



STOCKLEY CENTER

EXAMINATION
FISCAL YEAR ENDED JUNE 30, 2020



STOCKLEY CENTER

REPORT SUMMARY FOR FISCAL YEAR ENDED JUNE 30, 2020

BACKGROUND

An examination of Stockley Center Long-Term Care Facility 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, 2020.

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 Stockley Center 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, 2020, found in the report.

KEY INFORMATION AND FINDINGS

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. 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 to ensure the facilities' cost reports, patient days, and nursing wage surveys are compliant.

It is my pleasure to report that an **unqualified opinion*** was issued for this examination and Stockley Center Long-Term Care Facility complied, in all material respects, with the criteria mentioned above.

There was a total of five (5) findings issued including four adjustments and one comment to the Trial Balance, Patient Days, or Nursing Survey Report that are stated below:

1. The Provider included capital assets in the primary, support service, and ancillary cost centers.
2. The Provider submitted equipment rental expenditures to improper cost centers.
3. The Provider grouped patient recreation expenditures to an improper cost center.
4. Verified patient days agreed in total but variances between Medicaid and Private Pay payor types were noted.
5. The Provider did not properly calculate total patient days available on the cost report.

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

*Unqualified Opinion - An unqualified opinion is considered a clean report. An unqualified opinion doesn't have any adverse comments, and it doesn't include any disclaimers about any clauses or the audit process.

The background of the cover is a blurred photograph of a medical professional in a white coat, with a green semi-transparent overlay. The overlay features various medical icons: a syringe, a pill, a stethoscope, a microscope, a group of people, and a large cross. A white diagonal line runs from the bottom left towards the top right, separating the green overlay from the dark grey background.

**STATE OF DELAWARE
OFFICE OF AUDITOR OF ACCOUNTS**

INDEPENDENT ACCOUNTANT'S REPORT

**Examination of
Stockley Center**
For Fiscal Year Ended June 30, 2020



**MYERS AND
STAUFFER**_{LC}
CERTIFIED PUBLIC ACCOUNTANTS

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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: Stockley Center
Period: Fiscal Year Ended June 30, 2020

We have examined management's assertions that Stockley Center (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, 2020. 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 professional 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 2, 2024 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
Owings Mills, Maryland
April 2, 2024

Stockley Center
Schedule of Adjustments to the Trial Balance for the Fiscal Year Ended June 30, 2020

Type of Cost	Description	Reported Amounts	Adjustment Amounts	Adjusted Amounts
Expenses				
Primary Patient Care Costs per Trial Balance of Costs		\$ 7,070,019		
	Adjustments to Primary Patient Care Costs			
3	To reclassify equipment rental expense		\$ (640)	
6	To reclassify patient recreation expense		\$ (9,950)	
7	To remove capital asset acquisition cost		\$ (40,500)	
Net Primary Patient Care Costs		\$ 7,070,019	\$ (51,090)	\$ 7,018,929
Primary Patient Care Cost Per Day (*)		\$ 413.8	\$ (2.9)	\$ 394.6
Secondary Patient Care Costs per Trial Balance of Costs		\$ 597,237		
	Adjustments to Secondary Patient Care Costs			
5	To reclassify equipment rental expense		\$ (3,340)	
Net Secondary Patient Care Costs		\$ 597,237	\$ (3,340)	\$ 593,897
Secondary Patient Care Cost Per Day (*)		\$ 35.0	\$ (0.2)	\$ 33.4
Support Service Costs per Trial Balance of Costs		\$ 4,240,883		
	Adjustments to Support Service Costs			
1	To remove capital asset acquisition cost		\$ (20,517)	
2	To remove capital asset acquisition cost		\$ (74,682)	
4	To reclassify equipment rental expense		\$ (66,218)	
6	To reclassify patient recreation expense		\$ 9,950	
Net Support Service Costs		\$ 4,240,883	\$ (151,467)	\$ 4,089,416
Support Service Cost Per Day (*)		\$ 248.2	\$ (8.5)	\$ 229.9
Administrative & Routine Costs per Trial Balance of Costs		\$ 3,759,714		
	Adjustments to Administrative & Routine Costs			
3	To reclassify equipment rental expense		\$ (7,383)	
4	To reclassify equipment rental expense		\$ (16)	
Net Administrative & Routine Costs		\$ 3,759,714	\$ (7,399)	\$ 3,752,315
Administrative & Routine Cost Per Day (*)		\$ 220.0	\$ (0.4)	\$ 211.0

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

Stockley Center
Schedule of Adjustments to the Trial Balance for the Fiscal Year Ended June 30, 2020

Type of Cost	Description	Reported Amounts	Adjustment Amounts	Adjusted Amounts
Expenses				
Capital Costs per Trial Balance of Costs		\$ 1,047,976		
	Adjustments to Capital Costs			
3	To reclassify equipment rental expense		\$ 8,023	
4	To reclassify equipment rental expense		\$ 66,234	
5	To reclassify equipment rental expense		\$ 3,340	
Net Capital Costs		\$ 1,047,976	\$ 77,597	\$ 1,125,573
Net Capital Cost Per Day (*)		\$ 61.3	\$ 4.4	\$ 63.3
Ancillary Costs per Trial Balance of Costs		\$ 2,044,169		
	Adjustments to Ancillary Costs			
8	To remove capital asset acquisition cost		\$ (67,686)	
Net Ancillary Costs		\$ 2,044,169	\$ (67,686)	\$ 1,976,483
Ancillary Cost Per Day (*)		\$ 119.6	\$ (3.8)	\$ 111.1
Other Costs per Trial Balance of Costs		\$ 67,214		
	Adjustments to Other Costs			
	None		\$ -	
Net Other Costs		\$ 67,214	\$ -	\$ 67,214
Other Cost Per Day (*)		\$ 3.9	\$ -	\$ 3.8

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

Stockley Center Schedule of Adjustments to Patient Days for the Fiscal Year Ended June 30, 2020				
Census Type	Description	Reported Amounts	Adjustment Amounts	Adjusted Amounts
Census				
Bed days available				19,764
Medicaid Non-Super Skilled Patient Days		16,721		
	Adjustments to Medicaid Patient Days		358	
Medicaid Super Skilled Patient Days		-		
	Adjustments to Medicaid Super Skilled Patient Days		-	
Medicare Patient Days		-		
	Adjustments to Medicare Patient Days		-	
Private Pay Patient Days		365		
	Adjustments to Private Pay Patient Days		(358)	
Medicare/Private Pay Hospice Patient Days		-		
	Adjustments to Medicare/Private Pay Hospice Patient Days		-	
Other Patient Days		-		
	Adjustments to Other Patient Days		-	
Total Patient Days		17,086	-	17,086
Minimum Occupancy				17,788

Stockley Center Schedule of Adjustments to the Nursing Wage Survey for the Fiscal Year Ended June 30, 2020				
Nurse Type	Description	Reported Amounts	Adjustment Amounts	Adjusted Amounts
Nursing Wage Survey (**)				
II-A Administrative Nurses				
	Director of Nursing - Total Payroll	\$ -	\$ -	\$ -
	Director of Nursing - Total Hours	-	-	-
	Assistant Director of Nursing - Total Payroll	\$ -	\$ -	\$ -
	Assistant Director of Nursing - Total Hours	-	-	-
	Registered Nurses - Total Payroll	\$ -	\$ -	\$ -
	Registered Nurses - Total Hours	-	-	-
	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	\$ -	\$ -	\$ -
	Registered Nurses - Total Hours	-	-	-
	Licensed Practical Nurses - Total Payroll	\$ -	\$ -	\$ -
	Licensed Practical Nurses - Total Hours	-	-	-
	Nurse Aides - Total Payroll	\$ -	\$ -	\$ -
	Nurse Aides - Total Hours	-	-	-

(**) Stockley Center was identified by DHSS as not being required to submit a nursing wage survey.

Commentary

1) The Provider calculated bed days available based on 365 days instead of the leap year of 366 days.



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 Stockley Center (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), 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, 2020, and have issued our report thereon dated April 2, 2024. 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.

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

Myers and Stauffer LC
Owings Mills, Maryland
April 2, 2024

Stockley Center
Schedule of Findings for the Fiscal Year Ended June 30, 2020

Findings and Responses

Finding 20-01 Adjustment Number(s) Impacted: 1, 2, 7, and 8

Condition: The Provider included capital assets in the primary, support service, and ancillary cost centers.

Criteria: Provider Reimbursement Manual 15-1, Chapter 1, Section 108.1 states that if a depreciable asset at the time of its acquisition has an estimated useful life of at least 2 years and a historical cost of at least \$5,000, its cost must be capitalized and written off ratably over the estimated useful life of the asset using an approved method of depreciation.

Cause: Management included asset addition acquisition cost of assets as well as the applicable depreciation expense for the assets on the Medicaid cost report.

Effect: Management did not remove asset addition acquisition cost, resulting in a compliance finding. The calculated reimbursement rate submitted on the cost report for the primary, support service, and ancillary cost center are overstated.

Recommendation: Management should remove asset addition acquisition cost from the Medicaid cost report and calculate depreciation in accordance with the requirements of PRM 15-1, Chapter 1, Section 108.1.

Management's Response: After discussion with the auditor, management has clarity on this finding and has identified areas that need corrective action regarding the preparation of the Medicaid cost report.

Finding 20-02 Adjustment Number(s) Impacted: 3, 4, and 5

Condition: The Provider submitted equipment rental expenditures to improper cost centers.

Criteria: State of Delaware Department of Health and Social Services Division of Medicaid and Medical Assistance Medicaid Cost Report Instructions for Nursing Facilities provides descriptions by cost center line on the appropriate grouping of expense. Equipment rental expenditures are to be grouped to the capital cost center.

Cause: Management's working trial balance account grouping to the cost report does not align with the requirements in the Medicaid cost report instructions.

Effect: Management did not properly group expenses, resulting in a compliance finding. The calculated reimbursement rate submitted on the cost report for the primary, secondary, support service, and administrative and routine cost centers are overstated while the capital cost center is understated.

Recommendation: Management should submit expenses on the Medicaid cost report in accordance with account groupings identified in the State of Delaware Department of Health and Social Services Division of Medicaid and Medical Assistance Medicaid Cost Report Instructions for Nursing Facilities.

Management's Response: Management will develop an action plan to ensure that rental expenditures are accounted in the proper cost centers.

Finding 20-03 Adjustment Number(s) Impacted: 6

Condition: The Provider grouped patient recreation expenditures to an improper cost center.

Criteria: State of Delaware Department of Health and Social Services Division of Medicaid and Medical Assistance Medicaid Cost Report Instructions for Nursing Facilities provides descriptions by cost center line on the appropriate grouping of expense. Patient recreation expenditures are to be grouped to the support service cost center.

Cause: Management's working trial balance account grouping to the cost report does not align with the requirements in the Medicaid cost report instructions.

Effect: Management did not properly group expense resulting in a compliance finding. The calculated reimbursement rate submitted on the cost report for the primary cost center is overstated while the support service cost center is understated.

Recommendation: Management should submit expenses on the Medicaid cost report in accordance with account groupings identified in the State of Delaware Department of Health and Social Services Division of Medicaid and Medical Assistance Medicaid Cost Report Instructions for Nursing Facilities.

Management's Response: Management will develop an action plan to ensure that patient recreation expenditures are accounted in the proper cost centers.

Finding 20-04 **Adjustment Number(s) Impacted: 9**

Condition: Verified patient days agreed in total but variances between Medicaid and Private Pay payor types were noted.

Criteria: State of Delaware Department of Health and Social Services Division of Medicaid and Medical Assistance Medicaid Cost Report Instructions for Nursing Facilities provides descriptions by census line on the appropriate classification of patient days. Line 5A should reflect Medicaid Non-Super Skilled patient days and Line 5G should reflect Private Pay patient days.

Cause: Management did not utilize a finalized census when preparing the cost report as payer classification variances existed.

Effect: Management did not properly group patient days resulting in a compliance finding.

Recommendation: Management should utilize a finalized census to accurately report patient days on the State of Delaware Medicaid Cost Report.

Management's Response: Management identifies that the discrepancy in Medicaid and Private Pay payor types were due to rebilling a Private Pay client that originally was not eligible for Medicaid. Subsequently, the client became eligible for Medicaid and rebilling commenced.

Finding 20-05 **Comment Number(s) Impacted: 1**

Condition: The Provider did not properly calculate total patient days available on the cost report.

Criteria: Delaware Medicaid Nursing Facility Cost Report instructions Patient Days section requires Line 4 of Page 6 Patient Days reflect total bed days available for the year. This is determined by multiplying the number of available beds by the number of days in the reporting period.

Cause: Management calculated bed days available based on 365 days rather than 366 actual days in the reporting period.

Effect: Management did not properly calculate total patient days available resulting in a compliance finding. The calculated reimbursement rates submitted on the cost report for all cost centers are overstated.

Recommendation: Management should ensure that all calculated fields are accurate on the cost report prior to submission.

Management's Response: Management did not take into consideration that the fiscal year occurred during a leap year. Management will ensure all days are properly accounted.