

STATE OF CONNECTICUT

OFFICE OF THE ATTORNEY GENERAL
ATTORNEY GENERAL GEORGE JEPSEN

DEPARTMENT OF SOCIAL SERVICES
COMMISSIONER RODERICK BREMBY

FORMER CONNECTICUT NURSING HOME OWNER SUSPENDED FROM MEDICAID PROGRAM

For immediate release

THURSDAY, JUNE 9, 2011

HARTFORD – Attorney General George Jepsen and the state Department of Social Services announced today that Earle Lerner, the former owner of six Connecticut nursing homes, and his company, Marathon Health Care Group, have been suspended from the state Medicaid program for 10 years for submitting false and misleading information for payment to the department.

The ruling by Department of Social Services Commissioner Roderick Bremby followed an investigation by the Office of the Attorney General, which also represented the department in the administrative hearing.

Bremby ordered the 10-year suspension of Lerner and his health-care company from the state Medicaid program after finding that in 2005, Lerner made false and misleading statements and misrepresentations to obtain \$700,000 in advance payments from DSS, most of which he used to complete the purchase of a nursing home in Springfield, Mass.

In July, 2006, Lerner obtained an additional \$771,000 advance payment from DSS based on his false claim of needing the money to pay for increased nursing costs at his Connecticut nursing homes. He failed to disclose he needed the money to pay debts still owed because of the Springfield purchase. DSS recovered all of the advance payments.

In addition, the commissioner found that from 2005 through 2007 Lerner violated state law by failing to deduct personal costs in the cost reports submitted to DSS, which enabled him to obtain payment for tens of thousands of luxury home improvements. These included a \$14,000 gas range and a \$12,000 refrigerator and wine cooler for his Manchester home, and central air conditioning for his Newport, R.I. vacation home. Lerner's actions resulted in DSS paying more than \$30,000 for Lerner's home renovations through an increase in Marathon's per diem Medicaid rates.

The 10-year suspension will prevent Lerner from owning or working for any Connecticut health care provider that receives Medicaid funds.

“Abusing a system created to help care for state residents not only hurts Connecticut taxpayers but also undermines the quality of care for residents of those nursing facilities,” Jepsen said. “We can't afford that kind of care.”

DSS Commissioner Bremby said: “While this situation does not represent nursing home operators in general, state government must be ever-vigilant in our efforts to root out abuse by Medicaid providers who engage in fraudulent activity. We commend the staff of the Department of Social Services and Attorney General’s Office who brought this case to resolution.”

Lerner’s six Connecticut nursing homes in New Haven, Norwalk, Prospect, Torrington, Waterbury, and West Haven were sold out of receivership in 2009. The Connecticut payments that Lerner diverted to Springfield contributed to the financial collapse of these facilities.

Forensic Fraud Investigators Lawrence Marini and David Boucher investigated this case for Jepsen and Assistant Attorney General Karla Turekian assisted Assistant Attorney General Rick Porter in its prosecution, under the supervision of Assistant Attorney General Arnold Menchel, chief of the Health Care Fraud and Whistleblower department. The Department of Social Services Office of Quality Assurance performed the initial financial review of Marathon’s operations. This review led to the discovery of the diverted payments.

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CONTACT:

Susan Kinsman, Office of the Attorney General; susan.kinsman@ct.gov; 860-808-5324; 860-478-9581
David Dearborn, Department of Social Services; david.dearborn@ct.gov; 860-424-5024