



HEALTH



# How delays and bankruptcy let a nursing home chain avoid paying settlements for injuries and deaths

Genesis HealthCare's bankruptcy will allow the nursing home chain to avoid paying for residents who were injured or died in its care. Families say it nullifies the only means for accountability.



Genesis HealthCare reached a \$650,000 settlement with Nellie Betancourt's widower, Gabe Betancourt, and their daughter, Vanessa, in April after medical examiners said an injury N ... [Read more](#)  
Adria Malcolm / Adria Malcolm for KFF Health News

by Jordan Rau, KFF Health News  
Published Dec. 10, 2025, 4:11 p.m. ET

Nancy Hunt arrived at an emergency room from a Genesis HealthCare nursing home in Pennsylvania in such dreadful shape, including maggots infesting her gangrened foot, that the hospital called an elder abuse hotline and then the police, her son alleged in a lawsuit.

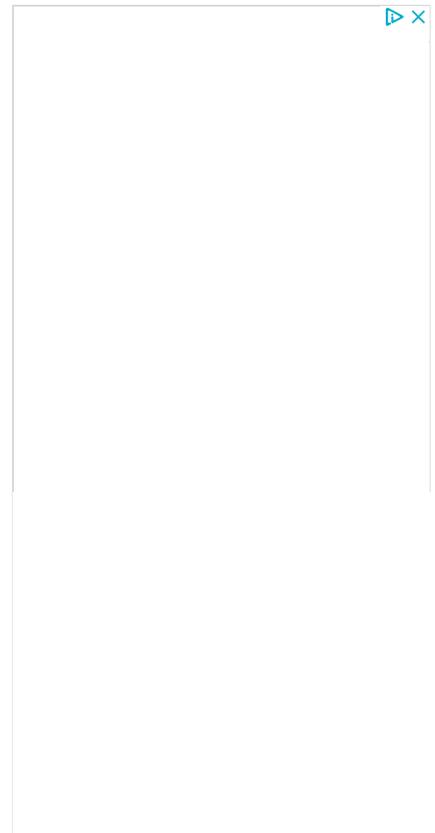
Hunt died five days later. Her death certificate said the foot injury was a “significant” factor. Genesis denied wrongdoing but agreed to pay \$3.5 million in a settlement Hunt’s son signed in August 2024.

Yet Genesis hasn’t paid most of that debt, court records show. It may never have to.

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Once the nation’s largest nursing home chain, [Genesis says](#) it was spending \$8 million a month defending and settling lawsuits over resident injuries and deaths in recent years. But the company is now poised to wipe the liability slate clean by seeking refuge in the most protective corner of the legal system for the nursing home industry: bankruptcy court.

The Genesis case, one of 11 large senior care bankruptcies this year, illustrates how healthcare companies can dodge public and financial accountability for alleged negligence through delays, confidentiality clauses, and bankruptcy maneuvers, a KFF Health News investigation found.

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When it filed for bankruptcy in Dallas in July, Genesis estimated its total liability for nearly a thousand settled and pending lawsuits at \$259 million. A KFF Health News review of the terms of 155 settlement agreements and [corporate financial statements](#) shows Genesis officials knew insolvency was possible yet included provisions in its settlement agreements allowing it to defer payment, often for a year or more.

As a result, the company headquartered in [Kennett Square](#) paid nothing in 85 cases and only a portion in the other 70, according to civil court records and bankruptcy claims made available through people with access to them. It still owes \$41 million of the \$58 million it had agreed to pay in those cases, the records show.



Nellie Betancourt, shown in a photo with her husband, Gabe, had planned a trip to Las Vegas before she fractured her hip at a Genesis HealthCare rehabilitation center — an injury the medic ... [Read more](#)  
Adria Malcolm / Adria Malcolm for KFF Health News

her hip at a Genesis home in Albuquerque, N.M. — an injury the medical examiner’s report said led to her death. Genesis agreed to a \$650,000 settlement with Betancourt’s family in April under the condition it would not need to pay the first of seven installments for another year, according to the settlement document.

Genesis denied wrongdoing in all lawsuits and settlements. In a written statement, the company did not answer questions about individual personal injury cases. The statement said Genesis remained “focused on delivering high-quality, compassionate care to our patients and residents without disruption” during bankruptcy.

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One lawsuit Genesis settled for nearly \$1 million alleged nursing home managers ignored repeated warnings about a male resident’s behavior before he sexually assaulted a female Alzheimer’s patient, according to court records. In a case the company resolved for \$500,000, a Genesis nursing home was accused of delaying the hospitalization of a resident who had vomited brown mucus. He died of a bowel obstruction. Genesis has paid nothing for either settlement, according to bankruptcy claims.

Creditors, including families of the deceased, are expected to salvage a fraction of what they were promised, if anything. On Dec. 10, the company’s owners were scheduled to seek approval by the U.S. Bankruptcy Court for the Northern District of Texas to sell its nursing homes and other assets to its largest investor, a private equity firm. In court papers, lawyers for residents and other creditors say the complex plan will [prevent them](#) from pursuing Genesis’ new ownership and other companies [they blame for](#) the company’s collapse.

John Anthony, a bankruptcy attorney representing 340 personal injury claims against Genesis, said, “They never had any intention to honor these deals.”

During years of financial turmoil, Genesis has frequently struggled to provide top-notch care, federal records show. Using its five-star system, the Centers for Medicare & Medicaid Services [rated 58% of homes](#) affiliated with Genesis as below average or much below average. CMS [has fined](#) Genesis homes \$10 million for violating federal health standards over the past three years.

In 2022, [Connecticut health regulators shuttered](#) a Genesis home after two deaths and multiple violations. The company [closed another Connecticut nursing home](#) this year after residents twice were evacuated over safety concerns.

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In its [Chapter 11](#) filing, Genesis said it cared for about 15,000 residents in 165 nursing homes and 10 assisted living facilities in 18 states. They are centered in Pennsylvania, West Virginia, New Mexico, New Hampshire, New Jersey, Maine, Alabama, Maryland, and North Carolina, according to the bankruptcy filing.

The company said it owed \$709 million in secured debt to lenders and the IRS. Under bankruptcy rules, those debts, backed by Genesis collateral, take precedence over the \$1.6 billion in unsecured debt Genesis said it owes. Unsecured creditors include a pension fund; contractors that provided health services and equipment; Pennsylvania, New Mexico, and West Virginia for unpaid provider taxes; and former residents and their families who sued.

## Dangers in memory care

Sandia Ridge Center, a Genesis home in Albuquerque, was repeatedly faulted by health regulators for not preventing sexual misbehavior in its memory care unit. In November 2021, CMS [cited the home](#) for lacking enough nurses to prevent sexual abuse among residents. An inspection report the following August [identified more](#) inappropriate sexual contact. Police were called to investigate sexual assault allegations in [February](#)

Then in April 2023, a 61-year-old male resident with alcohol-related dementia sexually assaulted a female resident with Alzheimer's in the dining room, according to a [police report](#) and an [inspection report](#). When the resident screamed for him to stop and that he was hurting her, he responded "shut up bitch I know you like this," according to a lawsuit brought on behalf of the woman, identified in court papers as R.S.

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Sandia Ridge management had been aware of the male resident's behavioral issues for months, according to employee depositions in the case. Police had investigated a [prior sexual assault allegation](#) against him the previous year without bringing charges. In one deposition, a former activities assistant testified he hit her and twice pushed her into a bathroom while announcing, "I want to have sex with you." When she reported him to a senior Genesis manager, she said in the deposition, the manager put his finger over his lips and said, "Shhh."

The activities worker testified that R.S. used to happily sing along with Elvis Presley songs. After the assault, the worker said, R.S. "don't sing anymore."

Inspectors cited the home for failing to protect R.S. The same report said the home didn't provide a therapist for another female resident who was being sexually harassed. Medicare fined Sandia Ridge Center \$91,247. Genesis denied liability but settled R.S.' lawsuit for \$925,000 in May, according to the bankruptcy claim.

"We just felt we have to hold them accountable," R.S.' daughter said in an interview, speaking on the condition that she and her mother not be identified, because of the nature of the assault. "Maybe I'm wrong, maybe I'm naive, but the only way to do that is to sue someone, right?"

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Genesis has not paid any of the settlement, according to the family's claim filing.

## Growth and debt

Genesis' downfall can be [traced to 2007](#), when affiliates of two private equity firms acquired the company in a \$1.5 billion leveraged buyout, taking on substantial debt, according to its bankruptcy filing. Private equity also has been involved in other healthcare bankruptcies, including those of the [HCR ManorCare](#) nursing home chain, the prison healthcare contractor [Corizon Health](#), and two for-profit hospital systems, [Steward Health Care](#) and [Prospect Medical Holdings](#).

In 2011, Genesis raised \$2.4 billion by transferring substantially all its nursing home buildings and other real estate to Welltower, a publicly traded real estate investment trust, according to Genesis' bankruptcy filing. Genesis then rented the buildings back from Welltower, which made leasing costs a significant expense.

Genesis went on a nationwide buying spree. At its peak in 2016, it had grown to more than 500 nursing homes. In a court declaration, Louis Robichaux IV, a consultant overseeing Genesis' bankruptcy restructuring, wrote that as the company expanded, it became harder to manage and "mired in corporate inefficiencies." Robichaux wrote that Genesis' financial woes were exacerbated by rapidly increasing labor costs and lawsuits, including some predating the COVID pandemic.

Starting in 2021, Genesis avoided bankruptcy after [receiving \\$100 million in loans](#) from a [private equity firm](#) founded by Joel Landau, the owner of a [Brooklyn-based nursing home chain](#), according to Robichaux's filing.

But Genesis continued to teeter on the edge of insolvency. In [audited financial statements](#) for 2022 and 2023 submitted to a California oversight agency, management and auditors said rent and debt

In a court filing, a committee appointed by the U.S. Trustee's Office to represent the unsecured creditors in the bankruptcy accused Landau and Welltower of [orchestrating a covert plan](#) that allowed Welltower to keep getting its rents while Landau could run the company and "siphon value to himself." The committee alleged their efforts forced the company into insolvency while "staffing levels and patient care declined precipitously." Landau and Welltower did not respond to requests for comment.

## Drawn-out lawsuits

Erin Pearson sued Genesis over the death of her father, James Sanderson, a retired mining company executive who died in 2018 after spending less than a month at Bear Canyon Rehabilitation Center in Albuquerque. In the memory care unit, Sanderson fell repeatedly, suffered medication errors made by nursing home staff, and developed a bowel obstruction and sepsis, according to the lawsuit, filed in 2019. Pearson's lawyers said he was not hospitalized until eight days after nurses noticed he was vomiting brown mucus.

After the judge rejected Genesis' request to force Pearson into arbitration, Genesis appealed. It took 2½ years before an appeals court affirmed the original decision to let the case go forward in court, records show.

This past May, more than five years after suing, Pearson reached a \$500,000 settlement, with the first payment required by November, according to a copy of the agreement. Nothing was paid, according to the bankruptcy claim.

"It was so drawn out and for so long," Pearson said in an interview, calling Genesis' bankruptcy "despicable."

## Payouts postponed

Jennifer Foote, an Albuquerque attorney who represents clients in multiple lawsuits against Genesis, including Pearson's, said the company frequently filed appeals. "They did not usually win them on these issues," she said, "and our sense was that they were doing it as a delay tactic."

Genesis started using installment payments around 2018, said Dusti Harvey, Foote's law partner. "The payments wouldn't start for several

to occur.

Families had to wait even when comparatively small amounts of money were involved, settlement agreements show. Genesis' settlement agreements also included a confidentiality clause prohibiting discussion of the incidents.

Genesis agreed to pay \$42,000 in a November 2024 settlement, but the first payment was not due until nine months later. It was not paid, according to the bankruptcy claim.

A \$250,000 settlement signed in October 2023 did not start paying out until the following September. When Genesis declared bankruptcy — 21 months after the case was resolved — it still owed \$100,000, according to the family's claim.

## **'We never found out the truth'**

Settling cases allowed Genesis to avoid the expense and publicity of a trial, at which details of how its nursing homes functioned might have been revealed. In October 2020, Margaret Johnson, a retired school bus driver, fell out of her wheelchair at a Genesis nursing home in Waldorf, Md., fracturing her jawbone, nose, and neck, according to a lawsuit brought by her family. Johnson was sent to a trauma center and placed on a ventilator. She died three months later, at age 76, from ventilator-associated pneumonia, the lawsuit said.

"It looked like she was hit by a truck," Angelina Harley, one of her daughters, said in an interview. "I knew my mom was not going to come home. I knew the Lord was not going to punish her more."

The company denied negligence and blamed the accident on Johnson's jacket getting tangled in the wheel of her wheelchair, according to the lawsuit. Harley and her sister Angela Swann were dubious.

"We never found out the truth," Harley said. "They wanted to settle out of court."

The company denied liability but agreed to a \$950,000 settlement in October 2024. It never paid the final \$112,500 installment, according to a letter Johnson's five children sent to the bankruptcy judge.

"If you settle out of court, you know doggone well you did something wrong," Harley said.

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By summer 2025, judges in some civil cases had run out of patience.

Alma Brown, a retired daycare manager and accordion teacher living in a Genesis nursing home in Clovis, N.M., suffered falls, infections, bedsores, and other neglect that hastened her death in 2023, according to her estate's lawsuit. In Santa Fe District Court, Judge Kathleen McGarry Ellenwood castigated Genesis after it failed to pay \$2 million of the \$3 million settlement to Brown's estate or explain the delay.

Genesis "obviously benefited by not having to go to trial," McGarry Ellenwood said in one hearing, according to a court transcript. "They assure me that they're not trying to renege on their contract, but it certainly seems like they haven't lived up to what the bargain was."

Genesis declared bankruptcy the day McGarry Ellenwood announced she would impose more than \$100,000 in fines, plus \$10,000 more each day until the settlement was paid.

In Pennsylvania, Greg Hunt petitioned a judge to punish Genesis after it stopped payments of the \$3.5 million settlement after the death of his mother, Nancy, the resident with the gangrenous foot. She had spent eight months in 2019 at Brandywine Hall, a Genesis facility in [West Chester](#) that was later sold and renamed.

In a filing with the Common Pleas Court of [Montgomery County](#), Genesis admitted it was in arrears but asked the judge for more time, citing "unforeseen and exigent financial challenges." Genesis said care for patients at its nursing homes would suffer if it had to pay immediately.

Unswayed, Judge Richard Haaz in June ordered Genesis to pay up, along with punitive interest. But the bankruptcy court stayed that order. Genesis still owes \$1.4 million of the \$2 million it was supposed to pay, according to Hunt's claim. (The rest of the \$3.5 million settlement is supposed to be paid by an insurer in January 2026.) Ian Norris, Hunt's lawyer, declined to comment, citing confidentiality provisions in the settlement.

Court records indicate Genesis lawyers never disclosed in either case that it was preparing to declare bankruptcy.

## 'Bankruptcy as a tool'

In the first nine months of 2025, 10 other senior living companies with liabilities over \$10 million entered Chapter 11 bankruptcy, according to

Hamid Rafatjoo, a bankruptcy lawyer representing nursing homes who is not involved in the Genesis bankruptcy case, said filings may increase as the industry has become costlier to run and class action lawsuits have become a fixture.

“Nursing homes get sued all the time for everything,” Rafatjoo said. “A lot of operators wait too long to use bankruptcy as a tool.”

On Dec. 1, Genesis announced the [results of its auction](#), saying it had elected to [sell its assets](#) to a private equity firm controlled by Landau. In a court filing, Anthony, the attorney for the personal injury claimants, [alleged the auction was stacked](#) in Landau’s favor despite an “objectively better and higher competing bid” from another private equity investor that would have provided more money to creditors. Genesis said in its statement that Landau’s group had increased its bid during the auction.

Sen. Elizabeth Warren (D-Mass.) and two other senators last month [asked the U.S. Trustee’s Office](#) to intervene in the case, out of concern that “individuals who already own or control Genesis are trying to sell it to themselves, wiping away legal and other creditor debts in the process.” Lawyers representing those in charge of the auction did not respond to a request for comment.

Families of former Genesis residents said they fear the capacity to purge lawsuits through bankruptcy emboldens nursing homeowners who provide deficient care.

“They can file bankruptcy again,” said Gabe Betancourt, whose wife, Nellie, died after her stay at Uptown Rehabilitation Center in Albuquerque. “And we’re the ones that will pay for it, with our memories, our lives.”

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