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Medicaid fraud team investigates Maryland group home operator

By: Doug Donovan, The Baltimore Sun

The Maryland attorney general's Medicaid fraud control team is investigating LifeLine Inc., the state contractor that managed a group home for disabled foster children where a 10-year-old Baltimore boy died last summer.

Five people who have direct knowledge of the investigation told The Baltimore Sun that Medicaid fraud investigators have been examining whether LifeLine's Laurel-area facility was appropriately staffed with nurses for children who require around-the-clock care.

They said investigators are examining LifeLine's staffing levels, the qualifications of nurses and other business practices. Most requested anonymity because the probe is continuing and they are not authorized to speak about it.

Maribeth Donohue, a guardian for a former LifeLine resident who was hospitalized last year for an infected bedsore, said Medicaid fraud investigators contacted her in January about the company. She filed a lawsuit earlier this month on behalf of the resident, 19-year-old David Davis.

Another person who was contacted by investigators in January said their questions centered on how many nurses were working at the homes, as well as on food supplies and cleanliness.

"They are looking for any and all information about the business practices of LifeLine," said the person, who provided care to LifeLine residents and spoke on the condition of anonymity because of concerns about jeopardizing future jobs.

A spokesman for the attorney general's office would neither confirm nor deny that an investigation was underway.

LifeLine officials did not respond to requests for comment. The Baltimore-based company's chief executive said last year that she was disbanding the children's group home operation because state funding was inadequate.

A Sun investigation revealed that staffing shortages, fiscal mismanagement and deficient medical care were recurring problems for LifeLine. The state awarded the company about $18 million in contracts since 2010 to operate homes for disabled adults and foster children, despite its problems, including a founder imprisoned for arson, unpaid taxes and a bankruptcy filing. Regulators also were unaware of police reports of abuse and neglect.

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Jay said investigators generally "chase where the money is going."

Investigations by the Medicaid Fraud Control Unit have recovered $54 million over the past two years, according to David Nitkin, a spokesman for the attorney general's office.

In its report for the fiscal year that ended June 30, the fraud unit said it was involved in 234 ongoing probes. The unit has existed since 1978 but was strengthened by a 2010 law that encouraged whistle-blowers to bring cases to the state. The unit closed 89 cases in the fiscal year that ended June 30, including 54 prompted by whistle-blowers.

In one settlement, the state and federal government recovered $750,000 from the nonprofit Foundation Health Services, which failed to follow appropriate protocols for handling

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