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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, 2021

We have examined management's assertions that Millcroft Nursing 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, 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

Owings Mills, Maryland

Myers and Stauffer LC

March 25, 2025

	Millcroft Nurs					
	Schedule of Adjustments to the Trial Balanc	e for the Fiscal Y				
Type of Cost	Description		Reported Amounts	Adjustment Amounts	Adjusted Amounts	
Expenses						
Primary Patient C	are Costs per Trial Balance of Costs	\$	3,191,534			
	Adjustments to Primary Patient Care Costs					
	None			\$ -		
Net Primary Patie	ent Care Costs	\$	3,191,534	\$ -	\$	3,191,53
Primary Patient C	are Cost Per Day (*)	\$	167.4	\$ -	\$	88.
Secondary Patient Care Costs per Trial Balance of Costs		\$	398,063			
	Adjustments to Secondary Patient Care Costs					
	None			\$ -		
Net Secondary Pa	tient Care Costs	\$	398,063	\$ -	\$	398,06
Secondary Patient	t Care Cost Per Day (*)	\$	20.9	\$ -	\$	11.
Support Service C	osts per Trial Balance of Costs	\$	1,322,099			
	Adjustments to Support Service Costs					
	None			\$ -		
Net Support Servi	ice Costs	\$	1,322,099	\$ -	\$	1,322,09
Support Service C	ost Per Day (*)	\$	69.4	\$ -	\$	36.
		,				
Administrative &	Routine Costs per Trial Balance of Costs	\$	1,866,488			
	Adjustments to Administrative & Routine Costs		,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,			
1	To remove non-allowable quality assessment fee expense			\$ (502,682)		
2	To reclassify oxygen expense to the appropriate cost center			\$ (7,067)		
3	To adjust insurance expense to reflect verified amounts			\$ 2,742		
4	To reflect the verified passdown of home office cost			\$ 33,959		
Net Administrativ	ve & Routine Costs	\$	1,866,488	\$ (473,048)	\$	1,393,44
Administrative &	Routine Cost Per Day (*)	\$	97.9	\$ (13.1)	Ś	38.

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

	Millcroft Nurs Schedule of Adjustments to the Trial Balance		ar Ended Jun	e 30, 2021		
Type of Cost	Description		Reported Amounts		Adjusted Amounts	
Expenses						
Capital Costs pe	r Trial Balance of Costs	\$	249,790			
	Adjustments to Capital Costs					
4	To reflect the verified passdown of home office cost			\$ (8,755)		
Net Capital Cost	Net Capital Costs			\$ (8,755)	\$ 241,035	
Net Capital Cost	t Per Day (*)	\$	13.1	\$ (0.2)	\$ 6.7	
Ancillary Costs p	per Trial Balance of Costs	\$	505,351			
	Adjustments to Ancillary Costs					
2	To reclassify oxygen expense to the appropriate cost center			\$ 7,067		
Net Ancillary Co	osts	\$	505,351	\$ 7,067	\$ 512,418	
Ancillary Cost Pe	er Day (*)	\$	26.5	\$ 0.2	\$ 14.2	
Other Costs per	Trial Balance of Costs	\$	3,119,170			
	Adjustments to Other Costs					
	None			\$ -		
Net Other Costs		\$	3,119,170	\$ -	\$ 3,119,170	
Other Cost Per Day (*)		\$	163.6	\$ -	\$ 86.3	

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

Millcroft Nursing Home Schedule of Adjustments to Patient Days for the Fiscal Year Ended June 30, 2021							
Census Type	Description	Reported Amounts	Adjustment Amounts	Adjusted Amounts			
Census							
Bed days available				40,15			
Medicaid Non-Super	Skilled Patient Days	9,576					
	Adjustments to Medicaid Patient Days		26				
Medicaid Super Skill	ed Patient Days	-					
	Adjustments to Medicaid Super Skilled Patient Days						
Medicare Patient Da	nys	2,820					
	Adjustments to Medicare Patient Days		(74)				
Private Pay Patient I	Days	6,653					
	Adjustments to Private Pay Patient Days		(25)				
Medicare/Private Pa	Medicare/Private Pay Hospice Patient Days						
	Adjustments to Medicare/Private Pay Hospice Patient Days		(15)				
Other Patient Days		-					
	Adjustments to Other Patient Days		91				
Total Patient Days	Total Patient Days		3	19,06			
Minimum Occupancy	1			36,13			

Millcroft Nursing Home Schedule of Adjustments to the Nursing Wage Survey for the Fiscal Year Ended June 30, 2021						
Nurse Type	Description		eported imounts	Adjustment Amounts		Adjusted Amounts
Nursing Wage St	urvey					
II-A Administrat	tive Nurses					
	Director of Nursing - Number Paid		-	-		-
	Director of Nursing - Total Payroll	\$	-	\$ -	\$	-
	Director of Nursing - Total Hours		-	-		-
	Assistant Director of Nursing - Number Paid		1	-		1
	Assistant Director of Nursing - Total Payroll	\$	4,103	\$ -	\$	4,103
	Assistant Director of Nursing - Total Hours		93.6	-		93.6
	Registered Nurses - Number Paid		6	-		6
	Registered Nurses - Total Payroll	\$	22,290	\$ -	\$	22,290
	Registered Nurses - Total Hours		512.1	-		512.1
	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		4			4
	Registered Nurses - Total Payroll	\$	7,128		\$	7,128
	Registered Nurses - Total Hours		150.8			150.8
	Licensed Practical Nurses - Number Paid		16			16
	Licensed Practical Nurses - Total Payroll	\$	41,737		\$	41,737
	Licensed Practical Nurses - Total Hours	<u> </u>	1,238.8		† <u> </u>	1,238.8
	Nurse Aides - Number Paid		21			21
	Nurse Aides - Total Payroll	\$	19,887		\$	19,887
	Nurse Aides - Total Hours	<u> </u>	1.125.5		† <u> </u>	1,125.5

Millcroft Nursing Home 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 Millcroft Nursing 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), 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 Owings Mills, Maryland

Myers and Stauffer LC

March 25, 2025

Millcroft Nursing Home Schedule of Findings for the Fiscal Year Ended June 30, 2021

Findings and Responses

Finding 21-01 Adjustment Number(s) Impacted: 1

Condition: The Provider included non-allowable quality assessment fees with reimbursable cost.

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 expenses. Line 31.A. description states that quality

assessment fee/provider tax is a non-allowable cost.

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

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

the cost report for the administrative and routine cost center is overstated.

Recommendation: Management should submit expenses on the Medicaid cost report in accordance with 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

Management has reviewed the findings and will adhere to the recommendation.

Response:

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

Condition: The Provider grouped ancillary oxygen expense 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 expenses. Ancillary expenses are to be grouped to the

ancillary cost center.

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

instructions

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

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

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

Management has reviewed the findings and will adhere to the recommendation.

Response:

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

Condition: The Provider included insurance expense incurred outside of the cost report period with reimbursable cost.

Criteria: Provider Reimbursement Manual 15-1, Chapter 23, Section 2302.1 requires that, under the accrual basis of accounting, expenditures for expense

and asset items are recorded in the period in which they are incurred, regardless of when they are paid.

Cause: A cost report adjustment was not proposed to properly reflect insurance premiums incurred during the cost report period.

Effect: Management did not properly adjust for expenses incurred outside of the cost report period, resulting in a compliance finding. The calculated

reimbursement rate submitted on the cost report for the administrative and routine cost center is understated.

Recommendation: Management should review the submitted cost report expenses to ensure they are appropriate when completing the State of Delaware Medicaid

Cost Report.

Management's Management has reviewed the findings and will adhere to the recommendation.

Response:

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

Condition: The Provider's cost report adjustment to include allocated home office expense was not calculated properly.

Criteria: Provider Reimbursement Manual 15-1, Chapter 21, Section 2150 requires that home office costs, which are not otherwise allowable costs when

incurred directly by the Provider, cannot be considered allowable as home office costs to be allocated to providers.

Cause: The home office expense allocation included non-allowable therapy expenses.

Effect: Management included non-allowable therapy costs, resulting in a compliance finding. The calculated reimbursement rate submitted on the cost

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

Recommendation: Management should submit home office costs in accordance with appropriate regulations when completing the State of Delaware Medicaid Cost

Management's Response:

Management has reviewed the findings and will adhere to the recommendation.

Finding 21-05 Schedule of Adjustments to Patient Days

Verified patient days do not match the total days submitted on the cost report. Classification variances between Medicaid, Medicare, Private, Condition:

Medicare/Private Hospice, and Other payer types were noted.

Criteria: The 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 5D should reflect total Medicaid patient days, Line 5F should reflect Medicare patient days (excluding hospice days), Line 5G should reflect total private patient days, Line 5H should reflect total Medicare/Private Pay Hospice patient days, and Line 5I should reflect any other patient days that do not fit on another line.

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

Effect: Management did not properly report total patient days and 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 has reviewed the findings and will adhere to the recommendation. Management's

Response: