

SETTLEMENT AGREEMENT

This Settlement Agreement (“Agreement”) is entered into among (1) 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”); (2) Kaiser Foundation Health Plan, Inc. (KFHP), Kaiser Foundation Health Plan of Colorado (KFHP-CO), The Permanente Medical Group, Inc. (TPMG), Southern California Permanente Group (SCPMG), and Colorado Permanente Medical Group, P.C. (CPMG) (collectively, “Defendants”); and (3) Ronda Osinek and James M. Taylor, M.D. (each a “Relator” and collectively, the “Relators”) (the United States, Defendants, and Relators are hereafter collectively referred to as the “Parties”), through their authorized representatives.

RECITALS

A. KFHP is a California corporation, and KFHP-CO, a wholly owned subsidiary of KFHP, is a Colorado corporation.

B. KFHP and KFHP-CO have executed contracts with the Centers for Medicare & Medicaid Services (CMS), a division of HHS, to be Medicare Advantage (MA) organizations. KFHP provides healthcare plans under the MA program, also called Medicare Part C, in California, while KFHP-CO provides MA plans in Colorado.

C. TPMG is a California professional medical corporation. SCPMG is a California general partnership of physicians. CPMG is a Colorado corporation.

D. TPMG and SCPMG provide medical services to MA beneficiaries enrolled in KFHP MA plans. CPMG provides medical services to MA beneficiaries enrolled in KFHP-CO MA plans.

E. Pursuant to the *qui tam* provisions of the False Claims Act, 31 U.S.C. § 3730(b), the Relators have filed the following civil actions:

(1) On August 22, 2013, Relator Ronda Osinek filed a sealed *qui tam* action in the United States District Court for the Northern District of California captioned *United States ex rel. Osinek v. Kaiser Permanente, et al.*, No. 3:13-cv-03891-EMC (the “*Osinek Action*”).

(2) On October 22, 2014, Relator James M. Taylor, M.D. filed a sealed *qui tam* action in the United States District Court for the District of Colorado captioned *United States ex rel. Taylor v. Kaiser Permanente, et al.*, No. 1:14-cv-02889 (the “*Taylor Action*”). Relator Taylor subsequently filed an amended *qui tam* complaint under seal in the *Taylor Action* on November 3, 2014. On May 11, 2021, the *Taylor Action* was transferred to the Northern District of California and assigned Civil Action No. 3:21-cv-03894-EMC. On June 25, 2021, the District Court for the Northern District of California issued an order consolidating the *Taylor* and *Osinek* Actions with four other *qui tam* actions (collectively, the “*Consolidated Action*”).

F. On July 27, 2021, the United States filed a notice of partial intervention in the *Consolidated Action*, intervening as to all allegations that Defendants submitted, or caused to be submitted, false claims for risk-adjustment payments based on diagnoses improperly added via addenda under Medicare Advantage and declining to intervene as to all other allegations. (Dkt. No. 64.) The United States filed its Complaint-in-Intervention against Defendants on October 25, 2021, and subsequently filed an Amended Complaint-in-Intervention on December 12, 2022. (Dkt. No. 240.)

G. Relator Taylor also pursued certain declined claims as to which the United States did not intervene (the “*Declined Taylor Claims*”).

H. The United States contends that Defendants knowingly 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”).

I. The United States contends that it has certain civil claims against the Defendants for the time period between 2009 and 2018, as specified in the United States’ Amended Complaint-in-Intervention. That conduct is referred to herein as the “Covered Conduct.”

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

K. Relators claim entitlement under 31 U.S.C. § 3730(d) to a share of the proceeds of this 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 Agreement, the Parties agree and covenant as follows:

TERMS AND CONDITIONS

1. Defendants have paid to the United States five hundred fifty-six million dollars (\$556,000,000), plus interest at a rate of 4.250% per annum from October 15, 2025, until and including the day of payment (collectively, “Settlement Amount”), of which \$278,000,000 is restitution, by the Effective Date of this Agreement by electronic funds transfer pursuant to written instructions provided by the Civil Division of the United States Department of Justice.

2. Pursuant to 31 U.S.C. § 3730(d), Defendants agree to pay \$764,469.00 in attorneys’ fees and costs to counsel for Relator Osinek. Defendants shall pay this amount by electronic funds transfer within thirty (30) business days of the later of (1) the Effective Date of this Agreement or (2) Defendants’ receipt of necessary wire transfer instructions and Form W-9 to be provided by counsel for Relator Osinek. This payment will satisfy any claims from Relator

Osinek or her counsel against Defendants for attorneys' fees, costs, and expenses pursuant to 31 U.S.C. § 3730(d) or any other legal obligation under which Relator Osinek or her counsel claims a right to attorneys' fees in connection with the Consolidated Action and the *Osinek* Action. Relator Osinek hereby releases Defendants and their predecessors and current and former parents, divisions, subsidiaries, affiliates, successors, assigns, transferees, officers, directors, attorneys, agents, and employees from any claims for expenses, attorneys' fees or costs in connection to the Consolidated Action and the *Osinek* Action.

3. Defendants have separately agreed to pay attorneys' fees and costs to counsel for Relator Taylor. This payment is described in the agreement regarding the settlement of the Declined *Taylor* Claims. The payment described in the agreement regarding the settlement of the Declined *Taylor* Claims will satisfy any claims from Relator Taylor or his counsel against Defendants for attorney's fees, costs, and expenses pursuant to 31 U.S.C. § 3730(d) or any other legal obligation under which Relator Taylor or his counsel claims a right to attorneys' fees in connection with the Consolidated Action and the *Taylor* Action. Subject to the execution of that agreement and the receipt of the payment described therein, Relator Taylor hereby releases Defendants and their predecessors and current and former parents, divisions, subsidiaries, affiliates, successors, assigns, transferees, officers, directors, attorneys, agents, and employees from any claims for expenses, attorneys' fees or costs in connection to the Consolidated Action and the *Taylor* Action.

4. Subject to the exceptions in Paragraph 6 (concerning reserved claims) below, and upon execution of this Agreement, the United States releases Defendants 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 "FCA"); 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, Relators, for themselves and for their heirs, successors, attorneys, agents, and assigns, release Defendants from all claims Relators have asserted, could have asserted, or may assert in the future on behalf of the United States for the Covered Conduct.

6. Notwithstanding the releases given in Paragraphs 2 through 5 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.

7. Relators and their 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). In connection with this Agreement and the United States' Amended Complaint-in-Intervention, Relators and their heirs, successors, attorneys, agents, and assigns agree that neither this Agreement, any intervention by the United States in the *Osinek* and *Taylor* Actions, nor any dismissal of the *Osinek* and *Taylor* Actions, shall waive or otherwise affect the ability of the United States to contend that provisions in the FCA, including 31 U.S.C. §§ 3730(d)(3) and 3730(e), bar Relators from sharing in the proceeds of this Agreement. Moreover, the United States and Relators and their heirs, successors, attorneys, agents, and assigns agree that they each retain all of their rights pursuant to the FCA on the issue of the share percentage, if any, that Relators should receive of any proceeds of the settlement of their claims.

8. Relators, for themselves and for their heirs, successors, attorneys, agents, and assigns, release Defendants, and their officers, agents, and employees, from all claims Relators have asserted, could have asserted, or may assert in the future related to the Covered Conduct.

9. 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.

10. 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.

11. Defendants release the Relators 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 Relators related to the Covered Conduct or Relators' investigations or prosecutions thereof.

12. 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.

13. 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, their 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 Relators, 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 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 reports, cost statements, information statements, or payment requests submitted by Defendants or any of their subsidiaries or affiliates to the Medicare, Medicaid, TRICARE, or FEHBP Programs.

c. Treatment of Unallowable Costs Previously Submitted for Payment: 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 agree 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.

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 15 (waiver for beneficiaries paragraph), below.

15. Defendants agree to 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.

16. Upon execution of this agreement, the Parties shall promptly sign and file a Joint Stipulation of Dismissal of the United States' Amended Complaint-in-Intervention pursuant to Rule 41(a). The Joint Stipulation of Dismissal shall provide for the Court to retain jurisdiction over any matters not resolved by this Agreement.

17. Except as to Relators' claims under 31 U.S.C. § 3730(d) for expenses or attorneys' fees and costs and as separately agreed to by the parties in writing, each Party shall bear its own legal and other costs incurred in connection with this matter, including the preparation and performance of this Agreement.

18. Each Party and signatory to this Agreement represents that it freely and voluntarily enters into 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 Northern District of California. 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 Defendants' successors, transferees, heirs, and assigns.

24. This Agreement is binding on Relators' 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: 1/14/2026

BY:

Laurie A. Oberembt

Laurie A. Oberembt
Senior Litigation Counsel
Commercial Litigation Branch
Civil Division
United States Department of Justice

DATED: 01/13/26

BY:

Michelle Lo

Michelle Lo
Assistant United States Attorney
Northern District of California

DATED: 1/13/26

BY:

Kevin Traskos

Marcy Cook
Kevin Traskos
Assistant United States Attorneys
District of Colorado

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

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: _____

BY: _____

Laurie A. Oberembt
Senior Litigation Counsel
Commercial Litigation Branch
Civil Division
United States Department of Justice

DATED: _____

BY: _____

Michelle Lo
Assistant United States Attorney
Northern District of California

DATED: _____

BY: _____

Marcy Cook
Kevin Traskos
Assistant United States Attorneys
District of Colorado

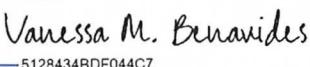
DATED: _____

BY: _____

**KENNETH
KRAFT** _____
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KRAFT
Date: 2025.12.30 11:14:01
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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

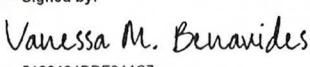
DEFENDANTS

DATED: 1/13/2026 | 2:10 PM PST BY:

Signed by:

Vanessa M. Benavides
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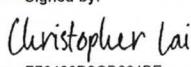
Executive Vice President & Chief Legal Officer
Kaiser Foundation Health Plan, Inc.

DATED: 1/13/2026 | 2:10 PM PST BY:

Signed by:

Vanessa M. Benavides
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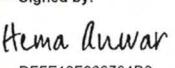
Executive Vice President & Chief Legal Officer
Kaiser Foundation Health Plan of Colorado

DATED: 1/13/2026 | 2:22 PM PST BY:

Signed by:

Christopher Lai
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Chris Lai

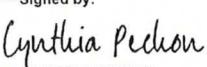
Assistant General Counsel
The Permanente Medical Group, Inc.

DATED: 1/13/2026 | 2:12 PM PST BY:

Signed by:

Hema K. Anwar
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Chief Legal Officer
Southern California Permanente Group

DATED: 1/13/2026 | 3:58 PM PST BY:

Signed by:

Cynthia F. Pechon
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Chief Legal Officer
Colorado Permanente Medical Group, P.C.

DATED: 1/13/2026

BY:

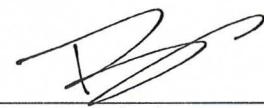


Jeannie S. Rhee
Counsel for Defendants
Dunn Isaacson Rhee LLP

RELATORS

DATED: 1/7/2026

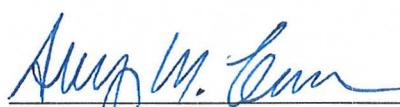
BY:



Ronda Osinek

DATED: 1/7/2026

BY:



Amy Zeman

Counsel for Ronda Osinek

DATED: _____

BY:

James M. Taylor, M.D.

DATED: _____

BY:

Michael Ronickher

Counsel for James M. Taylor, M.D.

RELATORS

DATED: _____ BY: _____
Ronda Osinek

DATED: _____ BY: _____
Amy Zeman
Counsel for Ronda Osinek

DATED: 1/13/26 BY: James M. Taylor
James M. Taylor, M.D.

DATED: 1/7/26 BY: Michael Ronickher
Michael Ronickher
Counsel for James M. Taylor, M.D.