BRIAN E. FROSH
ATTORNEY GENERAL

MEDIA CONTACTS:
Press@oag.state.md.us
410-576-7009

PRESS RELEASE

Attorney General Frosh Files Lawsuit Against Nursing Home Operator
for Resident Dumping and Submission of False Claims to Medicaid Program

Company Unlawfully and Unsafely Evicted Dozens of Frail and Disabled Residents
to Homeless Shelters and Unlicensed Assisted Living Facilities

BALTIMORE, MD (December 21, 2016) – Maryland Attorney General Brian E. Frosh today announced that his office has filed suit in the Circuit Court for Montgomery County against Neiswanger Management Services, LLC ("NMS"), the operator of five Maryland nursing homes, for unsafely and unlawfully evicting frail and disabled people from its facilities, and for submitting false claims to the Maryland Medicaid program.

The complaint filed today alleges that NMS, among other unlawful conduct, dumps evicted residents in homeless shelters and trafficks others to unlicensed, sham assisted living facilities, which have no capacity to provide care to people with complex medical needs, and which sustain themselves by extracting social security payments and other public benefits from vulnerable people. The complaint further alleges that NMS often dumps its evicted residents far from their home communities, in places where they know no one. Evicted NMS residents frequently appear in hospital emergency rooms within days or weeks of their eviction.

"NMS and its leadership have compromised the health and safety of hundreds of vulnerable people with whose care they have been entrusted," said Attorney General Frosh. "My office will fight to put a stop to NMS's unsafe and inhumane practices. We will also seek to recover from NMS the public funds that the Medicaid program paid to NMS while it was engaging in this unlawful conduct, as well as the amounts that the Medicaid program paid to hospitals and other medical providers that cared for former NMS residents after they were evicted."

NMS operates nursing facilities in Anne Arundel County, Montgomery County, Prince George's County and Washington County. The complaint alleges that, in violation of the Maryland Patient's Bill of Rights, NMS has unsafely evicted hundreds of frail, infirm, mentally

ill, and physically and intellectually disabled people. During a 17-month period, from January 1, 2015 to May 31, 2016, NMS issued at least 1,061 eviction notices to residents of its facilities. Maryland's 225 other licensed nursing facilities, all together, issued a combined total of less than half that number during the same period. The complaint further alleges that NMS identifies residents for eviction based on the status of their public health insurance benefits, in order to maximize reimbursement from Medicare and Medicaid. Because the Medicare program typically reimburses nursing facilities at a higher rate than Medicaid, NMS often seeks to evict residents, according to the complaint, when its facilities are at full capacity and when Medicaid long term care recipients can be replaced with prospective residents whose care will be paid for by Medicare.

Maryland nursing facilities are required to provide social work and discharge planning services to residents whenever discharge is anticipated. When nursing facilities bill Medicaid, they are seeking reimbursement for providing social work and discharge planning services, and they are certifying that they comply with the basic protections afforded to residents under the Maryland Patient's Bill of Rights. The complaint filed today alleges that, in violation of the Maryland False Health Claims Act, NMS often did not provide the social work and discharge planning services for which it billed Medicaid, and that, by submitting claims to Medicaid, NMS falsely certified its compliance with the Patient's Bill of Rights.

In the complaint, the Attorney General requests that the court prohibit NMS from unsafely evicting residents and from engaging in other unlawful practices, and that the court impose civil penalties and award treble damages to the State.

The full complaint is available here.