EXAMINATION OF

NEWARK MANOR NURSING HOME

FOR FISCAL YEAR ENDED JUNE 30, 2018

Report Summary

Examination of Newark Manor Nursing Home Long-Term Care Facility
Fiscal Year ended June 30, 2018

What Was Performed?

An examination of the Newark Manor Nursing Home's fiscal records of the Delaware Department of Health and Social Services, Division of Medicaid and Medical Assistance, Medicaid Long-Term Care Facilities' Statement of Reimbursement Costs for Skilled and Intermediate Care Nursing Facilities – Title XIX and Nursing Wage Survey (cost report and nursing wage survey, respectively) for fiscal year ended June 30, 2018.

Why This Engagement?

The State Auditor is authorized under 29 Del. C., §2906 to conduct post-audits of all financial transactions of all state agencies. This engagement was conducted in accordance with federal requirements (42 CFR 447.253 and 483 Subpart B) and state requirements (Title XIX Delaware Medicaid State Plan, Attachment 4.19D) (criteria), as applicable to the Newark Manor Nursing Home's fiscal records. The criteria were used to prepare the Schedule of Adjustments to the Trial Balance, Patient Days, and Nursing Wage Survey for fiscal year ended June 30, 2018 found in the report.

The State of Delaware is required to ensure that the fiscal records at the nursing care facilities are retained and properly support the cost report, or the financial report showing the cost and charges related to Medicaid activities, submitted to the Medicaid Agency. These costs must be compliant with federal and state regulations. Under the Delaware Medicaid State Plan, the state is required to examine a sample of facilities located within the state to ensure the facilities' cost reports and nursing wage surveys are compliant with federal and state requirements.

What Was Found?

It is my pleasure to report that there were no findings identified and the Newark Manor Nursing Home Long-Term Healthcare Facility complied, in all material respects, with the criteria mentioned above.

The Newark Manor Nursing Home Long-Term Healthcare Facility Examination for Fiscal Year ended June 30, 2018, can be found on our website: Click Here

For any questions regarding the attached report, please contact OAOA_Comms@delaware.gov.

Table of Contents

- Independent Accountant's Report 1
- Schedule of Adjustments to the Trial Balance 3
- Schedule of Adjustments to Patient Days 5
- Schedule of Adjustments to the Nursing Wage Survey 5
- Resident Fund and General Commentary 6
- Independent Accountant's Report on Internal Control Over Financial Reporting 7
- Schedule of Findings 9

MYERS AND STAUFFER LC
CERTIFIED PUBLIC ACCOUNTANTS

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:	Newark Manor Nursing Home
Period:	Fiscal Year Ended June 30, 2018

We have examined management's assertions that Newark Manor Nursing Home (Provider) 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) (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, 2018. 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.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants 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 judgment, including an assessment of the risks of material misstatement of management's assertions, whether due to fraud or error. We believe that 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.

In our opinion, except for the items listed as adjustments on the accompanying Schedule of Adjustments to the Trial Balance, Patient Days, and Nursing Wage Survey for the period cited, management's assertions referred to above presented in accordance with the criteria, in all material respects.

In accordance with *Government Auditing Standards*, we also issued our report dated June 14, 2022 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, the Department of Health and Social Services, 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, Office of the Controller General, Office of the Attorney General, and Office of Management and Budget.

Myers and Stauffer LC

Myers and Stauffer LC
Owings Mills, Maryland
June 14, 2022

Newark Manor Nursing Home Schedule of Adjustments to the Trial Balance for the Fiscal Year Ended June 30, 2018				
Type of Cost	**Description**	**Reported Amounts**	**Adjustment Amounts**	**Adjusted Amounts**
Expenses				
Primary Patient Care Costs per Trial Balance of Costs		$ 2,443,080		
	Adjustments to Primary Patient Care Costs			
7	To adjust employee benefits allocation based on verified salaries.		$ (10,707)	
Net Primary Patient Care Costs		**$ 2,443,080**	**$ (10,707)**	**$ 2,432,373**
Primary Patient Care Cost Per Day (*)		**$ 108.1**	**$ (0.5)**	**$ 107.6**
Secondary Patient Care Costs per Trial Balance of Costs		$ 319,882		
	Adjustments to Secondary Patient Care Costs			
8	To remove dental and foot & ankle medical expense		$ (18,956)	
9	To reclassify prescription drug expense to the proper cost center		$ (24,173)	
Net Secondary Patient Care Costs		**$ 319,882**	**$ (43,129)**	**$ 276,753**
Secondary Patient Care Cost Per Day (*)		**$ 14.1**	**$ (1.9)**	**$ 12.2**
Support Service Costs per Trial Balance of Costs		$ 902,694		
	Adjustments to Support Service Costs			
1	To reclassify barber and beauty expense to the proper cost center		$ (7,877)	
7	To adjust employee benefits allocation based on verified salaries.		$ (2,893)	
10	To remove expense related to the non-allowable house lease		$ (1,887)	
12	To remove expense related to capital items and allow as depreciation		$ (28,560)	
Net Support Service Costs		**$ 902,694**	**$ (41,217)**	**$ 861,477**
Support Service Cost Per Day (*)		**$ 39.9**	**$ (1.8)**	**$ 38.1**
Administrative & Routine Costs per Trial Balance of Costs		$ 1,190,725		
	Adjustments to Administrative & Routine Costs			
5	To add back allowable owner compensation related to administrative duties		$ 131,651	
6	To add back allowable owner benefits related to administrative duties		$ 10,071	
7	To adjust employee benefits allocation based on verified salaries.		$ 13,601	
10	To remove expense related to the non-allowable house lease		$ (1,277)	
11	To remove management fees and replace with home office pass down expense		$ (157,924)	
Net Administrative & Routine Costs		**$ 1,190,725**	**$ (3,878)**	**$ 1,186,847**
Administrative & Routine Cost Per Day (*)		**$ 52.7**	**$ (0.2)**	**$ 52.5**

(*) Adjusted Cost Per Day is calculated utilizing actual patient days.

Newark Manor Nursing Home Schedule of Adjustments to the Trial Balance for the Fiscal Year Ended June 30, 2018				
Type of Cost	**Description**	**Reported Amounts**	**Adjustment Amounts**	**Adjusted Amounts**
Expenses				
Capital Costs per Trial Balance of Costs		$ 357,067		
	Adjustments to Capital Costs			
2	To adjust depreciation to the verified depreciation schedule		$ (23,113)	
3	To adjust depreciation based on allowable depreciation methodology		$ (28,256)	
4	To remove non-allowable related party lease expense		$ (28,800)	
11	To remove management fees and replace with home office pass down expense		$ 1,880	
12	To remove expense related to capital items and allow as depreciation		$ 1,094	
Net Capital Costs		**$ 357,067**	**$ (77,195)**	**$ 279,872**
Net Capital Cost Per Day (*)		**$ 15.8**	**$ (3.4)**	**$ 12.4**
Ancillary Costs per Trial Balance of Costs		$ -		
	Adjustments to Ancillary Costs			
9	To reclassify prescription drug expense to the proper cost center		$ 24,173	
Net Ancillary Costs		**$ -**	**$ 24,173**	**$ 24,173**
Ancillary Cost Per Day (*)		**$ -**	**$ 1.1**	**$ 1.1**
Other Costs per Trial Balance of Costs		$ -		
	Adjustments to Other Costs			
1	To reclassify barber and beauty expense to the proper cost center		$ 7,877	
Net Other Costs		**$ -**	**$ 7,877**	**$ 7,877**
Other Cost Per Day (*)		**$ -**	**$ 0.3**	**$ 0.3**

(*) Adjusted Cost Per Day is calculated utilizing actual patient days.

Newark Manor Nursing Home Schedule of Adjustments to Patient Days for the Fiscal Year Ended June 30, 2018				
Census Type	**Description**	**Reported Amounts**	**Adjustment Amounts**	**Adjusted Amounts**
Census				
Bed days available				**24,455**
Medicaid Non-Super Skilled Patient Days		18,422		
	Adjustments to Medicaid Patient Days		31	
Medicaid Super Skilled Patient Days		-		
	Adjustments to Medicaid Super Skilled Patient Days		-	
Medicare Patient Days		-		
	Adjustments to Medicare Patient Days		-	
Private Pay Patient Days		4,185		
	Adjustments to Private Pay Patient Days		(32	
Medicare/Private Pay Hospice Patient Days		-		
	Adjustments to Medicare/Private Pay Hospice Patient Days		-	
Other Patient Days		-		
	Adjustments to Other Patient Days		-	
Total Patient Days		**22,607**	**(1**	**22,606**
Minimum Occupancy				**22,010**

Newark Manor Nursing Home Schedule of Adjustments to the Nursing Wage Survey for the Fiscal Year Ended June 30, 2018				
Nurse Type	**Description**	**Reported Amounts**	**Adjustment Amounts**	**Adjusted Amounts**
Nursing Wage Survey				
II-A Administrative Nurses				
	Director of Nursing - Total Payroll	$ 3,008	$ -	**$ 3,008**
	Director of Nursing - Total Hours	80.0	-	**80.0**
	Assistant Director of Nursing - Total Payroll	$ 2,716	$ -	**$ 2,716**
	Assistant Director of Nursing - Total Hours	80.0	-	**80.0**
	Registered Nurses - Total Payroll	$ -	$ -	**$ -**
	Registered Nurses - Total Hours	-	-	**-**
	Licensed Practical Nurses - Total Payroll	$ -	$ -	**$ -**
	Licensed Practical Nurses - Total Hours	-	-	**-**
	Nurse Aides - Total Payroll	$ -	$ -	**$ -**
	Nurse Aides - Total Hours	-	-	**-**
II-B All Remaining Nursing Staff				
	Registered Nurses - Total Payroll	$ 17,491	$ -	**$ 17,491**
	Registered Nurses - Total Hours	567.6	11.0	**578.6**
	Licensed Practical Nurses - Total Payroll	$ 25,017	$ -	**$ 25,017**
	Licensed Practical Nurses - Total Hours	941.9	56.0	**997.9**
	Nurse Aides - Total Payroll	$ 36,417	$ -	**$ 36,417**
	Nurse Aides - Total Hours	2,429.0	112.0	**2,541.0**

Commentary

None.

MYERS AND STAUFFER LC
CERTIFIED PUBLIC ACCOUNTANTS

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 Newark Manor Nursing Home (Provider) 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 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, 2018, and have issued our report thereon dated June 14, 2022. 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 Provider's internal control over financial reporting in order to determine our examination procedures for the purpose of expressing our opinions on management's assertions, but not for the purposes of expressing an opinion on the effectiveness of the Provider's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Provider's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the cost report or survey will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We

did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Provider's cost report and survey are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of reported amounts. However, providing an opinion on compliance with those provisions was not an objective of our examination, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Provider's internal control or on compliance. This report is an integral part of an examination performed in accordance with *Government Auditing Standards* in considering the Provider's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended solely for the information and use of the State of Delaware Office of Auditor of Accounts, the Department of Health and Social Services, 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, Office of the Controller General, Office of the Attorney General, and Office of Management and Budget.

Myers and Stauffer LC

Myers and Stauffer LC
Owings Mills, Maryland
June 14, 2022

Newark Manor Nursing Home Schedule of Findings for the Fiscal Year Ended June 30, 2018
Findings and Responses

None.