

Auditor General Lautenschlager announces Extendicare Homes to pay \$2.3 Million in largest Wisconsin settlement over nursing home violations

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MADISON - Attorney General Peg Lautenschlager announced today that her office is prepared to file in Chippewa County Circuit Court a civil complaint requiring payment to the state of \$2,273,485. The complaint alleges life-threatening violations in an under-staffed nursing home, Lakeside Nursing and Rehabilitation, formerly operated by Extendicare Homes, Inc., 111 West Michigan Street, Milwaukee. It is the largest such settlement ever in Wisconsin. The complaint, stipulation, and judgment will be filed in court upon receipt of the Governor's approval.

The action was taken over numerous violations -- including violations that led to the death and injury of an elderly resident -- at Lakeside Nursing and Rehabilitation, 7490 156th Street, Chippewa Falls, Wisconsin, a facility owned and formerly operated by Extendicare.

"This historic settlement is the result of a comprehensive investigation by the Wisconsin Department of Justice into a system that lacked accountability in an age of rising health care costs, and violations stemming from a policy that placed profits ahead of people," Lautenschlager said. "No one deserves to be treated as these residents were treated, and no family should ever have to worry that their loved ones will be forgotten, mistreated, and left to die in any care facility in Wisconsin."

Lautenschlager commended the Wisconsin Department of Health and Family Services, and Secretary Helene Nelson, for exemplary work in bringing the case to justice. Between 1/29/02 and 8/03/04, DHFS issued 36 state and federal SODs to Lakeside that identified numerous violations. Nearly all of the noted violations involved circumstances or conditions that had, or had the potential to cause, a significant negative impact on the health, safety, and welfare of Lakeside's residents.

A number of residents at Lakeside developed bedsores, which in some cases were not adequately treated. The Department's investigation of the care at Lakeside was launched in part by the tragic death of an elderly resident of Lakeside who died on August 15, 2003, from sepsis due to bedsores.

According to the Department of Justice's complaint, Extendicare Homes, Inc., operated Lakeside Nursing and Rehabilitation from January 1, 1996, through July 31, 2004. During that time, the Department of Health and Family Services issued numerous citations at Lakeside because it failed to comply with or adhere to state and federal regulations related to nursing homes. Most of the citations issued were centered on matters having direct impact on the health, safety, and welfare of its residents.

The investigation conducted by the Wisconsin Department of Justice revealed that between December 2002 and July 2004, Lakeside was not adequately staffed to reliably supply the services needed by its residents.

Moreover, management in the corporate offices of Extendicare Homes, Inc., a for profit corporation, refused to take steps to address the growing problem of unmet services at Lakeside, especially in the area of bringing in the additional help that was needed to provide critical services. As a result, during this period of time services declined in both quality and quantity and residents did not receive the care they both needed and deserved.

The Department's investigation revealed that other residents during this period of time developed similar sores, which in some cases had progressed to the point of causing serious injury.

The Department's investigation also found other common problems at Lakeside including the failure to provide assistance with bathroom needs that not only resulted in the humiliation of residents but also contributed to conditions that increased the risk of developing bedsores.

According to Lakeside staff, former residents, and family members of former residents, personal hygiene care and needs of daily living were not routinely provided.

In addition, evidence was found indicating Lakeside's training of nurse aides was deficient. As a result of an earlier investigation by the Department of Health and Family Services, many persons previously certified as qualified to work as nurses' aides had to be re-trained and re-tested.

Extendicare Homes, Inc., put its corporate profits ahead of the safety, health, and welfare needs of the people it pledged to take care of. While making sure all the beds at Lakeside were filled, Extendicare reduced Lakeside's overhead by limiting staff and reducing the delivery of necessary services.

"Let the prosecution of this case show that under the ledger sheets of at least one nursing home company lay the unfortunate reality of neglect and its resulting humiliation, stress, injury, and death to the people who deserve and require our protection," Lautenschlager said.

The settlement agreement requires Extendicare to surrender its license to operate Lakeside. DHFS had previously begun revocation proceedings. Under the agreement, the state will take a judgment against Extendicare that requires it to pay the state \$356,459.40 in forfeitures previously imposed by the Department of Health and Family Services and an additional \$1,917,026.10. This amount was calculated to approximate the money Extendicare collected from its residents between December 2002 and July 2004, but did not use to provide care and treatment, which under the agreement reached today, cannot be kept. Payment will be made within ten days after the court enters judgment for the state.

According to Lautenschlager, this case represents the largest settlement ever obtained by DOJ's Medicaid Fraud Control Unit.

The case was investigated by Charles Miller of the Wisconsin Department of Justice's Medicaid Fraud Control Unit with assistance from DHFS staff and was prosecuted by Assistant Attorney General Frank Remington.

A copy of the complaint and stipulation for judgment to the state can be obtained by calling Scot Ross at 608-266-6686.

More:

Complete text of state Department of Justice findings

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