

NEWS RELEASE

**FROM: Catherine L. Hanaway
United States Attorney
Eastern District of Missouri**



111 South 10th Street
St. Louis, Missouri 63102

For Further Information: Call Public Affairs Officer Jan Diltz (314) 539-7719

February 28, 2007

For Immediate Release

AMERICAN HEALTHCARE MANAGEMENT, ITS CEO & THREE LOCAL NURSING HOMES ARE SENTENCED ON CONSPIRACY CHARGES INVOLVING FAILURE OF CARE AT NURSING FACILITIES

*This is the first case of this kind to be prosecuted in the Eastern District of
Missouri*

St. Louis, Missouri: American Healthcare Management Inc., its Chief Executive Officer and three nursing homes were sentenced on charges of conspiracy to defraud the Medicare and Medicaid Programs, by providing inadequate staff at the nursing homes and thereby failing to provide proper care to elderly and disabled residents, United States Attorney Catherine L. Hanaway.

“Today’s sentencings demonstrate this office’s continuing commitment to fight health care fraud, especially the kind that hurts our most vulnerable citizens. This office will aggressively investigate and pursue prosecutions of nursing homes and their operators when they do not provide services paid for by the government,” said Hanaway.

Due to lack of adequate staffing at these facilities, numerous residents of the three nursing homes suffered from dehydration and malnutrition. Staff was often not available to assist residents who could not feed themselves or drink liquids without help; food trays simply sat before the residents and then later picked up. Residents went for extended periods of time without cleaning or bathing, and developed life-threatening bed sores that would have been preventable with proper care and treatment. Photographs of one resident showed bed sores that extended from one hip to the other hip, with dead tissue down to the bone. An 88-year old resident, who was totally dependent on Claywest for care, sat for hours at a time in her own waste, and in the two weeks before her death, nursing staff found ants crawling all over her body. There were also instances of patients walking away from

facilities and physical abuse by staff members. Additionally, a 78-year old patient was beaten by an employee and later died as a result of his injuries

ROBERT D. WACHTER, 59, Jackson, Wyoming, was sentenced to 18 months in prison and a \$29,000 fine.

Each of the following corporations received a fine of \$180,250 and two years probation:

AMERICAN HEALTHCARE MANAGEMENT, INC., The Pines Court, St. Louis;

CLAYWEST HOUSE HEALTHCARE, LLC, 2840 W. Clay, St. Charles;

OAK FOREST NORTH, LLC, 2600 Redman Road, St. Louis; and

LUTHERAN CARE CENTER, LLC, 1255 McLaran, St. Louis.

They all pled guilty last October to conspiracy to defraud the United States/ healthcare fraud.

Between January 1998 and June 30, 2001, Robert Wachter was the Chief Executive Officer of American Healthcare Management (AHM) which managed long term-care facilities, including Claywest, Oak Forest North and Lutheran Healthcare. Wachter/AHM determined the budget for all three nursing homes, and as a result of the staffing limitations that AHM and Wachter put in place, the facilities had insufficient nursing staff to meet the needs of the residents.

Additionally, during this time, Wachter and AHM continued to bill Medicare and Medicaid for services that they knew were inadequate or not performed at all. The purpose of the conspiracy was for the defendants to enrich themselves by obtaining and retaining reimbursement for these inadequate services and to conceal the actual conditions and the true nature of care provided from Federal and State governments.

In addition to the three facilities listed above, additional facilities also managed by AHM failed to provide adequate care and submitted false claims to Medicare and Medicaid for these inadequate services:

AHM Skilled and Assistive Living Center of St. Louis; Scenic View Skilled Care, formerly known as Westview Nursing Center, Herculaneum, Missouri; Florissant Skilled Care, Florissant; Oak View Skilled Care, Jefferson City; and Oak Forest Skilled Care, Ballwin, Missouri.

Hanaway commended the work on this case by the Office of Investigation for the Inspector General of the United States Department of Health and Human Services, the Federal Bureau of Investigation, the Medicaid Fraud Control Unit and the Missouri Department of Health and Senior Services. Assistant United States Attorneys Dorothy McMurtry and Howard Marcus handled the case for the U.S. Attorney's Office.