Newark adult day care provider to reimburse taxpayers $1.6 million as part of settlement agreement with State Comptroller

Day care owners banned for five years from Medicaid program

The owners of a Newark adult day care facility that allegedly submitted false reimbursement requests for medical services it did not provide will pay the state $1.6 million, sell their business and accept a five-year ban from the Medicaid program, under a settlement agreement announced today by the Office of the State Comptroller (OSC).

OSC’s Medicaid Fraud Division found Garden Adult Medical Day Care (Garden) failed to demonstrate it actually conducted vital health services for which it had billed the state Medicaid program, such as blood pressure monitoring, blood sugar monitoring, seizure monitoring, pain management, dispensing of medication and assistance with daily living activities. Investigators reviewed the medical charts and records of 50 Medicaid patients at the facility and found that, in each case, Garden received reimbursements for services it did not render. Errors were found, for example, in the blood pressure management of 48 of 49 Medicaid patients, including failures to follow-up on blood pressures that were outside the parameters set by the patient’s physician.

“We are pleased to have secured the return of $1.6 million to a program funded by New Jersey’s taxpayers,” State Comptroller Matthew Boxer said. “Equally as important, we have removed from the Medicaid program a business that was failing to provide crucial health services for which it was being paid.”

Under the agreement that settled the administrative action brought by OSC, Garden’s principal owners - Marat Zeydelis, Zoya Halal and Larisa Melnik - will sell the business and be individually excluded from participation in the Medicaid program for a period of five years. The investigation found none of the principal owners had prior health care experience, even though Halal’s daily duties included overseeing nursing and healthcare compliance issues.
“Adult Medical Day Care providers should not take their continued participation in the program for granted,” said Mark Anderson, Director of OSC’s Medicaid Fraud Division. “If providers choose not to adhere to the regulations that govern their conduct, we will act to remove them from the Medicaid program.”

New Jersey’s Adult Medical Day Care program, administered by the New Jersey Department of Health and Senior Services (DHSS), provides medically necessary services in a community-based outpatient setting to adults over the age of 18. Adult day care participants require intensive health maintenance and rehabilitative care but do not require placement in a 24-hour inpatient facility. Each patient is approved to attend the facility for specific medical reasons. The OSC investigation found that Garden failed to provide medical care to address the specific needs that had led to the attendance of their patients.

For example, many adult day care patients require assistance with daily living activities. A review of the medical records of 25 Garden patients needing such assistance showed that all 25 lacked documentation demonstrating the assistance was actually provided. In some cases, instead of indicating assistance, the records contained comments such as “patient had a pink dress.”

Garden previously was cited by DHSS on seven separate occasions, between October 2003 and June 2009, for violating Medicaid requirements. The deficiencies included failing to maintain nursing standards, failing to develop care plans, failing to monitor identified medical conditions, failing to attend to the nutritional needs of participants who required therapeutic diets, failing to develop discharge plans, failing to carry out physician’s orders and failing to develop and implement policies regarding the documentation of medical conditions.

OSC assumed responsibility for the state’s Medicaid fraud oversight efforts, including the Garden investigation, in July 2010 when the state transferred the functions, powers and duties of the former Office of the Medicaid Inspector General to the OSC.

Boxer thanked the Department of Health and Senior Services and the Department of Law and Public Safety for their assistance with this investigation and administrative action.