



NEWS RELEASE

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Nursing Home Operator Agrees to Pay \$48 Million to Resolve Allegations that Six SoCal Facilities Billed for Unnecessary Therapy

LOS ANGELES – A Mission Viejo-based corporation that operates nursing homes across the western United States has agreed to pay \$48 million to resolve allegations that it knowingly submitted inflated bills to Medicare for therapy services that were medically unnecessary or were never provided to elderly patients at six of its Southern California skilled nursing facilities.

The settlement comes in a case against The Ensign Group, Inc. that was unsealed late Monday by a federal judge in Los Angeles.

The Ensign Group operated skilled nursing facilities that allegedly submitted false claims to Medicare. Between January 1, 1999, and August 31, 2011, the six Ensign facilities allegedly submitted false claims to the government for physical, occupational and speech therapy services provided to Medicare beneficiaries that were not medically necessary. The government alleged that certain patients were kept in these facilities for periods of time that exceeded what was medically necessary for the treatment of their conditions.

The six Ensign facilities named in two federal “whistleblower” lawsuits are the Atlantic Memorial Healthcare Center in Long Beach, Panorama Gardens in Panorama City, Orchard Post Acute Care (commonly called Royal Court) in Whittier, Sea Cliff Healthcare Center in Huntington Beach, Southland in Norwalk, and Victoria Care Center in Ventura.

The lawsuit specifically alleged that Ensign improperly incentivized therapists and others to increase the amount of therapy provided to patients to meet planned targets for Medicare revenue, which were set without regard to patients' individual therapy needs and could only be achieved by billing at the highest reimbursement levels.

The six facilities also allegedly submitted claims for services that were not provided.

“The case against The Ensign Group involves a company that regularly bilked Medicare by submitting inflated bills that, in some cases, sought money for services that simply were never provided to patients,” said United States Attorney André Birotte Jr. “This settlement – one of the largest of its kind in United States history – demonstrates our commitment to protecting taxpayers who fund important programs that benefit millions of Americans, but don’t want to see their hard-earned money wasted on fraud or abuse.”

Glenn R. Ferry, Special Agent in Charge for the Los Angeles Region of the Office of Inspector General of the U.S. Department of Health and Human Services. “Billing Medicare for costly, unnecessary skilled nursing services – as the government alleged here – inflates health care costs borne by taxpayers,” said “This settlement again puts on notice those who would consider defrauding federally funded health care programs.”

Ensign has entered into a Corporate Integrity Agreement with the HHS Inspector General’s Office.

“Skilled nursing facilities that place their own financial interests above the needs of their patients will be held accountable,” said Assistant Attorney General for the Justice Department’s Civil Division, Stuart F. Delery. “We will continue to advocate for the appropriate use of Medicare funds and the proper care of our senior citizens.”

The settlement resolves lawsuits filed by two former Ensign employees under the *qui tam*, – or whistleblower – provisions of the False Claims Act, which allow private citizens to bring suit on behalf of the government and share in any recovery. It has yet to be determined how much money the whistleblowers in this case, Gloria Patterson and Carol Sanchez, will receive in *United States of America ex rel. Gloria Patterson v. Ensign Group, Inc.*, SACV 06-6956-CJC (Central District of California) and *United*

States of America ex rel. Carol Sanchez v. Ensign Group, Inc., SACV 06-0643-CJC
(Central District of California).

The case was resolved by the United States Attorney's Office, with assistance from the Commercial Litigation Branch, Civil Division, U.S. Department of Justice; and the U.S. Department of Health and Human Services' Office of Inspector General.

In settling these cases, Ensign did not admit liability.

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