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## **Michigan Elder Justice Initiative Responds to Federal Charges Against Villa Healthcare**

A recent report by the Michigan Elder Justice Initiative and National Consumer Voice identified Villa Healthcare as a nursing home chain with both seriously substandard quality of care and questionable financial practices. On June 30, 2025, United States Attorney Jerome F. Gorgon, Jr. announced a settlement with two Villa LLCs and six Villa nursing homes in southeast Michigan to resolve a lawsuit alleging that Villa violated the False Claims Act by:

- Systemically failing to provide services to nursing home residents and/or providing materially and grossly substandard services to nursing home residents;
- Failing to have a sufficient number of appropriately trained staff possessing satisfactory skill levels to adequately care for the residents;
- Failing to take adequate measures to prevent, control, and provide care related to infections; and
- Failing to take adequate measures to prevent and follow appropriate protocols related to resident falls.

Under the terms of the settlement for the fraud case, the Villa defendants agreed to pay \$4,500,000 to the United States and the State of Michigan. In addition, the defendants will enter into a five year Corporate Integrity Agreement (CIA) with the U.S. Department of Health and Human Services Office of Inspector General. Under the CIA, the Villa companies will retain an independent quality monitor to review the delivery of care and evaluate the homes' ability to prevent, detect, and respond to resident care problems. The U.S. Attorney's Office for the Eastern District of Michigan, the U.S. Department of Justice's Commercial Litigation Branch – Fraud Section, and the Michigan Department of Attorney General's Health Care Fraud Division served as co-counsel for the case.



In response to these developments, Laura De Palma, Nursing Home Transparency and Accountability Project Director at the Michigan Elder Justice Initiative stated: “We applaud the federal and state attorneys who held the Villa corporations accountable for harming nursing residents by providing seriously substandard care, understaffing, and failing to prevent infections and falls. Continued scrutiny, increased financial transparency, and ongoing accountability measures are imperative to ensure that for-profit nursing home corporations, like Villa, use the billions of dollars of taxpayer funds they receive appropriately to provide residents with both quality of care and life.”

In its report, “**Public Funds into Private Pockets: How Nursing Homes May Be Hiding Profits and Depriving Residents of Care And Quality**,” Michigan Elder Justice Initiative and Consumer Voice noted Villa’s 16 Michigan nursing homes, on average, rate below average on the Center for Medicare and Medicaid Services’ Nursing Home Compare website and staff their homes significantly below the state average. At the same time, Villa pays substantial amounts of money to other companies with common ownership or control in transactions that could be used to hide profits while making the nursing home itself appear to be in a precarious financial situation. Without greater transparency in nursing home transactions, it is impossible to know if Villa’s related party payments were legitimate and cost-effective or unreasonably enriched Villa’s related corporate entities.

Because residents need high quality care and taxpayers should expect government to be wise and careful stewards of the public funds paid to nursing homes, the report recommends:

- Requiring nursing homes to submit annual audited consolidated cost reports;
- Increasing the auditing capacity at the state and federal levels;
- Requiring increased disclosure requirements for related party companies;
- Making information on cost reports accessible to the public; and
- Requiring nursing homes to spend a specified percentage of public funds on goods and services that have a direct, positive impact on residents.

These common sense reforms will help ensure future residents are not imperiled in the ways the government alleges Villa residents were and that billions of dollars of taxpayer funds are used appropriately to pay for care and quality.

