SETTLEMENT AGREEMENT AND MUTUAL RELEASE

THIS SETTLEMENT AGREEMENT AND MUTUAL RELEASE (“Settlement Agreement”) is entered into this 23rd day of September, 2019 (“Effective Date”) by and between CarePoint Health, (hereinafter referred to as “CarePoint”), represented by John Kaveney, Esq. of McElroy, Deutsch, Mulvaney & Carpenter, LLP and the STATE OF NEW JERSEY, OFFICE OF THE STATE COMPTROLLER, MEDICAID FRAUD DIVISION (“MFD”). CarePoint and MFD are hereinafter collectively referred to as the "Parties" and each individually as a “Party.”

WHEREAS, on or about February 22, 2019, MFD received a self-disclosure from CarePoint regarding three categories of Medicaid claims for observation services submitted by or on behalf of CarePoint that were paid by the Division of Medical Assistance and Health Services (DMAHS) and/or its fiscal agent and/or Medicaid Managed Care Organizations (MCOs) for services occurring during the period of October 1, 2015 through November 10, 2017 (Review Period); and

WHEREAS, pursuant to a prior settlement agreement, dated June 20, 2019, CarePoint agreed to repay MFD for two of the three categories identified by CarePoint, regarding claims for hospital observation status codes, for observation services for fewer than 24 hours, that were not supported by sufficient documentation, in violation of N.J.A.C. 10:49-9.8, N.J.A.C. 10:54-9.1, and N.J.S.A. 30:4D-12(d); and

WHEREAS, based upon a review of relevant information, with respect to the third of three categories identified by CarePoint, MFD confirmed that during the Review Period CarePoint submitted claims for hospital observation status codes, for observation that exceeded 24 hours, that were not supported by sufficient documentation, in violation of N.J.A.C. 10:49-9.8, N.J.A.C. 10:54-9.1, and N.J.S.A. 30:4D-12(d), for an overpayment amount of $501,690.25 (“Covered Conduct”); and
WHEREAS, CarePoint agreed to repay the full amount of the overpayment for this third category of claims, $501,690.25; and

WHEREAS, CarePoint denies any wrongdoing, fraud or guilt in this matter; and

WHEREAS, the parties desire to amicably resolve all disputes between them giving rise to the Covered Conduct and have reached a mutually acceptable resolution of the controversies that exist between them;

NOW THEREFORE, in consideration of the mutual promises contained herein, as well as for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree to settle their dispute regarding the third of the three categories of services improperly billed on the following terms:

(1) CarePoint agrees to pay restitution to the Medicaid program in the sum of Five Hundred One Thousand Six Hundred Ninety Dollars and Twenty-Five Cents ($501,690.25), in the following manner:

a. CarePoint shall make an initial payment of Eighty Three Thousand Six Hundred Fifteen Dollars and Five Cents ($83,615.05) by no later than the close of business on the 1st day of October, 2019;

b. CarePoint shall pay the remaining Four Hundred Eighteen Thousand Seventy-Five Dollars and Twenty Cents ($418,075.20) in five successive monthly payments due by the first day of each month, with each payment equaling Eighty-Three Thousand Six Hundred Fifteen Dollars and Four Cents ($83,615.04) beginning by no later than the close of business on the first day of November, 2019;
c. The final payment in the amount of Eighty-Three Thousand Six Hundred Fifteen Dollars and Four Cents ($83,615.04) shall be remitted no later than the close of business on the first day of March, 2020.

(2) Payment shall be by certified check, bank check, business check, or attorney trust check made payable to “Treasurer, State of New Jersey,” and shall be mailed or delivered as follows:

Attention: Robert Graves, Chief of Investigations
Office of the State Comptroller
Medicaid Fraud Division
20 W. State Street, 4th Flr
P.O. Box 025
Trenton NJ 08625-025

CarePoint will include “CarePoint – OSC-MFD, [redacted]” in the memo line so that any payment is properly credited.

(3) If any payment as provided for in this Settlement Agreement is more than ten (10) days late, CarePoint will be in default of this Settlement Agreement and the outstanding and unpaid balance plus interest will immediately become due and collected through any means available to MFD as provided by law.

(4) CarePoint agrees to act in full compliance with all applicable state and federal rules and regulations, including but not limited to submitting only claims that accurately and completely reflect the services provided and billed by CarePoint. To that end, CarePoint agrees that it will only submit claims for services provided for which it possesses sufficient documentation to support such claims and that it will implement policies to ensure that the underlying issues that caused or contributed to the Covered Conduct will be appropriately addressed and thereby not repeated.
(5) The parties agree that this Settlement Agreement is intended to be a final resolution of all issues arising out of the Covered Conduct and is intended by each party to release the other party and its representatives from liability arising out of the Covered Conduct and all associated claims during the Review Period unless MFD is mandated to act by federal or State law; or mandated by order or judgment of a court or administrative agency (other than MFD).

(6) Nothing in this Settlement Agreement waives the rights of any other State or federal agency, including, among others, the New Jersey Division of Criminal Justice, from continuing with a pending or beginning a future civil, administrative or criminal investigation or other action for alleged conduct concerning CarePoint or from taking any action for such conduct. Nothing in this Settlement Agreement waives the rights of MFD to conduct an audit or investigation of prior or future years for the improper submission of any claims or conduct not specifically covered by this Settlement Agreement, and to take any action civilly or criminally for such conduct.

(7) Subject to the express terms of this Settlement Agreement as provided for in paragraphs 1-6 above, by the signatures set forth below, the authorization of which is hereby affirmed, CarePoint and MFD agree to the following Release: in consideration of the provision hereof including this release, each party agrees to release the other party and its representatives from liability, obligations and damages arising out of the Covered Conduct.

(8) Nothing herein shall constitute an admission, concession or finding of liability by any party.

(9) This Settlement Agreement shall be construed, enforced, and governed by the laws of the State of New Jersey.

(10) This Settlement Agreement may be executed in Counterparts.
(11) This Settlement Agreement is effective upon the last date it is executed by the parties hereto.

(12) This Settlement Agreement sets forth the entire agreement between and among the parties hereto with respect to the claims described herein and supersedes any other written or oral understandings. This Settlement Agreement does not reflect any other terms or conditions or agreements between or among the parties with respect to any other matter.

IN WITNESS WHEREOF, and intending to be legally bound, the parties hereto have executed the foregoing Settlement Agreement:

FORM AND CONTENT ACCEPTED AND AGREED TO BY:

DATE: 8/18/2019

By: [Signature]

William Pelino,
Executive Vice President and Chief Financial Officer,
CarePoint Health

DATE: 9/19/2019

By: [Signature]

John Kaveney, Esq.
McElroy, Deutsch, Mulvaney & Carpenter, LLP

DATE: 9/23/2019

By: [Signature]

PHILIP JAMES DEGNAN
STATE COMPTROLLER

By: [Signature]

Josh Lichtblau, Director
Medicaid Fraud Division