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Payments Begin in Landmark \$16 Million Medicaid Class Action

Washington, DC—In two cases that will have far-reaching implications for the way the Medicaid program is administered, Washington, DC and Maryland have begun to make comprehensive changes in the way they administer payments for nursing home residents—a major sector of the Medicaid program. The two cases are *Janigian v. District of Columbia* (in the District) and *E. Smith, et al. v. John Colmers, et al.* (in Maryland). Both alleged violations of federal and state law by overcharging Medicaid recipients for co-payments for their nursing home care, and they were the first such lawsuits brought in the United States.

The agreements affect residents who are in debt to nursing homes when they qualify for Medicaid. Federal law requires that residents' Medicaid co-payments be reduced by the amount of that debt so that residents will have income available to pay their nursing home for pre-Medicaid services. Under their old rules, the District and Maryland ignored that law and set individual co-payments without regard to nursing home debt, leaving residents with no money to pay pre-Medicaid nursing home bills. Under the new agreements, the District and Maryland must comply with federal law and reduce the residents' co-payments so that they can use some of their income to pay the old debts. Medicaid will cover the entire cost of nursing home care until those old debts are paid off.

Maryland has also agreed to pay \$16 million over three years in adjusted Medicaid reimbursement claims, half of which will be reimbursed by the federal government. In return for the payments, which began today, up to \$64 million in unpaid nursing home charges owed by Medicaid recipients will be forgiven by nursing homes. In addition, both the *Smith* and *Janigian* cases have already resulted in modifications to the way the District and Maryland calculate recipients' co-payments on an ongoing basis. The agreements were approved by the Washington, DC and Maryland courts earlier this year.

[Cy Smith](#) and [William Meyer](#) of [Zuckerman Spaeder LLP in Baltimore](#), with co-counsel Ron Landsman, have represented the plaintiffs in this case since 2005. As Smith put it, "This is a great day for Maryland and Washington, DC citizens who need nursing home care but can't afford to pay for it, as well as the nursing homes who have provided that care for years without payment. We have succeeded in bringing Maryland and the District into compliance with federal law for the benefit of their neediest citizens, both now and for the future."

Landsman, who sought and obtained a federal agency ruling that Maryland's old rules for co-payments violated federal law, also hailed the arrangement: "It is unfortunate that it took almost five years of aggressive litigation to get Maryland to comply with federal law, but this ends three decades in which Maryland shirked its obligations under the Medicaid statute."

Additional information about the Maryland settlement, including court documents, can be obtained at <http://www.MarylandPEMESettlement.com>.

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