

IN THE IOWA DISTRICT COURT FOR MADISON COUNTY

STATE OF IOWA, ex rel., LARRY
JOHNSON, JR., IOWA
DEPARTMENT OF
INSPECTIONS AND APPEALS,

Petitioner,

v.

BLUE CARE HOMES, LLC; BLUE
CARE OPCO HOLDINGS, LLC;
BLUE CARE INVESTMENTS,
LLC; BLUE CARE OPCO
WINTERSET - EAST, LLC, D/B/A
MADISON WELLNESS AND
REHABILITATION; BLUE CARE
PROPCO WINTERSET - EAST,
LLC,

Respondents.

Case No. EQCV035558

**SUPPLEMENT TO PETITION
(EXHIBIT 4)**

COMES NOW Petitioner, State of Iowa, ex rel., Larry Johnson, Jr., Iowa Department of Inspections and Appeals, and submits this Supplement to Petition (Exhibit 4) and states:

1. On Friday, January 20, 2023, at approximately 4:00 p.m., counsel for Respondent contacted the Department with emergency concerns regarding Respondents' ability to meet payroll for the Respondent facility and all other related nursing facilities and assisted living programs in Iowa. Sam Haikins, an owner of and primary contact for Respondents, promptly ceased communication with Respondents' legal counsel and the Department for over 24 hours. During that time, the Department launched an emergency investigation into the status of operations at the Respondent facility, including the financial management and viability of the facility.

2. Through monitoring of the facility and communication with counsel and ownership, it became apparent to the Department that Respondents were unable to sustain the continuing demands of payroll and payment of critical vendors, or to operate their nursing facilities and assisted living programs in conformance with Iowa Code chapters 135C, 231C, and the rules promulgated thereunder.
3. In particular, in a meeting with Mr. Haikins on Monday, January 23, Mr. Haikins represented to the Department that the prior payroll had not been fully funded and that he did not know how that would affect staffing at the facilities; that Respondents were significantly in arrears to health care employment agencies utilized by Respondents for a substantial portion of its staffing in Iowa; and that he had no plan or imminent ability to obtain funding to ensure appropriate staffing or payment of critical vendors.
4. The Department has since learned of critical vendors to whom payments are also in arrears, including utility companies that have advised utility shut-offs are imminent. The Department, in conjunction with Iowa Medicaid Enterprise, has continued closely monitoring Respondents' Iowa facilities and began working directly with staffing agencies and local hospitals and nursing facilities to ensure resident safety.

Respectfully submitted,

BRENNA BIRD
Attorney General of Iowa

/s/ Katie F. Carl
KATIE F. CARL
Assistant Attorney General
Iowa Department of Justice
Hoover State Office Building
1305 E. Walnut Street, Second Fl.

Des Moines, IA 50319
Phone: (515) 281-6661
Fax: (515) 281-4209
Email: Katie.Carl@ag.iowa.gov
ATTORNEY FOR PETITIONER