



State of New Jersey
DEPARTMENT OF HEALTH

PHILIP D. MURPHY
Governor

PO BOX 358
TRENTON, N.J. 08625-0358

TAHESHA L. WAY
Lt. Governor

www.nj.gov/health

KAITLAN BASTON, MD, MSc, DFASAM
Acting Commissioner

In Re Licensure Violation:	:	DIRECTED PLAN OF CORRECTION,
	:	INFORMATION REQUIREMENT
SOUTH JERSEY EXTENDED CARE	:	ORDER AND ORDER TO FILE
	:	EMERGENCY OPERATIONS PLAN
(NJ Facility ID# NJ 60602)	:	
	:	
	:	
	:	

TO: Mark Stratoti, Administrator
South Jersey Extended Care
99 Manheim Avenue
Bridgeton, New Jersey 08302
Southjerseyextendedcare060602@sjpostacutecare.com

As more fully detailed below, effective immediately, the New Jersey Department of Health (the Department) is issuing to South Jersey Extended Care a Directed Plan of Correction requiring the retention of an administrator consultant and an Information Requirement Order requiring the production of financial information necessary because the facility's financial viability, and consequently the provision of services to residents in its care, is threatened by its anticipated disqualification, and the anticipated disqualification of related individuals and entities, from the New Jersey Medicaid program.

The Health Care Facilities Planning Act (N.J.S.A. 26:2H-1 et seq.) (the Act) provides a statutory scheme designed to ensure that all health care facilities are of the highest quality. Pursuant to the Act and N.J.A.C. 8:43E-1.1 et seq. (General Licensure Procedures and Standards Applicable to All Licensed Facilities), the Commissioner of Health is authorized to inspect all health care facilities and to enforce the Standards for Licensure of Long-Term Care Facilities set forth at N.J.A.C. 8:39-1.1 et seq. In particular, the Commissioner is empowered to inquire into health care services and the operation of health care facilities and to conduct periodic inspections of such facilities with respect to the fitness and adequacy of the premises, equipment, personnel, rules and bylaws and the adequacy of financial resources and sources of future revenues. Further, pursuant to N.J.S.A. 26:2H-5(e), at the request of the Commissioner, health care facilities shall furnish to the Department such reports and information as it may require to effectuate the provisions and purposes of the Act. Moreover, pursuant to N.J.S.A. 26:2H-42.1(c), the Department may take appropriate actions to ensure continuity of care for, and the safety of, residents of long-term care facilities that are in financial distress.

MEDICAID FRAUD DIVISION DISQUALIFICATION AND FINANCIAL STATUS

South Jersey Extended Care is licensed by the Department as a long-term care facility with a 167-bed capacity. As a long-term care facility, South Jersey Extended Care is required to provide comprehensive nursing home services, including dietary services, social services and medical care, in a safe environment

to medically frail and cognitively impaired individuals. To maintain its license, South Jersey Extended Care must maintain its ability to provide its nursing home residents with the necessary services called for under the rules.

On December 12, 2024, the New Jersey Office of the State Comptroller (OSC), Medicaid Fraud Division (MFD) issued a Self-Executing Notice of Disqualification stating its intent to disqualify H.W. Weidco/Ren, LLC, doing business as South Jersey Extended Care, from the New Jersey Medicaid program and any other program administered in whole or in part by the Department of Human Services, Division of Medical Assistance and Health Services (DMAHS), effective 60 days from the date of the notice. The OSC conducted an investigation covering a five-year period from April 1, 2018, to March 17, 2023, which “revealed a pattern of waste and abuse of public funds, financial mismanagement, disregard of federal and state oversight requirements, and substandard care. It also uncovered a scheme by those in control of [South Jersey Extended Care] to misrepresent their roles and involvement in the facility to avoid scrutiny and maximize their profits.” According to the report, for the five-year period of OSC’s review, South Jersey Extended Care “was the worst-rated facility in New Jersey by CMS standards, receiving a one-star rating in nearly every rating period since at least 2013.” Further, “[t]he facility failed to provide sufficient, qualified staff on every single day of the 75 days OSC reviewed” and “employed unqualified and unlicensed direct care staff and failed to consistently fill critical roles, such as a licensed Director of Nursing and a licensed social worker.” During this time, Department of Health inspection surveys also documented numerous deficiencies.

OSC also issued Notices of Disqualification to related individuals and corporate entities it found to have “engaged in serious and pervasive fraud and/or abuse of the New Jersey Medicaid program.” According to the OSC investigation, during the investigation period, South Jersey Extended Care:

was owned by Mordechay “Mark” Weisz and managed by Steven Krausman through his company, Comprehensive Health Care Management Services, LLC. Michael Konig, related by family ties to both Weisz (his cousin) and Krausman (his brother-in-law), helped operate SJEC as its Administrator and served as a key vendor, providing a range of goods and services to SJEC through his company, Broadway Health Care Management, LLC, and other entities he owned and/or controlled. Konig had previously owned the nursing home, until approximately 1997, but transferred ownership to Weisz (and thereby evaded scrutiny from New Jersey) after being forced out of multiple nursing homes he owned in Massachusetts and Connecticut. This investigation revealed that Weisz was a straw owner of SJEC, with Krausman and Konig in full control of SJEC’s operations, administration, and finances. They entered into multimillion-dollar, inflated-cost contracts with businesses they owned and controlled for goods and services their companies substantially failed to provide. Over the review period, SJEC received \$35.6 million in Medicaid funds but spent \$38.9 million on contracts with entities owned or controlled by Krausman and Konig. They failed to report any of these related-party transactions to the state and federal governments, as required. They concealed their roles in order to avoid scrutiny and hide their conflicts of interest. They funneled tens of millions in profits, funded by a steady stream of taxpayer funds, into their network of for-profit and not-for-profit entities—to the detriment of SJEC’s residents. Funds that could have been used to hire additional staff, improve facilities, or enhance resident programs were instead used for owner distributions, “consulting” fees, and charitable donations to organizations they controlled.

As a result of its disqualification, and the disqualification of related individuals and entities, DMAHS will not pay for any item or service that South Jersey Extended Care furnishes, directs, orders, prescribes, manages or supervises, or in which South Jersey Extended Care participates in any manner, pursuant to N.J.A.C. 10:49-11.1(b). If South Jersey Extended Care is employed by or contracts with a provider (including a Managed Care Organization) in any of the programs that are reimbursed on a fee-for-service basis, or if South Jersey Extended Care is associated with a Managed Care Organization with which DMAHS contracts, DMAHS will not authorize payment for any item or service in which South Jersey Extended Care is involved in any capacity.

According to financial information South Jersey Extended Care provided to the New Jersey Department of Human Services, as of June 30, 2024, its proportion of Medicaid days was 91% based upon the Nursing Facility Quarterly Financial Data NF-1 form. As of December 31, 2023, based upon Medicare cost report records, South Jersey Extended Care had a proportion of 85% of patient days billed to a Medicaid payer.

As of February 10, 2025, when its disqualification from the Medicaid program takes effect, South Jersey Extended Care will no longer have its overwhelming revenue source, which is necessary for it to pay for its staff and the goods and services necessary to operate the long-term care facility. Such failure will subject the residents of the facility to either actual harm, or an immediate and serious risk of harm, because the facility may be unable to provide its residents with necessary care and services.

INFORMATION REQUIREMENT ORDER

In accordance with N.J.S.A. 26:2H-5, N.J.S.A. 26:2H-42.1(c) and N.J.A.C. 8:43E- 3.1, the Department hereby notifies South Jersey Extended Care that it shall have until January 2, 2025, to provide to the Department a financial report and plan demonstrating its financial ability to continue to operate its long-term care facility beyond the February 10, 2025, MFD suspension date. The financial report and plan shall include the following:

1. Information regarding any defaults in the punctual payment when due of (1) any debt service where the debt is secured by real estate or assets of the nursing home, (2) any rent payments, (3) any payroll payments, and (4) any payroll tax obligations. The report should also provide proof that the facility has paid all property taxes, water/sewer and gas/electric charges associated with the real property on which the facility is located. A current balance sheet, income statement and projection of cash flow will be helpful, but not required, for the Department's analysis of any possible financial distress.
2. A detailed explanation on how the facility will (1) maintain and retain current staff, (2) care and provide for the safety, welfare and maintenance of all residents, and (3) maintain and satisfy the operating expenses of the facility after the MFD suspension takes effect.
 - A. The facility shall provide proof of its ability to meet payroll for 90 days beyond the effective date of the MFD suspension, which may include a current and projected balance sheet, current and projected statement of cash flow, current and projected income statement, bank statements, bank reconciliation and a statement of sources of potential funding subsequent to the Medicaid suspension.
 - B. The facility shall provide proof of its ability to meet all its operating expenses, including, but not limited to, medication, supplies, food, and contracted services, to ensure continuity of care and delivery of services to residents, for 90 days beyond the February 10, 2025, effective date of the MFD suspension, which may include a current and projected balance sheet, current and projected statement of cash flow, current and projected income statement, accounts payable aging, bank statements, bank reconciliation and a statement of sources of potential funding subsequent to the Medicaid suspension.
 - C. If South Jersey Extended Care plans to demonstrate its ability to meet payroll and all its operating expenses beyond February 10, 2025, by transferring ownership of the facility, South Jersey Extended Care shall, at minimum, identify the proposed new owner and the closing date, and provide evidence of confirmation of same by the proposed new owner.
3. A facility closure plan.

The information required pursuant to this order shall be emailed to: Stefanie.Mozgai@doh.nj.gov; Kara.Morris@doh.nj.gov; Gene.Rosenblum@doh.nj.gov; Lisa.King@doh.nj.gov and Jean.Markey@doh.nj.gov.

ORDER TO FILE EMERGENCY OPERATIONS PLAN

To ensure the health and safety of South Jersey Extended Care's residents in the event of a closure or disruption of services, by January 2, 2025, the facility shall submit to the Department its emergency operations plan as it is required to maintain pursuant to N.J.A.C. 8:39-31.6. The facility shall submit to the Department, at a minimum, its plan to meet the requirements of N.J.A.C. 8:39-31.6(f), below:

The facility shall have a written comprehensive emergency operations plan developed in coordination with the local office of emergency management. This plan shall:

1. Identify potential hazards that could necessitate an evacuation, including natural disasters, national disasters, industrial and nuclear accidents, and labor work stoppage;
2. Identify the facility and an alternative facility to which residents would be relocated, and include signed, current agreements with the facilities. **The facility and alternative facility to which residents would be relocated may not be a facility that is subject to a Notice of Suspension issued by the MFD;**
3. Identify the number, type, and source of vehicles available to the facility for relocation and include signed current agreements with transportation providers. Specially configured vehicles shall be included;
4. Include a mechanism for identifying the number of residents, staff, and family members who would require relocation and procedures for evacuation of non-ambulatory residents from the facility;
5. List the supplies, equipment, records, and medications that would be transported as part of an evacuation, and identify by title the individuals who would be responsible;
6. Identify essential personnel who would be required to remain on duty during the period of relocation;
7. Identify by title and post in a prominent place the name(s) of the persons who will be responsible for the following:
 - i. Activating the emergency operations plan, issuing evacuation orders, and notifying of State and municipal authorities;
 - ii. Alerting and notifying of staff and residents;
 - iii. Facility shutdown and restart;
 - iv. In place sheltering of residents and continuity of medical care; and
 - v. Emergency services such as security and firefighting; and
8. Describe procedures for how each item in (f)7 above will be accomplished.

The emergency operations plan shall be emailed to: Stefanie.Mozgai@doh.nj.gov; Kara.Morris@doh.nj.gov; Gene.Rosenblum@doh.nj.gov; Lisa.King@doh.nj.gov and Jean.Markey@doh.nj.gov.

N.J.A.C. 8:43E-3.4(a)11 provides a \$250 penalty for the failure to report information to the Department as required by statute or licensing regulation, after reasonable notice and an opportunity to cure the violation, which may be assessed for each day noncompliance is found.

DIRECTED PLAN OF CORRECTION

The Commissioner of the Department of Health hereby directs the following plan of correction.

- a. The facility must retain the full-time, on-site services of an Administrator Consultant who is a New Jersey Licensed Nursing Home Administrator. The Administrator Consultant shall:
 1. Assess the facility's staffing levels on all shifts, including weekdays and weekends, and compliance with the state staffing law, N.J.S.A. 30:13-18;
 2. Assess the facility's continuing ability to operate upon disqualification from the New Jersey Medicaid Program by providing oversight of finances and reporting to the Department;
 3. Assess the facility's compliance with all applicable state licensing standards and identify areas of non-compliance;
 4. Oversee the development, implementation and evaluation of corrective action plans;
 5. Develop and implement compliance management systems at the facility;
 6. Collaborate with facility leadership to ensure that operating procedures, systems and standards align with compliance requirements;
 7. Ensure staff training needed to comply with applicable licensing standards;
 8. Take other actions as may be necessary to ensure identification of compliance issues and implementation of timely corrective measures; and,
 9. Develop a closure that plan that ensures safe transfer of residents in the event of a facility closure.

The consultant shall be approved in advance by the Department. The facility shall provide the names and resumes of the proposed consultant by sending them to Kara.Morris@doh.nj.gov, Carol.Hamill@doh.nj.gov, Gene.Rosenblum@doh.nj.gov, Lisa.King@doh.nj.gov, and Jean.Markey@doh.nj.gov by close of business on December 27, 2024. The approved consultant shall be retained and begin work no later than the close of business on January 2, 2025. The consultant shall have no previous or current ties to the facility's principals, management and/or employers or other related individuals of any kind, including, but not limited to employment, business, or personal ties. The consultant shall be present in the facility for no less than 40 hours per week until further notice from the Department, with documented coverage of all shifts and weekends.

The administrator consultant should send weekly progress reports beginning at 1:00 p.m. on Friday, January 10, 2025, and every Friday thereafter by 1:00 p.m., to Kara.Morris@doh.nj.gov and Carol.Hamill@doh.nj.gov. These weekly reports shall include timely status updates regarding:

1. Staffing statistics for all shifts, including weekdays and weekends;
2. The adequacy of financial resources and sources of future revenues;
3. Identified areas of non-compliance;
4. Corrective measures to address identified areas of non-compliance; and,
5. Status of corrective measures implementation.

In addition, the facility is directed to maintain timely communication with the Department, as may be required.

Department staff will monitor facility compliance with this order to confirm compliance with this order and Directed Plan of Correction and to determine whether corrective measures are implemented by the facility in a timely fashion. Failure to comply with these and any other applicable requirements, as set forth in pertinent rules and regulations, may result in the imposition of penalties.

The Directed Plan of Correction shall remain in place until the facility is otherwise notified in writing by a representative of this Department.

Please note that if the facility is not financially viable or intends to close, pursuant to N.J.S.A. 26:2H-126, a long-term care facility is required to provide its residents, its residents' legal representatives, if any, and the Department with written notice when the facility is slated for closure. Such notice must be provided at least 60 days prior to the closure and must include information on how the residents may receive counseling and assistance with relocating to a facility of their choice prior to the closure date. While the statute permits the Department to waive the 60-day notice requirement, such a waiver is limited to emergency situations that warrant a more immediate closure of the facility.

Thank you for your attention to this important matter and for your anticipated cooperation. If you have any questions concerning the Directed Plan of Correction, Information Requirement Order or Order to File Emergency Operations Plan, please contact Lisa King, Office of Program Compliance, at Lisa.King@doh.nj.gov.

Sincerely,

Gene Rosenblum

Gene Rosenblum, Director
Office of Program Compliance
Division of Certificate of Need and Licensing

GR:JLM:ms
DATED: December 12, 2024
E-MAIL
Control #X24146

C. Order Distribution List