

**UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA**

UNITED STATES OF AMERICA,)
)
 Plaintiff,)
)
 v.)
)
 AMERICAN HEALTH FOUNDATION,)
 INC.; AHF MANAGEMENT)
 CORPORATION;)
 AHF MONTGOMERY, INC. d/b/a/)
 CHELTENHAM NURSING AND)
 REHABILITATION CENTER; and)
 AHF OHIO, INC. d/b/a THE)
 SANCTUARY AT WILMINGTON)
 PLACE and SAMARITAN CARE)
 CENTER AND VILLA,)
)
 Defendants.)

Civil Action No:

JURY TRIAL DEMANDED

THE UNITED STATES' COMPLAINT

1. The United States of America brings this action under the False Claims Act (“FCA”), 31 U.S.C. §§ 3729-3733, and federal common law theories of payment by mistake and unjust enrichment. The United States brings this case against Defendants American Health Foundation, Inc. (“AHF”); AHF Management Corporation (“AHF Management”); AHF Montgomery, Inc., which does business as Cheltenham Nursing and Rehabilitation Center (“Cheltenham”); and AHF Ohio, Inc., which does business as The Sanctuary at Wilmington Place (“Wilmington Place”) and Samaritan Care Center and Villa (“Samaritan”).

2. This action arises from the Defendants’ provision of non-existent and grossly substandard nursing home services to Medicare and Medicaid beneficiaries at Cheltenham (from at least January 1, 2016, to December 31, 2018), Wilmington Place (from at least January 1, 2017, to December 31, 2018) and Samaritan (from at least October 1, 2016, to December 31,



2018). As a result, the Defendants caused or risked causing serious physical and emotional harm to their residents, who were elderly, disabled, and otherwise highly vulnerable.

3. Cheltenham, Wilmington Place, and Samaritan each failed to maintain adequate staffing levels and repeatedly failed to follow infection control protocols.

4. Furthermore, Cheltenham housed its residents in a filthy, pest-infested building, where there was a glaring absence of activities or stimulation and residents' personal items were often lost or stolen. Cheltenham also gave its residents unnecessary drugs (including powerful antipsychotics and other psychotropic medications) and subjected its residents to mockery and abuse.

5. In addition, Cheltenham repeatedly failed to provide its residents with needed psychiatric care. For example, Cheltenham admitted one resident with a history of self-harm, who then slashed his wrists while in the facility's care. The resident was hospitalized, physically recovered, and returned to Cheltenham—only for the nursing home to again ignore additional warning signs and fail to provide him with needed psychiatric services. Tragically, mere weeks after being readmitted to the facility, the resident committed suicide by hanging himself from a bedsheet in one of Cheltenham's shower rooms.

6. Wilmington Place and Samaritan had their own serious shortcomings as well. For example, Wilmington Place had repeated failures relating to resident medications, including the provision of unnecessary drugs, and persistently failed to create and maintain crucial resident care plans and assessments. For its part, Samaritan also had repeated failures related to resident care plans and assessments, as well as a building and grounds that often were not safe and sanitary.

7. The Defendants provided this grossly substandard care despite Pennsylvania and Ohio repeatedly citing Cheltenham, Wilmington Place, and Samaritan for deficiencies in surveys conducted by the states' health departments.

8. Yet the state survey findings hardly captured the full extent of the problems at the Defendant facilities. The facilities often had some sense of when a survey could occur, which gave the facilities a chance to prepare for scrutiny. State health inspectors also provided notice when they arrived, so facility staff knew when they needed to be on their best behavior.

9. For example, on July 26, 2017, which was less than a week after Pennsylvania had completed a survey of the facility, one Cheltenham employee sent an internal email with the message: "Ain't nobody faker than a nursing home when state is in the building . . . #Factz." Another employee replied with a picture of a person laughing and the caption, "I'm dead," indicating that she thought this was so funny she had died laughing.

10. The state survey findings were addressed to the administrator of each facility and conveyed to executives at AHF and AHF Management. But the Defendants' knowledge of the nonexistent and grossly substandard care in their facilities was far more extensive than those documented deficiencies in the state surveys. Facility staff internally reported problems up to facility managers, who in turn often alerted executives and key individuals at AHF and AHF Management. In addition, AHF Management personnel periodically visited the facilities to perform their own inspections and relay the results to facility managers and AHF and AHF Management executives. Finally, external nursing home consultants hired by AHF Management also visited the facilities and flagged various problems for the Defendants.

11. Despite getting regular reports detailing the grossly substandard care provided at Cheltenham, Wilmington Place, and Samaritan, the Defendants were primarily focused on their

finances and not on improving care quality at the nursing homes. AHF Management executives regularly implored facility managers to increase the number of residents (or “census”) at the nursing homes, while also simultaneously cutting costs. Meanwhile, although the facilities often had difficulty attracting staff due to lower salaries than their competitors, AHF had a substantial amount of funds in reserve. In December 2017, for example, this reserve fund was worth about \$16.5 million, and AHF planned to invest 70 percent, or about \$11.55 million, in various securities.

12. Ultimately, the Defendants knowingly submitted or caused the submission of false and fraudulent claims for nursing home care by (a) providing services that were either non-existent or grossly substandard and (b) consistently violating the standards of care set forth in the Nursing Home Reform Act and its implementing regulations, 42 U.S.C. §§ 1395i-3, 1396r *et seq.*; and 42 C.F.R. §§ 483.1-483.95.

JURISDICTION AND VENUE

13. This Court has jurisdiction over this action pursuant to 31 U.S.C. § 3732(a), 28 U.S.C. § 1331, and 28 U.S.C. § 1345.

14. AHF, AHF Management, and Cheltenham transacted business and committed acts proscribed by 31 U.S.C. § 3729 in this District. Therefore, venue is proper in this district under 31 U.S.C. § 3732 and 28 U.S.C. §§ 1391(b) and (c).

15. Due to the date of the Defendants’ false claims and the date those claims were paid by Medicare and Medicaid, the causes of action alleged in this Complaint are timely brought by being within the six-year statute of limitation periods set forth at 31 U.S.C. § 3731(b)(1) and 28 U.S.C. § 2415(a).

16. The Department of Justice first obtained relevant documents and materials from the Defendants on October 11, 2019. Therefore, all the United States' FCA allegations are also timely brought under 31 U.S.C. § 3731(b)(2) by being within three years of when material facts were known or reasonably should have been known by the Department of Justice official charged with enforcing the FCA.

PARTIES

17. The United States brings this action on behalf of the Department of Health and Human Services ("HHS") and one of its operating divisions, the Centers of Medicare & Medicaid Services ("CMS") for losses that the United States incurred under the Medicare and Medicaid programs. During the relevant periods, the United States provided approximately 52 percent of the funds paid by Pennsylvania Medicaid to providers and approximately 62 percent of the funds paid by Ohio Medicaid.

18. Defendant AHF is an Ohio nonprofit corporation that is located at 5920 Venture Drive, Suite 100, Dublin, Ohio 43017. Through its wholly owned subsidiaries, AHF establishes, acquires, owns, supervises, monitors, and directs nursing homes in different states around the country.

19. Defendant AHF Management Corporation is an Ohio nonprofit corporation that is located at 5920 Venture Drive, Suite 100, Dublin, Ohio 43017. AHF Management is a wholly owned subsidiary of AHF with a common board of directors, executives, and officers. AHF Management handles the day to day activities of AHF. AHF Management also oversees and exerts financial control over the nursing homes owned by AHF, including the Defendant facilities.

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