

SETTLEMENT AGREEMENT

THIS SETTLEMENT AGREEMENT AND MUTUAL RELEASE is entered into this 22nd day of February, 2019 (“Effective Date”) by and between Palace Drugs and Gayatri R. Adusumilli, Ram Adusumilli, Raju Dantuluri and Sarada Dantuluri, respectively (hereinafter collectively referred to as “Palace Drugs”) and STATE OF NEW JERSEY, OFFICE OF THE STATE COMPTROLLER, MEDICAID FRAUD DIVISION (“MFD”). Palace Drugs and MFD are hereinafter collectively referred to as the "Parties" and each individually as a “Party.”

WHEREAS, MFD conducted a pharmacy inventory analysis (“Inventory Analysis”) and alleged that during the period of review between February 1, 2013 through November 30, 2017, Palace Drugs submitted claims for pharmaceutical products provided to Medicaid patients that could not be supported by wholesaler invoices, resulting in an overpayment to Palace Drugs (this scope and period is hereafter referred to as “Covered Conduct”); and

WHEREAS, Palace Drugs supplied documentation to support some of the discrepant claims along with facts and information that it maintained would reduce the overpayment amount; and

WHEREAS, MFD took into consideration the additional documentation, facts and information that Palace supplied; and

WHEREAS, the parties desire to amicably resolve the dispute between them giving rise to the alleged overpayment and have reached a mutually acceptable resolution of the controversies that exist between them; and

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 on the following terms:

(1) Palace agrees to pay to MFD the sum of Forty Thousand Eight Hundred Seventy-Five Dollars and Twenty-Eight Cents (\$40,875.28) in the following manner:

(a) Six Thousand Eight Hundred Thirteen Dollars and Twenty-Eight Cents (\$6,813.28) shall be paid by March 15, 2019;

(b) Six Thousand Eight Hundred Twelve Dollars and Forty Cents (\$6,812.40) shall be paid on or before the fifteenth (15th) day of each of the next five (5) months thereafter (i.e. April 15th, 2019 through August 15th, 2019).

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

Attention: Processing Bureau
Treasurer, State of New Jersey
Division of Revenue
200 Woolverton Street, Building 20
Lockbox 656
Trenton, New Jersey 08646

Palace Drugs will include “Palace Drugs – OSC-MFD” and “XXXXXXXXXX” in the memo line so that it is properly credited.

(3) Palace Drugs 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 medications dispensed by Palace Drugs. To that end, Palace Drugs agrees that it will only submit claims for services provided and medications dispensed 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.

(4) The parties agree that this Settlement Agreement is intended to be without prejudice to all remaining claims, rights and remedies against Palace Drugs, and is without prejudice to any defenses that Palace Drugs, its officers, directors, successors or assigns may raise with respect to claims of any nature that may be raised by MFD or any other state or federal agency.

(5) 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 or criminal investigation or other action for alleged conduct concerning Palace Drugs or from taking any action for such conduct. Nothing in this Settlement Agreement waives the rights of MFD to conduct an audit or investigation relating to any matter of conduct outside of the Covered Conduct, and to take any action civilly or criminally for such conduct.

(6) The terms of this Settlement Agreement may be modified only by a subsequent written agreement signed by all Parties.

(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, Palace Drugs 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 employees, representatives, officers and directors from liability, obligations and damages arising out of the submission by, and payments to, Palace Drugs of any and all claims for reimbursement by Medicaid or the Medicaid Managed Care Program for the Covered Conduct, referenced above.

(8) Nothing herein shall constitute an admission, concession or finding of wrongdoing or 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 Effective Date reflected on the first page of the Settlement Agreement.

(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 understanding. 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 on the following page have executed the foregoing Settlement Agreement:

FORM AND CONTENT ACCEPTED AND AGREED TO BY:

DATE:

By: Gayatri Adusumilli
Gayatri Adusumilli, Owner
Palace Drugs

DATE:

By: Ram Adusumilli
Ram Adusumilli, Owner
Palace Drugs

DATE:

By: Raju Dantuluri
Raju Dantuluri, Owner
Palace Drugs

DATE:

By: Sarada Dantuluri
Sarada Dantuluri, Owner
Palace Drugs

PHILIP JAMES DEGNAN
STATE COMPTROLLER

DATE:

2/22/19

By:

Josh Lichtblau
Josh Lichtblau, Director
Office of the State Comptroller
Medicaid Fraud Division

DATE:

2/22/19

By:

Don Catinello
Don Catinello
Supervising Regulatory Officer
Office of the State Comptroller
Medicaid Fraud Division