

N.J. Public Advocate says assisted-living company wrongly evicted elderly residents

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New Jersey's Public Advocate today accused a national assisted living company of "breaking its trust" with customers by trying to evict dozens of frail and elderly South Jersey residents who sought Medicaid assistance when they ran out of money.

State officials rescinded a \$66,000 fine when the company halted eviction of a resident, but still called for new regulations on administering Medicaid at assisted living facilities.



Governor's Office/Tim LarsenPublic

Advocate Ron Chen, center, at a press conference in Trenton in October. (Governor's Office/Tim Larsen)

Assisted Living Concepts Inc. initially promised residents could remain in one of their eight assisted living facilities and apply for Medicaid after they spent their personal savings, said Public Advocate Ronald Chen and Health and Senior Services Commissioner Heather Howard at a press conference in Trenton.

"The company's policy of accepting Medicaid ... was the very reason families selected the ALC facility in the first place," said Chen, whose Division of Elder Advocacy conducted an 18-month investigation.

But after Extencicare, Inc. bought the company in 2006 and made it a publicly traded entity, it "began to execute a business plan that attempted to ruthlessly remove anyone once they reached the point where they could no longer pay with private funds and needed to rely on Medicaid," Chen said. "This is a clear violation of their state license."

The company tried to remove 90-year-old Lillie Hitchner from Lindsay House in Pennsville three months ago -- just as Medicaid, the state and federally funded health insurance for the poor, would have reimbursed it. The amount Medicaid allows for reimbursement would have been less than the \$6,000-a month company charges, officials said.



AP Photo/Mel Evans The Lindsay

House assisted living home is seen today in Pennsville. A state report said the home's parent company, Assisted Living Concepts, wrongly showed New Jersey residents the door once they exhausted their savings and were about to go on Medicaid.

Medicaid reimburses assisted living facilities about \$2,800 a month for each client, including Lillie Hitchner, said Public Advocate spokeswoman Laurie Brewer.

Hitchner was one of 53 people who told investigators the company promised they could eventually live off of Medicaid benefits. Of them, 22 people left because they ran out of money and the company urged them to go, said Brewer. An income analysis of the 22 found "most would have been eligible for Medicaid" and could have stayed, she added.

The state health department responded to Hitchner's eviction notice by issuing a \$66,000 fine, citing Assisted Living Concepts for violating its license to do business, Howard said. The fine was dropped when the company withdrew the eviction action, she said.

"This was a heartless act by a profit-hungry company," said Sandy Cates, Hitchner's niece. "Our story has a happy ending, so many others didn't. Somebody needs to look out for them."

Assisted Living Concepts of Wisconsin did not return a telephone call and e-mail seeking comment.

Chen and Howard recommended strengthening consumer protection laws by creating, among other changes, a disclosure form stating an assisted living center's Medicaid policy. They also urged the passage of a bill by Sen. Jeff Van Drew (D-Cape May) requiring all facilities to allow people to remain on site and apply for Medicaid after they run out of money.

Paul Langevin Jr. president of the Health Care Association of New Jersey, which represents the long-term care industry, said the report "does not characterize the majority of assisted living companies and residences in the state." The industry, with 200 facilities serving 17,000 people, "has been an overwhelming success story," he said.

The company is licensed to serve 376 people at eight facilities in Vineland, Bridgeton, Millville, Egg Harbor, Rio Grande, Burlington, Glassboro and Pennsville.

People with questions about assisted living facilities may call the Public Advocate at (609) 826-5070. The report may be found at <http://www.state.nj.us/publicadvocate>.

Previous coverage from The Star-Ledger:

April 16, 2009: [N.J. public advocate to detail investigation of senior care company](#)

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