

Patient care shortchanged CONVICTED TAX CHEATER LIVED WELL WHILE NURSING HOMES LACKED ESSENTIALS

By Barbara Feder Ostrov

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Eight Bay Area nursing homes owned by newly convicted federal tax cheat Jack Easterday will almost certainly need a new boss after his sentencing hearing in June.

That is probably good news for the homes' residents, according to Easterday's former accountant Regena Carr, who said Easterday's financial practices led to poor food and shortages of adult diapers in at least one of his nursing homes.

"The things he did, you shake your head and go `wow,'" Carr said. "A lot of people were wondering why it took so long for the feds to come after him."

Easterday's homes, which collectively serve hundreds of patients, are located in San Jose, Cupertino, Oakland, Alameda, San Pablo, Hayward and Roseville.

Wednesday wasn't a good day for Easterday, who was convicted in federal court on 107 counts of failing to pay payroll taxes. He faces up to five years in prison. The same day, state health officials levied their most severe sanctions, a \$100,000 fine and an "AA" citation, against Easterday's Homewood Care Center in San Jose for poor patient care that led to the October death of a 67-year-old man. Neither Easterday nor his attorney returned phone calls from the Mercury News Thursday.

The sanctions and revelations in Easterday's highly publicized tax case have raised questions about the quality of care at his nursing homes and drawn renewed attention to the sometimes minimal oversight of facilities that care for the aged and disabled.

In addition to the Homewood fine, the Department of Health Services in the past five years has fined two of Easterday's other homes \$10,000 and \$15,000 respectively for substandard care, according to agency records. The quality of care at three of Easterday's homes was slightly below average compared to other California nursing homes, according to a non-profit Web site (www.calnhs.org) that evaluates nursing home quality. The site ranked quality of care at two of the homes as average and one home as slightly above average. There was no quality of care data available for the remaining two homes.

The California Department of Health Services, which regulates nursing homes, will examine whether Easterday's operating license should be revoked. That will come after a formal verdict is entered by the federal judge in his case, which will likely happen at Easterday's sentencing hearing, said Kathy Billingsley, the agency's deputy director of licensing and certification.

In the meantime, Billingsley said, Easterday may continue to operate the homes, but the agency will closely monitor them.

"We want to make sure that residents of these facilities continue to receive all the care and services they're entitled to and that they receive high quality care," she said.

Easterday faces another problem: Under federal law, people convicted of certain financial crimes are prevented from billing Medicare or Medi-Cal for patient care. The government-run health programs are a primary source of income for most nursing homes.

David Martinez, administrator for the Homewood Care Center, said Thursday that the company is appealing the state sanction and fine, calling them "completely unwarranted."

"This was truly an unfortunate incident," Martinez said. "Our deepest sympathy is with the family and has been for some time," he said of the death.

Regena Carr, who for four years worked for Easterday's Oakland-based company, Westline Medical Management, spent two of those years processing payroll checks and bills at the Oakland Care Center. Nurses often left because of poor pay and bounced paychecks, she said. They had to borrow adult diapers from Easterday's other nursing homes because suppliers would only accept orders if they were paid at the time of delivery. The home's cooks and dietitians complained of paltry food budgets that prevented them from providing quality meals to residents.

In the meantime, she said, Easterday was taking employees to Reno for gambling trips in a limousine he had bought. On one trip, Carr said, Easterday handed her and other employees \$100 in spending money.

"Everybody knew that he was a criminal," Carr said, "but a lot of the employees were just thinking about keeping their jobs."

Pat McGinnis, founder of the California Advocates for Nursing Home Reform, said Easterday "had a reputation for not running the greatest facilities, so this doesn't come as a surprise."
