

SETTLEMENT AGREEMENT

This Settlement Agreement (“Agreement”) is entered into among the United States of America, acting through the United States Department of Justice and on behalf of the Office of Inspector General (OIG-HHS) of the Department of Health and Human Services (HHS) (collectively, the “United States”), Glenn A. Kline, D.O. and Community Surgical Associates, (collectively “Defendants”), and George E. Miller and Michael J. Metts (“Relators”) (hereafter collectively referred to as “the Parties”), through their authorized representatives.

RECITALS

A. Dr. Glenn A. Kline, D.O., through Community Surgical Associates, practiced as a general surgeon in Lancaster, Pennsylvania. During the relevant time period, Dr. Kline, through Community Surgical Associates, was employed by a subsidiary of Health Management Associates, Inc. (“HMA”), Lancaster HMA Physician Practice Management, LLP (HMA Lancaster PPM), which managed HMA’s employed physicians who served its Lancaster, PA facilities. Dr. Kline was the major source of surgeries performed at HMA’s Heart of Lancaster Medical Center. He also performed surgeries at HMA’s Lancaster Regional Medical Center.

B. On June 22, 2010, Relators filed a *qui tam* action in the United States District Court for the Eastern District of Pennsylvania, captioned *United States ex rel. Miller & Metts v. HMA, et al*, No. 10-cv-3007 (E.D. Pa.), pursuant to the *qui tam* provisions of the False Claims Act, 31 U.S.C. § 3730(b) (the “Civil Action”). Miller and Metts alleged, *inter alia*, that HMA paid remuneration to Dr. Kline, in violation of the Anti-Kickback Statute, 42 U.S.C. § 1320a-7b (AKS) and/or the Stark law, 42 U.S.C. § 1395nn, in return for patient referrals. On September 30, 2015, Relators filed an amended complaint against, *inter alia*, Dr. Kline. The United States intends to intervene against Defendants for purposes of settlement.

C. On January 14, 2014, the United States filed a motion with the Judicial Panel on Multidistrict Litigation (“MDL”) to consolidate the Civil Action with eight other False Claims Act *qui tam* actions. On April 2, 2014, the MDL Panel granted the United States’ motion and assigned the cases to the Honorable Reggie Walton, United States District Judge for the District of the District of Columbia, for pre-trial proceedings, captioned as MDL No. 2524. After resolution of the case against defendant HMA, the matter was remanded to the Eastern District of Pennsylvania on February 12, 2019 to commence litigation against Defendants.

D. The United States contends that Defendants, through Dr. Kline, caused to be submitted claims for payment to the Medicare Program, Title XVIII of the Social Security Act, 42 U.S.C. §§ 1395-1395kkk-1 (“Medicare”), and the Medicaid Program, 42 U.S.C. §§ 1396-1396w-5 (“Medicaid”).

E. The United States contends that it has certain civil claims against Defendants arising from HMA’s payment of remuneration to Dr. Kline, intended to induce the referral of services for beneficiaries of federal health care programs by Dr. Kline to Lancaster Regional Medical Center and Heart of Lancaster Medical Center during the period from 2009 through February 28, 2012. This remuneration consisted of excessive compensation and other payments made to Defendant by HMA. That conduct is referred to below as the “Covered Conduct.”

F. This Settlement Agreement is neither an admission of liability by Defendants nor a concession by the United States or the Relators that their claims are not well founded.

G. Relators claim entitlement under 31 U.S.C. § 3730(d) to a share of the proceeds of this Settlement Agreement and to Relators’ reasonable expenses, attorneys’ fees and costs.

To avoid the delay, uncertainty, inconvenience, and expense of protracted litigation of the above claims, and in consideration of the mutual promises and obligations of this Settlement Agreement, the Parties agree and covenant as follows:

TERMS AND CONDITIONS

1. Defendants shall pay to the United States \$4,250,000 ("Settlement Amount") to be paid no later than 30 days after the Effective Date of this Agreement by electronic funds transfer pursuant to written instructions to be provided by the United States Attorney's Office for the Eastern District of Pennsylvania. After 30 days, interest shall accrue at a rate of 2.125 percent, continuing until and including the day of payment of the Settlement Amount. The Settlement Amount shall constitute a debt immediately due and owing to the United States on the effective date of this Agreement.

2. Defendants shall pay \$180,000 to Relators' counsel for expenses, attorney's fees and costs no later than 10 days after the Effective Date of this Agreement by electronic funds transfer pursuant to written instructions to be provided by Relators' counsel.

3. Subject to the exceptions in Paragraph 5 (concerning excluded claims) below, and subject to Paragraph 18, below (concerning bankruptcy proceedings commenced within 91 days of the Effective Date of this Agreement or any payment made under this Agreement), and conditioned upon Defendants' full payment of the Settlement Amount, the United States releases Defendants, together with any direct and indirect subsidiaries; divisions; current and former corporate owners; and the corporate successors and assigns of any of them, from any civil or administrative monetary claim the United States has for the Covered Conduct under the False Claims Act, 31 U.S.C. §§ 3729-3733; the Civil Monetary Penalties Law, 42 U.S.C. § 1320a-7a; the Program Fraud Civil Remedies Act, 31 U.S.C. §§ 3801-3812, or the common law theories of payment by mistake, unjust enrichment, and fraud.

4. Subject to the exceptions in Paragraphs 5 and 18, below, and conditioned upon Defendants' full payment of the Settlement Amount and subject to Paragraph 18, below (concerning bankruptcy proceedings commenced within 91 days of the Effective Date of this