

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); the Defense Health Agency (DHA), acting on behalf of the TRICARE program; the Department of Veterans Affairs (collectively, the “United States”), and Bloom Care, LLC and its owners, Spencer Smith and Michael Weir, (collectively, “Bloom”) (hereafter collectively referred to as “the Parties”), through their authorized representatives.

RECITALS

A. Bloom was the franchise owner of several American Family Care (AFC) Urgent Care Centers located in Idaho, New Mexico, and Colorado. Bloom provided a variety of medical services to individuals with federal health insurance coverage.

B. The United States contends that Bloom submitted or caused to be submitted claims for payment to: the Medicare Program, Title XVIII of the Social Security Act, 42 U.S.C. §§ 1395-1395III (“Medicare”); the Medicaid Program, 42 U.S.C. §§ 1396-1396w-5 (“Medicaid”); the Health Resources and Services Administration COVID-19 Claims Reimbursement to Health Care Providers and Facilities for Testing, Treatment and Vaccine Administration for the Uninsured Program (“HRSA-UIP”), the TRICARE Program, 10 U.S.C. §§ 1071-1110b (“TRICARE”); and the Department of Veterans Affairs, Veterans Health Administration, 38 U.S.C. Chapter 17 (“VA”).

C. The United States contends that, between January 1, 2020, and December 31, 2023, Bloom knowingly submitted or caused the submission of false claims to Medicare, Medicaid, HRSA-UIP, TRICARE, and the VA using Current Procedural Terminology (CPT) Codes: 87651, 87880, 87804, 87502, 99203, 99204, 99205, 99213, 99214, and 99215. The

United States contends that the above claims were false in so far as they corresponded to medically unnecessary services; and/or exaggerated the extent of services performed.

Specifically, the United States contends that Bloom knowingly used the Covid-19 pandemic as an excuse for billing medically unnecessary streptococcus and influenza tests to asymptomatic patients. Additionally, the United States contends that Bloom submitted claims for high-level evaluation and management services for Covid-19 patients when Bloom knew that the services should have been billed at a lower level of service that would have been reimbursed at a lower rate. To justify these high reimbursement claims, the United States contends that Bloom exaggerated the time spent with Covid-19 patients and/or the complexity of the evaluation required to care for these patients.

D. The United States further contends that, in connection with the claims described in Paragraph C above, Bloom knowingly made, used, or caused to be made or used, false records or statements material to a false or fraudulent claim, including misleading medical records.

E. The conduct described in Paragraphs C and D is referred to below as the “Covered Conduct.”

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

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. Bloom shall pay to the United States \$3,000,000.00 (“Settlement Amount”), of which \$1,500,000.00 is restitution, no later than 14 days after the Effective Date of this

Agreement by electronic funds transfer pursuant to written instructions to be provided by the Office of the United States Attorney for the District of Idaho.

2. Subject to the exceptions in Paragraph 4 (concerning reserved claims) below, and upon the United States' receipt of the Settlement Amount the United States releases Bloom 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.

3. DHA expressly reserves authority to exclude Bloom from the TRICARE Program under 32 C.F.R. §§ 199.9 (f)(1)(i)(A), (f)(1)(i)(B), and (f)(1)(iii) (mandatory exclusion), based upon the Covered Conduct. Nothing in this paragraph precludes DHA or the TRICARE Program from taking action against entities or persons, or for conduct and practices, for which claims have been reserved in Paragraph 4, below.

4. Notwithstanding the release 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 or 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 other than Covered Conduct liability for Bloom owners Spencer Smith and Michael Weir.

5. Bloom waives and shall not assert any defenses Bloom 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.

6. Bloom fully and finally releases 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 Bloom has 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.

7. 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 contractors for any other insurance programs including, but not limited to, contractors for TRICARE, HRSA-UIP, Medicaid, the VA or any state payer, related to the Covered Conduct; and Bloom agrees not to resubmit to any contractor including, but not limited to, contractors for Medicare, TRICARE, HRSA-UIP, Medicaid, the VA or any state payer 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.

8. Bloom agrees 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 Bloom, its present or former officers, directors, employees, shareholders, and agents in connection with:

- (1) the matters covered by this Agreement;
- (2) the United States' audits and civil investigations of the matters covered by this Agreement;
- (3) Bloom's investigation, defense, and corrective actions undertaken in response to the United States' audits and civil investigations in connection with the matters covered by this Agreement (including attorneys' fees);
- (4) the negotiation and performance of this Agreement; and
- (5) the payment Bloom makes to the United States pursuant to this Agreement;

are unallowable costs for government contracting purposes and under the Medicare Program, Medicaid Program, HRSA-UIP, TRICARE Program, and the VA programs (hereinafter referred to as Unallowable Costs).

b. Future Treatment of Unallowable Costs: Unallowable Costs shall be separately determined and accounted for by Bloom, and Bloom 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 Bloom or any of its subsidiaries or affiliates to the Medicare, HRSA-UIP, Medicaid, TRICARE, or VA programs.

c. Treatment of Unallowable Costs Previously Submitted for Payment:

Bloom further agrees that within 90 days of the Effective Date of this Agreement it shall identify to applicable Medicare, Medicaid, HRSA-UIP, VA, and TRICARE fiscal intermediaries, carriers, contractors, and/or 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 Bloom or any of its 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. Bloom agrees that the United States, at a minimum, shall be entitled to recoup from Bloom 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.

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 Bloom or any of its subsidiaries or affiliates on the effect of inclusion of Unallowable Costs (as defined in this paragraph) on Bloom or any of its subsidiaries or affiliates' cost reports, cost statements, or information reports.

d. Nothing in this Agreement shall constitute a waiver of the rights of the United States to audit, examine, or re-examine Bloom's books and records to determine that no Unallowable Costs have been claimed in accordance with the provisions of this paragraph.

9. Bloom agrees to cooperate fully and truthfully with the United States' investigation of individuals and entities not released in this Agreement. Upon reasonable notice,

Bloom shall encourage, and agrees not to impair, the cooperation of its directors, officers, and employees, and shall use its best efforts to make available, and encourage, the cooperation of former directors, officers, and employees for interviews and testimony, consistent with the rights and privileges of such individuals. Bloom further agrees to furnish to the United States, upon request, complete and unredacted copies of all non-privileged documents, reports, memoranda of interviews, and records in its possession, custody, or control concerning any investigation of the Covered Conduct that it has undertaken, or that has been performed by another on its behalf.

10. 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 15 (waiver for beneficiaries paragraph), below.

11. Bloom agrees that it waives 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.

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

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

14. 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 District of Idaho. 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.

15. This Agreement constitutes the complete agreement between the Parties. This Agreement may not be amended except by written consent of the Parties.

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

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

18. This Agreement is binding on Bloom's successors, transferees, heirs, and assigns.

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

20. 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.

THE UNITED STATES OF AMERICA

DATED: _____

BY: _____

Elliot Wertheim
Assistant United States Attorney
United States Attorney's Office – District of Idaho

DATED: 6/20/25

BY: _____

SUSAN GILLIN

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GILLIN
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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

DATED: _____


BY: _____

Salvatore M. Maida
General Counsel
Defense Health Agency
United States Department of Defense

[SIGNATURES CONTINUE ON PAGE 10]

THE UNITED STATES OF AMERICA

DATED: 6/27/25

BY: 

Elliot Wertheim
Assistant United States Attorney
United States Attorney's Office – District of Idaho

DATED: 6/20/25

BY: SUSAN GILLIN Digitally signed by SUSAN GILLIN
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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

DATED: _____

BY: _____

Salvatore M. Maida
General Counsel
Defense Health Agency
United States Department of Defense

[SIGNATURES CONTINUE ON PAGE 10]

THE UNITED STATES OF AMERICA

DATED: _____

BY: _____

Elliot Wertheim
Assistant United States Attorney
United States Attorney's Office – District of Idaho

DATED: _____

BY: _____

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

DATED: 6/18/2025

BY: _____

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for Salvatore M. Maida
General Counsel
Defense Health Agency
United States Department of Defense

[SIGNATURES CONTINUE ON PAGE 10]

BLOOM CARE LLC, SPENCER SMITH, AND MICHAEL WEIR

BLOOM CARE LLC

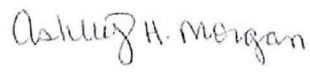
DATED: June 17, 2025

BY:


Bloom Care, LLC

DATED: June 19, 2025


BY:


Ashley H. Morgan, Esq.
Partner
Liles Parker PLLC
Counsel for Bloom

SPENCER SMITH

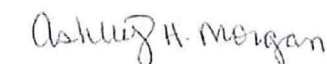
DATED: June 17, 2025

BY:


Spencer Smith

DATED: June 19, 2025

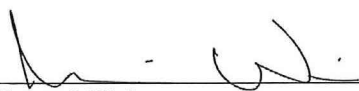
BY:


Ashley H. Morgan, Esq.
Partner
Liles Parker PLLC
Counsel for Spencer Smith

MICHAEL WEIR

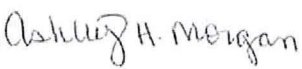
DATED: June, 17, 2025

BY:


Michael Weir

DATED: June 19, 2025

BY:


Ashley H. Morgan, Esq.
Partner
Liles Parker PLLC
Counsel for Michael Weir