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Damon T. Arnold, M.D., M.P.H.
Director, Illinois Department of Public Health
535 W. Jefferson Street
Springfield, IL 62761

Dear Dr. Arnold,

Based in Chicago, Gem Healthcare manages four Illinois nursing homes with troubled patient care records, Forest Hill Health and Rehab in East Moline, Galesburg Terrace in Galesburg, Regal Health and Rehab in Oak Lawn and Camelot Terrace in Streator. Over the last several years, these facilities managed by Gem Healthcare Management, Inc have accumulated numerous care violations.

While under the management of Gem Healthcare and its President Michael Lerner, residents of these homes have suffered sexual abuse¹, debilitating health issues² and even death³, all while the company continues to collect millions in public Medicaid dollars for this care⁴. While Michael Lerner's Gem Healthcare and related companies receive public dollars from these facilities, frontline caregivers at these homes receive poverty wages.⁵

The State of Illinois has a responsibility and an obligation to protect the residents dependent on these nursing homes. With more than 280 Illinois residents⁶ currently placed in Gem Healthcare's four facilities, the state needs to take immediate action to protect these elderly residents from the "care" provided by Michael Lerner and Gem Healthcare.

In 2007 and 2008, the Illinois Department of Public Health recorded 77 violations of patient care and fire safety reported at Gem facilities⁷. Over 88% of these violations were for cases where potential or actual harm existed for the residents living there.⁸

An analysis of State of Illinois' patient care data for 2007 and 2008 reveal the following conditions at Gem Healthcare facilities:

- During an inspection a Gem facility, state surveyors reported, hallways "**reeked of urine**"ⁱ
- **Failed to keep residents clean and groomed**ⁱⁱ
- Failed to provide treatment for pressure sores.ⁱⁱⁱ
- Failure to identify and evaluate the sexual behaviors of residents with impaired cognition levels for understanding of these behaviors.^{iv}
- Failure to call 911 in a timely manner^v
- Failure to have a plan for emergency services^{vi}
- Failure to adequately staff and monitor a confused resident resulted in resident's death^{vii}

¹ 9/18/2007 Health Survey pg 6, Forest Hill

² 3/21/2007 Health Survey pg 5, Regal

³ 1/23/2008 Health Survey pg 6, Regal

⁴ In 2007 IL Medicaid Cost Report Data, four Gem facilities reported \$12,570,809 in Gross Revenues, with 84% of residents on Medicaid.

⁵ In 2007, IL Medicaid Cost Report Data, Avg wage for a nursing assistant in four Gem homes was \$8.95/hr. At 38.5 hrs/wk for 50wks, nursing assistants can expect to make \$17,214. The 2008 HHS Poverty Guidelines for a family of four was \$21,200. <http://aspe.hhs.gov/poverty/08Poverty.shtml>

⁶ OSCAR data accessed June 6, 2008 from www.medicare.gov

⁷ OSCAR data accessed June 6, 2008 from www.medicare.gov

⁸ OSCAR data accessed June 6, 2008 from www.medicare.gov. 68/77 violation were at D or above for potential or actual harm to residents.

A complete report documenting the patient care violations at Gem Healthcare facilities can be accessed at www.lernernogem.com.

Under the Nursing Home Care Act, the Illinois Department of Public Health has the ability and responsibility to appoint a receiver to control a nursing home when "...a threat to the health, safety or welfare of a resident (exists) that the facility is unwilling or unable to correct".⁹ With years of violations in care documented at the nursing homes "managed" by Michael Lerner, we assert that Illinois citizens in Gem Healthcare's care face this threat now.

Because of the history and severity of violations of care experienced by residents of Gem Healthcare's facilities, we recommend the following:

- The immediate appointment by the Illinois Department of a receiver to assume control of these facilities until the responsibility of serving our elderly can be placed with a company that families of Illinois can trust.

ⁱ 3/22/2007 Health Survey pg 5, Camelot Terrace
ⁱⁱ 1/12/2007 Health Survey pg 1, Forest Hill
ⁱⁱⁱ 3/22/2007 Health Survey pg 11, Camelot Terrace
^{iv} 9/18/2007 Health Survey pg 6, Forest Hill
^v 3/21/2007 Health Survey pg 1
^{vi} 3/21/2007 Health Survey pg 1
^{vii} 3/21/2007 Health Survey pg 1