

SETTLEMENT AGREEMENT

This Settlement Agreement (Agreement) is entered into among (i) the United States of America, acting through the United States Attorney's Office for the Northern District of New York and on behalf of the Office of Inspector General (OIG-HHS) of the United States Department of Health and Human Services (HHS) (collectively, the "United States"), and (ii) Centers for Care LLC, d/b/a Centers Healthcare (Centers) along with the 44 skilled nursing facilities listed on Exhibit A (the 44 Facilities), through their authorized representatives. Centers and the 44 Facilities will be referred to collectively as "Settling Parties." Collectively, all of the above will be referred to as "the Parties."

RECITALS

A. Centers is a limited liability company organized under New York law. Centers is related, through common ownership or control, to skilled nursing facilities (SNFs) located in several states, including the 44 Facilities, which are located in Rhode Island, Kansas, Missouri, and New York, including 15 facilities in the Northern District of New York (*i.e.*, in Albany, Essex, Fulton, Jefferson, Oneida, Onondaga, Otsego, Rensselaer, Schenectady, Ulster, Warren, and Washington counties).

B. The 44 Facilities provided skilled nursing and rehabilitation services to residents, including residents insured by the Medicare Program, Title XVIII of the Social Security Act, 42 U.S.C. §§ 1395-1395lll (Medicare), which provides health insurance for people aged 65 and over, people with certain disabilities, and people with permanent kidney disease. The Centers for Medicare and Medicaid Services (CMS) administers Medicare, and contracts with Medicare administrative contractors (MACs) to, among other things, process and pay Medicare claims submitted by SNFs.

C. SNFs submit Medicare cost reports on Form CMS-2540-10 to the MAC annually, in order to report details about their financial operations and to document the costs associated with providing care for Medicare beneficiaries. Among other purposes, CMS uses cost report data when updating SNFs' Medicare payment rates. An officer associated with the SNF is required to certify that the data in each cost report is accurate and that the SNF has complied with all applicable laws and regulations.

D. Federal regulations require that SNFs disclose in their cost reports information about financial dealings with "related organizations." A related organization is an entity that is related to the SNF through common ownership or control. Common ownership exists if an individual or individuals possess significant ownership or equity in the provider and the institution or organization serving the provider. Common control exists if an individual or an organization has the power, directly or indirectly, to significantly influence or direct the actions or policies of an organization or institution. If a SNF has done business with a related organization, it is required to calculate and disclose in its cost report the "allowable cost" of the services, facilities, or supplies. The allowable cost is the lower of: (1) the actual cost of the supply or service to the provider, or (2) the price in the open market for comparable services, facilities, or supplies. SNFs are also required to disclose whether any of their related organization transactions were associated with a "home office." A "home office" is an entity that provides centralized management and administrative services to the SNF under common ownership and control. The reason for these requirements is that when a SNF obtains services or supplies from a related organization they are effectively obtaining the services or supplies from themselves.

E. For the entities and timeframes listed in Exhibit A, the Settling Parties admit, acknowledge, and accept responsibility for the following, which constitutes the Covered Conduct:

Centers arranged for a third party to prepare the cost reports identified in Exhibit A, each of which makes one or more of the following false statements or material omissions: (i) statements that the provider had no “business transactions, including management contracts with individuals or entities ... that are related to the provider or its officers ... through ownership, control or family and other similar relationships”; (ii) calculations and disclosures regarding the allowable costs for related organization transactions; and (iii) representations that related organization transactions were not associated with a home office. Centers management reviewed these cost reports prior to their submission to the MAC and knew or reasonably should have known of the foregoing.

F. The United States contends that the admitted facts establish that Centers and the 44 Facilities, through their senior management, knowingly made false statements material to payment of false claims and omitted material information from its Medicare cost reports.

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. Centers, on behalf of the Settling Parties, agrees to pay the United States the sum of \$6,063,500 (Settlement Amount) of which \$0 is restitution, plus interest at a rate of 7% per annum from April 1, 2025 until and including the day that final payment is made under this Agreement, per the terms set forth in Paragraphs 1(a)-(b). The payment by Centers shall be made by electronic funds transfer pursuant to written instructions to be provided by the United States Attorney’s Office for the Northern District of New York.

- a. No later than 30 days from the Effective Date of this Agreement, Centers, on behalf of the Settling Parties, shall pay the United States \$1,500,000.
- b. No later than January 1, 2026, Centers will pay the remaining \$4,563,500, plus interest at the rate identified in Paragraph 1, above.

2. Subject to the exceptions in Paragraph 3 (concerning reserved claims) below, and upon the United States' receipt of the Settlement Amount, plus interest due under Paragraph 1, the United States releases Centers and the 44 Facilities 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 and the Program Fraud Civil Remedies Act, 31 U.S.C. §§ 3801-3812, as amended.

3. Notwithstanding the releases given in Paragraph 2 of this Agreement, or any other term of this Agreement, the following claims and rights of the United States are specifically reserved and are not released:

- a. Any liability arising under Title 26, U.S. Code (Internal Revenue Code);
- b. Any criminal liability;
- c. Except as explicitly stated in this Agreement, any administrative liability or enforcement right, including mandatory and permissive exclusion from Federal health care programs;
- d. Any liability to the United States (or its agencies) for any conduct other than the Covered Conduct;
- e. Any liability based upon obligations created by this Agreement;
- f. Any liability of individuals;
- g. Any liability for express or implied warranty claims or other claims for defective or deficient products or services, including quality of goods and services; and,
- h. Any liability for personal injury or property damage or for other consequential damages arising from the Covered Conduct.

4. The Settling Parties waive and shall not assert any defenses they may have to any criminal prosecution or administrative action relating to the Covered Conduct that may be based

in whole or in part on a contention that, under the Double Jeopardy Clause in the Fifth Amendment of the Constitution, or under the Excessive Fines Clause in the Eighth Amendment of the Constitution, this Agreement bars a remedy sought in such criminal prosecution or administrative action.

5. The Settling Parties fully and finally release the United States, its agencies, officers, agents, employees, and servants, from any claims (including attorney's fees, costs, and expenses of every kind and however denominated) that Centers and the 44 Facilities have asserted, could have asserted, or may assert in the future against the United States, and its agencies, officers, agents, employees, and servants related to the Covered Conduct and the United States' investigation and prosecution thereof.

6. The Settlement Amount shall not be decreased as a result of the denial of claims for payment now being withheld from payment by any Medicare contractor (e.g., Medicare Administrative Contractor, fiscal intermediary, carrier) or any state payer, related to the Covered Conduct; and the Settling Parties agree not to resubmit to any Medicare contractor or any state payer any previously denied claims related to the Covered Conduct, agrees not to appeal any such denials of claims, and agrees to withdraw any such pending appeals.

7. The Settling Parties agree to the following:

- a. Unallowable Costs Defined: All costs (as defined in the Federal Acquisition Regulation, 48 C.F.R. § 31.205-47; and in Titles XVIII and XIX of the Social Security Act, 42 U.S.C. §§ 1395-1395lll and 1396-1396w-5; and the regulations and official program directives promulgated thereunder) incurred by or on behalf of the Settling Parties, their present or former officers, directors, employees, shareholders, and agents in connection with:

- i. the matters covered by this Agreement;

- ii. the United States' audit(s) and civil investigation(s) of the matters covered by this Agreement;
- iii. Settling Parties' investigation, defense, and corrective actions undertaken in response to the United States' audit(s) and civil investigation in connection with the matters covered by this Agreement (including attorneys' fees);
- iv. the negotiation and performance of this Agreement; and
- v. the payment the Settling Parties make to the United States pursuant to this Agreement

are unallowable costs for government contracting purposes and under the Medicare Program, Medicaid Program, TRICARE Program, and Federal Employees Health Benefits Program (FEHBP) (hereinafter referred to as Unallowable Costs).

- b. Future Treatment of Unallowable Costs: Unallowable Costs shall be separately determined and accounted for by the Settling Parties, and the Settling Parties shall not charge such Unallowable Costs directly or indirectly to any contracts with the United States or any State Medicaid program, or seek payment for such Unallowable Costs through any cost report, cost statement, information statement, or payment request submitted by the Settling Parties or any of their subsidiaries or affiliates to the Medicare, Medicaid, TRICARE, or FEHBP Programs.
- c. Treatment of Unallowable Costs Previously Submitted for Payment: The Settling Parties further agree that within 90 days of the Effective Date of this Agreement it shall identify to applicable Medicare and TRICARE fiscal intermediaries, carriers, and/or contractors, and Medicaid and FEHBP fiscal agents, any Unallowable Costs (as defined in this Paragraph) included in payments previously sought from the

United States, or any State Medicaid program, including, but not limited to, payments sought in any cost reports, cost statements, information reports, or payment requests already submitted by the Settling Parties or any of their subsidiaries or affiliates, and shall request, and agree, that such cost reports, cost statements, information reports, or payment requests, even if already settled, be adjusted to account for the effect of the inclusion of the unallowable costs. The Settling Parties agree that the United States, at a minimum, shall be entitled to recoup from the Settling Parties any overpayment plus applicable interest and penalties as a result of the inclusion of such Unallowable Costs on previously-submitted cost reports, information reports, cost statements, or requests for payment.

- d. Any payments due after the adjustments have been made shall be paid to the United States pursuant to the direction of the Department of Justice and/or the affected agencies. The United States reserves its rights to disagree with any calculations submitted by the Settling Parties or any of their subsidiaries or affiliates on the effect of inclusion of Unallowable Costs (as defined in this paragraph) on the Settling Parties or any of their subsidiaries or affiliates' cost reports, cost statements, or information reports.
- e. Nothing in this Agreement shall constitute a waiver of the rights of the United States to audit, examine, or re-examine the Settling Parties' books and records to determine that no Unallowable Costs have been claimed in accordance with the provisions of this paragraph.

8. The parties agree, that for purposes of Paragraph 7.a.i, the phrase "matters covered by this Agreement" do not include a substantive determination regarding the costs reported in the

cost reports referred to in Exhibit A. Allowable Costs are defined by applicable authorities, statutes, and regulations, *e.g.*, 42 C.F.R. § 413.

9. This Agreement is intended to be for the benefit of the Parties only. The Parties do not release any claims against any other person or entity, except to the extent provided for in Paragraph 10 (waiver for beneficiaries paragraph), below.

10. The Settling Parties agree that they waive and shall not seek payment for any of the health care billings covered by this Agreement from any health care beneficiaries or their parents, sponsors, legally responsible individuals, or third party payors based upon the claims defined as Covered Conduct.

11. Each Party shall bear its own legal and other costs incurred in connection with this matter, including the preparation and performance of this Agreement.

12. Each Party and signatory to this Agreement represents that it freely and voluntarily enters into this Agreement without any degree of duress or compulsion.

13. This Agreement is governed by the laws of the United States. The exclusive venue for any dispute relating to this Agreement is the United States District Court for the Northern District of New York. For purposes of construing this Agreement, this Agreement shall be deemed to have been drafted by all Parties to this Agreement and shall not, therefore, be construed against any Party for that reason in any subsequent dispute.

14. This Agreement constitutes the complete agreement between the Parties. This Agreement may not be amended except by written consent of the Parties. This Settlement Agreement is neither an admission of liability by Centers nor a concession by the United States that its claims are not well founded.

15. The undersigned counsel represent and warrant that they are fully authorized to execute this Agreement on behalf of the persons and entities indicated below.

16. This Agreement may be executed in counterparts, each of which constitutes an original and all of which constitute one and the same Agreement.

17. This Agreement is binding on the Settling Parties' successors, transferees, heirs, and assigns.

18. All Parties consent to the United States' disclosure of this Agreement, and information about this Agreement, to the public.

19. This Agreement is effective on the date of signature of the last signatory to the Agreement (Effective Date of this Agreement). Facsimiles and electronic transmissions of signatures shall constitute acceptable, binding signatures for purposes of this Agreement.

FOR THE UNITED STATES OF AMERICA

JOHN A. SARCONI, III
United States Attorney
Northern District of New York


DATED: June 23, 2025 _____

CHRISTOPHER R. MORAN
JOHN D. HOGGAN
Assistant United States Attorneys

DATED: 6/20/25 _____

**SUSAN
GILLIN**

SUSAN E. GILLIN
Assistant Inspector General for Legal Affairs
Office of Counsel to the Inspector General
Office of Inspector General
United States Department of Health and Human
Services


Digitally signed by SUSAN GILLIN
Date: 2025.06.20 07:55:44 -04'00'

FOR CENTERS HEALTHCARE

DATED: June 17, 2025 _____



ILAN T. GRAFF

ROBIN A. HENRY

Fried, Frank, Harris, Shriver & Jacobson LLP
Counsel for Centers for Care LLC, d/b/a Centers
Healthcare

DATED: June 17, 2025 _____



AMIR ABRAMCHIK

Chief Operating Officer

EXHIBIT A

| Facility Name | Medicare Cost Report for Fiscal Year Ending |
|---|--|
| Oak Hill Center for Rehabilitation and Health Care | 12/31/2018 |
| 544 Pleasant St, Pawtucket, RI 02860-5726 | 12/31/2019 |
| | 12/31/2020 |
| | 12/31/2021 |
| | 12/31/2022 |
| Luxor Nursing and Rehab at Mills Pond | 12/31/2019 |
| 273 Moriches Rd, Saint James, NY 11780-2117 | 12/31/2020 |
| | 12/31/2021 |
| | 12/31/2022 |
| Luxor Nursing and Rehab at Sayville | 12/31/2018 |
| 300 Broadway Ave, Sayville, NY 11782-1628 | 12/31/2019 |
| | 12/31/2020 |
| | 12/31/2021 |
| | 12/31/2022 |
| Good Samaritan Lutheran HCC (operated pursuant to receivership authority granted by U.S. Bankruptcy Court for the Northern District of New York, Docket No. 19-12215). | 12/31/2020 |
| 125 Rockefeller Rd, Delmar, NY 12054-2221 | 12/31/2021 |
| | 12/31/2022 |
| Buffalo Center for Rehabilitation and Nursing (f/k/a Delaware Nursing & Rehabilitation) | 12/31/2018 |
| 1014 Delaware Ave, Buffalo, NY 14209-1606 | 12/31/2019 |
| | 12/31/2020 |
| | 12/31/2021 |
| | 12/31/2022 |
| Carthage Center for Rehabilitation and Nursing | 12/31/2018 |
| 1045 West St, Carthage, NY 13619-9762 | 12/31/2019 |
| | 12/31/2020 |
| | 12/31/2021 |
| | 12/31/2022 |
| Cooperstown Center for Rehabilitation and Nursing | 12/31/2018 |
| 128 Phoenix Mills Rd, Cooperstown, NY 13326-5716 | 12/31/2019 |
| | 12/31/2020 |
| | 12/31/2021 |
| | 12/31/2022 |
| Corning Center for Rehabilitation and Healthcare | 12/31/2018 |
| 205 E 1st St, Corning, NY 14830-2809 | 12/31/2019 |
| | 12/31/2020 |
| | 12/31/2021 |
| | 12/31/2022 |

| Facility Name | Medicare Cost Report for Fiscal Year Ending |
|---|--|
| Ellicott Center for Rehabilitation and Healthcare (f/k/a Waterfront Center for Rehabilitation) | 12/31/2018 |
| 200 7th St, Buffalo, NY 14201 | 12/31/2019 |
| | 12/31/2020 |
| | 12/31/2021 |
| | 12/31/2022 |
| Essex Center for Rehabilitation and Healthcare | 12/31/2018 |
| 81 Park St, Elizabethtown, NY 12932-0217 | 12/31/2019 |
| | 12/31/2020 |
| | 12/31/2021 |
| | 12/31/2022 |
| Fulton Center for Rehabilitation and Healthcare | 12/31/2018 |
| 847 County Highway 122, Gloversville, NY 12078-6413 | 12/31/2019 |
| | 12/31/2020 |
| | 12/31/2021 |
| | 12/31/2022 |
| Glens Falls Center for Rehabilitation and Nursing | 12/31/2018 |
| 152 Upper Sherman Ave, Glens Falls, NY 12804-2746 | 12/31/2019 |
| | 12/31/2020 |
| | 12/31/2021 |
| | 12/31/2022 |
| Granville Center for Rehabilitation and Nursing (f/k/a Indian River) | 12/31/2018 |
| 17 Madison St, Granville, NY 12832-1221 | 12/31/2019 |
| | 12/31/2020 |
| | 12/31/2021 |
| | 12/31/2022 |
| Martine Center for Rehabilitation and Nursing | 12/31/2018 |
| 12 Tibbits Avenue, White Plains, NY 10606-2438 | 12/31/2019 |
| | 12/31/2020 |
| | 12/31/2021 |
| | 12/31/2022 |
| New Paltz Center for Rehabilitation and Nursing | 12/31/2018 |
| 1 Jansen Rd, New Paltz, NY 12561-3811 | 12/31/2019 |
| | 12/31/2020 |
| | 12/31/2021 |
| | 12/31/2022 |
| Oneida Center for Rehabilitation and Nursing | 12/31/2018 |
| 1445 Kemble St, Utica, NY 13501-4441 | 12/31/2019 |
| | 12/31/2020 |
| | 12/31/2021 |
| | 12/31/2022 |
| Onondaga Center for Rehabilitation and Nursing | 12/31/2018 |

| Facility Name | Medicare Cost Report for Fiscal Year Ending |
|--|--|
| 217 East Ave, Minoa, NY 13116 | 12/31/2019 |
| | 12/31/2020 |
| | 12/31/2021 |
| | 12/31/2022 |
| Park View Center for Rehabilitation and Healthcare | 12/31/2018 |
| 31 Parade St, Providence, RI 02909-1720 | |
| Rochester Center for Rehabilitation and Nursing | 12/31/2021 |
| 525 Beahan Rd, Rochester, NY 14624-3403 | 12/31/2022 |
| Schenectady Center for Rehabilitation and Nursing | 12/31/2018 |
| 526-530 Altamont Ave, Schenectady, NY 12303 | 12/31/2019 |
| | 12/31/2020 |
| | 12/31/2021 |
| | 12/31/2022 |
| Slate Valley Center for Rehabilitation and Nursing | 12/31/2018 |
| 10421 State Route 40, Granville, NY 12832-5713 | 12/31/2019 |
| | 12/31/2020 |
| | 12/31/2021 |
| | 12/31/2022 |
| Steuben Center for Rehabilitation and Healthcare | 12/31/2018 |
| 7009 Rumsey Street Ext, Bath, NY 14810-7827 | 12/31/2019 |
| | 12/31/2020 |
| | 12/31/2021 |
| | 12/31/2022 |
| Troy Center for Rehabilitation and Nursing | 12/31/2018 |
| 49 Marvin Ave, Troy, NY 12180-6425 | 12/31/2019 |
| | 12/31/2020 |
| | 12/31/2021 |
| | 12/31/2022 |
| Warren Center for Rehabilitation and Nursing | 12/31/2018 |
| 42 Gurney Lane, Queensbury, NY 12804-8250 | 12/31/2019 |
| | 12/31/2020 |
| | 12/31/2021 |
| | 12/31/2022 |
| Washington Center for Rehabilitation and Healthcare | 12/31/2018 |
| 4573 State Route 40, Argyle, NY 12809-3474 | 12/31/2019 |
| | 12/31/2020 |
| | 12/31/2021 |
| | 12/31/2022 |
| Beth Abraham Center for Rehabilitation and Nursing | 12/31/2018 |
| 612 Allerton Avenue, Bronx, NY 10467-7404 | 12/31/2019 |
| | 12/31/2020 |
| | 12/31/2021 |
| | 12/31/2022 |

| Facility Name | Medicare Cost Report for Fiscal Year Ending |
|---|--|
| Boro Park Center for Rehabilitation and Healthcare | 12/31/2018 |
| 4915 10th Ave, Brooklyn, NY 11219-3301 | 12/31/2019 |
| | 12/31/2020 |
| | 12/31/2021 |
| | 12/31/2022 |
| Bronx Center For Rehabilitation And Health Care, LLC | 12/31/2018 |
| 1010 Underhill Ave, Bronx, NY 10472-6012 | 12/31/2019 |
| | 12/31/2020 |
| | 12/31/2021 |
| | 12/31/2022 |
| Brooklyn Center for Rehabilitation and Residential Health Care | 12/31/2018 |
| 170 Buffalo Ave, Brooklyn, NY 11213-2421 | 12/31/2019 |
| | 12/31/2020 |
| | 12/31/2021 |
| | 12/31/2022 |
| Bushwick Center for Rehabilitation and Health Care | 12/31/2018 |
| 50 Sheffield Ave, Brooklyn, NY 11207 | 12/31/2019 |
| | 12/31/2020 |
| | 12/31/2021 |
| | 12/31/2022 |
| Far Rockaway Center for Rehabilitation and Nursing | 12/31/2018 |
| 13-11 Virginia Street, Far Rockaway, NY 11691-4630 | 12/31/2019 |
| | 12/31/2020 |
| | 12/31/2021 |
| | 12/31/2022 |
| Holliswood Center for Rehabilitation and Healthcare | 12/31/2018 |
| 19544 Woodhull Ave, Hollis, NY 11423-2982 | 12/31/2019 |
| | 12/31/2020 |
| | 12/31/2021 |
| | 12/31/2022 |
| Hope Center for HIV & Nursing Care | 12/31/2018 |
| 1401 University Ave, Bronx, NY 10452-4050 | 12/31/2019 |
| | 12/31/2020 |
| | 12/31/2021 |
| | 12/31/2022 |
| Richmond Center for Rehabilitation and Specialty Care | 12/31/2018 |
| 91 Tompkins Ave, Staten Island, NY 10304-2601 | 12/31/2019 |
| | 12/31/2020 |
| | 12/31/2021 |
| | 12/31/2022 |

| Facility Name | Medicare Cost Report for Fiscal Year Ending |
|--|--|
| Triboro Center for Rehabilitation and Nursing (f/k/a Daughters of Jacob Nursing Home) | 12/31/2018 |
| 1160 Teller Ave, Bronx, NY 10456-4145 | 12/31/2019 |
| | 12/31/2020 |
| | 12/31/2021 |
| | 12/31/2022 |
| University Center for Rehabilitation and Nursing | 12/31/2018 |
| 2505 Grand Ave, Bronx, NY 10468-4206 | 12/31/2019 |
| | 12/31/2020 |
| | 12/31/2021 |
| | 12/31/2022 |
| Williamsbridge Center for Rehabilitation and Nursing (f/k/a Williamsbridge Manor) | 12/31/2018 |
| 1540 Tomlinson Ave, Bronx, NY 10461-1527 | 12/31/2019 |
| | 12/31/2020 |
| | 12/31/2021 |
| | 12/31/2022 |
| Bannister Center for Rehabilitation and Health Care | 12/31/2018 |
| 135 Dodge Street, Providence, RI 02907-2210 | 12/31/2019 |
| | 12/31/2020 |
| | 12/31/2021 |
| | 12/31/2022 |
| Kingston Center for Rehabilitation and Nursing Center | 12/31/2018 |
| 415 Gardner Road, West Kingston, RI 02892-1047 | 12/31/2019 |
| | 12/31/2020 |
| | 12/31/2021 |
| | 12/31/2022 |
| Overland Park Center For Rehabilitation and Healthcare | 12/31/2018 |
| 5211 W. 103rd Street, Overland Park, KS 66207 | 12/31/2019 |
| | 12/31/2020 |
| | 12/31/2021 |
| | 12/31/2022 |
| Topeka Center for Rehabilitation | 12/31/2019 |
| 2515 SW Wanamaker Road, Topeka, KS 66614 | 12/31/2020 |
| | 12/31/2021 |
| | 12/31/2022 |
| Wichita Center for Rehabilitation and Healthcare | 12/31/2019 |
| 7101 E 21st Street, Wichita, KS 67206 | 12/31/2020 |
| | 12/31/2021 |
| | 12/31/2022 |
| Butler Center for Rehabilitation and Healthcare | 12/31/2018 |
| 416 S. High Street, Butler, MO 64730 | 12/31/2019 |

| Facility Name | Medicare Cost Report for Fiscal Year Ending |
|---|--|
| | 12/31/2020 |
| | 12/31/2021 |
| | 12/31/2022 |
| Kansas City Center for Rehabilitation and Healthcare | 12/31/2018 |
| 12942 Wornall Road, Kansas City, MO 64145 | 12/31/2019 |
| | 12/31/2020 |