STATE OF MICHIGAN
CIRCUIT COURT FOR THE 30TH JUDICIAL CIRCUIT
INGHAM COUNTY

THE STATE OF MICHIGAN, EX REL.,
DANA NESSEL, ATTORNEY GENERAL

Plaintiff,

v.

FAHIM UDDIN; PIONEER HEALTH CARE MANAGEMENT INC. d/b/a LEGACY HEALTHCARE MANAGEMENT; ASHLEY HEALTHCARE CENTER LLC; HERITAGE MANOR NURSING & REHAB CENTER LLC; LAKESIDE MANOR NURSING & REHABILITATION CENTER, LLC; NORTHVILLE MANOR LLC; OAKLAND MANOR NURSING & REHAB CENTER LLC; OAKRIDGE MANOR NURSING & REHAB CENTER LLC; PINE CREEK MANOR SKILLED NURSING & REHAB CENTER LLC; REGENCY MANOR NURSING & REHABILITATION CENTER LLC; AND RIVERSIDE HEALTHCARE CENTER LLC

Defendants.

No. 26-3789 -CZ

Hon. HON. MORGAN E. COLE

COMPLAINT AND JURY DEMAND

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There is no other pending or resolved civil action arising out of the transaction or occurrence alleged in the Complaint.

COMPLAINT

NOW COMES the State of Michigan, by its Attorney General, Dana Nessel, and Assistant Attorneys General, Timothy C. Erickson and Katherine M. Pittel, and for its Complaint, states as follows:

1. This is an action under the Michigan Medicaid False Claim Act, MCL 400.601, *et seq.*, arising from Defendants' submission of claims for Medicaid reimbursement that were false at the time they were made. Defendant Fahim Uddin is the sole owner, resident agent, officer, and managing member of nine nursing homes in Michigan, as well as the company that manages them, Pioneer Health Care Management Inc. d/b/a Legacy Healthcare Management ("Pioneer"). Defendants sought and obtained Medicaid payment for nursing facility services that they did not provide, and could not provide, because they operated their facilities with staffing levels insufficient to deliver the care their residents required.

2. Michigan Medicaid reimburses nursing homes on the condition that they provide nursing and related services sufficient to meet resident needs and comply with applicable staffing and care requirements. As a condition of payment, Defendants certified — as required by MCL 400.111b(17) — that each claim submitted was true and accurate and that they were operating in compliance with those requirements.

3. Those certifications were false. Based on Defendants' own payroll and timekeeping data, Uddin's nine nursing homes routinely operated with insufficient nursing staff to deliver the nursing facility services for which Medicaid was billed. Defendants' actual staffing levels fell materially below the levels required to meet resident acuity and care needs, and they submitted claims for a level and quality of care that they could not provide given the staffing levels they maintained.

4. Defendants' resident assessments and the staffing hours reported through the Center for Medicare and Medicaid Services' ("CMS") Payroll Based Journal ("PBJ") reveals that Defendants failed to provide sufficient nursing staff to meet their residents' acuity needs over 96% of the time.

5. Defendants knew their staffing levels were insufficient. Uddin controlled staffing, payroll, and operating budgets across Pioneer and all nine facilities. The Michigan Department of Licensing and Regulatory Affairs ("LARA")[1] issued citations to Uddin's facilities for staffing-related violations, providing direct written notice of noncompliance. Despite this knowledge, Defendants continued to submit claims and certify compliance with conditions of payment.

6. Defendants' conduct was material to the government's payment decisions. Medicaid conditions payment on facilities providing adequate care and complying with staffing standards.

7. Defendants' failure to fulfill their staffing responsibilities resulted in residents going without the nursing care they required. While Defendants' facilities

[1] LARA is not a party to this case.

were understaffed, residents sustained injuries without staff present, developed pressure injuries that went unidentified and untreated, were abandoned and were refused readmission, were ignored when calling for help, were left in soiled linens and briefs, and other adverse outcomes related to insufficient staffing.

8. During the same period, Uddin directed Medicaid funds from his facilities to related-party companies at the expense of sufficient nursing staff.

9. This action seeks to recover treble damages, civil penalties, and the costs of investigation and litigation arising from Defendants' knowing submission of false claims in violation of MCL 400.607(1).

I. JURISDICTION AND VENUE

10. This action is brought for and on behalf of the State of Michigan, by Dana Nessel, Attorney General of the State of Michigan, to recover damages and penalties pursuant to the Michigan Medicaid False Claim Act, MCL 400.601, *et seq.*

11. This Court has subject matter jurisdiction pursuant to the Michigan Medicaid False Claim Act, MCL 400.611, and the Revised Judicature Act, MCL 600.601 and MCL 600.605.

12. The Court has personal jurisdiction over Defendant Fahim Uddin pursuant to MCL 600.701 and 600.705.

13. The Court has personal jurisdiction over Defendants Ashley Healthcare Center LLC, Heritage Manor Nursing & Rehab Center LLC, Lakeside Manor Nursing & Rehabilitation Center, LLC, Northville Manor LLC, Oakland Manor Nursing & Rehab Center LLC, Oakridge Manor Nursing & Rehab Center

LLC, Pine Creek Manor Skilled Nursing & Rehab Center LLC, Regency Manor Nursing & Rehabilitation Center LLC, and Riverside Healthcare Center LLC (the "Facility Defendants") pursuant to MCL 600.711 and 600.715 because each Facility Defendant carries on a continuous and persistent part of its general business in the State of Michigan and is organized under the laws of Michigan.

14. The Court has personal jurisdiction over Defendant Pioneer pursuant to MCL 600.711 and 600.715 because Pioneer carries on a continuous and persistent part of its general business in the State of Michigan and is organized under the laws of Michigan.

15. Venue is proper in the 30th Judicial Circuit Court in Ingham County pursuant to MCL 400.611.

II. PARTIES

16. The Attorney General for the State of Michigan is bringing this action on behalf of the State of Michigan pursuant to MCL 400.610a.

17. Defendant Fahim Uddin is an individual residing in Oakland County, Michigan. Between 2011 and 2021, Uddin acquired or formed each of the Facility Defendants and Pioneer, and is the sole owner, resident agent, officer, and managing member and is listed as the organizer or incorporator for each defendant in filings with LARA. Uddin also owns or controls related-party entities[2] that

[2] A "related party" is an individual, group of individuals, or business entity related to a nursing facility by common ownership or control. "Common ownership" exists when an individual possesses significant, five percent or greater, ownership or equity in a nursing facility and in an organization serving that facility. "Control" exists when an individual or organization has the power, directly or indirectly, to

contract with the other defendants to provide goods and services paid for in whole or in part with Michigan Medicaid funds.

18. Defendant Pioneer is a Michigan Domestic For Profit Corporation, with its registered office located in Oakland County, Michigan. Pioneer manages skilled nursing homes, including the Facility Defendants, and has been owned and operated by Fahim Uddin since at least 2011.

19. Defendant Ashley Healthcare Center LLC ("Ashley Healthcare"), located in Gratiot County, Michigan, is a nursing home licensed by the Michigan Department of Licensing and Regulatory Affairs to operate 63 nursing home beds. Ashley Healthcare is enrolled as a provider in both Michigan Medicaid and Medicare. Ashley Healthcare was organized as a Michigan limited liability company on February 22, 2021, and Uddin assumed operational control of the facility on August 1, 2021, and has operated it since that time. Ashley Healthcare has an average daily census of approximately 47 residents between August 1, 2021, and 2025.

20. Defendant Heritage Manor Nursing & Rehab Center LLC ("Heritage Manor"), located in Wayne County, Michigan, is a nursing home licensed by the Michigan Department of Licensing and Regulatory Affairs to operate 122 nursing

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significantly influence or direct the actions or policies of a nursing facility or of an organization serving the nursing facility. Michigan Medicaid Provider Manual, Cost Reporting & Reimbursement App., § 2; 42 C.F.R. § 413.17(b). Providers must also disclose whether any person with an ownership or controlling interest is related to another person with an ownership or control interest in the disclosing entity as a spouse, parent, child, or sibling. Michigan Medicaid Provider Manual, General Information for Providers § 2.1.A; 42 C.F.R. § 455.104(b)(2).

home beds. Heritage Manor is enrolled as a provider in both Michigan Medicaid and Medicare. Heritage Manor was organized as a Michigan limited liability company on May 30, 2012, and Uddin has owned and operated it since that time. Heritage Manor has an average daily census of approximately 108 residents between 2020 and 2025.

21. Defendant Lakeside Manor Nursing & Rehabilitation Center, LLC ("Lakeside Manor"), located in Macomb County, Michigan, is a nursing home licensed by the Michigan Department of Licensing and Regulatory Affairs to operate 66 nursing home beds. Lakeside Manor is enrolled as a provider in both Michigan Medicaid and Medicare. Lakeside Manor was organized as a Michigan limited liability company on August 5, 2011, and Uddin has owned and operated it since that time. Lakeside Manor has an average daily census of approximately 50 residents between 2020 and 2025.

22. Defendant Northville Manor LLC ("Northville Manor"), located in Wayne County, Michigan, is a nursing home licensed by the Michigan Department of Licensing and Regulatory Affairs to operate 37 nursing home beds. Northville Manor is enrolled as a provider in both Michigan Medicaid and Medicare. Northville Manor was organized as a Michigan limited liability company on September 22, 2021, and Uddin assumed operational control of the facility on January 1, 2022, and has operated it since that time. Northville Manor has an average daily census of approximately 27 residents between 2022 and 2025.

23. Defendant Oakland Manor Nursing & Rehab Center LLC ("Oakland Manor"), located in Oakland County, Michigan, is a nursing home licensed by the Michigan Department of Licensing and Regulatory Affairs to operate 29 nursing home beds. Oakland Manor is enrolled as a provider in both Michigan Medicaid and Medicare. Oakland Manor was organized as a Michigan limited liability company on January 25, 2013, and Uddin has owned and operated it since that time. Oakland Manor has an average daily census of approximately 16 residents between 2020 and 2025.

24. Defendant Oakridge Manor Nursing & Rehab Center LLC ("Oakridge Manor"), located in Oakland County, Michigan, is a nursing home licensed by the Michigan Department of Licensing and Regulatory Affairs to operate 64 nursing home beds. Oakridge Manor is enrolled as a provider in both Michigan Medicaid and Medicare. Oakridge Manor was organized as a Michigan limited liability company on October 16, 2012, and Uddin has owned and operated it since that time. Oakridge Manor has an average daily census of approximately 41 residents between 2020 and 2025.

25. Defendant Pine Creek Manor Skilled Nursing & Rehab Center LLC ("Pine Creek Manor"), located in Wayne County, Michigan, is a nursing home licensed by the Michigan Department of Licensing and Regulatory Affairs to operate 49 nursing home beds. Pine Creek Manor is enrolled as a provider in both Michigan Medicaid and Medicare. Pine Creek Manor was organized as a Michigan limited liability company on May 23, 2018, and Uddin has owned and operated it

since that time. Pine Creek Manor has an average daily census of approximately 41 residents between 2020 and 2025.

26. Defendant Regency Manor Nursing & Rehabilitation Center LLC ("Regency Manor"), located in Macomb County, Michigan, is a nursing home licensed by the Michigan Department of Licensing and Regulatory Affairs to operate 39 nursing home beds. Regency Manor is enrolled as a provider in both Michigan Medicaid and Medicare. Regency Manor was organized as a Michigan limited liability company on September 27, 2011, and Uddin has owned and operated it since that time. Regency Manor has an average daily census of approximately 30 residents between 2020 and 2025.

27. Defendant Riverside Healthcare Center LLC ("Riverside Healthcare"), located in Gratiot County, Michigan, is a nursing home licensed by the Michigan Department of Licensing and Regulatory Affairs to operate 39 nursing home beds. Riverside Healthcare is enrolled as a provider in both Michigan Medicaid and Medicare. Riverside Healthcare was organized as a Michigan limited liability company on November 14, 2018, and Uddin has owned and operated it since 2019. Riverside Healthcare has an average daily census of approximately 34 residents between 2020 and 2025.

III. THE MICHIGAN MEDICAID PROGRAM

28. In 1965, the federal government enacted the Medicaid Program by the addition of Title XIX to the Social Security Act. Medicaid is a government health

insurance program jointly funded by the federal government and state governments but is administered by each state. See 42 U.S.C. §1396 *et seq*.

29. Under the Social Welfare Act, MCL 400.1 *et seq*., the Michigan Department of Health and Human Services ("MDHHS")[3] (formerly known as the Department of Community Health) administers the Medicaid Program in Michigan. MCL 400.105.

30. Michigan Medicaid provides health services to citizens who qualify because they are economically disadvantaged, or they have a disability.

31. If a provider voluntarily elects to participate in Michigan Medicaid Program, the provider must enroll and comply with numerous statutory and contractual requirements. MCL 400.111b.

32. The Medical Assistance Provider Enrollment & Trading Partner Agreement (the "Enrollment Agreement"), much like the statute, includes numerous requirements for a Medicaid provider.

33. A provider must read and comply with the terms and conditions of participation in the Michigan Medicaid Provider Manual, and the policies and procedures for the Medical Assistant Program contained in the manual, provider bulletins, and program notifications.

34. The Michigan Medicaid Provider Manual is available online and is updated quarterly to reflect policy bulletins issued by MDHHS. The Michigan

[3] MDHHS is not a party to this case.

Medicaid Provider Manual is organized into chapters and appendices, with specific applicability based on the type of provider.

Nursing Facility Obligations Under the Michigan Medicaid Program

35. The Nursing Facility Coverages chapter of the Michigan Medicaid Provider Manual applies to nursing facilities enrolled in Michigan Medicaid, including the Facility Defendants.

36. As a condition of payment under Michigan Medicaid, a nursing facility must comply with the Michigan Public Health Code, MCL 333.20101 *et seq.*; the Michigan Medicaid Provider Manual; and all applicable federal and state laws and regulations, including 42 C.F.R. Part 483. MCL 400.111b. The statute expressly conditions each claim for payment on the provider's certification that the claim "is true, accurate, prepared with the knowledge and consent of the provider, and does not contain untrue, misleading, or deceptive information." MCL 400.111b(17). By operation of the Enrollment Agreement and MCL 400.111b, compliance with the requirements of 42 C.F.R. Part 483, the Michigan Medicaid Provider Manual, and Michigan law is a condition of payment for each claim submitted to Michigan Medicaid.

37. These conditions of payment include staffing requirements:

- Under MCL 333.21720a(2) and 42 C.F.R. § 483.35, a long-term care facility must provide services by sufficient numbers of nursing personnel to meet the needs of its residents.

- Under MCL 333.21720a(2), a nursing home must provide each resident with a minimum daily average of 2.25 hours of direct nursing care.
- Under MCL 333.21720a(2), a nursing home must maintain a minimum nursing care personnel-to-resident ratio of 1 to 8 for the morning shift, 1 to 12 for the afternoon shift, and 1 to 15 for the night shift.
- Under 42 C.F.R. § 483.35(b)(1), a nursing home must staff a registered nurse for at least eight consecutive hours per day, seven days a week.

38. These conditions of payment include staffing reporting requirements:

- Under 42 C.F.R. § 483.70(p), a nursing home must electronically submit direct-care staffing information to CMS through the Payroll-Based Journal system based on payroll and other verifiable and auditable data.

39. These conditions of payment include obligations pertaining to related parties:

- Under MCL 333.20142, 42 C.F.R. § 483.70(j), and 42 C.F.R. § 455.104, a nursing facility participating in Medicaid must disclose the identity of each person with an ownership or control interest in the facility or in any subcontractor in which the facility has a five percent or greater ownership interest, and must disclose whether

any such person is related to another with a similar interest as a spouse, parent, child, or sibling. Michigan law further requires disclosure of ownership interests held by family members in vendor entities that supply goods or services to the facility exceeding $5,000 in a twelve-month period.

- Under MCL 400.111b, MCL 400.111m, and 42 C.F.R. § 413.17, a provider must separately identify costs arising from transactions with related parties on its cost reports, and such transactions are reimbursable at the lower of the cost to the related party or the price of comparable services purchased elsewhere.

40. These conditions of payment include incident reporting requirements:

- Under MCL 333.21771(1), MCL 400.11a, and 42 C.F.R. § 483.12(c), a nursing home must report any incident of mistreatment, neglect, or abuse of a resident, including injuries of unknown source, to the State. Employees with reasonable cause to believe a resident has been abused, neglected, or exploited must immediately report to MDHHS Adult Protective Services.

41. "The owner, operator, and governing body of a nursing home licensed under this article: (a) Are responsible for all phases of the operation of the nursing home and quality of care rendered in the home." MCL 333.21713.

42. The Michigan Medicaid Provider Manual identifies billing for services not rendered and fraudulent cost reports as examples of Medicaid fraud. Michigan Medicaid Provider Manual, General Information for Providers, § 15.2.

IV. FACTS

Defendants' Violation of Michigan Staffing Requirements

43. Nursing home residents depend on their facilities for daily medical care, medication, repositioning, and supervision. When a facility operates below required staffing levels, residents do not receive this care, including dignity and quality of life. Both Michigan and the federal government require nursing homes to maintain adequate staffing specifically to prevent this harm.

44. The Facility Defendants are for-profit companies that voluntarily enrolled in Medicare and Michigan Medicaid, agreed to comply with the Enrollment Agreement, MCL 400.111b, the Michigan Medicaid Provider Manual, and all other Medicaid requirements, and reaffirmed compliance each time they sought payment.

45. The Facility Defendants contracted with the resident or the resident's responsible party to provide adequate care. In accepting those residents, Defendants were obligated to have sufficient nursing staff to meet the residents' needs. Michigan Medicaid Provider Manual, Nursing Facility Coverages Chapter, § 3.3; 10.21; C.F.R. § 483.35.

46. There were at least four separate and independent staffing obligations that Defendants repeatedly violated between 2020 and 2025:

i. Requirement to Staff to the Acuity Needs of Residents

47. Under both Michigan and federal law, a nursing home must have sufficient staff to meet the acuity needs of its resident population. 42 C.F.R. § 483.35 (requiring "the facility must have sufficient nursing staff with the appropriate competencies and skills sets to provide nursing and related services to *assure resident safety and attain or maintain the highest practicable physical, mental, and psychosocial well-being of each resident*, as determined by resident assessments and individual plans of care and considering the number, acuity and diagnoses of the facility's resident population in accordance with the facility assessment" (emphasis added)); MCL 333.21720a(2) (requiring each nursing home to "provide continuous 24-hour nursing care and services sufficient to meet the needs of each patient in the nursing home").

48. The specific acuity needs of individual residents vary based upon numerous factors, including the residents' health status, medical conditions, need for assistance with activities of daily living, and required level of supervision and medical care. 42 C.F.R. § 483.20. Each Facility Defendant conducted nursing assessments of each resident at the time of admission, annually, and at various other intervals. *Id.* These assessments establish the acuity level of each facility's resident population and the corresponding amount of nursing staff required.

49. An analysis of the Facility Defendants' resident assessments and the staffing hours reported through the PBJ between July 1, 2020, and December 31, 2025, reveals that the Facility Defendants failed to provide sufficient nursing staff to meet the acuity needs of their residents on 15,824 days, or approximately 96% of

the days for which sufficient data were available. On each of those days, the facility could not deliver the individualized care its own assessments determined each resident required, and claims submitted for nursing facility services on those days misrepresented the care actually provided.

50. The Table below sets forth the number of days that each facility failed to staff to the acuity needs of its residents by year.

Facility	**7/1/2020-12/31/2020**	**2021**	**2022**	**2023**	**2024**	**2025**
Ashley Healthcare	Not owned by Uddin	153[4]	355	342	366	337
Heritage Manor	184	365	364	365	366	357
Lakeside Manor	184	365	365	278	366	352
Northville Manor	Not owned by Uddin	Not owned by Uddin	162	310	347	351
Oakland Manor	184	335	286	40	229	290
Oakridge Manor	92	363	359	365	366	361
Pine Creek Manor	182	364	363	359	366	343
Regency Manor	184	365	337	365	366	344
Riverside Healthcare	184	365	364	357	366	346

ii. Requirement to Provide at least 2.25 Nursing Hours Per Resident Per Day

[4] Uddin's ownership of this facility commenced on August 1, 2021—this table only includes violations after that date.

51. Michigan law requires that a "nursing home shall employ nursing personnel sufficient to provide continuous 24-hour nursing care and services *sufficient to meet the needs of each patient in the nursing home*." (emphasis added). MCL 333.21720a(2). The nursing home must provide "nursing home staff sufficient to provide not less than 2.25 hours of nursing care" per resident, per day. MCL 333.21720a(2). This threshold is calculated by dividing the total hours worked by employed nursing care personnel, including registered nurses, licensed practical nurses, and certified nursing assistants, by the facility's daily resident census. Hours spent on non-nursing duties such as food preparation, housekeeping, laundry, or maintenance are excluded from the calculation except during emergencies. In facilities with 30 or more beds, the Director of Nursing's hours are excluded. MCL 333.21720a(2). The Michigan Medicaid Provider Manual incorporates this requirement as a condition of participation in the Michigan Medicaid program. Michigan Medicaid Provider Manual, Nursing Facility Coverages Chapter, § 3.3.

52. Even ignoring this regulatory requirement for facilities to staff sufficient to meet the needs of each patient, the Facility Defendants operated below the threshold of 2.25 hours per patient, per day on 1,454 occasions between July 1, 2020, and December 31, 2025. The Facility Defendants' repeated failures to meet even this threshold occurred at a higher rate than any other nursing home chain in Michigan (with four or more facilities) during this period.

iii. Requirement of Nursing Personnel-to-Resident Staffing Ratios

53. Michigan law requires each nursing home to staff sufficient nursing personnel to provide nursing care to all patients in the home 24 hours a day and imposes per-shift minimum ratios to ensure care and services are not concentrated in a single period: 1 nursing personnel for each 8 residents on the morning shift, 1 for each 12 on the afternoon shift, and 1 for each 15 on the night shift. MCL 333.21720a(2).

54. The Facility Defendants failed to meet these shift-ratios in violation of Michigan Medicaid requirements, including on at least 496 instances between July 1, 2020, and December 31, 2025.

iv. Obligation to Maintain Registered Nurse Coverage

55. Federal law requires each nursing home to staff a registered nurse for at least eight consecutive hours per day, seven days a week. 42 C.F.R. § 483.35(b)(1).

56. The Facility Defendants failed to staff a registered nurse for at least eight consecutive hours per day on at least 4,658 occasions between July 1, 2020, and December 31, 2025. 42 C.F.R. § 483.35(b)(1).

The Consequences of Defendants' Understaffing

57. The Facility Defendants' own payroll and timekeeping records show they were repeatedly understaffed. The following are examples of residents who were injured, and whose rights were violated, at those facilities:

a. On February 3, 2022, LARA issued numerous Immediate Jeopardy citations to Ashley Healthcare for failing to meet the basic needs of residents and failing to prevent accidents and hazardous situations for seventeen (17) residents. Ashley Healthcare medicated residents with psychotropic medications without consent, failed to attempt a Gradual Dose Reduction (GDR) of similar medications, failed to monitor vital signs and adverse effects of medications, and failed to routinely assess/address behavioral concerns in residents, resulting in a high likelihood for serious harm, serious injury and/or death. Unsurprising, Ashley Healthcare personnel blamed insufficient staffing as the cause for these deficiencies.

b. On November 24, 2022, unbeknownst to Ashley Healthcare staff, resident "L.L." eloped from the facility in the evening and was not discovered by staff to be missing for nearly three hours, resulting in the Immediate Jeopardy to L.L. Staff reported to LARA surveyors that the facility was short staffed that night. The facility failed to acknowledge, identify, and provide adequate supervision to prevent L.L.'s elopement and ensure her safety.

c. On April 10, 2024, Heritage Manor resident "K.D." was found by day shift staff on the floor, face down, with blood around his

head, unresponsive and cold. EMS was called and handled the code. Day shift staff reported to LARA surveyors that the facility was short staffed during the night. The facility failed to implement interventions and provide sufficient staff for supervision to prevent falls for K.D. resulting in K.D. being found unresponsive on the floor with a pool of blood around his head.

d. Lakeside Manor resident "P.S." experienced six falls in less than thirty days resulting in three broken ribs, broken clavicle, and a fractured pelvis, requiring hospitalizations. On September 8, 2021, unbeknownst to nursing staff, P.S. eloped from the facility and was found outside by housekeeping and maintenance staff. The facility failed to provide monitoring and supervision to prevent elopement and repeated falls.

e. On or about January 28, 2020, Oakland Manor failed to reassess, monitor, treat in a timely and appropriate manner resident "G.G."s blood pressure level, resulting in G.G. being found non-responsive by facility staff, requiring transfer to the hospital, admission to the intensive care unit, and was placed on a ventilator.

f. Oakland Manor resident "M.J." was a resident at the facility from September 13, 2021, until her discharge to the hospital on

September 30, 2021. While a resident at Oakland Manor, M.J. developed a pressure ulcer that became a gaping hole in her lower back, requiring hospitalization and emergency surgery. The facility failed to timely implement wound care ordered by the physician, waiting four days after the order to attempt implementation.

g. On or about February 11, 2022, Pine Creek resident "R.W." eloped from the facility during a winter weather advisory wearing only a tee shirt, sweatpants, and backless slippers. The temperature was reportedly 23 Fahrenheit (F) with a wind chill that made it feel like 17 F, and 7.5 inches of snow had fallen in the area throughout the day. R.W. was found by a Good Samaritan wandering on a four-lane road with a posted speed limit of 45 mph. R.W.'s condition and location were unknown by facility staff until Emergency Medical Services returned R.W. to the facility approximately three hours after elopement.

Defendants' Failure to Properly Report Staffing Hours

58. Medicaid requires each nursing facility to report actual hours worked by direct-care nursing staff—registered nurses, licensed practical nurses, and certified nursing assistants—to CMS on a quarterly basis through the PBJ. 42 C.F.R. § 483.70(p). The reported data must be drawn from payroll and other verifiable records and be accurate, complete, and auditable. A record-level review of

the Facility Defendants' employee timecard records and the corresponding PBJ submissions identified patterns demonstrating problems with the integrity of the reported staffing records.

59. Specifically, an analysis of Defendants' employee timecard records revealed the following discrepancies:

- 12 instances involving 7 employees in which timecard records reflect more than 24 hours worked in a single day, including one instance reflecting 32.2 hours recorded in a single day.
- 229 instances involving 25 employees in which timecard records reflect that an employee was recorded as working simultaneously at more than one Facility Defendant, totaling approximately 1,660 hours of overlapping time.
- 160 instances involving 14 employees in which hours reported to CMS through PBJ reflect that an employee was reported as working simultaneously at more than one Facility Defendant, totaling approximately 1,168 hours of overlapping time.

60. CMS relies on reported staffing data to calculate Five-Star ratings for each nursing facility, which are publicly reported on Medicare's Care Compare website to allow consumers to compare the quality of care at those facilities. The Facility Defendants reported staffing hours that were not supported by underlying records. Those reported hours were incorporated into CMS's rating calculations,

misleading prospective residents and their families about the quality of care at those facilities.

The Diversion of Medicaid Funds through Related Parties

61. As set forth above, during the period of January 1, 2020, to December 31, 2025, the Facility Defendants received about $111,216,862 in paid claims from Michigan Medicaid.

62. Applicable laws and regulations govern how public funds may flow to related parties. Providers must properly document all related-party transactions, Michigan Medicaid Provider Manual, Cost Reporting & Reimbursement App. § 4.11.B; conduct such transactions at actual cost to the related organization, 42 C.F.R. § 413.17; and disclose all relationships with owners of subcontractors, including subcontractors owned by family members, MCL 333.20142; 42 C.F.R. § 483.70(j); 42 C.F.R. § 455.104. Defendants repeatedly failed to satisfy these obligations.

63. Defendants established a network of related-party companies to service the Facility Defendants, including the following disclosed entities:

Related Party Entity Name	Related Party Entity Type
Grand River Investment LLC	Real Estate
Lakeside Circle Investment Group LLC	Real Estate
Pioneer Health Care Management Inc.	Management Company
Prime Investment LLC	Real Estate
Regency Investment LLC	Real Estate
Rehab Max Inc.	Therapy Services
Riverwood Investment Group LLC	Real Estate
Star Holdings LLC	Real Estate
St. Louis Investment Group LLC	Real Estate

Between 2020 through 2024, the Facility Defendants directed $21,618,142 to these disclosed related parties.

64. Of the amounts the Facility Defendants paid to Uddin's related parties between 2020 and 2024, $4,775,528 exceeded the related organizations' actual costs, the maximum amount allowable under 42 C.F.R. § 413.17. Defendants' own cost reports disclose the excess.

65. The network of Uddin entities transacting in the nursing home space extended beyond the disclosed related party entities. Fahim Uddin and members of his family were also involved in the operations of Angel Hospice, Inc., the Facility Defendants' contracted hospice provider; Reliance Staffing LLC, a staffing company registered at Uddin's office; and Pharmacy Specialist Inc., a long-term care pharmacy.

66. These transactions with related parties came at the direct expense of the residents Defendants were obligated to serve. During the same period that Defendants transferred over $21,618,142 to disclosed related parties, nursing personnel working at the facilities faced significant obstacles in collecting their wages.

67. The Health Care Fraud Division's investigation revealed repeated allegations that paychecks issued to nursing staff did not always clear, leaving employees to deal with bounced checks and the burden of pursuing wages they had already earned. For example, one employee reported that her paychecks repeatedly

bounced, her bank closed her account as a result, and she had to open an account with another banking institution.

68. Each claim Defendants submitted to Michigan Medicaid was conditioned on a representation that they were providing care consistent with applicable staffing requirements and resident needs. Because Defendants lacked sufficient staffing to provide care consistent with those requirements, those claims were false.

Defendants' Knowledge

69. Each Facility Defendant voluntarily accepted residents into its care, conducted the nursing assessments that established the staffing those residents required, failed to provide the necessary staffing, and then billed Michigan Medicaid for full payment. Uddin, as the sole managing member of each Facility Defendant, controlled each facility's staffing levels, payroll, and operating budgets. He also owned or controlled the disclosed related-party entities to which the Facility Defendants directed $21,618,142 between 2020 and 2024. The staffing data reported to CMS through the PBJ was derived from Defendants' own payroll and timekeeping systems, to which Uddin had access. LARA issued 1,150 citations to the Facility Defendants for violations including inadequate staffing, providing Uddin with direct written notice of noncompliance. At least two of Uddin's facilities

were designated by CMS as a Special Focus Facility ("SFF") due to having a history of persistent and serious problems requiring increased federal oversight.[5]

70. Uddin authorized the execution of each Enrollment Agreement with MDHHS and certified compliance with staffing requirements as a condition of payment. Despite this knowledge, Defendants continued to submit claims to Michigan Medicaid while operating below required staffing levels on thousands of occasions across all nine facilities, and continued to direct public funds to related-party entities at the expense of adequate nursing staff.

71. Each claim Defendants submitted to Michigan Medicaid was conditioned on a representation that they were providing care consistent with applicable staffing requirements and resident needs. Because Defendants lacked sufficient staffing to provide care consistent with those requirements, those claims were false.

V. COUNT I - DEFENDANTS' VIOLATIONS OF THE MICHIGAN MEDICAID FALSE CLAIM ACT

72. Plaintiff incorporates by reference the allegations set forth in paragraphs 1 through 71 of this Complaint as if fully set forth.

73. The Michigan Medicaid False Claim Act provides that "[a] person shall not make or present or cause to be made or presented . . . a [Medicaid] claim . . . upon or against the state, knowing the claim to be false." MCL 400.607(1).

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[5] As of June 2026, Facility Defendant Lakeside Manor has been a SFF for nine months. Facility Defendant Ashley Healthcare was an SFF for 21 months. *See* https://www.cms.gov/files/document/sff-posting-candidate-list-june-2026.pdf.

74. Defendants accepted Medicaid reimbursement while failing to maintain staffing levels necessary to provide the services for which they billed. As a result, Defendants submitted claims for services that were not provided in accordance with Medicaid requirements. Each claim for payment submitted while Defendants violated the staffing, reporting, and cost-reporting requirements was a false claim in violation of MCL 400.607(1).

75. On each day Defendants operated in violation of their conditions of payment, Defendants submitted, or caused to be submitted, claims to Michigan Medicaid and concealed material facts regarding their noncompliance, subjecting Defendants to the remedies and penalties described in MCL 400.612(1).

76. Defendants' conduct was material to Michigan Medicaid's payment decisions.

77. By virtue of the false and fraudulent claims made by Defendants, the State of Michigan suffered damages and therefore is entitled to the full amount received by Defendants as a result of their wrongful conduct plus triple the amount of damages suffered by the State of Michigan, pursuant to MCL 400.612, plus a civil penalty of $5,000 to $10,000 for each violation.

PRAYER FOR RELIEF

WHEREFORE, based on the Defendants' violations of the Michigan Medicaid False Claim Act as detailed above, Plaintiff State of Michigan prays for judgment in its favor and against Defendants as follows:

1. Adjudging and decreeing that Defendants violated the Michigan Medicaid False Claim Act, MCL 400.601 *et seq.*;

2. Awarding damages to the State of Michigan in an amount to be determined at trial, representing the Medicaid payments received by Defendants for claims submitted in violation of the Michigan Medicaid False Claim Act, plus triple the amount of damages suffered by the State as a result of Defendants' conduct, pursuant to MCL 400.612;

3. Awarding to the State of Michigan a civil penalty of not less than $5,000 or more than $10,000 for each false claim, in accordance with MCL 400.612;

4. Awarding to the State of Michigan costs incurred in the litigation and recovery of Medicaid restitution, including the cost of investigation and attorney fees, pursuant to MCL 400.610b and other applicable state statutes or common law;

5. Awarding pre- and post-judgment interest as authorized by law; and

6. Such other relief as the Court deems just and proper.

Respectfully submitted,

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Dated: July 29, 2026

STATE OF MICHIGAN
CIRCUIT COURT FOR THE 30TH JUDICIAL CIRCUIT
INGHAM COUNTY

THE STATE OF MICHIGAN, EX REL.,
DANA NESSEL, ATTORNEY GENERAL

Plaintiff,

v.

FAHIM UDDIN; PIONEER HEALTH CARE MANAGEMENT INC. d/b/a LEGACY HEALTHCARE MANAGEMENT, INC.; ASHLEY HEALTHCARE CENTER LLC; HERITAGE MANOR NURSING & REHAB CENTER LLC; LAKESIDE MANOR NURSING & REHABILITATION CENTER, LLC; NORTHVILLE MANOR LLC; OAKLAND MANOR NURSING & REHAB CENTER LLC; OAKRIDGE MANOR NURSING & REHAB CENTER LLC; PINE CREEK MANOR SKILLED NURSING & REHAB CENTER LLC; REGENCY MANOR NURSING & REHABILITATION CENTER LLC; AND RIVERSIDE HEALTHCARE CENTER LLC

Defendants.

No. 26- 3789 -CZ

Hon. HON. MORGAN E. COLE

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/

JURY DEMAND

The Plaintiff hereby demands a trial by jury on all issues.

Respectfully submitted,

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Attorney General

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