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Attorney General Joseph R. Biden, III, joins the United States Attorney for the District of Delaware to announce a settlement in a fraudulent Medicaid billing scheme

As part of agreement, Green Valley Pavilion, LLC will make financial payments and be subject to ongoing compliance inspections

Wilmington, DE – Today Attorney General Joseph R. Biden III, and Colm F. Connolly, United States Attorney for the District of Delaware, announced that the State of Delaware and the United States ("the government") have reached a \$550,000 settlement with Green Valley Pavilion, LLC ("Green Valley") concerning alleged fraudulent billing involving the Delaware Medicaid Program.

In early 2004, the government was served with a sealed "whistleblower" lawsuit under the state and federal False Claims Acts, 6 Del. C. § 1201, and 31 U.S.C. § 3729. State and federal prosecutors met to discuss the allegations and an investigation was opened. Shortly thereafter the government became aware that a series of neglect allegations at Green Valley were being investigated by the Division of Long Term Care Resident's Protection ("DLTCRP").

The Delaware Department of Justice Medicaid Fraud Control Unit ("MFCU") took the lead role in the investigation, which included interviews of current and former employees of Green Valley. Special Investigators Allen Ruth and Daniel Daly determined that Green Valley employees were forging and otherwise altering patient charts in order to maximize the facility's reimbursement from the Delaware Medicaid Program. Several Green Valley employees admitted to their role in the fraud and their admissions were corroborated by examining the medical charts of Green Valley residents.

On November 8, 2004, state and federal law enforcement officers executed a search warrant at Green Valley Pavilion. Sixty five boxes of records were seized, and the contents of seven facility computers were digitally "imaged" by the Delaware State Police Hi-Tech Crimes Unit. Over the next 15 months, staff from the MFCU reviewed and analyzed the documents and items recovered during the search warrant, while investigators continued to interview witnesses identified in the documents.

Special Investigators Ruth and Daly, with valuable assistance from the Delaware Medicaid Program's Reimbursement Team, developed probable cause that no less than six Green Valley nurses participated in the scheme: Mary J. Casper, formerly of Newark, DE, Sandra L. Edwards, of Lewes, DE, Denise M. Rhinehart, formerly of Felton, DE, Robin M. Daniels, Jann B. Cox, of Milton, DE, and Mary L. Yarrington, of Magnolia, DE. On February 21, 2006, arrest warrants were issued for all six individuals.

MFCU Prosecutors successfully negotiated guilty pleas with the following defendants: Sandra Edwards (June 5, 2006), Jann Cox (June 30, 2006), Robin Daniels (August 29, 2006), Mary J. Casper (December 20, 2006), and Mary L. Yarrington, (February 13, 2007).

“Protecting individuals who require institutional care and safeguarding taxpayer money from fraud are two important roles that the Department of Justice plays in ensuring justice in our state,” Attorney General Biden stated. “Nursing home owners and caregivers need to know that they are being watched, and if they violate the law, they will be prosecuted to the fullest extent.”

The investigation revealed that none of the individual defendants personally profited from the fraudulent reimbursement requests. For that reason, state and federal prosecutors pursued Green Valley for the money due to the Medicaid Program. After months of negotiations, Green Valley agreed to pay more than a half million dollars in restitution.

The settlement consists of an up-front, lump sum payment of \$250,000 to the government, to be followed by a series of annual payments totaling \$550,000. Additionally, Green Valley is required to enter into a Corporate Integrity Agreement (“CIA”) with the Department of Health and Human Services Office of Inspector General (“HHS-OIG”). As part of the CIA, a nurse consultant/monitor will inspect Green Valley Pavilion and five other facilities owned by Green Valley Pavilion's parent company, Green Acres Health Systems, Inc. (“Green Acres”). The nurse monitor will report on the facilities' compliance with relevant regulations and standards of care for nursing home residents. The monitor will cost Green Acres up to an additional \$300,000.

In announcing the settlement, Attorney General Biden and U.S. Attorney Connolly commended staff of the Delaware Department of Justice and the U.S. Attorney's Office (“USAO”), and the HHS-OIG. In particular, they praised the outstanding investigative and prosecutive efforts of Special Investigators Allen Ruth, Dan Daly, Tom Penozza, and John Miller; Deputy Attorneys General Dan Miller and James Apostolico; MFCU Auditor Dominique St. Loth; Assistant United States Attorneys Seth Beausang and Rudy Contreras; United States Department of Justice attorney Allison Cendali; HHS-OIG attorney Kelly Bagby; HHS-OIG Agent Conrad Quarles; and USAO auditor Larry Kutys.

Deputy Attorney General Dan Miller, the lead prosecutor in the case, stated that the investigation and prosecution of this case has changed the nursing home industry landscape in Delaware. “Caregivers have been sharply reminded of their responsibilities to their patients, and nursing home owners are on notice that they will be held responsible for the acts of their employees. We have already seen a drop in the amount of questionable reimbursement requests submitted to the Medicaid Program.”

U.S. Attorney Connolly said “Nursing home patients are among our most vulnerable citizens, and we in federal law enforcement will continue to work cooperatively with the State Attorney General's Office to ensure that Delaware's nursing homes are operated safely, honestly, and in compliance with both federal and state law.”

For further information, please contact Deputy Attorney General Daniel R. Miller, (302) 577-8859, or Assistant United States Attorney Seth Beausang at (302) 573-6209.

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