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"), Forefront Dermatology, S.C., doing business in Florida as Forefront Dermatology, S.C., Corp. ("Forefront"), Henghold Surgery Center, LLC ("Henghold Surgery Center"), and Christopher Wolfe, DO, ("Relator") (hereafter collectively referred to as "the Parties"), through their authorized representatives.

RECITALS

A. Forefront operates a medical practice doing business as Henghold Dermatology with locations at 530 Fontaine St., Pensacola, Florida, 540 Fontaine St., Pensacola, Florida, and 1200 Gulf Breeze Parkway, Gulf Breeze, Florida, that provides dermatological services, including Mohs surgery and accompanying wound repairs, to patients throughout northern Florida for which it submits claims to Medicare. Forefront acquired the practice, formerly named William B. Henghold, M.D., P.A., on November 8, 2019.

B. Until May 2023, Henghold Surgery Center operated an ambulatory surgical center at 530-A Fontaine St., Pensacola, Florida, that also performed wound repairs for patients throughout northern Florida for which it submitted claims to Medicare.

C. On August 11, 2023, Christopher Wolfe, DO, filed a qui tam action in the United States District Court for the Northern District of Florida captioned *United States ex rel. Wolfe v. Henghold*, Case No. 3:23-cv-21624-TKW-HTC, pursuant to the qui tam provisions of the False Claims Act, 31 U.S.C. § 3730(b) (the "Civil Action").

D. The United States contends that Forefront and Henghold Surgery Center (hereafter collectively referred to as "Defendants") submitted or caused to be submitted claims for payment to the Medicare Program, Title XVIII of the Social Security Act, 42 U.S.C. §§ 1395-1395lll ("Medicare").

E. The United States contends that it has certain civil claims against Defendants arising from the submission to Medicare of false claims for certain wound repairs performed following Mohs surgery. Mohs surgery is a method of skin cancer removal in which a physician removes successive layers of tissue until no signs of skin cancer remain. Following Mohs surgery, the wound may be repaired. Common repair options include linear repairs and flap repairs. Medicare pays a higher fee for flap repairs than linear repairs, and successively higher fees for flap repairs based on the total surface area of the wounds repaired. The United States contends that Defendants (1) falsely coded linear wound repairs performed at Henghold Dermatology and Henghold Surgery Center during the period from August 11, 2017, through March 5, 2024, as if they were flap repairs (CPT codes 14041, 14061, 14301, 14302) in claims submitted or caused to be submitted to Medicare, and (2) falsely coded flap repairs performed at Henghold Dermatology and Henghold Surgery Center during the period from August 11, 2017, through March 5, 2024, as if the total surface area of the wound repair was greater than was actually the case (CPT codes 14041, 14061, 14301, 14302) in claims submitted or caused to be submitted to Medicare. The conduct described in this paragraph 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 that its claims are not well founded.

G. Defendants deny the United States' allegations in Paragraph E.

H. 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.

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 eight hundred forty-seven thousand three hundred ninety-four dollars ($847,394) ("Settlement Amount") and interest on the Settlement Amount at a rate of four point two five percent (4.25%) per annum from June 5, 2025, of which four hundred twenty-three thousand six hundred ninety-seven dollars ($423,697) is restitution, 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 Civil Division of the United States Department of Justice.

2. Conditioned upon the United States receiving the Settlement Amount and as soon as feasible after receipt, the United States shall pay $152,531 to Relator by electronic funds transfer ("Relator's Share").

3. Defendants agree to pay Relator and Relator's counsel $93,750 as full satisfaction of their claims for expenses, attorney's fees, and costs under 31 U.S.C. § 3730(d) and Relator's claims under 31 U.S.C. § 3730(h), no later than 15 days after the filing of a Joint Stipulation of Dismissal with Prejudice of the Civil Action by electronic funds transfer pursuant to written instructions to be provided by Relator's counsel.

4. Subject to the exceptions in Paragraph 6 (concerning reserved claims) below, and upon the United States' receipt of the Settlement Amount, plus interest due under Paragraph 1, the United States releases Defendants, together with their current and former parent corporations; direct and indirect subsidiaries; brother or sister corporations; divisions; current or former corporate owners; and the corporate successors and assigns of any of them, from any civil 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.

5. Subject to the exceptions in Paragraph 6 below, and upon the United States' receipt of the Settlement Amount, plus interest due under Paragraph 1, Relator, for himself and for his heirs, successors, attorneys, agents, and assigns, releases Defendants from any claim the Relator brought in the Civil Action.

6. 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 (including current or former directors, officers, employees, agents, or shareholders of Defendants) who receive written notification that they are the target of a criminal investigation (as defined in the United States Attorneys' Manual), are indicted or charged, or who enter into a plea agreement, related to the Covered Conduct;

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.

11. Relator and his 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 his 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.

12. Upon Relator's receipt of the amounts identified in the separate agreement referenced in Paragraph 3 above for claims under 31 U.S.C. § 3730(d) and 31 U.S.C. § 3730(h), Relator, for himself, and for his heirs, successors, attorneys, agents, and assigns, releases Defendants, and their officers, agents, and employees, from any liability to Relator arising from the filing of the Civil Action, or under 31 U.S.C. § 3730(d) for expenses or attorneys' fees and costs.

14. Defendants waive and shall not assert any defenses Defendants 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.

15. Defendants fully and finally release 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 Defendants have 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.

16. Defendants fully and finally release the Relator from any claims (including attorneys' fees, costs, and expenses of every kind and however denominated) that Defendants have asserted, could have asserted, or may assert in the future against the Relator, related to the Civil Action and the Relator's investigation and prosecution thereof.

17. 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 Defendants agree not to resubmit to any Medicare contractor or any state payer any previously denied claims related to the Covered Conduct, agree not to appeal any such denials of claims, and agree to withdraw any such pending appeals.

18. Defendants 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 Defendants, 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) Defendants' 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 Defendants make to the United States pursuant to this Agreement and any payments that Defendants 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. <u>Future Treatment of Unallowable Costs</u>: Unallowable Costs shall be separately determined and accounted for by Defendants, and Defendants 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 Defendants or any of their subsidiaries or affiliates to the Medicare, Medicaid, TRICARE, or FEHBP Programs.

c. <u>Treatment of Unallowable Costs Previously Submitted for Payment</u>: Defendants further agree that within 90 days of the Effective Date of this Agreement they 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 Defendants 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. Defendants agrees that the United States, at a minimum, shall be entitled to recoup from Defendants 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 Defendants or any of their subsidiaries or affiliates on the effect of inclusion of Unallowable Costs (as defined in this paragraph) on Defendants or any of their 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 Defendants' books and records to determine that no Unallowable Costs have been claimed in accordance with the provisions of this paragraph.

19. 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 20 (waiver for beneficiaries paragraph), below.

20. Defendants 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.

21. Upon receipt of the payment described in Paragraph 1, above, the Parties shall promptly sign and file in the Civil Action a Joint Stipulation of Dismissal of the Civil Action pursuant to Rule 41(a)(1). The United States' stipulation of dismissal shall be with prejudice with respect to the Covered Conduct; with respect to all other claims, it shall be without prejudice. The Relator agrees that it shall dismiss all claims brought with prejudice.

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

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

24. 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 Northern District of Florida. 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.

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

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

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

28. This Agreement is binding on Defendants' successors, transferees, heirs, and assigns.

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

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

31. 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: 7/16/25 BY: COLIN SHANNON Digitally signed by COLIN SHANNON Date: 2025.07.16 16:42:33 -04'00'

Colin Shannon
Trial Attorney
Commercial Litigation Branch
Civil Division
United States Department of Justice

DATED: 7/16/25 BY: Digitally signed by MARY ANN COUCH Date: 2025.07.16 15:02:18 -05'00'

Mary Ann Couch
Marie Moyle
Assistant United States Attorneys
U.S Attorney's Office for the
Northern District of Florida

DATED: 7/14/25 BY: SUSAN GILLIN Digitally signed by SUSAN GILLIN Date: 2025.07.14 15:57:29 -04'00'

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

FOREFRONT DERMATOLOGY, S.C.

DATED: 7/11/2025 BY: DocuSigned by: Joel Dalinka 55B311D92F36405...

Joel Dalinka
General Counsel, Forefront Dermatology, S.C.

DATED: 7/14/2025 BY: Jason Mehta

Jason Mehta
Counsel for Forefront Dermatology, S.C.

HENGHOLD SURGERY CENTER, LLC

DATED: 7/12/2025 BY: DocuSigned by: 1002E6DC6FE642D...

William B. Henghold
Owner, Henghold Surgery Center, LLC

DATED: 7/14/2025 BY: ______________________________

Jason Mehta
Counsel for Henghold Surgery Center, LLC

CHRISTOPHER WOLFE - RELATOR

DATED: __________ BY: ______________________________

Christopher Wolfe

DATED: __________ BY: ______________________________

Graham Cotten
Counsel for Christopher Wolfe

DATED: __________ BY: ______________________________
Jason Mehta
Counsel for Henghold Surgery Center, LLC

CHRISTOPHER WOLFE - RELATOR

DATED: 7/11/2025 BY: Christopher Wolfe
Christopher Wolfe

DATED: 7/15/2025 BY: ______________________________
Graham Cotten
Counsel for Christopher Wolfe