Testimony of Deborah Chernoff, Communications Director, District 1199/SEIU
Before the Human Services Committee **Tuesday, March 13, 2012**

In favor of HB 5451: AN ACT CONCERNING TRANSPARENCY IN NURSING HOME COST REPORTS

Good afternoon, Senator Musto, Representative Tercyak, and members of the Human Services Committee. My name is Deborah Chernoff and I am the Communications Director for the New England Health Care Employees Union, District 1199. I also serve on the state's Long Term Care Advisory Committee, representing our 22,000 health care members, including our 6,000 nurses, aides and support staff who provide care in Connecticut's skilled nursing homes.

The Requirements and Purpose of HB 5451

Bill 5451 promotes greater transparency in the cost reports filed annually by nursing home operators with the Department of Social Services. The bill would require the operators of for-profit skilled nursing homes that pay significant amounts of money (in excess of $10,000 per year) to "related parties" to

- include profit-and-loss statements for such companies; and
- provide more detailed reporting of what the money was for and the actual cost of and mark-up on such goods and services.

As defined by DSS in the Cost Report form, related parties are related businesses or entities – **businesses which are related by family associations, common ownership, common control or business association with the owners, operators or officials of the individual facility.**

More Transparency Essential: Nursing Homes Paid Over $136,000,000 to "related parties" in one year

Nursing home operators pay out hundreds of millions of dollars to "related parties" for goods and services such as rent or lease payments, management services, pharmaceuticals, medical supplies/equipment, therapy services and temporary personnel. **For Cost Year 2011 (October 1, 2010 to September 30,2011), just the 10 largest nursing home chains operating in Connecticut together paid more than $136 million to their "related parties,"** as detailed in the chart on the next page:

Table 1: Payments to Related Parties by Ten Largest CT Chains

Corporate Entity/Chain	# of facilities	Total payments to related parties, CY 2011
Apple Health Care	24	$ 36,110,215.00
Athena Health Care Systems	18	$ 10,333,145.00
Genesis Healthcare	9	$ 19,988,697.00
HealthBridge Management/Care One	9	$ 14,123,005.00
iCare Management	9	$ 12,437,361.00
Ostreicher/National Health	11	$ 22,625,370.00
Paradigm Healthcare Development	6	$ 2,867,082.00
Ryders	6	$ 4,068,623.00
Spectrum Healthcare	6	$ 2,424,266.00
SunBridge Healthcare	9	$ 11,057,173.00
TOTALS	107	$ 136,034,937.00

All data from "Annual Report of Long-Term Care Facility" for Cost Year 2011

The Haven Healthcare Scandal: An Object Lesson

Connecticut has had a few exceptional bad examples of nursing home operators using public funding for their own purposes and gain, instead of for providing care to the frail, elderly or infirm residents living in their facilities. It would be hard to forget or ignore the case of Haven Healthcare, whose CEO, Ray Termini, built one of the larger chains of nursing homes in the state. In 2007, Haven filed for bankruptcy immediately after a series of articles in the *Hartford Courant* exposed a history of poor patient care and dubious financial transactions.

Haven CEO Termini and his company became the subject of federal and state investigations into whether Medicaid and Medicare funds designated for patient care were fraudulently diverted into other personal investments, including a $5 million personal loan to the CEO which went to purchase, among other things, three apartment buildings, a yacht and a Nashville recording company. Mr. Termini subsequently went to prison, but the fraud was exposed by investigative reporting rather than through DSS. In fact, the DSS Commissioner declined to follow a recommendation from then Attorney-General Richard Blumenthal that the homes be put in state receivership, because "there is nothing that appears to violate any regulations or rate policies." ("Haven Alarm Raised in '06," *Hartford Courant,* December 18, 2007).

Why Cost Reports Matter

The "Annual Report of Long-Term Care Facility," as these reports are formally designated, lack the information and transparency about nursing homes' corporate financial transactions needed to promote good public policy, responsible state expenditures, informed decision-making and consumer rights; this bill addresses that critical information gap.

Cost reports are a key component of the state's rate-setting procedures for Medicaid reimbursement, which is the major source of funding for Connecticut's skilled nursing facilities. About 70% of care provided in our state's nursing homes is paid through Title XIX.

The Cost Reports do give DSS a great deal of the information the state needs to monitor whether precious state resources are being expended appropriate for the care of the 27,626 residents of Connecticut's nursing homes. They also **provide a snapshot of the financial health of individual facilities, which is an important element in state decisions regarding applications to change or terminate services at a skilled nursing facility.**

Essential Data Missing from Cost Reports

However, the kind and level of the financial data now contained in these cost reports is no longer adequate to inform these important public policy decisions. The nature of the nursing home industry has changed significantly in recent years, moving from a preponderance of small "mom-and-pop" facilities and non-profit operators to more and larger corporate, for-profit regional or national chains. Many of these chains operate on a vertically-integrated business model, where the individual facility, generally incorporated as a Limited Liability Corporation (LLC), purchases many of its major services and supplies from other "related parties" – businesses related by family associations, common ownership, common control or business association with the owners, operators or officials of the individual facility.

However, often all of the related businesses are privately held, making it impossible for DSS to evaluate the real financial situation of the home because **the state has no access to information about whether those related businesses are profitable or not.** Nor is it possible for those families or individuals who pay for nursing home care out of their own pockets to evaluate if an increase in private-pay rates is justified when the nursing home raises those rates.

Most for-profit nursing home chains make some payments to related parties for major cost components including rent/lease, management services, pharmaceuticals, medical supplies and equipment, staffing, consultants, and specialty care such as physical, occupational or respiratory therapy. Many of these individual facilities report losses, sometimes very large losses, on their cost reports. While nursing homes are obliged to report the existence and amount of such payments to related entities, **they do not have to supply the detailed information necessary to make a full assessment of the real financial condition of the facility.**

Of course, management services, drugs and temporary staffing are all legitimate expenditures for a nursing home, but there is no detailed reporting that would show us whether these payments and charges are standard, discounted or inflated.

Given the often-complex vertical integration of these "related parties," **it would certainly be possible for the individual nursing home to serve as a kind of "loss leader," where the facility itself loses money while funneling millions of dollars to related highly-profitable businesses.** Is that the case? Never, sometimes, often? Unless we significantly enhance the financial transparency of nursing home cost reports, our state will have no access to the information necessary to make that evaluation.

Current Cost Reporting Requirements are Inadequate, Opaque

Cost reports do include one page where the nursing home is required to report any payments made to "related parties." However, as the sample below illustrates, there is no real detail, just a list of the parties to whom the payments were made and the amounts of those payments.

State of Connecticut
Annual Report of Long-Term Care Facility
CSP-4 Rev. 10/2005

General Information and Questionnaire
Related Parties*

Name of Facility	License No.	Report for Year Ended	Page	of
162 South Britain Road Operating Company II, LLC	2280	9/30/2011	4	37

Are any individuals receiving compensation from the facility related through marriage, ability to control, ownership, family or business association? ○ Yes ● No — If "Yes," provide the Name/Address and complete the information on Page 11 of the report

Are any individuals or companies which provide goods or services, including the rental of property or the loaning of funds to this facility, related through family association, common ownership, control, or business association to any of the owners, operators, or officials of this facility? ● Yes ○ No — If "Yes," provide the following information:

Name of Related Individual or Company	Business Address	Also Provides Goods/Services to Non-Related Parties: Yes	No	%**	Description of Goods/Services Provided	Indicate Where Costs are Included in Annual Report Page # / Line #	Cost Reported	Actual Cost to the Related Party
162 South Britain Road LLC	162 Britain Road, Southbury, CT 06488	○	●		Facility Real Estate Lease	P22 L9	[illegible]	[illegible]
HealthBridge Management, LLC & CSM Consulting	5 Old Road to Nine Acre Corner, Concord, MA 01742	○	●		Management Services/Clinical Specialists	P16 Line 12	760,742	760,742
Eight (8) other HealthBridge Facilities		○	●		Sharing of Staff with Related Facilities	P16 Various	130,555	130,555
Partners Healthcare	5 Thompson Road, East Windsor, CT 06088	●	○		Pharmacy - Drugs	P20 L5a	664,417	664,417
Partners Healthcare	5 Thompson Road, East Windsor, CT 06088	●	○		Pharmacy - Drugs Med Cabinet	P20 L5b	15,908	15,908
Partners Healthcare	5 Thompson Road, East Windsor, CT 06088	●	○		Pharmacy Consultant	P13 L03	7,565	7,565
Partners Healthcare	5 Thompson Road, East Windsor, CT 06088	●	○		Pharmacy - IV Expenses	P20 L5j	60,333	60,333
Partners Healthcare	5 Thompson Road, East Windsor, CT 06088	●	○		Medical Records Supplies	P16 Ln5	26,348	26,348
HealthBridge & Related Facilities		○	●		Common Pension, Health and Insurance Pro			

* Use additional sheets if necessary.
** Provide the percentage amount of revenue received from non-related parties

Sample Reporting of Payments to Related Parties in Medicaid Cost Reports

For example, the payment listed to "Partners Healthcare" for Pharmacy/Drugs just indicates the total amount paid: $664,417. There is no information about the costs of those drugs to Partners Healthcare, nor of what the markup – or discount – might be from one "related party" to another. Neither is the nature of the Management Services provided specified, making it impossible for anyone examining the Cost Report to determine if these are low, standard or high prices that the nursing home is paying out to its "related parties"

The State's Interest Requires Transparency of Financial Data

The state has an obvious interest in **making sure that nursing homes are not overcharging by overpaying related entities.** This means if nursing homes want to do business with related entities they can be put to the following choice: either provide from themselves and the third parties documents which demonstrate that the nature of the relationship and that the internal accounting for charges is fair and reflective of the market, or don't do business with related entities.

This is comparable to the rules for charitable boards. A charity can do business with entities that are controlled by its board members, but if it does so, it must be able to demonstrate that such business is not overcharging (thus turning the charity into a tax exempt for-profit), or it must not do that business.

Nursing Home Closures Put Residents at Risk, Require Financial Scrutiny: The Wethersfield Story

If a nursing home submits an application with DSS for a Certificate of Need to terminate services, based largely on the facility's assertion that it is not financially viable, DSS does not currently have access to important information necessary to make the right decision on a matter of such deep public concern and serious consequence as closing a nursing home. Many individual nursing homes report significant losses in a given year while expending millions of dollars in payments to other, related businesses.

This is not just a theoretical risk. As recently reported in the *Hartford Courant*, DSS just rejected a Certificate of Need application from the operator of the Wethersfield Health Care Center after that operator, HealthBridge Management, **refused to supply financial information requested by the Department that would justify the closure,** even though the primary rationale given by the company for closure was the financial condition of the facility.

Many of the residents of that facility, however, have already moved out, fearing imminent closure and the possibility of having few, if any, choices about where to relocate if the state did approve the CON application. Because that facility is the only skilled nursing home in Wethersfield, those residents not only lost their home, they lost access to their community and their families and friends now have to travel to visit them. Serious consequences flow from nursing home closures; DSS and consumers alike should have access to the information that supports – or doesn't – such a serious decision.

Caps on Reimbursement Rates Don't Resolve Key Issues

Some might argue that the additional cost reporting requirements contained in this legislation are unnecessary because the state controls reimbursement for Medicaid expenses by a variety of mechanisms including caps on the amount of expenditures by nursing homes on different "cost centers." For example, in determining an appropriate daily rate of Medicaid reimbursement, DSS looks at the actual cost of direct nursing care, but caps the allowable amount to be reimburses at 145% of the median rate for that cost center. Therefore, if a particular nursing home spends significantly more than the median, it will not be reimbursed by the state for the higher amounts.

The caps, however, only address the reimbursement issue, not the expenditure issue and only for those "cost centers" that are capped – there is, for example, no cap on capital expenditures. There are no regulatory limits on how much a nursing home can **spend**, and such expenditures contribute to the overall financial health of the facility. The losses claimed by the Wethersfield Health Care Center were offered as justification for closure of the facility. Dozens of other nursing homes have done the same in the past and, as a result, hundreds of residents have been evicted and forced to relocate, while hundreds of workers have lost their jobs, and related businesses have suffered loss of revenue.

For Profit Chains Dominate Long-Term Care Industry in Connecticut

Of the 227 nursing homes in Connecticut classified as "Chronic and Convalescent Nursing Homes," or CCNH, 179 (79%) are for profit; of those 179, 107 (60%) are operated by the ten largest chains (defined as operators with more than five facilities in the state).

Given this dominance, the State of Connecticut has a critical interest in transparency in order to

- protect the rights and interests of nursing homes residents and their families
- afford access to information for consumers; and
- make wise use of the more than $1.6 billion we expend annually on nursing home care.

Testimony of Deborah Chernoff, District 1199, SEIU
In favor of *HB 5451: AN ACT CONCERNING TRANSPARENCY IN NURSING HOME COST REPORTS*

This legislation is good public policy. The changes are consumer-friendly and necessary to protect the vital interests of one of the state's most vulnerable populations – as well as our precarious budget. I urge you to support this bill.

Thank you.

Hartford Courant

December 18, 2007

Haven Alarm Raised in '06

Blumenthal's Office Urged Receivership

By LISA CHEDEKEL
lchedekel@courant.com

The state attorney general's office recommended more than a year ago that the Department of Social Services pursue putting Haven Healthcare into state receivership because of its questionable financial dealings, but the advice was not heeded until this September.

Attorney General Richard Blumenthal said lawyers in his office advised senior social services officials in June 2006 to seek a court-appointed overseer for the nursing-home chain because of signs that the company was "heading for financial disaster." Blumenthal said the concerns stemmed from the chain's growing debt and findings that Haven officials were diverting millions of dollars in corporate assets into personal ventures.

"Our attorneys very emphatically recommended that a receiver be sought and that it be done right away," Blumenthal said Monday. "I can't speak to what considerations prompted DSS to wait, but they did."

He said lawyers in his office recalled a June 15, 2006, meeting at which they advised "senior officials" of the social services agency to pursue receivership. His office repeated that recommendation "in multiple meetings and telephone conversations thereafter," Blumenthal said, while also advising the social services agency to withhold discretionary Medicaid increases from Haven.

Blumenthal disclosed the recommendation in response to questions from The Courant about an April 2006 financial review of Haven Healthcare by the social services department that raised serious concerns about the chain's financial dealings. That review, which was given to Social Services Commissioner Michael P. Starkowski - then the agency's deputy commissioner - found that company CEO Raymond Termini had used more than $5 million in corporate assets to launch a Nashville record company and buy three Connecticut apartment buildings and a yacht.

At the same time, Haven was defaulting on bills for basic supplies and utilities, and some of its 15 Connecticut homes were cited by state health officials for serious patient-care deficiencies.

"A substantial amount of cash ($5,800,000) has been transferred out of the corporate entities for the personal benefit of the principals," the 2006 review found. The report deemed the transactions "disconcerting" and grounds for concern about "the financial stability of Haven."

But social services officials did not pursue state receivership until this September, when Starkowski ordered another financial review of the chain after news reports that Haven had defaulted on a malpractice settlement.

That financial review, which was delivered to the governor Dec. 3, rehashed many of the findings of the 2006 audit, but this time the agency found grounds for putting Haven into state receivership. By then, however, receivership was no longer a viable option because the chain had filed for bankruptcy in late November.

During bankruptcy proceedings last week, Blumenthal's office reached a deal with Haven officials that turns over control of Haven's finances to an independent restructuring officer.

Starkowski confirmed Monday that there had been discussions between his department and the attorney general's office as far back as June 2006 about placing Haven into receivership, but he disputed that Blumenthal's office had pushed for action to be taken quickly. He said social services officials "had to do due diligence" before going to court to seek a takeover of Haven, and that the attorney general's office understood that.

"If the attorney general and his staff were so concerned about us not pursuing receivership, I never heard those concerns directly" from Blumenthal, Starkowski said.

Starkowski said his agency did not believe a year ago that it had grounds to seek a receiver for Haven - a step he called complex and drastic - because the nursing-home chain was not showing clear signs of financial distress.

"The whole emphasis of receivership is based on imminent financial distress," Starkowski said. "We didn't see evidence of that" until recently.

Haven filed for bankruptcy last month in the wake of a Courant series that detailed the chain's serious patient-care deficiencies and mounting debt problems. In the past three years, Haven has faced the heaviest state fines for health violations of the state's three largest nursing-home chains and has become mired in debt and malpractice litigation.

Blumenthal said lawyers in his office recommended that social services officials pursue receivership because "they believed strongly there were grounds" for it. After the initial recommendation in June 2006, lawyers "went back again and again" with the same advice, he said.

He said he saw no need to call the commissioner directly to reinforce the point because social services officials "know that we make that kind of recommendation only after careful consideration among all the top staff."

Blumenthal said the recommendation was fueled largely by the social services department's April 2006 financial review of Haven, which turned up what he called "rock-solid, shocking evidence of financial improprieties" that his office believed would affect Haven's ability to continue operating.

In that review, James Wietrak, director of the department's audit unit, notified Starkowski that "a large amount" of Haven's funds, obtained mostly from refinancing loans, were being used by Termini to finance "personal investments and business acquisitions."

Wietrak pointed out that Haven officials were using assets to make personal acquisitions instead of installing sprinklers in nursing homes or stabilizing the chain's finances. But his report did not call for drastic action.

"On the surface," Wietrak wrote to Starkowski, "there is nothing that appears to violate any regulations or rate policies, provided that Haven does not include the related party loan costs and refinancing costs" on Medicaid reports filed with the state, which account for how nursing homes spend government money.

The social services agency opted to address the findings by refusing to approve subsequent requests from Haven for discretionary Medicaid increases, while also sharing information about the questionable transactions with other state and federal agencies, officials said.

In the more recent report to Gov. M. Jodi Rell that justified seeking state receivership, Starkowski and department auditors reiterated the findings of the 2006 financial review, which had questioned Termini's use of $5 million in proceeds from a loan secured by Haven Healthcare for the purchase of the Connecticut apartment buildings and a $1.5 million yacht.

Also cited in the 2006 review was a "cash transfer" of $300,000 made to Termini's recording company, Category 5 Records, in November 2005. Haven's chief financial officer, Michael Lipnicki, described that transaction as a "loan" made to Termini and one of his partners, Barry O'Doherty, the report says. The review also describes a

Facility

Continued from Page A1

Tuesday that she won't have to move Gross for awhile at least, because the state has denied the owners' request to close the nursing home. HealthBridge Management, based in New Jersey, had said in November that it wanted to close the home because it lost money for the past four years.

HealthBridge fought the state's requests for financial statements from several companies that are interrelated in its complex corporate structure, saying that the information was private and confidential. Ultimately, it said it would allow the state to look at financial statements for one of the entities for four hours, but would not allow the state to retain a copy of the information for its records.

That proposal did not meet the state Department of Social Services' requirements, so the agency told HealthBridge late Monday night that its request was denied.

In November, HealthBridge projected a $2 million loss at the center in 2012. On Tuesday, spokesman Ed Remillard declined to say if that estimate proved accurate, or to give any information about the home's finances.

HealthBridge and Service Employees International Union, District 1199, are in a bitter struggle at six unionized Connecticut homes, including ones in Wethersfield and Newington. The company has locked out 100 workers at its Milford home since December.

Next week it will be a year since its last contract expired. HealthBridge has said it would consider closing all six of the homes if the union doesn't agree to major concessions.

But the labor dispute was less important to Mangiagli than the state's decision in the days leading up to it. "Do I want a miracle to happen? Yeah," she said Monday, before DSS acted.

"I make a couple of trips around the beads every night," she said, referring to her rosary.

When she visited her daughter Tuesday, as she does every day, the nurses told her: "We're still in limbo. We still don't know if we're going to lose our jobs."

In October, there were about 180 residents and 250 workers at the home, both full and part time. The home is licensed for as many as 210 residents. Now there are just 92 still there, HealthBridge said, after months of telling families and the public that the home would close, and encouraging families — and even residents themselves — to move.

The staff now includes about 140 people organized by District 1199. HealthBridge declined to say how many people it employs there in total. It had told the union it would lay off 70 more workers starting on March 15.

Now Mangiagli, who once worked as a nurse's aide at Oak Hill School and in group homes, asks "What's going to happen next?"

"Wethersfield Health Care Center has not yet determined what steps it will take in response to this decision," spokesman Ed Remillard said.

The state said the center could reapply for closure, and HealthBridge also has the option of appealing the decision.

Connecticut has about 240 licensed nursing homes. In the past two years, five have closed, all of which were either in receivership by the state or had been under bankruptcy protection. Four of the five, however, were part of a troubled chain whose owner was convicted of fraud and had been rescued out of bankruptcy before failing again.

The labor dispute is a backdrop to the closing issue. HealthBridge, which also owns three non-union nursing homes in Connecticut, tried to resolve the contract impasse by agreeing to binding arbitration, but said it would do so only if the union agreed to freeze pensions for current workers and eliminate pensions for new hires. Currently, HealthBridge puts 8 percent of pay into a traditional pension. It wants to instead put one-half of 1 percent of pay into a 401(k) match.

"We are no longer willing to continue providing the kind of exorbitant benefits that exist in the current contract when the union hasn't insisted on them with a number of other providers," Remillard said.

* Visit courant.com/nursinghome for previous coverage, including photos and video.

The National Labor Relations Board, the federal agency responsible for protecting the rights of workers, said last week that HealthBridge is breaking the law because its demands for concessions did not meet the standards of bargaining in good faith. The agency also alleges that the lockout of workers in Milford is discriminatory and designed to discourage workers from belonging to a union. A hearing on the charges will begin in May.

Mangiagli worked two jobs for 18 years, as a special education aide in Hartford schools during the day and as a nursing aide on nights and weekends, and then worked for six years as an aide after retiring from her full-time job. The pension she gets from those years of part-time work makes a big difference, she said, and without it "I probably would've had to sell the house after Frank passed."

Her husband, Frank, died four years ago this week. She keeps her Wethersfield split level spotless and full of homey touches. Pictures of her four children, her grandchildren and great grandchildren fill the living room's inside wall and every shelf and table in the room.

She said one of her sons lost his job as a carpenter and her other daughter almost lost her house. "It didn't touch me like this did," she said. "I can't worry about when the ax is going to come."

The anxiety made her so desperate she went on antidepressants, she said.

She said that because the aides know she is sympathetic to their fight with the company, one told her about a woman who repeated, "But I don't want to go" as she was being moved.

"They packed her things in her room while she wept and begged to stay," Mangiagli said an aide told her. One of the workers reassured her, "You'll be fine."

"I just thought it was so mean, pushing them out," Mangiagli said. "I cried when I heard it."

Hartford Courant
VOLUME CLXXVI · NUMBER 67 · COURANT.COM • MOBILE.COURANT.COM · WEDNESDAY, MARCH 7

State Rejects Bid To Close Facility

For Elderly Mother Of One Resident, Decision Comes As A Great Relief

By MARA LEE
maralee@courant.com

When Ann Marie Mangiagli remembers how she first placed her daughter Laura Gross at Wethersfield Health Care Center three

NURSING HOME

and a half years ago, tears well up in her eyes.

"She would call me up. She'd be crying, 'I can't find my car keys, I have to pick my sons up from school. Ma, you have to come up and get me.'"

But Laura's sons had been grown for years.

"I just wish I could bring her home again, but I can't," said Mangiagli, 77, who took care of her daughter in her Wethersfield home for more than two years. Gross, who is just 58, has had both her mind and body damaged by a mysterious autoimmune disorder.

Witnessing that distress in 2008 is "why I'm so against moving her again," Mangiagli said.

She was very happy to find out

FACILITY, A13

FROM PAGE ONE

RICHARD MESSINA | RMESSINA@COURANT.COM

ANN MARIE MANGIAGLI, 77, of Westhersfield, holding a 2001 photo of her and her daughter Laura Gross, says she's relieved that the nursing home where her daughter lives will not be allowed to close.

$375,000 "wire transfer" of Haven funds to Termini's bank account in January 2006 and a $125,000 wire transfer to O'Doherty's account on the same date.

The audit does not cite the source of funds for the cash transfers. Termini has denied that he diverted government Medicaid or Medicare funds for personal use. In addition to those findings, the more recent report to Rell raised new questions about Termini's diversion of $8.9 million in proceeds from a refinancing loan to Category 5 Records and cited the chain's mounting debt problems.

Although state public health records show that a utility company had threatened to shut off electricity to some Haven homes in January 2006, and a heating oil company had suspended delivery to one home in late 2005, Starkowski said the extent of Haven's financial problems did not become evident until this summer.

"We started to get a preponderance of vendors [seeking payment] this past summer," Starkowski said. A year ago, "I did not have enough information to walk into court on a receivership."

To pursue receivership, the commissioner of social services or public health must petition the court with evidence that a nursing home is in "substantial violation" of the public health code or that it has sustained, or is likely to sustain, a "serious financial loss or failure" that jeopardizes the health and welfare of residents. The court-appointed receiver would take over the home and decide whether to close it, sell it or return it to the owner.

In the past three years, Haven Healthcare has faced a string of state and federal fines for patient-care deficiencies and has been sued by creditors seeking more than $20 million. The state fines included a $100,000 penalty imposed in February against the chain's Waterford home for neglecting a sore on a resident's heel for so long that his leg had to be amputated. Ten Haven homes have been fined multiple times in the past three years for violations that include neglecting residents' fluid or food intake or bedsores.

Termini has acknowledged that a few Haven homes have had significant patient-care problems in the past few years - serious enough that he said he returned to Connecticut full time this summer from Nashville to address them, in part by hiring dozens of new workers. But he has insisted that neither the company's financial troubles nor his own financial dealings ever affected patient care.

Blumenthal has said his office has been pursuing a "whistleblower" investigation into Haven for months. He also has said his office was in contact with federal authorities prior to Nov. 29, when FBI agents and other federal investigators seized documents from the chain's corporate headquarters in an investigation into possible Medicare and Medicaid fraud and tax fraud.

Contact Lisa Chedekel at lchedekel@courant.com