



PRESS RELEASE

**AG Gansler Secures \$750,000 Medicaid Fraud Settlement
from Nursing Home Operator Foundation Health Services Inc.
*Baltimore's Ravenwood HealthCare facility first investigated following central
air conditioning failure during 2010 heat wave
Some residents allegedly suffered falls, fractures, head injuries, malnutrition,
dehydration, pressure sores and infections***

Baltimore, MD (June 13, 2014) - Attorney General Douglas F. Gansler announced today that Foundation Health Services, Inc. (FHS), its affiliated nursing facilities and its President and CEO Richard Daspit, Sr., have agreed to pay \$750,000 to Maryland and the federal government to resolve allegations that they submitted false claims for payment to Medicaid and Medicare for materially substandard and/or worthless skilled nursing facility services. FHS is a Louisiana not-for-profit company that owns and manages nine nursing facilities in five states including Ravenwood HealthCare, Inc., in Baltimore. Under the settlement, Maryland will receive \$173,000.

"The mistreatment of vulnerable Marylanders who need quality nursing home care is unacceptable," said Attorney General Gansler. "At least Ravenwood closed its doors and the facilities that continue to operate will be under much tighter scrutiny for the next five years."

The settlement agreement resolves allegations that between 2006 and 2010, some of the skilled nursing services provided at several nursing facilities managed by FHS were materially substandard and/or worthless because FHS:

- a) failed to follow appropriate fall protocols;
- b) failed to follow appropriate pressure ulcer and infection control protocols;
- c) failed to properly administer medications to avoid medication errors;
- d) failed to appropriately provide for activities of daily living including bathing, monitoring, feeding and supervising for some residents;
- e) failed to provide appropriate mental health treatment;
- f) failed to answer call lights promptly;
- g) failed to employ a sufficient number and skill-level of nursing staff to adequately care for the residents; and
- h) failed to provide a habitable living environment, adequate equipment and needed capital expenditures.

Maryland and the federal government further contend that as a result of these failures of care, some residents allegedly suffered from falls, fractures, head injuries, malnutrition, dehydration, pressure sores and infections.

The government opened its False Claims Act investigation in the summer of 2010 when all of the residents of Ravenwood HealthCare needed to be evacuated due to a breakdown of its air conditioning system. The temperature during that July holiday weekend eclipsed 100 degrees. The government's investigation uncovered other quality of care concerns at Ravenwood and Rock Glen Nursing and Rehabilitation Center, also located in Baltimore, and at a Pennsylvania facility owned by FHS. FHS, which also runs facilities in Pennsylvania, Mississippi, Louisiana and Virginia, subsequently closed Ravenwood.

As part of the settlement, FHS and its related facilities have agreed to enter into a Corporate Integrity Agreement (CIA) with the Office of Inspector General of the United States Department of Health and Human Services (HHS OIG). The CIA requires an independent monitor and allows HHS OIG to oversee the quality of care provided at all of the skilled nursing facilities associated with FHS over the next five years.

"Ensuring quality nursing home care is a top priority for the Office of Inspector General. It is unthinkable that nursing home owners would profit by skimping on needed health services, and basic facility maintenance, then sit back while vulnerable residents suffer," said Nick DiGiulio, Special Agent in Charge, HHS OIG Philadelphia Regional Office. "We will continue to hold nursing homes accountable to give residents the quality health services, and living conditions that we pay them to provide."

This case was investigated by Attorney General Gansler's Medicaid Fraud Control Unit, the Civil Division of the Department of Justice, the United States Attorney's Office for the District of Maryland, and HHS OIG.

In making the announcement, Attorney General Gansler thanked Medicaid Fraud Control Unit Assistant Attorney General Catherine Schuster Pascale and HHS OIG Special Agent Robert Mosley for their work on this case.