



DEPARTMENT OF THE ATTORNEY GENERAL

News Release

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\$1.7 MIL. FALSE CLAIM SETTLEMENT WITH STATE'S LARGEST LONG TERM CARE PROVIDER

HONOLULU - First Deputy Attorney General Richard K. Bissen is pleased to announce that the State of Hawaii, through the Department of the Attorney General, has secured Medicaid program reimbursement as well as a substantial penalty from Beverly Enterprises Hawaii, Inc., in connection with irregularities at its Hale Nani Rehabilitation and Nursing Center.

The Medicaid Investigations Division investigated several questionable practices at Hale Nani including falsification of records, irregular patient prescription practices, and kickback schemes for medication and pharmacy services. The investigation began after a pair of former Hale Nani employees filed suit in State court under the two-year old State Qui Tam Act alleging dubious activity at the facility. Those employees will share in a reward of \$250,000 because of their contributions to the investigation.

The State Medicaid program will receive restitution in the amount of \$130,923.66, Beverly will also pay the State a penalty of \$619,076.34. The State Medicaid Investigations Division will also reclaim \$200,000 in investigative costs and expenses associated with its investigation. In addition, Beverly is obligated to reimburse the Federal Medicare program \$37,092.37 for costs associated with patient care at the Pensacola Street facility. The settlement also requires Beverly to alter its practices and bring them in conformance with federal compliance decrees or suffer an additional \$500,000 penalty.

The agreement covers conduct that occurred between 1996 and 2003 at Hale Nani Rehabilitation and Nursing Center. Beverly Enterprises Hawaii, Inc, does business in Hawaii as Hale Nani Rehabilitation and Nursing Center and Beverly Manor. Together the two facilities provide long term care for nearly four hundred patients. Earlier this year one Hale Nani employee and an independent contractor accepted criminal responsibility for their part in the record falsification activity. Virginia Dagdag, the former director of nursing, and Curtis Takemoto-Gentile, former medical director both pleaded no contest to one count of Falsifying Business Records. Each was fined but had their convictions deferred.

First Deputy Bissen encourages those with information about fraudulent activity involving Medicaid or Medicare providers to contact the Medicaid Investigations Division at 808.586.1058.

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