

SETTLEMENT AGREEMENT

I. PARTIES

This Settlement Agreement ("Agreement") is entered into between the United States of America, acting through its Department of Justice and on behalf of the Office of Inspector General of the United States Department of Health and Human Services ("OIG-HHS") (collectively the "United States"); and Acadian Ambulance Service, Inc. ("Acadian"); and Barry Steeley ("relator"), through their authorized representatives. Collectively, all of the above will be referred to as "the Parties."

II. PREAMBLE

As a preamble to this Agreement, the Parties agree to the following:

A. Acadian is a corporation formed under the laws of Louisiana with its principal place of business at 300 Hopkins Street, Lafayette, Louisiana 70509.

B. The relator is an individual resident of Maryland. In 1996, the relator filed a qui tam action in the United States District Court for the Western District of Louisiana entitled United States ex rel. Barry Steeley v. Acadian Ambulance Service.

Incorporated, No. 96-0488 (W.D. La.) ("the Civil Action").

Subject to the terms of this Agreement, the United States intends to intervene only in part of the Civil Action, and to decline to intervene as to the remainder.

C. The United States contends that, with respect to Count I, during the time period from January 1, 1990 through December 31, 1994, Acadian submitted or caused to be submitted claims for payment to: the Medicare program ("Medicare"), Title XVIII of the Social Security Act, 42 U.S.C. §§ 1395-1395ddd (1997), and to the Medicaid program ("Medicaid"), Title XIX of the Social Security Act, 42 U.S.C. §§ 1396-1396v (1997), which is administered in the State of Louisiana by the Louisiana Department of Health and Hospitals.

D. The United States contends that it has certain civil claims against Acadian under the False Claims Act, 31 U.S.C. §§ 3729-3733, and other federal statutes and/or common law doctrines, for engaging in the following conduct during the period from January 1, 1990 through December 31, 1994: the submission of claims under the Medicare and Medicaid programs with respect to ambulance services for the non-emergency transportation of patients to and from dialysis centers for dialysis treatment, when the condition of these patients did not

meet Medicare and Medicaid requirements for non-emergency transportation (hereinafter referred to as the "Covered Conduct").

E. The United States also contends that it has certain administrative claims against Acadian under the provisions for permissive exclusion from the Medicare, Medicaid and other federal health care programs, 42 U.S.C. § 1320a-7(b), and the provisions for civil monetary penalties, 42 U.S.C. § 1320a-7a, for the Covered Conduct.

F. Acadian specifically denies the contentions of the United States (as set forth in Paragraphs D and E above) as it contends that the transports in question complied with the Medicare carrier's definition of "bed-confined" between 1990 and 1994.

G. The relator and Acadian have settled all of the relator's claims for expenses, reasonable attorneys' fees, and costs under 31 U.S.C. § 3730(d)(2) with respect to the relator's qui tam action referenced herein. The terms and provisions of that settlement are set out in a separate settlement agreement ("Separate Agreement") that forms no part of this Agreement. The Parties expressly agree that the United States shall in no way be bound by, and is not a party to, any of the terms of the Separate

Agreement. The Parties expressly agree that no dispute arising from, or related to, the Separate Agreement, shall in any way obviate the terms and obligations of this Agreement.

H. In order to avoid the delay, uncertainty, inconvenience, and expense of protracted litigation of these claims, the Parties reach a full and final settlement as set forth below.

III. TERMS AND CONDITIONS

NOW, THEREFORE, in consideration of the mutual promises, covenants and obligations set forth below, and for good and valuable consideration as stated herein, the Parties agree as follows:

1. Acadian agrees to pay the United States \$1,917,047.96 (the "Settlement Amount") as follows: Acadian agrees to make payment of the Settlement Amount by electronic funds transfer pursuant to written instructions to be provided by Vickie Eaves, Paralegal, Financial Litigation Unit, Office of the United States Attorney for the Western District of Louisiana, (318) 676-3635. Acadian agrees to make this electronic funds transfer by no later than the effective date of this Agreement.
2. The United States and the relator agree that the relator shall receive \$287,557 as the "relator's share,"

contingent upon the United States' receipt of the Settlement Amount. The United States shall pay the relator's share to the relator within twenty (20) calendar days after receipt of the Settlement Amount, or as soon thereafter as possible. Said payment shall be made payable to Barry Steeley. The United States will issue an Internal Revenue Service form 1099 for the relator's share payment. It is expressly understood and agreed that the United States in no way promises or guarantees, nor is liable to the relator for, the collection or payment of any funds pursuant to Paragraph 1, or the payment of any portion of the Settlement Amount to the relator except as provided herein. The relator agrees and accepts that this Agreement constitutes complete and full satisfaction and settlement of any claims the relator may have under 31 U.S.C. § 3730(d). In light of 31 U.S.C. § 3730(c)(2)(B), the relator further agrees that this Agreement constitutes a fair, adequate, and reasonable settlement under all the circumstances, and hereby waives, and consents to be estopped from asserting, any argument to the contrary. In exchange for the United States' payment to relator pursuant to this Paragraph, the relator agrees to relinquish any and all claims he might bring against the United States relating to the Civil Action or this Agreement.

3. Subject to the exceptions in Paragraph 6 below, in consideration of Acadian's obligations set forth in this Agreement, and conditioned upon Acadian's payment in full of the Settlement Amount, the United States (on behalf of itself, its officers, agents, agencies and departments) agrees to release Acadian and Acadian's past and current officers, owners, and employees from any civil or administrative monetary claim that the United States has or may have 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, breach of contract, and fraud, for the Covered Conduct.

4. In consideration of Acadian's obligations set forth in this Agreement, and conditioned upon Acadian's payment in full of the Settlement Amount, the OIG-HHS agrees to release and refrain from instituting, directing, or maintaining any administrative claim or any action seeking exclusion from the Medicare, Medicaid or other Federal health care programs (as defined in 42 U.S.C. § 1320a-7b(f)) against Acadian and Acadian's past and current officers, owners, and employees under 42 U.S.C. § 1320a-7a (Civil Monetary Penalties Law), or 42 U.S.C. § 1320a-7(b) (permissive

exclusion), for the Covered Conduct, except as reserved in Paragraph 6 below, and as reserved in this Paragraph. The OIG-HHS expressly reserves all rights to comply with any statutory obligations to exclude Acadian and Acadian's past and current officers, owners, and employees from the Medicare, Medicaid or 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 civil claims have been reserved in Paragraph 6, below.

5. In consideration of Acadian's obligations set forth in this Agreement and in the Separate Agreement, and conditioned upon Acadian's payment in full of the Settlement Amount, the relator and his attorneys, for themselves, their heirs, successors and assigns, will release and will be deemed to have released and forever discharged Acadian from any claims the relator has or may have that arise under, or relate to, any of the allegations in the Civil Action and the Covered Conduct, including all claims pursuant to 31 U.S.C. § 3730(d) for expenses, costs, and attorneys' fees.

6. Notwithstanding any term of this Agreement, specifically reserved and excluded from the scope and terms of this Agreement

as to any entity or person (including Acadian and Acadian's past and current officers, owners, and employees) are any and all of the following:

(1) Any civil, criminal or administrative claims arising under Title 26, United States Code (Internal Revenue Code);

(2) Any criminal liability;

(3) Except as explicitly stated in this Agreement, any administrative liability, including mandatory exclusion from Federal health care programs pursuant to 42 U.S.C. § 1320a-7(a);

(4) Any liability by Acadian (and Acadian's past and current officers, owners, and employees) to the United States (or its agencies) for any conduct other than the Covered Conduct;

(5) Any claims based upon such obligations as are created by this Agreement;

(6) Any express or implied warranty claims or other claims for defective or deficient products or services, including quality of goods and services, provided by Acadian (and Acadian's past and current officers, owners, and employees);

(7) Any claims for personal injury or property damage or for other consequential damages arising from the Covered Conduct; and

(8) Any claims based on a failure to deliver items or services due.

7. Acadian has entered into a Corporate Integrity Agreement with OIG-HHS ("Corporate Integrity Agreement"), attached as Exhibit A, which is hereby incorporated into this Agreement by reference. Acadian will implement its obligations under the Corporate Integrity Agreement immediately upon execution of this Agreement.

8. The Settlement Amount that Acadian must pay pursuant to this Agreement, by electronic wire transfer pursuant to Paragraph 1 above, will not be decreased as a result of the denial of claims for payment now being withheld from payment by any Medicare carrier or intermediary, or any State payer, related to the Covered Conduct; and Acadian agrees not to resubmit to any Medicare carrier or intermediary or any State payer any previously denied claims related to the Covered Conduct, and agrees not to appeal any such denials of claims.

9. Acadian agrees that all costs (as defined in the Federal Acquisition Regulations ("FAR") § 31.205-47 and in Titles XVIII and XIX of the Social Security Act, 42 U.S.C. §§ 1395-1395ddd (1997) and 1396-1396v (1997), and the regulations promulgated thereunder) incurred by or on behalf of Acadian and its present

or former officers, directors, employees, shareholders, and agents, in connection with: (1) the matters covered by this Agreement, (2) the Government's audit(s) and civil and any criminal investigation(s) of the matters covered by this Agreement, (3) Acadian's investigation, defense, and corrective actions undertaken in response to the Government's audit(s) and civil and any criminal investigation(s) in connection with the matters covered by this Agreement (including attorney's fees), (4) Acadian's obligations undertaken pursuant to the Corporate Integrity Agreement incorporated in this Settlement Agreement (including attorney's fees), (5) the negotiation of this Agreement, the Separate Agreement, and any plea agreement, and (6) the payment made pursuant to this Agreement, are unallowable costs on Government contracts and under the Medicare program, Medicaid program, TRICARE/CHAMPUS program, Veterans Affairs program ("VA") and Federal Employee Health Benefits Program ("FEHBP") (hereafter, "unallowable costs"). For purposes of this paragraph, the "matters covered by this Agreement" include, but are not limited to, the Civil Action and the Covered Conduct. These unallowable costs will be separately estimated and accounted for by Acadian, and Acadian will 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 Acadian or any of its subsidiaries to the Medicare, Medicaid, TRICARE/CHAMPUS, VA or FEHBP programs.

Acadian further agree that within sixty (60) calendar days of the effective date of this Agreement, it will identify to applicable Medicare and TRICARE fiscal intermediaries, carriers and/or contractors, and Medicaid, VA, 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 Acadian or any of its subsidiaries, and will 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. Acadian agrees that the United States will be entitled to recoup from Acadian any overpayment 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 Acadian or any of its subsidiaries on the effect of inclusion of unallowable costs (as defined in this paragraph) on Acadian or any of its subsidiaries' cost reports, cost statements or information reports. Nothing in this Agreement shall constitute a waiver of the rights of the United States to examine or reexamine the unallowable costs described in this Paragraph.

10. This Agreement is intended to be for the sole benefit of the Parties only, and by this instrument the Parties do not release any claims against any other person or entity.

11. Acadian agrees that it will not seek payment for any of the Covered Conduct from any health care beneficiaries or their parents or sponsors. Acadian waives any causes of action against these beneficiaries or their parents or sponsors based upon claims submitted for payment with respect to the Covered Conduct.

12. Each party to this Agreement will bear its own legal and other costs incurred in connection with this matter, including the preparation and performance of this Agreement, except that nothing in this Paragraph shall control any of the

terms of the Separate Agreement as between the relator and Acadian.

13. Acadian and the relator represent that this Agreement is freely and voluntarily entered into without any degree of duress or compulsion whatsoever.

14. This Agreement is governed by the laws of the United States. The Parties agree that, except for matters arising under the Corporate Integrity Agreement, the exclusive jurisdiction and venue for any dispute arising between and among the Parties under this Agreement will be the United States District Court for the Western District of Louisiana. Any disputes pertaining to the obligations set forth in the Corporate Integrity Agreement shall be resolved pursuant to the provisions therein.

15. Promptly after this Agreement is executed, the Parties will simultaneously notify the Court in the Civil Action that (a) the United States is intervening in part in the Civil Action with respect to the Covered Conduct, and declining to intervene with respect to the remainder of the Civil Action, (b) notwithstanding such partial intervention, the Parties have reached a settlement, and pursuant to this settlement all Parties have stipulated that, consistent with and subject to the terms of this Agreement, 1) the portion of the Civil Action in which the United States has

intervened -- the Covered Conduct -- be dismissed with prejudice to the United States and with prejudice to the relator, 2) the remainder of the Civil Action be dismissed without prejudice to the United States and with prejudice to the relator; and 3) all Parties have agreed to bear their own costs, except as provided by the Separate Agreement as between the relator and Acadian.

16. After Acadian has paid the Settlement Amount pursuant to Paragraph 1 and the Court has dismissed the Civil Action in a manner consistent with the stipulations described by Paragraph 15, Acadian and its attorneys will release and will be deemed to have released and forever discharged the relator and his counsel from any claims or counterclaims arising from their prosecution of the Civil Action, provided, however, that nothing in this paragraph:

(a) prohibits the United States or Acadian from taking action to enforce the terms or provisions of this Agreement, nor

(b) resolves or in any manner affects any claims the United States has or may have against the relator arising under Title 26, U.S. Code (Internal Revenue Code).

17. This Agreement and the Corporate Integrity Agreement constitute the complete agreement between the Parties. This

Agreement may not be amended except by written consent of all the Parties, except that only Acadian and OIG-HHS need agree in writing in order for the Corporate Integrity Agreement to be modified.

18. Acadian agrees to comply with Titles II and III of the Americans with Disabilities Act, 42 U.S.C. §§ 12132 and 12182, and the regulations under those titles at 28 C.F.R. Parts 35 and 36 (1996), by ensuring that 1) each answering position can respond directly to callers using a Telecommunications Device for the Deaf (TDD); 2) TDD equipment is included in power failure contingency plans; 3) TDD calls are recorded and maintained to the same extent as voice calls are recorded and maintained; and 4) procedures are established and enforced to ensure that all call takers consider "silent" open lines as potential TDD calls and respond by querying the silent line with a TDD.

19. The undersigned individuals signing this Agreement on behalf of Acadian and the relator represent and warrant that they are authorized by those parties to execute this Agreement. The undersigned United States signatories represent that they are signing this Agreement in their official capacities and that they are authorized to execute this Agreement.

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

21. This Agreement is effective on the date of signature of the last signatory to the Agreement.

THE UNITED STATES OF AMERICA

Michael D. Skinner

MICHAEL D. SKINNER
United States Attorney
Western District of Louisiana

Dated: 5/26/98

L. Morris

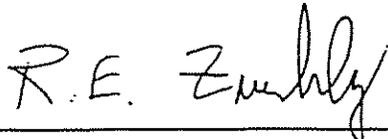
Dated: 5/21/98

LEWIS MORRIS
Assistant Inspector General
for Legal Affairs
Office of Counsel to the Inspector
General
Office of Inspector General
U.S. Department of Health and
Human Services

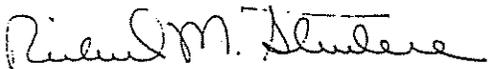
Acadian Ambulance Service, Inc.


ROLAND DUGAS
Chairman
Acadian Ambulance Service, Inc.

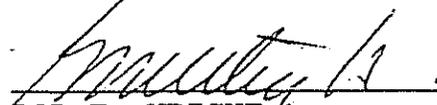
Dated: 5-26-98


RICHARD ZUSCHLAG
President
Acadian Ambulance Service, Inc.

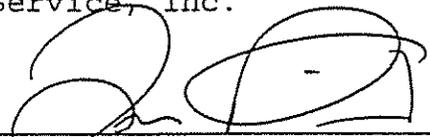
Dated: 5/26/98


RICHARD STURLESE
Corporate Vice President
Acadian Ambulance Service, Inc.

Dated: 5/26/98


BOB F. WRIGHT
Attorney for Acadian Ambulance
Service, Inc.

Dated: 5/26/98


TYRON D. PICARD
Attorney for Acadian Ambulance
Service, Inc.

Dated: 5/26/98

THE RELATOR - Barry Steeley


BARRY STEELEY

Dated: MAY 21, 1998