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"), Stern Therapy Consultants LLC, and Michelle McCormick (the "Relator") (hereafter collectively referred to as "the Parties"), through their authorized representatives.

RECITALS

A. Stern Therapy Consultants LLC ("Stern Therapy") is a New York Limited Liability Company that provides therapy, consulting and management-based services to long-term care facilities. Between January 1, 2017, and September 30, 2019, Stern Therapy and its subsidiaries or affiliates, via management agreements, hired and oversaw physical, occupational, and speech pathology therapists for skilled nursing rehabilitation locations in Connecticut and Massachusetts owned and operated by RegalCare Management Group, LLC ("RegalCare Facilities"), as well as other facilities including Maplewood OPCO, LLC, d/b/a Maplewood Rehab and Nursing, Saugus OPCO, LLC, d/b/a Saugus Rehab and Nursing, and Twin Oaks OPCO, LLC, d/b/a Twin Oaks Rehab and Nursing (collectively, the "RegalCare and Other Facilities")) during the relevant period.

B. On October 2, 2020, Michelle McCormick filed a qui tam action in the United States District Court for the District of Massachusetts captioned *United States and Commonwealth of Massachusetts ex rel. McCormick v. RegalCare Rehabilitation, LLC, et al.*, 20-cv-11805-IT, pursuant to the qui tam provisions of the False Claims Act, 31 U.S.C. § 3730(b) (the "Civil Action"). The United States and the Commonwealth of Massachusetts intervened in the Civil Action on November 1, 2024 and filed the United States' and Commonwealth of Massachusetts' Complaint-in-Intervention ("Governments' Complaint") on February 19, 2025.

C. The United States contends that Stern Therapy caused to be submitted claims for payment to the Medicare Program, Title XVIII of the Social Security Act, 42 U.S.C. §§ 1395-1395lll ("Medicare").

D. The United States contends that it has certain civil claims against Stern Therapy arising from the allegations set forth in Paragraphs 144 through 154 in the Governments' Complaint during the period from January 1, 2017, through September 30, 2019. That conduct, and the conduct described in Paragraph E below, including subparagraphs, is referred to as the "Covered Conduct."

E. Stern Therapy admits, acknowledges, and accepts responsibility for the following facts:

1. Between January 1, 2017 and September 30, 2019 (the "Relevant Period'), Stern Therapy, and its subsidiaries or affiliates ("Stern Entities"), via management agreements, oversaw and provided physical, occupational, and speech pathology therapists who provided rehabilitation therapy services to patients in the RegalCare and Other Facilities located in Amesbury, Danvers, and Saugus, Massachusetts; and nine skilled nursing facilities located in Greenwich, New Haven, New London, Norwich, Prospect, Southport, Torrington, Waterbury, and West Haven, Connecticut.

2. The RegalCare and Other Facilities billed Medicare Part A for the rehabilitation therapy services provided by Stern Entities' therapists to the RegalCare and Other Facilities' skilled nursing rehabilitation therapy patients. Up until September 30, 2019, Medicare Part A reimbursed skilled nursing facility ("SNF") providers performing skilled nursing rehabilitation therapy services through a Resource Utilization Group ("RUG") payment model, with payment

determined by the amount of rehabilitation therapy services a patient needed. The higher the number of skilled therapy minutes and the greater the number of therapy disciplines the SNF provided the patient, the higher the patient's RUG score, and thus, the higher the amount of reimbursement paid. The RUG payment model classified the highest level of therapy services as RU or the "Ultra High" RUG group. To receive Ultra High RUG reimbursement, Medicare Part A required SNFs to provide the following medically necessary services for patients: (i) a minimum of 720 minutes of total therapy per week; (ii) at least 2 therapy disciplines; and (iii) at least 1 therapy discipline 5 days per week. Medicare Part A also required SNFs to periodically assess the patient's condition and report the patient's RUG level during specific assessment windows.

3. At various times during the Relevant Period, Stern Entities' therapists provided Ultra High RUG skilled nursing rehabilitation therapy services to RegalCare and Other Facilities' patients after Stern Entities' therapists documented in patient records that patients may not benefit from further skilled nursing rehabilitation therapy services. While CMS and professional rehabilitation guidelines recognize that therapy services are not static or decided based on a patient's needs at a single point in time, Medicare will only reimburse for the provision of skilled nursing rehabilitation therapy services that are reasonable and necessary.

4. At various times during the Relevant Period, Stern Entities' therapists provided Ultra High RUG skilled nursing rehabilitation therapy services for RegalCare and Other Facilities' patients even when, for various reasons, patients claimed to Stern Entities' therapists that they were physically unable to perform or refused to perform the exercises and/or treatment. On some occasions, Stern Entities' therapists documented providing education to these patients for most or all of the therapy session. While patient education may be a covered therapy service

when appropriate and integral to the care of a patient, Medicare will only reimburse for the provision of skilled nursing rehabilitation therapy services that are reasonable and necessary.

5. In February and March 2019, Stern Therapy's Senior Regional Director for the RegalCare and Other Facilities, who possessed no clinical experience or a clinical license, closed out therapy records relating to one terminated Stern Therapy therapist by signing them "on behalf of" the therapist, certifying on behalf of the therapist that therapy services were completed for two patients on 11 separate dates. Providers are required to maintain adequate evidence that the services for which they seek reimbursement were actually provided. The Senior Regional Director signed the closing notes as "documentation being closed out by management due to terminated employee not completing paperwork" without any personal knowledge of whether the terminated Stern Therapy therapist had in fact performed services for these two RegalCare or Other Facilities' patients on the 11 dates. Based on Stern Therapy's Senior Regional Director's certification, the RegalCare Facilities submitted claims to Medicare Part A for the provision of therapy services to these two patients for these 11 dates and Medicare Part A paid the claim on the assumption that such services were provided and were reasonable and medically necessary.

F. Relator claims entitlement under 31 U.S.C. § 3730(d) to a share of the proceeds of this Settlement Agreement and to Relator's reasonable expenses, attorneys' fees and costs.

In consideration of the mutual promises and obligations of this Settlement Agreement, the Parties agree and covenant as follows:

TERMS AND CONDITIONS

1. Stern Therapy shall pay to the United States $315,000 plus interest on the Settlement Amount at a rate of 4.5% per annum from September 2, 2025 (the "Settlement Amount"), no later than 10 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 Massachusetts. Of the Settlement Amount, $157,500 is restitution to the United States.

2. Conditioned upon the United States receiving the Settlement Amount plus interest due under Paragraph 1 and as soon as feasible after receipt, the United States shall pay $51,975 plus interest to Relator by electronic funds transfer ("Relator's Share").

3. Subject to the exceptions in Paragraph 5 (concerning reserved claims) below, in consideration of the obligations of Stern Therapy set forth in this Agreement and upon the United States' receipt of the Settlement Amount, the United States releases Stern Entities 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 7 below, and upon the United States' receipt of the Settlement Amount plus interest due under Paragraph 1, Relator, for herself and for her heirs, successors, attorneys, agents, and assigns, releases Stern Entities from any civil monetary claim the Relator has on behalf of the United States for the Covered Conduct under the False Claims Act, 31 U.S.C. §§ 3729-3733. Stern Therapy's payment to Relator for attorneys' fees, costs, and expenses pursuant to 31 U.S.C. 3730(d) shall be addressed separately from this Agreement.

5. Notwithstanding the releases given in Paragraph 4 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;

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;

h. Any liability for failure to deliver goods or services due; and

i. Any liability for personal injury or property damage or for other consequential damages arising from the Covered Conduct.

6. Relator and her heirs, successors, attorneys, agents, and assigns shall not object to this Agreement but agree and confirm that this Agreement is fair, adequate, and reasonable under all the circumstances, pursuant to 31 U.S.C. § 3730(c)(2)(B). Conditioned upon Relator's receipt of the Relator's Share, Relator and her heirs, successors, attorneys, agents, and assigns fully and finally release, waive, and forever discharge the United States, its agencies, officers, agents, employees, and servants, from any claims arising from the filing of the Civil Action or under 31 U.S.C. § 3730, and from any claims to a share of the proceeds of this Agreement and/or the Civil Action.

7. Relator, for herself, and for her heirs, successors, attorneys, agents, and assigns, releases Stern Entities, their officers, agents, and employees, from any liability to Relator arising from any and all civil monetary claims that Relator has asserted or could have asserted against

the Stern Entities related to the Civil Action. Notwithstanding the release given in Paragraph 4 above, or any other term of the Agreement, Relator's claim for attorneys' fees, costs, and expenses pursuant to 31 U.S.C. 3730(d) is specifically reserved and is not released in this Agreement.

8. Stern Therapy waives and shall not assert any defenses Stern Therapy 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.

9. Stern Therapy fully and finally releases the United States, its agencies, officers, agents, employees, and servants, from any claims (including attorneys' fees, costs, and expenses of every kind and however denominated) that Stern Therapy has asserted, could have asserted, or may assert in the future against the United States, its agencies, officers, agents, employees, and servants, related to the Covered Conduct or the United States' investigation or prosecution thereof.

10. Stern Therapy fully and finally releases the Relator from any claims (including attorneys' fees, costs, and expenses of every kind and however denominated) that Stern Therapy has asserted, could have asserted, or may assert in the future against the Relator, related to the Covered Conduct and the Relator's investigation and prosecution thereof.

11. 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 Stern Therapy agrees 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.

12. Stern Therapy 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 Stern Therapy, its present or former officers, directors, employees, shareholders, and agents in connection with:

(1) the matters covered by this Agreement;

(2) the United States' audit(s) and civil investigation(s) of the matters covered by this Agreement;

(3) Stern Therapy's investigation, defense, and corrective actions undertaken in response to the United States' audit(s) and civil investigation(s) in connection with the matters covered by this Agreement (including attorneys' fees);

(4) the negotiation and performance of this Agreement; and

(5) the payment Stern Therapy makes to the United States pursuant to this Agreement and any payments that Stern Therapy may make to Relator, including costs and attorneys' fees

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 Stern Therapy, and Stern Therapy 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 Stern Therapy or any of its subsidiaries or affiliates to the Medicare, Medicaid, TRICARE, or FEHBP Programs.

c. Treatment of Unallowable Costs Previously Submitted for Payment: Stern Therapy further agrees 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 Stern Therapy 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. Stern Therapy agrees that the United States, at a minimum, shall be entitled to recoup from Stern Therapy 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 Stern Therapy or any of its subsidiaries or affiliates on the effect of inclusion of Unallowable Costs (as defined in this paragraph) on Stern Therapy 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 Stern Therapy's books and records to determine that no Unallowable Costs have been claimed in accordance with the provisions of this paragraph.

13. Stern Therapy agrees to cooperate fully and truthfully with the United States' and Commonwealth of Massachusetts' investigation and prosecution of individuals and entities not released in this Agreement. Upon reasonable notice, Stern Therapy 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.

14. 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 16 (waiver for beneficiaries paragraph), below.

15. Stern Therapy 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.

16. Upon receipt of the payment described in Paragraph 1, above, the United States and the Relator shall promptly sign and file in the Civil Action a Joint Stipulation of Partial Dismissal of the Civil Action pursuant to Rule 41(a)(1). With respect to the United States, the dismissal shall be with prejudice as to the Covered Conduct and without prejudice as to any other conduct or causes of action. With respect to the Relator, the dismissal will be with prejudice as to all claims against Stern Therapy. With respect to Relator's First Amended Complaint (Doc

No. 51), Relator will dismiss with prejudice all claims against Stern Therapy, RegalCare Rehabilitation LLC, and Ultimate Therapy, LLC.

17. Each Party shall bear its own legal and other costs incurred in connection with this matter, including the preparation and performance of this Agreement, except as otherwise noted in Paragraph 3.

18. Each party and signatory to this Agreement represents that it freely and voluntarily enters in to this Agreement without any degree of duress or compulsion.

19. This Agreement is governed by the laws of the United States. The exclusive jurisdiction and venue for any dispute relating to this Agreement is the United States District Court for the District of Massachusetts. 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.

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

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

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

23. This Agreement is binding on Stern Therapy's successors, transferees, heirs, and assigns.

24. This Agreement is binding on Relator's successors, transferees, heirs, and assigns.

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

26. 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.

24. This Agreement is binding on Relator's successors, transferees, heirs, and assigns.

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

26. 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: 3/4/2026 BY: ______________________

STEVEN T. SHAROBEM
OLIVIA R. K. BENJAMIN
Assistant United States Attorneys
District of Massachusetts

DATED: __________ BY: KENNETH KRAFT Digitally signed by KENNETH KRAFT Date: 2026.02.11 15:46:49 -05'00'

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

THE UNITED STATES OF AMERICA

DATED: __________ BY: ____________________________

STEVEN T. SHAROBEM
OLIVIA R. K. BENJAMIN
Assistant United States Attorneys
District of Massachusetts

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

STERN THERAPY CONSULTANTS LLC - DEFENDANT

DATED: 3/4/2026 BY: ____________________________

CHAIM MILLMAN - COO

DATED: 3/4/2026 BY: ____________________________

THOMAS H. BARNARD
ANNIE KENVILLE
Counsel for Stern Therapy Consultants LLC

MICHELLE MCCORMICK - RELATOR

DATED: __________ BY: ____________________________

MICHELLE MCCORMICK

DATED: __________ BY: ____________________________

RAYMOND M. SAROLA
Counsel for Michelle McCormick

DATED: __________ BY: ____________________________

DAVID J. BREVDA
Counsel for Michelle McCormick

MICHELLE MCCORMICK - RELATOR

DATED: 1/20/26 **BY:** ______________________
MICHELLE MCCORMICK

DATED: 1/20/26 **BY:** ______________________
RAYMOND M. SAROLA
Counsel for Michelle McCormick

DATED: 1/16/26 **BY:** ______________________
DAVID J. BREVDA
Counsel for Michelle **McCormick**