

Examination of Jeanne Jugan Long-Term Healthcare Facility

As of June 30, 2016



**Kathleen K. McGuinness, RPh, CFE
Delaware State Auditor**

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KATHLEEN
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STATE AUDITOR

*Examination of
Jeanne Jugan Residence
Long-Term Healthcare Facility*

What Was Performed? An examination of Jeanne Jugan Residence Long-Term Healthcare Facility as of June 30, 2016.

Why This Report? The State of Delaware is required to ensure that the fiscal records at nursing care facilities are retained and properly support the cost report – which is the financial report showing the cost and charges related to Medicaid activities – submitted to the Medicaid Agency. These costs must comply with federal and state regulations.

Under the Delaware Medicaid State Plan, the state is required to examine a sample of facilities around the state each year. These examinations are to ensure facilities' cost reports and wage surveys comply with federal and state requirements.

What Was Found? This examination could not be completed because of a severe lack of documentation.

Administration at the Jeanne Jugan Residence was unable to produce sufficient data showing how many patients were served each day. Without accurate patient census data, it was impossible to determine whether the facility costs billed to state government were correct.

The Jeanne Jugan Residence Long-Term Healthcare Facility Examination as of June 30, 2016, can be found on our website: [click here](#).

Please do not reply to this email. For any questions regarding the attached report, please contact State Auditor Kathleen K. McGuinness at Kathleen.Mcguinness@delaware.gov

Jeanne Jugan Long-Term Healthcare Facility

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Independent Accountant's Report

State of Delaware
Office of Auditor of Accounts
Department of Health & Social Services
Division of Social Services Medicaid
Dover, Delaware

We have examined management's assertions that Jeanne Jugan (the "Facility") has complied with federal requirements (42 CFR 447.253 and 483 Subpart B) and state requirements (Title XIX Delaware Medicaid State Plan, Attachment 4.19D), as applicable, relative to the Facility'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 ("Statement" and "Survey", respectively) for the fiscal year ended June 30, 2016. The Facility's management is responsible for the assertions. Our responsibility is to express an opinion on the assertions based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and United States Government Accountability Office, *Government Auditing Standards* and accordingly included examining, on a test basis, evidence supporting management's assertions and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

Our examination was limited in that we were unable to obtain sufficient information relating to facility costs incurred and patient census data in order to adequately test the underlying data used to prepare the Statement and Survey.

Because of the restriction on the scope of our examination discussed in the preceding paragraph, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on whether management's assertions referred to above are fairly stated, in a material respects, based on the federal requirements (42 CFR 447.253 and 483 Subpart B) and state requirements (Title XIX Delaware Medicaid State Plan, Attachment 4.19D).



In accordance with *Government Auditing Standards*, we also issued our report dated May 19, 2021 on our consideration of the Facility's internal control over reporting for the Statement 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 Office of Auditor of Accounts of the State of Delaware, the Department of Health and Social Services of the State of Delaware, the Board of Directors and management of the Facility, Office of the Governor, Office of the Controller General, Office of the Attorney General, Office of Management and Budget, Office of the State Treasurer and the Department of Finance. However, under 29 Del. C., Section 10002, this report is available to the public and its distribution is not limited.

BDO USA, LLP

May 19, 2021

Jeanne Jugan Long-Term Healthcare Facility

Schedule of Adjustments to the Statement of Reimbursement Cost for Skilled and Intermediate Care Nursing Facilities - Title XIX and the Nursing Wage Survey

Year ended June 30, 2016

Description	Page	Line	As Filed Amounts	Examination Adjustments		Adjusted Amounts	Adjusted Cost Per Day	Note Ref.
				No.	Amount			
PART I - COST REPORT TRIAL BALANCE AND ADJUSTMENTS								
Primary Patient Care Costs (lines 1-5)								
Nursing Staff Salaries								
Agency Costs	2	1a	\$ 796		\$ -	\$ 796.00		
Staff Nurse	2	1b	1,558,269		-	1,558,269		
			1,559,065		-	1,559,065		
Nursing Staff Benefits	2	2	219,515		-	219,515		
Nursing Training Salaries	2	3	2,241		-	2,241		
Other	2	4	-		-	-		
Subtotal - Primary Patient Care Costs	2	5	1,780,821		-	1,780,821	\$ 123.30	
Secondary Patient Care Costs (lines 6-14)								
Clinical Consultants	2	6	5,290		-	5,290		
Social Services	2	7	79,254			79,254		
Employee Benefits	2	8	13,870		-	13,870		
Raw Food	2	9	72,272		-	72,272		
Medical Supplies	2	10	5,201		-	5,201		
Pharmacy	2	11	10,828		-	10,828		
Other - Allowable Ancillary	2	12	41,357		-	41,357		
Subtotal - Secondary Patient Care Costs	2	14	228,072		-	228,072	15.79	
Support Service Costs (lines 15-22)								
Dietary	2	15	343,447		-	343,447		
Operation and Maintenance of Facility	2	16	289,617		-	289,617		
Housekeeping	2	17	210,030		-	210,030		
Laundry & Linen	2	18	31,074		-	31,074		
Patient Recreation	2	19	72,300		-	72,300		
Employee Benefits	2	20	136,822		-	136,822		
Other	2	21	-		-	-		
Subtotal - Support Service Costs	2	22	1,083,290		-	1,083,290	75.00	

Jeanne Jugan Long-Term Healthcare Facility

Schedule of Adjustments to the Statement of Reimbursement Cost for Skilled and Intermediate Care Nursing Facilities - Title XIX and the Nursing Wage Survey, continued

Year ended June 30, 2016

<u>Description</u>	<u>Page</u>	<u>Line</u>	<u>As Filed Amounts</u>	<u>Examination Adjustments</u>		<u>Adjusted Amounts</u>	<u>Adjusted Cost Per Day</u>	<u>Note Ref.</u>
				<u>No.</u>	<u>Amount</u>			
<i>Administrative & Routine Costs (lines 23-32)</i>								
Owner/Executive Director Salary	2	23	-		-	-		
Medical and Nursing Director Salary	2	24	136,276		-	136,276		
Other Administrative Salaries	2	25	362,617		-	362,617		
Employee Benefits	2	26	103,838		-	103,838		
Medical Records	2	27	-		-	-		
Training	2	28	-		-	-		
Interest - Working Capital	2	29	-		-	-		
Home Office - Admin	2	30	-		-	-		
Other	2	31	170,110		-	170,110		
Quality Assessment/Provider Tax	2	31A	-		-	-		
Subtotal - Administrative & Routine Costs	2	32	772,841		-	772,841	53.51	
<i>Capital Costs (lines 33-39)</i>								
Lease Costs	3	33	-		-	-		
Interest - Mortgage	3	34	-		-	-		
Property Taxes	3	35	17		-	17		
Depreciation	3	36	367,101		-	367,101		
Home Office Capital	3	37	-		-	-		
Other	3	38	13,623		-	13,623		
Subtotal - Capital Costs	3	39	380,741		-	380,741	26.36	
SUBTOTAL (lines 1-39)	3	40	4,245,765		-	4,245,765	293.97	

Jeanne Jugan Long-Term Healthcare Facility

Schedule of Adjustments to the Statement of Reimbursement Cost for Skilled and Intermediate Care Nursing Facilities - Title XIX and the Nursing Wage Survey, continued

Year ended June 30, 2016

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<i>Ancillary Costs (lines 41-49)</i>								
Laboratory	3	41	2,287		-	2,287		
X-Rays	3	42	-		-	-		
Physical Therapy	3	43	164		-	164		
Occupational Therapy	3	44	-		-	-		
Speech Therapy	3	45	-		-	-		
Pharmacy (Rx)	3	46	3,614		-	3,614		
Oxygen	3	47	-		-	-		
Non Allowable Expenses	3	48	21,345		-	21,345		
Subtotal - Ancillary Costs	3	49	27,410		-	27,410	1.90	
<i>Other Costs (lines 50-52)</i>								
Gift, Beauty Shop, etc.	3	50	4,371		-	4,371		
Util. Review	3	51	-		-	-		
Subtotal - Other Costs	3	52	4,371		-	4,371	0.30	
TOTAL COSTS	3	53	\$ 4,277,546		\$ -	\$ 4,277,546	\$ 296.17	

PART II - COST REPORT PATIENT DAYS

Total Beds	6	1, 3	40	-	40
Total Bed Days Available	6	4	14,600	-	14,600
Medicaid Patient Days	6	5D	13,816	-	13,816
Medicare Patient Days	6	5F	-	-	-
Private Pay Patient Days	6	5G,H	627	-	627
Other Days	6	5I	-	-	-
Total Census Days	6	5J	14,443	-	14,443
90% Minimum Census Threshold	6		13,140	-	13,140

Jeanne Jugan Long-Term Healthcare Facility

Schedule of Adjustments to the Statement of Reimbursement Cost for Skilled and Intermediate Care Nursing Facilities - Title XIX and the Nursing Wage Survey, continued

Year ended June 30, 2016

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				<u>No.</u>	<u>Amount</u>	

PART III - NURSING WAGE SURVEY

No adjustments were proposed as sufficient evidence was not provided.

PART IV - DETAILED EXPLANATION OF ADJUSTMENTS

No adjustments were proposed as sufficient evidence was not provided.



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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
Department of Health & Social Services
Division of Social Services Medicaid
Dover, Delaware

We have examined management's assertions that Jeanne Jugan (the "Facility") has complied with federal requirements (42 CFR 447.253 and 483 Subpart B) and state requirements (Title XIX Delaware Medicaid State Plan, Attachment 4.19D), as applicable, relative to the Facility'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 ("Statement" and "Survey", respectively) for the fiscal year ended June 30, 2016, and have issued our report thereon dated May 19, 2021. We conducted our examination in accordance with attestation standards established by the American Institute of Certified Public Accountants 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 Facility'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 Facility's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Facility's internal control over financial reporting.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and responses, we did identify certain deficiencies in internal control that we consider to be a material weakness.



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 Statement or Survey will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and responses as Condition 16-001 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Facility's Statement 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Responses as Condition 16-001.

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 Facility'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 Facility'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 Office of Auditor of Accounts of the State of Delaware, the Department of Health and Social Services of the State of Delaware, the Board of Directors and management of the Facility, Office of the Governor, Office of the Controller General, Office of the Attorney General, Office of Management and Budget, Office of the State Treasurer, and the Department of Finance. However, under 29 Del. C., Section 10002, this report is available to the public and its distribution is not limited.

BDO USA, LLP

May 19, 2021

Jeanne Jugan Long-Term Healthcare Facility

Schedule of Findings and Responses

June 30, 2016

CURRENT YEAR CONDITION

CONDITION 16-001

Condition: Management of Facility did not provide sufficient supporting document for facility costs, including payroll, patient census data, and other costs for the period under examination.

Criteria: The Medicaid Cost Report for Nursing Facilities should be supported by a trial balance and necessary schedules. The Facility should have internal controls in place to ensure that the trial balance and schedules be available for audit within the State of Delaware by the Medicaid Agency or its designated representative for a period of five years after the date of filing of the Medicaid Cost Report with the Medicaid Agency.

Cause: The COVID-19 pandemic created a significant hardship for this Facility and they were unable to devote resources to provide the information necessary for the examination.

Effect: Management was unable to provide the detail support for costs and patient census data recorded on the Cost Report and Nursing Wage Survey, resulting in both a material weakness in internal control and a compliance finding. Not being able to support the costs recorded could result in a disallowance of those costs, which would affect the Facility's reimbursement rate.

Suggestion: Management should ensure they have internal controls in place in order to be able to comply with the requirement to keep the supporting data for a period of five years.

Management's
Response: None provided.