware.gov.

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MYERS AND STAUFFER LC
CERTIFIED PUBLIC ACCOUNTANTS

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:	Delaware Veterans Home
Period:	Fiscal Year Ended June 30, 2019

We have examined management's assertions that Delaware Veterans Home (Provider) has complied with federal requirements (42 Code of Federal Regulations [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, 2019. 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.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to our engagement.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants (AICPA) 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 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.

The items listed as adjustments on the accompanying Schedule of Adjustments to the Trial Balance, Patient Days, and Nursing Wage Survey do not materially impact the Provider's assertion.

In our opinion, management's assertions, referred to above, are presented in accordance with the criteria, in all material respects.

In accordance with *Government Auditing Standards*, we also issued our report dated April 13, 2023 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, DHSS, 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, the Office of the Controller General, the Office of the Attorney General, the General Assembly, and the Office of Management and Budget.

Myers and Stauffer LC

Myers and Stauffer LC
Owings Mills, Maryland
April 13, 2023

Delaware Veterans Home Schedule of Adjustments to the Trial Balance for the Fiscal Year Ended June 30, 2019				
Type of Cost	**Description**	**Reported Amounts**	**Adjustment Amounts**	**Adjusted Amounts**
Expenses				
Primary Patient Care Costs per Trial Balance of Costs		$ 7,118,988		
	Adjustments to Primary Patient Care Costs			
2	To reclassify nursing contracted services to the proper cost center		$ 50,000	
9	To reclassify nursing contracted services to the proper cost center		$ (116,117)	
9	To reclassify nursing contracted services to the proper cost center		$ 116,117	
10	To adjust Advance Practice Nursing expenses to reflect verified		$ (44,021)	
Net Primary Patient Care Costs		**$ 7,118,988**	**$ 5,979**	**$ 7,124,967**
Primary Patient Care Cost Per Day (*)		**$ 257.3**	**$ 0.1**	**$ 144.6**
Secondary Patient Care Costs per Trial Balance of Costs		$ 929,830		
	Adjustments to Secondary Patient Care Costs			
1	To reclassify food expense to the proper cost center		$ 2,657	
2	To reclassify nursing contracted services to the proper cost center		$ (50,000)	
13	To reverse provider's submitted pharmacy reclass		$ (31,704)	
Net Secondary Patient Care Costs		**$ 929,830**	**$ (79,047)**	**$ 850,783**
Secondary Patient Care Cost Per Day (*)		**$ 33.6**	**$ (1.6)**	**$ 17.3**
Support Service Costs per Trial Balance of Costs		$ 4,061,255		
	Adjustments to Support Service Costs			
1	To reclassify food expense to the proper cost center		$ (2,657)	
3	To reclassify kitchen rental expense to the proper cost center		$ (102,600)	
4	To reclass software costs to the proper cost center		$ (17,925)	
6	To reclassify rental expense to the proper cost center		$ (10,553)	
8	To reclassify rental expense to the proper cost center		$ (17,338)	
Net Support Service Costs		**$ 4,061,255**	**$ (151,073)**	**$ 3,910,182**
Support Service Cost Per Day (*)		**$ 146.8**	**$ (3.1)**	**$ 79.4**
Administrative & Routine Costs per Trial Balance of Costs		$ 2,538,886		
	Adjustments to Administrative & Routine Costs			
4	To reclass software costs to the proper cost center		$ 17,925	
5	To remove architectural fees related to the kitchen renovation that was not placed into service during the cost report period		$ (166,715)	
6	To reclassify rental expense to the proper cost center		$ (45,967)	
7	To include expenses included on Working Trial Balance and Medicare Cost Report but not reflected on the Medicaid Cost Report		$ 67,033	
10	To adjust Medical Director Expenses to reflect verified		$ (51,642)	
10	To adjust malpractice insurance to reflect verified		$ 8,346	
12	To remove human resources casual and seasonal salaries from expense		$ (6,181)	
Net Administrative & Routine Costs		**$ 2,538,886**	**$ (177,201)**	**$ 2,361,685**
Administrative & Routine Cost Per Day (*)		**$ 91.8**	**$ (3.6)**	**$ 47.9**

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

Delaware Veterans Home Schedule of Adjustments to the Trial Balance for the Fiscal Year Ended June 30, 2019				
Type of Cost	**Description**	**Reported Amounts**	**Adjustment Amounts**	**Adjusted Amounts**
Expenses				
Capital Costs per Trial Balance of Costs		$ 791,931		
	Adjustments to Capital Costs			
3	To reclassify kitchen rental expense to the proper cost center		$ 102,600	
6	To reclassify rental expense to the proper cost center		$ 56,520	
7	To include rental expenses included on the Working Trial Balance and Medicare Cost Report but not reflected on the Medicaid Cost Report		$ 7,927	
8	To reclassify rental expense to the proper cost center		$ 17,338	
11	To adjust depreciation expense to reflect verified		$ (6,732)	
Net Capital Costs		**$ 791,931**	**$ 177,653**	**$ 969,584**
Net Capital Cost Per Day (*)		**$ 28.6**	**$ 3.6**	**$ 19.7**
Ancillary Costs per Trial Balance of Costs		$ 794,199		
	Adjustments to Ancillary Costs			
13	To reverse provider's submitted pharmacy reclass		$ 31,704	
Net Ancillary Costs		**$ 794,199**	**$ 31,704**	**$ 825,903**
Ancillary Cost Per Day (*)		**$ 28.7**	**$ 0.6**	**$ 16.8**
Other Costs per Trial Balance of Costs		$ 811		
	Adjustments to Other Costs			
	None		$ -	
Net Other Costs		**$ 811**	**$ -**	**$ 811**
Other Cost Per Day (*)		**$ 0.0**	**$ -**	**$ 0.0**

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

Delaware Veterans Home
Schedule of Adjustments to Patient Days for the Fiscal Year Ended June 30, 2019

Census Type	Description	Reported Amounts	Adjustment Amounts	Adjusted Amounts
Census				
Bed days available				54,750
Medicaid Non-Super Skilled Patient Days		14,526		
	Adjustments to Medicaid Patient Days		(3,163)	
Medicaid Super Skilled Patient Days		-		
	Adjustments to Medicaid Super Skilled Patient Days		-	
Medicare Patient Days		635		
	Adjustments to Medicare Patient Days		-	
Private Pay Patient Days		7,642		
	Adjustments to Private Pay Patient Days		7	
Medicare/Private Pay Hospice Patient Days		-		
	Adjustments to Medicare/Private Pay Hospice Patient Days		-	
Other Patient Days		4,867		
	Adjustments to Other Patient Days		90	
Total Patient Days		**27,670**	**(3,066)**	**24,604**
Minimum Occupancy				**49,275**

Delaware Veterans Home
Schedule of Adjustments to the Nursing Wage Survey for the Fiscal Year Ended June 30, 2019

Nurse Type	Description	Reported Amounts	Adjustment Amounts	Adjusted Amounts
Nursing Wage Survey				
II-A Administrative Nurses				
	Director of Nursing - Total Payroll	$ 3,747	$ -	**$ 3,747**
	Director of Nursing - Total Hours	75.0	-	**75.0**
	Assistant Director of Nursing - Total Payroll	$ 5,505	$ -	**$ 5,505**
	Assistant Director of Nursing - Total Hours	150.0	-	**150.0**
	Registered Nurses - Total Payroll	$ 39,146	$ -	**$ 39,146**
	Registered Nurses - Total Hours	1,311.0	(183.5)	**1,127.5**
	Licensed Practical Nurses - Total Payroll	$ -	$ -	**$ -**
	Licensed Practical Nurses - Total Hours	-	-	**-**
	Nurse Aides - Total Payroll	$ -	$ -	**$ -**
	Nurse Aides - Total Hours	-	-	**-**
II-B All Remaining Nursing Staff				
	Registered Nurses - Total Payroll	$ 37,025	$ -	**$ 37,025**
	Registered Nurses - Total Hours	1,832.3	(686.5)	**1,145.8**
	Licensed Practical Nurses - Total Payroll	$ 20,854	$ -	**$ 20,854**
	Licensed Practical Nurses - Total Hours	1,375.5	(479.7)	**895.8**
	Nurse Aides - Total Payroll	$ 69,704	$ -	**$ 69,704**
	Nurse Aides - Total Hours	6,529.0	(2,065.2)	**4,463.8**

Delaware Veterans Home Resident Fund and General Commentary for the Fiscal Year Ended June 30, 2019
Commentary

1) Detailed census reports do not trace to cost report. Provider stated the vendor used to compile census data changed after the cost report period. Accurate census reports could not be pulled from the new vendor's system. We cannot determine the cause of the variance.

2) The provider did not provide room rate documentation or a revenue reconcilation that reasonably traced to submitted routine revenue on the cost report. We attempted to trace to routine revenue on the cost report using census data and were unable to do so.

3) Medicaid eligibility documentation was not provided for four of the five residents included in our sample.

MYERS AND STAUFFER LC
CERTIFIED PUBLIC ACCOUNTANTS

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 Delaware Veterans 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, 2019, and have issued our report thereon dated April 13, 2023. We conducted our examination in accordance with attestation standards established by the American Institute of Certified Public Accountants (AICPA) 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. We consider the deficiencies described in the accompanying schedule of findings as Finding 19-01 to be material weaknesses.

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 identify 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings as Finding 19-01.

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, DHSS, 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, the General Assembly, and Office of Management and Budget.

Myers and Stauffer LC

Myers and Stauffer LC
Owings Mills, Maryland
April 13, 2023

Findings and Responses

Finding 19-01

Condition:	The Provider's census per cost report did not reasonably trace to census summary reports. In addition, a routine revenue recalculation was not provided and Medicaid eligibility documentation was not provided for four of the five residents requested.
Criteria:	The census submitted on the Medicaid Cost Report should be supported by a detailed patient census and supporting documentation. The Facility should have internal controls in place to ensure that census data that ties to the submitted cost report and supporting Medicaid eligibility documentation be available for audit within the State of Delaware by the Medicaid Agency or its designated representative for a period of five years after the date of filing of the Medicaid Cost Report with the Medicaid Agency.
Cause:	The facility changed the vendor they used for census data. The census reports used to prepare the June 30, 2019 cost report could not be provided from the new vendor.
Effect:	Management was unable to provide the supporting census for the patient days submitted on the cost report. In addition, they were not able to provide Medicaid eligibility documentation for four of the five Medicaid residents included in sample. Although we were able to verify patient census data on an individual basis by tracing a sample of patients to Medication Administration Records and billing records, we were not able to detemine the cause of the large variance. This results in both a material weakness in internal control and a compliance finding in other areas as we are not able to recalculate submitted routine revenue.
Recommendation:	Management should ensure they have internal controls in place in order to be able to comply with the requirement to keep the supporting data for a period of five years.
Management's Response:	On December 14, 2021, DVH implemented a new Electronic Medical Record (EMR) system. Point Click Care (PCC) was implemented, and the use of American Data was halted. Medicaid eligibility forms for the residents were not kept in the American Data system. Eligibility was entered on the resident files in the system, but the ability to attach backup was not available or used. Moving forward in the PCC system, the eligibility document is saved in the system. Furthermore, all cost report source documents are preserved on the facility share drive.