

## 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”), and Southwest Orthopedic and Spine Hospital, LLC, Dignity/USP Phoenix Surgery Centers, LLC, and United Surgical Partners International, Inc. (“USPI”) (hereafter collectively referred to as “the Parties”), through their authorized representatives.

### RECITALS

- A. USPI, headquartered in Dallas, Texas, maintains ownership in more than 480 surgical hospitals and ambulatory surgery centers throughout the United States. USP Phoenix Surgery Centers, LLC (“USP Phoenix”) is a wholly owned subsidiary of USPI.
- B. Southwest Orthopedic and Spine Hospital (“OASIS”) is an orthopedic surgery hospital located in Phoenix, Arizona.
- C. Dignity/USP Phoenix Surgery Centers, LLC (“Dignity/USP Phoenix”) is a joint venture between USPI and Dignity Health. Dignity/USP Phoenix owns OASIS, and has partial ownership in twelve other surgical hospitals and ambulatory surgery centers. Collectively, USPI, Dignity/USP Phoenix, and OASIS are referred to herein as the “OASIS Settling Parties.”
- D. On April 27, 2021, the Dignity/USP Phoenix and OASIS voluntarily disclosed potential violations of the physician self-referral law, 42 U.S.C. § 1395nn (the “Stark Law”) and the federal Anti-Kickback Statute, 42 U.S.C. § 1320a-7b(b) (“AKS”), through the U.S. Department of Health and Human Services Office of Inspector General’s Provider Self-Disclosure Protocol (the “Self-Disclosure Protocol”). The conduct disclosed pursuant to the Self-Disclosure Protocol (which is described in detail in paragraphs I-J, *infra*) included providing

remuneration to Southwest Orthopedic and Spine Hospital Physicians Group, LLC (“SOSH Physicians”) in manner that was potentially noncompliant the Stark Law, and potentially violated the AKS. The OASIS Settling Parties conducted an independent investigation and compliance review of these issues and provided OIG-HHS with a detailed and thorough written self-disclosure.

E. USPI implemented a new audit and compliance review program in 2019, which contributed in part to the identification of the disclosed issues.

F. Following the Self-Disclosure, the OASIS Settling Parties cooperated with the Government’s investigation of these issues, including by identifying individuals involved in, or responsible for, the conduct; preserving, collecting, and disclosing relevant documents and information; identifying individuals who were aware of relevant information; disclosing facts gathered during the OASIS Settling Parties independent investigation; and assisting in the determination of amounts billed to federal health care programs for items or services resulting from the SOSH Physicians referral of patients to OASIS.

G. The OASIS Settling Parties received credit under the United States Department of Justice’s guidelines for taking disclosure, cooperation, and remediation into account in False Claims Act cases, Justice Manual § 4-4.112.

H. The United States contends that the OASIS Settling Parties 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”); the Medicaid Program, 42 U.S.C. §§ 1396-1396w-5 (“Medicaid”); and the TRICARE Program, 10 U.S.C. §§ 1071-1110b (“TRICARE”).

I. The United States contends that between June 1, 2011 through May 10, 2018 (the Relevant Period) the OASIS Settling Parties and the SOSH Physicians submitted or caused to be

submitted false or fraudulent claims to Medicare, Medicaid, and TRICARE resulting from violations of the AKS arising from the following conduct:

(1) On June 1, 2011, Dignity/USP Phoenix and the SOSH Physicians executed a \$3.9 million convertible promissory note (the “2011 Note”). The 2011 Note could be converted into 60 “Membership Units” in OASIS if there were “a change in federal law that allows physicians both to own an interest in the Hospital and to refer federally funded patients to the Hospital.”

(2) On the May 31, 2014, maturity date of the 2011 Note, Dignity/USP Phoenix paid the SOSH Physicians \$1.95 million for fifty-percent of the value of the 2011 Note, and executed a second, \$1.95 million convertible promissory note (the “2014 Note”). The 2014 Note could be converted into 40 Membership Units in OASIS provided that a change in law occurred.

(3) Between June 1, 2011 and May 31, 2017, Dignity/USP Phoenix made interest payments to the SOSH Physicians pursuant to the 2011 and 2014 Notes.

(4) On May 10, 2018, Dignity/USP Phoenix paid off the 2014 Note.

(5) The United States contends that one purpose of the foregoing remuneration paid to the SOSH Physicians by Dignity/USP Phoenix was to induce SOSH Physicians to refer to OASIS.

J. The United States contends that the conduct described above created financial relationships between OASIS and the SOSH Physicians. The United States further contends that those physicians referred Medicare beneficiaries to OASIS for designated health services, and OASIS furnished designated health services ordered by those physicians and submitted the respective claims to Medicare for those services. The United States further contends that the financial relationships between OASIS and SOSH Physicians did not satisfy the requirements of any exception to the Stark Law. The United States further contends that the referrals of the SOSH Physicians to OASIS for designated health services were, therefore, prohibited, and the

submission of claims to the Medicare program for the improperly referred services violated the Stark Law and the False Claims Act. The conduct described in this Paragraphs I and J are referred to below as the “Covered Conduct.”

K. This Settlement Agreement is neither an admission of liability by the OASIS Settling Parties, 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. The OASIS Settling Parties shall pay to the United States five million six hundred thousand dollars (\$5,600,000) (“Settlement Amount”), of which \$3.39 million 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. Subject to the exceptions in Paragraph 3 (concerning reserved claims) below, and upon the United States’ receipt of the Settlement Amount, the United States releases the OASIS Settling Parties 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; the Stark Law civil monetary penalty provisions, 42 U.S.C. §§ 1395nn(g)(3) and (4); and the common law theories of payment by mistake, unjust enrichment, and fraud.

3. In consideration of the obligations of the OASIS Settling Parties under this Agreement and conditioned upon the OASIS Settling Parties’ full payment of the Settlement Amount, the OIG-HHS shall release and refrain from instituting, directing, or maintaining any

administrative action seeking exclusion from Medicare, Medicaid, and other Federal health care programs (as defined in 42 U.S.C. § 1320a-7b(f)) against OASIS Settling Parties under 42 U.S.C. § 1320a-7a (Civil Monetary Penalties Law) or 42 U.S.C. § 1320a-7(b)(7) (permissive exclusion for fraud, kickbacks, and other prohibited activities) for the Covered Conduct, except as reserved in this paragraph and in Paragraph 4 (concerning reserved claims), below. The OIG-HHS expressly reserves all rights to comply with any statutory obligations to exclude OASIS Settling Parties from Medicare, Medicaid, and other Federal health care programs under 42 U.S.C. § 1320a-7(a) (mandatory exclusion) based upon the Covered Conduct. Nothing in this paragraph precludes the OIG-HHS 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 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;

5. The OASIS 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.

6. The OASIS 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 the OASIS Settling Parties 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.

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 any state payer, related to the Covered Conduct; and the OASIS Settling Parties 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.

8. The OASIS 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 Oasis Settling Parties, 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) the OASIS Settling Parties' 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 the OASIS 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 OASIS Settling Parties, and they 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 OASIS 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 OASIS 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 OASIS 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 OASIS Settling Parties agree that the United States, at a minimum, shall be entitled to recoup from them 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 the OASIS Settling Parties or any of their subsidiaries or affiliates on the effect of inclusion of Unallowable Costs (as defined in this paragraph) on the OASIS Settling Parties 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 the OASIS Settling Parties' books and records to determine that no Unallowable Costs have been claimed in accordance with the provisions of this paragraph.

9. The OASIS Settling Parties agree to cooperate fully and truthfully with the United States' investigation of individuals and entities not released in this Agreement. Upon reasonable notice, the OASIS Settling Parties shall encourage, and agree not to impair, the cooperation of their directors, officers, and employees, and shall use their 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. The OASIS Settling Parties further agree 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 11 (waiver for beneficiaries paragraph), below.

11. The OASIS 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.

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 Arizona. 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 the OASIS Settling Parties' 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: 2/12/26

BY:   
\_\_\_\_\_  
David Finkelstein  
Senior Trial Counsel  
Commercial Litigation Branch  
Civil Division  
United States Department of Justice

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

THE UNITED STATES OF AMERICA

DATED: \_\_\_\_\_

BY: \_\_\_\_\_

David Finkelstein  
Senior Trial Counsel  
Commercial Litigation Branch  
Civil Division  
United States Department of Justice

DATED: \_\_\_\_\_

BY: \_\_\_\_\_

KENNETH  
KRAFT

Digitally signed by  
KENNETH KRAFT  
Date: 2026.02.13 08:51:00  
-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 OASIS SETTLING PARTIES

**Dignity/USP Phoenix Surgery Centers II, LLC**

DATED: 2/10/2026 | 2:50 PM CST  
BY: Eric Boon  
Eric Boon  
President

**Southwest Orthopedic and Spine Hospital, LLC**

By: Dignity/USP Phoenix Surgery Centers II, LLC, its Sole Member

DATED: 2/10/2026 | 2:50 PM CST  
BY: Eric Boon  
Eric Boon  
President

**United Surgical Partners International, Inc.**

DATED: 2/10/2026 | 4:14 PM CST  
BY: Patrick Roberts  
Patrick Roberts  
Vice President and Treasurer

**Counsel for the OASIS Settling Parties**

DATED: February 11, 2026  
BY: Amy Hargreaves  
Amy Hargreaves  
Latham & Watkins LLP

DATED: February 11, 2026  
BY: Joseph C. Hudzik  
Joseph Hudzik  
Latham & Watkins LLP