

New Jersey Intends to Suspend Two South Jersey Nursing Homes from Medicaid

Article By:

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The New Jersey Office of the State Comptroller's (OSC) Medicaid Fraud Unit has [moved to suspend two South Jersey nursing homes from New Jersey Medicaid](#), citing poor conditions at the facilities and evidence that their owners defrauded New York's Medicaid program. The suspension is scheduled to begin on May 25. While it is satisfying that the State has stepped in to protect further abuse and neglect of elderly population, such corporate greed is unconscionable. Unfortunately, the nursing home industry is inundated with corporations seeking to maximize profits at the expense of the residents. This is often done by cutting staffing budgets or diverting funds to "related entities," i.e., companies owned by the same owner. Even those residents with the most persistent advocates and frequent visitors, are likely to suffer abuse and neglect in a mismanaged facility.

The two facilities, Deptford Center for Rehabilitation and Healthcare and Hammonton Center for Rehabilitation and Healthcare, which have a combined 240 beds, are owned by Kenneth Rozenberg, Beth Rozenberg, and Daryl Hagler. A New York judge recently appointed a financial monitor and a health monitor to oversee four nursing homes they own in the state in the wake of a New York Attorney General's (NYAG) lawsuit against the three owners and others.

The lawsuit alleges the owners enriched themselves by siphoning \$83 million from those four facilities that were funded by New York Medicare and Medicaid. The facilities are Beth Abraham Center for Rehabilitation and Nursing, Buffalo Center for Rehabilitation and Nursing, Holliswood Center for Rehabilitation and Healthcare, and Martine Center for Rehabilitation and Nursing. The NYAG's lawsuit alleges, among other things, that Kenneth Rozenberg used some of the \$83 million to purchase a majority stake in Israeli flagship airline El Al and to become the airline's controlling shareholder.

The OSC stated that its suspension is temporary, pending the completion of both its investigation and the New York legal proceedings against the owners. The State of New Jersey Department of Health is responsible for the licensing and oversight of nursing homes. There are mechanisms in place to monitor the financial health of a facility, adequate staffing and compliance with federal and state laws that ensure quality care to the residents. Nursing homes who participate in Medicare and Medicaid funding must submit financial reports to Medicare and Medicaid which are available to the public for a fee. These reports show the expenses of a facility such as rent, vendors, and fees. When there are funds being paid to "related entities" of the owner, this should be concerning to the DOH before such

problems arise as those at issue in the NYAG's lawsuit.

According to the OSC, its communications with the owners noted that both the Deptford Center for Rehabilitation and Healthcare and the Hammonton Center for Rehabilitation and Healthcare had been cited repeatedly for serious health and safety violations that negatively affected the care their residents received. The federal Centers for Medicare and Medicaid Services gave both facilities the lowest possible quality ratings. In addition, the Hammonton facility received several penalty notices for significant deficiencies identified during inspections.

The OSC informed the Deptford and Hammonton facilities' owners that they could continue to operate both with Medicaid funds if the owners disassociated from them by selling their ownership stakes or by placing them under the control of an independent monitor or receiver. That way, the owners would have no role in serving the residents, nor could they have access to or authority over Medicaid funds or financially benefit from Medicaid.

If either facility were to close, [New Jersey's Long-term Care Ombudsman, Laurie Facciarossa Brewer](#), and her staff would take action to protect the residents of the shuttered facility, including helping relocate them.

Take Action

[As we noted previously](#), an OSC report found that the lowest rated nursing homes in New Jersey received over \$100 million annually in Medicaid funding. The OSC's actions here regarding Deptford Center for Rehabilitation and Healthcare and Hammonton Center for Rehabilitation and Healthcare will hopefully make clear to New Jersey nursing homeowners that the state will not hesitate to take action against owners who have allegedly engaged in unlawful activity involving their non-New Jersey facilities and whose facilities provide inadequate care to their residents.

If someone you love has spent time at one of the facilities listed above or, you have reason to suspect mistreatment or neglect at another facility, the [NJ and PA Nursing Home Negligence law attorneys at Stark & Stark](#) can help.

N.J.S.A. 30:13-5(j) is the statute that comes to mind when hearing about greedy nursing home owners compromising the health and safety of its residents. It is part of the NJ Nursing Home Act Residents' Rights. That particular section provides that every resident has the "right to a safe and decent living environment and considerate and respectful care that recognizes the dignity and individuality of the resident..." Residents who receive poor care or treatment or undignified care may have a claim pursuant to this section. Residents whose rights have been violated do not have to wait for the Department of Health to complete its investigation and should consult with an attorney.

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