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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: Gilpin Hall

Period: Fiscal Year Ended June 30, 2021

We have examined management's assertions that Gilpin Hall (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, 2021. 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 March 25, 2025 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 March 25, 2025

	Gilpin Hall	o Eiscal Voar	Ended June 3	2021			
Type of Cost	Schedule of Adjustments to the Trial Balance for the Fiscal Year Ended Jun Reported Amounts		Reported	ed Adjustment		Adjusted Amounts	
Expenses							
Primary Patient C	are Costs per Trial Balance of Costs	\$	4,150,928				
	Adjustments to Primary Patient Care Costs						
1	To remove resident health insurance expense related to free life care services			\$	(3,423)		
2	To adjust nursing salaries based on verified non-nursing cost allocation			\$	95,269		
4	To reflect verified benefits expense and benefits allocation			\$	168,942		
Net Primary Patie	ent Care Costs	\$	4,150,928	\$	260,788	\$	4,411,716
Primary Patient C	are Cost Per Day (*)	\$	140.3		8.3	\$	139.9
Secondary Patien	t Care Costs per Trial Balance of Costs	\$	980,246				
	Adjustments to Secondary Patient Care Costs						
6	To reclassify ancillary expenses to the proper cost center			\$	(29,278)		
Net Secondary Pa	tient Care Costs	\$	980,246	\$	(29,278)	\$	950,968
Secondary Patien	t Care Cost Per Day (*)	\$	33.1	\$	(0.9)	\$	30.2
Support Service (osts per Trial Balance of Costs	\$	2,368,662				
	Adjustments to Support Service Costs						
4	To reflect verified benefits expense and benefits allocation			\$	(212,136)		
Net Support Serv	ice Costs	\$	2,368,662	\$	(212,136)	\$	2,156,526
Support Service (ost Per Day (*)	\$	80.1	\$	(6.7)	\$	68.4
Administrative &	Routine Costs per Trial Balance of Costs	\$	2,282,784				
	Adjustments to Administrative & Routine Costs						
4	To reflect verified benefits expense and benefits allocation			\$	150,956		
7	To remove capital expense and to allow the applicable depreciation expense			\$	(16,745)		
8	To remove non-allowable donation expense			\$	(63,677)		
Net Administrativ	ve & Routine Costs	\$	2,282,784	\$	70,534	\$	2,353,318
Administrative & Routine Cost Per Day (*)			77.2	-	2.2	· ·	74.6

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

	Gilpin Hall Schedule of Adjustments to the Trial Balance for t	he Fiscal Vear	Ended June 30	2021	
Type of Cost	Description		Reported Amounts	Adjustment Amounts	Adjusted Amounts
Expenses					
Capital Costs per	Trial Balance of Costs	\$	357,185		
	Adjustments to Capital Costs				
3	To reflect verified depreciation expense during the cost report period			\$ (115,266)	
5	To remove non-allowable television expense related to patient use			\$ (24,039)	
7	To remove capital expense and to allow the applicable depreciation expense			\$ 652	
Net Capital Costs			357,185	\$ (138,653)	\$ 218,532
Net Capital Cost	Per Day (*)	\$	12.1	\$ (4.4)	\$ 6.9
Ancillary Costs p	er Trial Balance of Costs	\$	450.201		
	Adjustments to Ancillary Costs				
4	To reflect verified benefits expense and benefits allocation			\$ (16,606)	
6	To reclassify ancillary expenses to the proper cost center			\$ 29,278	
Net Ancillary Costs			450,201	\$ 12,672	\$ 462,873
Ancillary Cost Pe	r Day (*)	\$	15.2	\$ 0.4	\$ 14.7
Other Costs per	Trial Balance of Costs	\$	(91)		
	Adjustments to Other Costs	1	(= -)		
	None			\$ -	
Net Other Costs			(91)		\$ (91
	Other Cost Per Day (*)				

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

	Schedule of Adjustments to Patient Days for			
Census Type	Description	Reported Amounts	Adjustment Amounts	Adjusted Amounts
Census				
Bed days available				35,04
Medicaid Non-Supe	r Skilled Patient Days	28,160		
	Adjustments to Medicaid Patient Days		-	
Medicaid Super Skil	led Patient Days	-		
	Adjustments to Medicaid Super Skilled Patient Days		-	
Medicare Patient D	ays	774		
	Adjustments to Medicare Patient Days		-	
Private Pay Patient Days		622		
	Adjustments to Private Pay Patient Days		-	
Medicare/Private Pay Hospice Patient Days		20		
	Adjustments to Medicare/Private Pay Hospice Patient Days		-	
Other Patient Days				
	Adjustments to Other Patient Days		-	
Total Patient Days		29,576	-	29,57
Minimum Occupano	zy			31,53

	Gilpir Schedule of Adjustments to the Nursing Wage		al Year Ended Jun	e 30, 2021					
Nurse Type	Description		Reported Amounts	Adjustment Amounts	Adjusted Amounts				
Nursing Wage Survey									
II-A Administrat	tive Nurses								
	Director of Nursing - Number Paid		1	-					
	Director of Nursing - Total Payroll	\$	4,812	\$ -	\$ 4,81				
	Director of Nursing - Total Hours		80.0	-	80.				
	Assistant Director of Nursing - Number Paid		1	-					
	Assistant Director of Nursing - Total Payroll	\$	3,645	\$ -	\$ 3,64				
	Assistant Director of Nursing - Total Hours		80.0	-	80.				
	Registered Nurses - Number Paid		7	-					
	Registered Nurses - Total Payroll	\$	21,542	\$ -	\$ 21,54				
	Registered Nurses - Total Hours		517.5	-	517.				
	Licensed Practical Nurses - Number Paid		-	-	-				
	Licensed Practical Nurses - Total Payroll	\$	-	\$ -	\$ -				
	Licensed Practical Nurses - Total Hours		-	-	-				
	Nurse Aides - Number Paid		-	-	-				
	Nurse Aides - Total Payroll	\$	-	\$ -	\$ -				
	Nurse Aides - Total Hours		-	-	-				
II-B All Remainir	ng Nursing Staff								
	Registered Nurses - Number Paid		5	\$ -					
	Registered Nurses - Total Payroll	\$	16,195	\$ -	\$ 16,19				
	Registered Nurses - Total Hours		391.3	-	391.				
	Licensed Practical Nurses - Number Paid		20	-	2				
	Licensed Practical Nurses - Total Payroll	\$	52,147	\$ -	\$ 52,14				
	Licensed Practical Nurses - Total Hours		1,509.5	-	1,509.				
	Nurse Aides - Number Paid		64	-	6				
	Nurse Aides - Total Payroll	\$	84,406	\$ -	\$ 84,40				
	Nurse Aides - Total Hours		4,037.3	-	4,037.				

Gilpin Hall Resident Fund and General Commentary for the Fiscal Year Ended June 30, 2021

Commentary

None.



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 Gilpin Hall (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, 2021, and have issued our report thereon dated March 25, 2025. 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 instances of noncompliance detailed on the schedule of findings that warrant the attention of those charged with governance. These findings do not materially impact the Provider's assertion and are not 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

Myers and Stauffer LC

Owings Mills, Maryland

March 25, 2025

Gilpin Hall Schedule of Findings for the Fiscal Year Ended June 30, 2021

Findings and Responses

Finding 21-01 Adjustment Number(s) Impacted: 1, 5, and 8

Condition: The Provider submitted non-allowable free care life services expense, personal patient use television expense, and donated expense as reimbursable cost.

Criteria: Delaware State Plan Attachment 4.19-D, Section II. C. Excluded Services requires the removal of services that are ordinarily billed directly by practitioners from

allowable costs.

Provider Reimbursement Manual 15-1, Chapter 21, Section 2106.1 requires the removal from allowable costs any costs of items or services, such as telephone,

television, and radio which are located in patient accommodations and are furnished solely for the personal comfort of the patients.

Provider Reimbursement Manual 15-1, Chapter 21, Section 2102.4 requires the donation of produce, supplies, the use of space owned by another organization, etc.,

not be included in allowable cost.

Cause: Non-allowable expenses were submitted on the State of Delaware Medicaid Cost Report.

Effect: Management did not properly address non-allowable expense, resulting in a compliance finding. The calculated reimbursement rate submitted on the cost report

for the primary, administrative and routine, and capital cost centers are overstated.

Recommendation: Management should submit cost report expense in accordance with appropriate regulations.

Management's Response: Management agrees with the adjustments to remove free care life services and donated expenses from reimbursable cost and will consider this when preparing future cost reports. Management contends the removal of patient use television expense and believes this should be considered an allowable expense based on the

cost report instructions.

Auditor's Response: Per Provider Reimbursement Manual 15-1, Chapter 21, Section 2106.1, the cost of providing cable television in patient accommodations furnished solely for the

personal comfort of the patients are required to be removed from allowable cost. The cost report instructions do not specify that personal patient use television

expense is allowable. Therefore, we will default to the Provider Reimbursement Manual.

Finding 21-02 Adjustment Number(s) Impacted: 2

Condition: The Provider improperly calculated the nursing salary statistic used to allocate nursing and non-nursing salary expense.

Criteria: State of Delaware Department of Health and Social Services, Division of Medicaid and Medical Assistance Medicaid Cost Report Instructions for Nursing Facilities

states that nursing facility-related services that have shared costs with other non-nursing facility services must be allocated appropriately, using allocation methods

that are reasonable and sufficiently documented.

Cause: The provider's nursing salary statistic does not align with the requirements in the Medicaid cost report instructions.

Effect: Management did not properly allocate expense, resulting in a compliance finding. The calculated reimbursement rate submitted on the cost report for the primary

cost center is understated.

Recommendation: Management should submit expenses on the Medicaid cost report in accordance with allocation standards 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 agrees with the statistical change of nursing salaries vs. non-nursing salaries.

Finding 21-03 Adjustment Number(s) Impacted: 3

Condition: The Provider did not properly calculate depreciation expense on assets for the period July 1, 2020 through June 30, 2021.

Criteria: Provider Reimbursement Manual 15-1, Chapter 1, Section 102 states depreciation must be: (a) identifiable and recorded in the provider's accounting records; (b)

based on the historical cost of the asset; and (c) prorated over the estimated useful life of the asset using an allowable method of depreciation.

Cause: Management included depreciation expense on a calendar year-end and failed to appropriately align with the State of Delaware Medicaid Cost Report period of

July 1, 2020 through June 30, 2021 via adjustment.

Effect: Submitted depreciation expense was not appropriately calculated, resulting in a compliance finding. The calculated reimbursement rate submitted on the cost

report for the capital cost center is overstated.

Recommendation: Management should ensure that depreciation expense is appropriately calculated when completing the State of Delaware Medicaid Cost Report.

Management's Response: Management agrees with the adjustment but does not have depreciable asset information for the period 1/1 - 6/30 of any given cost report year. Depreciable asset reconciliation is done at calendar year end by external auditors. Management will remain consistent for cost reporting purposes.

Auditor's Response: Including depreciation expense incurred outside of the cost reporting period is not appropriate. We encourage management to create a separate depreciation

expense schedule for Medicaid cost reporting purposes.

Finding 21-04 Adjustment Number(s) Impacted: 4

Condition: The Provider improperly allocated fringe benefits expense on the cost report.

Criteria: Provider Reimbursement Manual 15-1, Chapter 21, Section 2144.7 recognizes that some accounting systems are not designed to accumulate, on a departmentalized

or cost center basis, the various employee fringe benefits incurred by the Providers. Such Providers may accumulate fringe benefits for all employees in one account

during the cost reporting period and allocate fringe benefits to the appropriate cost centers.

Cause: The Provider included contracted dietary services as salary expense and did not reduce non-nursing, non-productive salaries by the accumulated cost carve out

when allocating fringe benefits expense.

Effect: Management did not properly allocate fringe benefits expense, resulting in a compliance finding. The calculated reimbursement rates submitted on the cost report

for the support service and ancillary cost centers are overstated while the primary and administrative and routine cost centers are understated.

Recommendation: Management should utilize accurate components in their calculation when allocating fringe benefits expense on the State of Delaware Medicaid Cost Report.

Management's Response:

Management agrees with this adjustment.

Finding 21-05 Adjustment Number(s) Impacted: 6

Condition: The Provider grouped ancillary 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

that describe, by cost center line, the appropriate grouping of expense. The instructions require Ancillary expenditures to be grouped under the ancillary 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 secondary

cost center is overstated, while the ancillary cost center is understated.

Recommendation: Management should submit expenses on the Medicaid cost report in accordance with the 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 agrees with this adjustment.

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Finding 21-06 Adjustment Number(s) Impacted: 7

Condition: The Provider included a capital asset in the administrative and routine cost center rather than depreciating the asset over the useful life.

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.

Management's capitalization policy was not applied appropriately in the noted expense. Cause:

Management did not capitalize assets in accordance with its capitalization policy, resulting in a compliance finding. The calculated reimbursement rate submitted on

the cost report for the administrative and routine cost center is overstated, while the capital cost center is understated.

Management should capitalize assets and calculate depreciation in accordance with the minimum requirements of PRM 15-1, Chapter 1, Section 108.1. Recommendation:

Management's Response:

Management agrees with this adjustment.