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JEFF NEWMAN LAW ANNOUNCES \$21.3 MILLION SETTLEMENT WITH THE GRAND HEALTH CARE SYSTEM AND 12 AFFILIATED SKILLED NURSING FACILITIES FOR ALLEGEDLY PROVIDING AND BILLING FOR FRAUDULENT REHAB THERAPY SERVICES

On July 10, 2024, the Department of Justice announced it had reached a \$21.3 million settlement with Strauss Ventures LLC, doing business as The Grand HealthCare System, and 12 affiliated skilled nursing facilities. This settlement resolves a *qui tam* lawsuit filed by two whistleblowers, former employees of the defendant, who retained Jeff Newman Law on the case. The case was filed in 2019 pursuant to the False Claims Act, which allows private persons to file civil actions on behalf of the government and share in any recovery. Under the settlement the whistleblowers will receive approximately \$4,047,000 of the settlement proceeds. The case is captioned *United States ex rel. Rosenberger and Retig v. Strauss Ventures, LLC, et al.*, No. 1:19-cv-1311 (N.D.N.Y.) See complaint [here](#).

The settlement resolves allegations that, from as early as Jan. 1, 2014, to Sept. 30, 2019, The Grand knowingly submitted false claims for rehabilitation therapy for residents at 12 facilities Strauss Ventures owned and operated. During this period, Medicare Part A (Medicare’s hospital insurance, which also pays for care in a skilled nursing facility in some circumstances) and TRICARE (the federal health care program for the Department of Defense) paid for such services at rates that varied based on the number of minutes of skilled rehabilitation therapy provided. The Grand allegedly submitted bills where the reimbursement claimed was based on providing more therapy than was reasonable and necessary, or in some cases where the therapists did not provide the amount of therapy reported.

As part of the settlement, The Grand admitted that certain now-former Grand management level employees implemented quotas that each of the 12 facilities was expected to reach, including quotas relating to beneficiaries’ lengths of stay and to the percentage of beneficiaries billed at the highest reimbursement level. To meet these quotas, facilities often scheduled patients to receive therapy without consideration of what was reasonable and necessary based on the individual patients’ clinical condition. In addition, The Grand directed that no more than three patients be discharged from any facility per week and instructed that no Medicare Part A patients should be discharged from rehabilitation therapy unless it had been discussed with corporate officials. The Grand admitted that this resulted in some Medicare beneficiaries “staying on therapy longer than was reasonable and medically necessary.”

The Grand has also entered into a five-year Corporate Integrity Agreement with the Department of Health and Human Services Office of Inspector General (HHS-OIG) that requires an independent review organization to annually assess the medical necessity and appropriateness of therapy services billed to Medicare.

The whistleblowers and their Counsel commend the work of the lead lawyers from the Department of Justice on this case, Christelle Klovers, Senior Trial Counsel for the Civil Division's Commercial Litigation Branch, Fraud Section, and Adam J. Katz, Assistant U.S. Attorney for the Northern District of New York. Willens & Scarvalone LLP in New York worked as co-counsel on the case.

Jeff Newman represents whistleblowers nationwide relating to Medicare and Medicaid fraud under the state and federal False Claims Act (Qui Tam) laws. He also represents whistleblowers under the SEC, CFTC and FINCEN whistleblower programs and he can be reached at Jeff@JeffNewmanLaw.com or at 617-823-3217.