

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 virus, a stethoscope, a clipboard, and a group of people. A large green cross is centered over the medical professional's chest. The text is positioned on a dark grey diagonal band on the right side of the cover.

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

INDEPENDENT ACCOUNTANT'S REPORT

**Examination of
Kutz Rehabilitation and Nursing**
For Fiscal Year Ended June 30, 2022



**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: Kutz Rehabilitation and Nursing
Period: Fiscal Year Ended June 30, 2022

We have examined management's assertions that Kutz Rehabilitation and Nursing (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, 2022. 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 December 1, 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
December 1, 2025

Kutz Rehabilitation and Nursing
Schedule of Adjustments to the Trial Balance for the Fiscal Year Ending June 30, 2022

Type of Cost	Description	Reported Amounts	Adjustment Amounts	Adjusted Amounts
Expenses				
Primary Patient Care Costs per Trial Balance of Costs		\$ 3,775,406		
Adjustments to Primary Patient Care Costs				
3	To reclass office supplies to the proper cost center		\$ (15,229)	
5	To reflect the verified employee benefits allocation		\$ 1,785	
10	To reflect the verified worker's comp benefit allocation		\$ 28,947	
Net Primary Patient Care Costs		\$ 3,775,406	\$ 15,503	\$ 3,790,909
Primary Patient Care Cost Per Day (*)		\$ 164.3	\$ 0.5	\$ 128.2
Secondary Patient Care Costs per Trial Balance of Costs		\$ 718,380		
Adjustments to Secondary Patient Care Costs				
	None		\$ -	
Net Secondary Patient Care Costs		\$ 718,380	\$ -	\$ 718,380
Secondary Patient Care Cost Per Day (*)		\$ 31.3	\$ -	\$ 24.3
Support Service Costs per Trial Balance of Costs		\$ 1,712,224		
Adjustments to Support Service Costs				
5	To reflect the verified employee benefits allocation		\$ (2,655)	
9	To reclass maintenance costs to the proper cost center		\$ 86,617	
10	To reflect the verified worker's comp benefit allocation		\$ 3,083	
Net Support Service Costs		\$ 1,712,224	\$ 87,045	\$ 1,799,269
Support Service Cost Per Day (*)		\$ 74.5	\$ 2.9	\$ 60.9
Administrative & Routine Costs per Trial Balance of Costs		\$ 1,873,588		
Adjustments to Administrative & Routine Costs				
1	To remove investment consulting expense		\$ (3,750)	
2	To remove non-allowable fines and penalties expense		\$ (2,925)	
3	To reclass office supplies to the proper cost center		\$ 15,229	
5	To reflect the verified employee benefits allocation		\$ 870	
6	To reflect the verified admin related insurance premiums		\$ (31,715)	
7	To remove non-allowable promotional video marketing expense		\$ (9,598)	
8	To remove non-allowable patient referral expense		\$ (37,887)	
9	To reclass maintenance costs to the proper cost center		\$ (86,617)	
10	To reflect the verified worker's comp benefit allocation		\$ 14,118	
Net Administrative & Routine Costs		\$ 1,873,588	\$ (142,275)	\$ 1,731,313
Administrative & Routine Cost Per Day (*)		\$ 81.6	\$ (4.8)	\$ 58.6

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

Kutz Rehabilitation and Nursing
Schedule of Adjustments to the Trial Balance for the Fiscal Year Ending June 30, 2022

Type of Cost	Description	Reported Amounts	Adjustment Amounts	Adjusted Amounts
Expenses				
Capital Costs per Trial Balance of Costs		\$ 397,208		
	Adjustments to Capital Costs			
4	To reflect the proper annual depreciation for purchased fixed assets based on AHA useful lives guidelines		\$ 7,694	
6	To reflect the verified admin related insurance premiums		\$ 38,825	
Net Capital Costs		\$ 397,208	\$ 46,519	\$ 443,727
Net Capital Cost Per Day (*)		\$ 17.3	\$ 1.6	\$ 15.0
Ancillary Costs per Trial Balance of Costs		\$ 495,210		
	Adjustments to Ancillary Costs			
	None		\$ -	
Net Ancillary Costs		\$ 495,210	\$ -	\$ 495,210
Ancillary Cost Per Day (*)		\$ 21.6	\$ -	\$ 16.7
Other Costs per Trial Balance of Costs		\$ -		
	Adjustments to Other Costs			
	None		\$ -	
Net Other Costs		\$ -	\$ -	\$ -
Other Cost Per Day (*)		\$ -	\$ -	\$ -

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

Kutz Rehabilitation and Nursing				
Schedule of Adjustments to Patient Days for the Fiscal Year Ending June 30, 2022				
Census Type	Description	Reported Amounts	Adjustment Amounts	Adjusted Amounts
Census				
Bed days available				32,850
Medicaid Non-Super Skilled Patient Days		16,056		
	Adjustments to Medicaid Patient Days		158	
Medicaid Super Skilled Patient Days		-		
	Adjustments to Medicaid Super Skilled Patient Days		-	
Medicare Patient Days		1,334		
	Adjustments to Medicare Patient Days		-	
Private Pay Patient Days		4,632		
	Adjustments to Private Pay Patient Days		(158)	
Medicare/Private Pay Hospice Patient Days		950		
	Adjustments to Medicare/Private Pay Hospice Patient Days		-	
Other Patient Days		-		
	Adjustments to Other Patient Days		-	
Total Patient Days		22,972	-	22,972
Minimum Occupancy				29,565

Kutz Rehabilitation and Nursing				
Schedule of Adjustments to the Nursing Wage Survey for the Fiscal Year Ending June 30, 2022				
Nurse Type	Description	Reported Amounts	Adjustment Amounts	Adjusted Amounts
Nursing Wage Survey				
II-A Administrative Nurses				
	Director of Nursing - Number Paid	1	-	1
	Director of Nursing - Total Payroll	\$ 6,946	\$ -	\$ 6,946
	Director of Nursing - Total Hours	80.0	-	80.0
	Assistant Director of Nursing - Number Paid	1	-	1
	Assistant Director of Nursing - Total Payroll	\$ 3,488	\$ -	\$ 3,488
	Assistant Director of Nursing - Total Hours	80.0	-	80.0
	Registered Nurses - Number Paid	1	-	1
	Registered Nurses - Total Payroll	\$ 1,875	\$ -	\$ 1,875
	Registered Nurses - Total Hours	50.0	-	50.0
	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 Remaining Nursing Staff				
	Registered Nurses - Number Paid	5	-	5
	Registered Nurses - Total Payroll	\$ 20,690	\$ -	\$ 20,690
	Registered Nurses - Total Hours	446.8	9.0	455.8
	Licensed Practical Nurses - Number Paid	14	-	14
	Licensed Practical Nurses - Total Payroll	\$ 39,737	\$ -	\$ 39,737
	Licensed Practical Nurses - Total Hours	1,033.8	-	1,033.8
	Nurse Aides - Number Paid	33	-	33
	Nurse Aides - Total Payroll	\$ 44,056	\$ -	\$ 44,056
	Nurse Aides - Total Hours	2,124.4	-	2,124.4

Commentary

- 1) One residents had negative fund account balances noted in both months reviewed. It was confirmed that they still remain negative.
- 2) Multiple non-patient ledgers are intermingled with patient fund accounts.



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 Kutz Rehabilitation and Nursing (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, 2022, and have issued our report thereon dated December 1, 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
December 1, 2025

Kutz Rehabilitation and Nursing
Schedule of Findings for the Fiscal Year Ending June 30, 2022

Findings and Responses

Finding 22-01 Adjustment Number(s) Impacted: 1, 2, 7, and 8

Condition: The provider included non-allowable investment consulting, fines and penalties, promotional video marketing, and patient placement referral expense with reimbursable cost.

Criteria: Provider Reimbursement Manual 15-1, Chapter 21, Section 2102.3 states that costs not related to patient care are costs which are not appropriate or necessary and proper in developing and maintaining the operation of patient care facilities and activities.

Provider Reimbursement Manual 15-1, Chapter 21, Section 2136.2 states that costs of advertising to the general public which seeks to increase patient utilization of the provider's facilities are not allowable.

Cause: Non-allowable expense was 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 cost report for the administrative and routine cost center is overstated.

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

Management's Response: Going forward, management will implement a formal review process to ensure that only allowable expenses are included in the State of Delaware Medicaid Cost Report. Specifically, we will:

- 1) Exclude non-allowable costs such as investment consulting, fines and penalties, promotional marketing, and patient placement referral expenses from reimbursable cost categories.
- 2) Align expense classification with the Provider Reimbursement Manual 15-1, Chapter 21, Sections 2102.3 and 2136.2, ensuring that only costs directly related to patient care and necessary facility operations are reported.
- 3) Conduct a compliance check prior to submission to verify adherence to Medicaid cost reporting requirements.

This process will prevent inclusion of non-allowable expenses and ensure accurate reimbursement calculations.

Finding 22-02 Adjustment Number(s) Impacted: 3 and 9

Condition: The provider grouped office supplies and grouped maintenance expense to improper cost centers.

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 cost center line, for the appropriate grouping of expense. Maintenance and office supplies expense are to be grouped to the support service and administrative and routine cost centers, respectively.

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 support service cost center is understated, while the primary and administrative and routine cost centers are 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 Response: Management will implement a detailed review and mapping process to ensure proper expense grouping on the State of Delaware Medicaid Cost Report. Specifically:

- 1) Office supplies will be grouped under the Administrative and Routine cost center, and maintenance expenses will be grouped under the Support Services cost center, in accordance with the Medicaid Cost Report Instructions for Nursing Facilities.
- 2) We will update our working trial balance account mapping to align with the prescribed cost center descriptions and verify accuracy before submission.
- 3) A compliance checklist will be used during preparation to confirm that all expenses follow the State of Delaware Department of Health and Social Services guidelines.

This process will prevent misclassification of expenses and ensure accurate reimbursement calculations going forward.

Finding 22-03 Adjustment Number(s) Impacted: 4

Condition: The provider did not utilize American Hospital Association (AHA) Useful Life Guidelines when calculating depreciation expense on asset additions for the period July 1, 2021 through June 30, 2022.

Criteria: Provider Reimbursement Manual 15-1, Chapter 1, Section 104.17 requires the AHA Useful Life Guidelines to be used for estimated useful life of an asset for all assets acquired on or after January 1, 1981.

Cause: Management's capitalization policy and submitted depreciation expense does not align with AHA guidelines.

Effect: Submitted depreciation expense was not calculated in accordance with AHA guidelines for estimated useful life of an asset, resulting in a compliance finding. The calculated reimbursement rate submitted on the cost report for the capital cost center is understated.

Recommendation: Management should ensure that AHA Useful Life Guidelines are used when calculating depreciation for all assets.

Management's Response: Management to utilize AHA Useful Life Guidelines going forward when calculating depreciation for all newly added assets.

Finding 22-04 Adjustment Number(s) Impacted: 5

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

Criteria: Provider Reimbursement Manual 15-1, Chapter 21, Section 2144.7 states 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 a non-salary activities account when calculating the employee benefits allocation.

Effect: Management did not properly allocate fringe benefits expenses, resulting in a compliance finding. The calculated reimbursement rates submitted on the cost report for the primary and administrative and routine cost centers are understated, while the support cost center is overstated.

Recommendation: Management should utilize the most current and accurate documentation when allocating fringe benefits expense on the State of Delaware Medicaid Cost Report.

Management's Response: Management will revise the fringe benefits allocation process to ensure compliance with the Provider Reimbursement Manual 15-1, Chapter 21, Section 2144.7. Specifically:

- 1) Fringe benefits will be accumulated and allocated only based on salary-related accounts, excluding any non-salary activities accounts.
- 2) We will use the most current and accurate documentation to allocate fringe benefits to the appropriate cost centers.
- 3) A review step will be added before submission to confirm proper allocation and alignment with Medicaid Cost Report requirements.

Finding 22-05 Adjustment Number(s) Impacted: 6

Condition: The provider included insurance expense incurred outside of the cost report period and grouped property insurance expense to improper cost centers.

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 be recorded in the period in which they are incurred, regardless of when they are paid.

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 cost center line, of the appropriate grouping of expense. General liability and property insurance expense should be grouped under the administrative and routine and capital cost centers, respectively.

Cause: A cost report adjustment was not proposed to properly adjust accrued expense for insurance to premiums paid and property insurance was not properly classified during the cost report period.

Effect: Management did not properly address expenses incurred outside of the cost report period and did not properly group expense, resulting in a compliance finding. The calculated reimbursement rate submitted on the cost report for the capital cost center is understated, while the administrative and routine cost center rate is overstated.

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

Management's Response: Management will implement procedures to ensure proper recording and classification of insurance expenses on the State of Delaware Medicaid Cost Report. Specifically:

- 1) Insurance expenses will be recorded in the correct reporting period under the accrual basis of accounting, in compliance with Provider Reimbursement Manual 15-1, Chapter 23, Section 2302.1.
- 2) General liability insurance will be grouped under the Administrative and Routine cost center, and property insurance will be grouped under the Capital cost center, as required by the Medicaid Cost Report Instructions for Nursing Facilities.
- 3) A review process will be added prior to submission to confirm that all expenses are accurately classified and adjusted for timing.

These steps will prevent misclassification and ensure compliance with cost reporting requirements going forward.

Finding 22-06 Schedule of Adjustments to Patient Days

Condition: Verified patient days agreed in total but variances between Medicaid and Private Pay 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 5A should reflect total Medicaid Non-Super Skilled patient days and Line B should reflect total 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 will ensure a finalized census report is utilized when completing the Medicaid Cost Report.

Finding 22-07 Schedule of Adjustments to the Nursing Wage Survey

Condition: The provider improperly recorded total hours for the non-administrative registered nurses on the nursing wage survey.

Criteria: The State of Delaware Department of Health and Social Services Division of Medicaid and Medical Assistance Instructions for Completion of Nursing Home: Nursing Wage Survey provides instructions, by occupational group, on the appropriate grouping of total number of staff, total pay, and total hours. Total hours for the non-administrative registered nurses are to be included in Section II.B.

Cause: Total hours recorded on the nursing wage survey did not align with the requirements in the nursing wage survey instructions.

Effect: Management did not properly report total hours, resulting in a compliance finding. The calculated total hours for the non-administrative registered nurses were understated on the nursing wage survey.

Recommendation: Management should submit total hours on the nursing wage survey in accordance with the State of Delaware Department of Health and Social Services, Division of Medicaid and Medical Assistance Instructions for Completion of Nursing Home: Nursing Wage Survey.

Management's Response: Management will update procedures to ensure accurate reporting of total hours for non-administrative registered nurses on the Nursing Wage Survey. Specifically:

- 1) Total hours for non-administrative registered nurses will be recorded in Section II.B as required by the State of Delaware Department of Health and Social Services, Division of Medicaid and Medical Assistance instructions.
- 2) We will implement a review process to verify that staff counts, pay, and hours align with the occupational group requirements before submission.

Finding 22-08 Comment Number(s) Impacted: 2

Condition: The provider had three non-patient ledgers intermingled with patient fund accounts.

Criteria: Under CFR 483.10 (f) (10) (iii) Patient Rights, the facility must establish and maintain a system that precludes any commingling of resident funds with facility funds or with the funds of any person other than another resident.

Cause: Management failed to exclude three non-patient ledger accounts from the pool of patient fund accounts.

Effect: Management did not properly separate ledger accounts, resulting in a compliance finding.

Recommendation: Management should ensure that internal controls over patient funds are followed, including maintaining the separation of non-patient accounts and patient accounts.

Management's Response: Management will strengthen internal controls to ensure complete separation of patient funds from non-patient accounts in compliance with CFR 483.10(f)(10)(iii). Specifically:

- 1) All non-patient ledger accounts will be removed from the pool of patient fund accounts and maintained separately.
- 2) A monthly reconciliation process will be implemented to verify that only resident funds are included in patient fund accounts.
- 3) Staff responsible for managing patient funds will receive training on proper segregation requirements to prevent commingling.