

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), the Defense Health Agency (DHA), acting on behalf of the TRICARE Program; the Office of Personnel Management (OPM), which administers the Federal Employees Health Benefits Program (FEHBP), the U.S. Department of Veterans Affairs (VA), which administers the VA Community Care Program (collectively, the "United States"); the State of Washington, acting through the Washington Office of the Attorney General and on behalf of the Washington Health Care Authority (HCA) (collectively the "State"); MultiCare Health System (hereinafter "MultiCare"); and Deanette Palmer and Richard Palmer (collectively, "Relators") through their authorized representatives. The United States and the State are collectively referred to herein as the "Government", and the Government, MultiCare and Relators are collectively referred to herein as the "Parties."

RECITALS

A. MultiCare owns and operates MultiCare Deaconess Hospital (Deaconess), a hospital located in Spokane, Washington, as well as MultiCare Rockwood Clinic Neurosurgery and Spine Center (Rockwood Neurosurgery). Between July 1, 2019 and March 31, 2021 (hereinafter the relevant time period), MultiCare, through Deaconess and Rockwood Neurosurgery, submitted claims to and accepted reimbursement from Medicare, the FEHBP, TRICARE, VA Community Care, and other federally-funded health care programs, as well as from the State of Washington Medicaid program jointly funded by the United States and the

State of Washington, for neurosurgery and other services provided at and by Deaconess and Rockwood Neurosurgery. During the relevant time period, Dr. Jason A. Dreyer, D.O. (Dr. Dreyer) was a neurosurgeon employed by MultiCare. Dr. Dreyer's previous employer, Providence Health Systems (Providence), had an inquiry about Dr. Dreyer regarding allegations that Dr. Dreyer had engaged in inappropriate surgical selection and preformed medically unnecessary surgeries.

B. Beginning in September 2019 until the end of his employment in November 2021, MultiCare paid Dr. Dreyer production-based compensation for his services. MultiCare based Dr. Dreyer's production-based compensation on a standard unit of measurement known as Work Relative Value Units ("wRVUs"), which were calculated based on a value assigned to the services that physicians such as Dr. Dreyer provided. Based on MultiCare's production-based compensation model, MultiCare paid Dr. Dreyer \$1,755,554 million in compensation for 2020.

C. In February 2020, MultiCare received notification from the United States Attorney's Office for the Eastern District of Washington (USAO) that the USAO was investigating concerns about Dr. Dreyer's conduct at Providence. Those concerns included concerns about the care Dr. Dreyer provided at Providence, the potential falsification of medical documentation, allegations of fraudulent billing, falsified documentation, medically unnecessary procedures, and patient harm as to specific, anonymized patients at Providence. The USAO also provided MultiCare with detailed information regarding the USAO's concerns about Dr. Dreyer's conduct at Providence. The USAO informed MultiCare that it was providing this information to MultiCare because of its significant concerns regarding the safety of Dr. Dreyer's patients at MultiCare. The USAO communicated to MultiCare that MultiCare was not the target

of the USAO's investigation and that it had no evidence specific to MultiCare patients or procedures.

D. Based on the information from the USAO, MultiCare prepared an "SBAR" (situation, background, assessment, and recommendation). MultiCare's SBAR recommended that MultiCare "immediately coordinate concurrent review and surgical oversight of any planned surgical cases using the Site Medical Manager of Neurosurgery to review surgical options and planned surgical services up to and including concurrent proctoring within the operating room", as well as the "authority to cancel planned surgeries" if needed. MultiCare also notified Dr. Dreyer of the concerns. Between February 2020 and March 2021, MultiCare permitted Dr. Dreyer to continue to practice and to perform surgeries in accordance with the recommendations included in the SBAR. MultiCare's Site Medical Manager of Neurosurgery periodically reviewed Dr. Dreyer's planned non-emergency surgeries. The Site Medical Manager of Neurosurgery did not provide concurrent proctoring within the operating room as to Dr. Dreyer's surgeries, nor did he cancel any of Dr. Dreyer's planned surgeries.

E. Dr. Dreyer did not perform any surgeries at MultiCare after March 12, 2021. On March 12, 2021, the State of Washington, Department of Health, Board of Osteopathic Medicine and Surgery (DOH) issued an Ex Parte Order of Summary Action (Ex Parte Order), which prohibited Dr. Dreyer from performing spine surgeries pending further DOH disciplinary proceedings. The allegations concerning Dr. Dreyer, upon which the DOH based its decision, related to Dr. Dreyer's employment with Providence and pre-dated Dr. Dreyer's employment with MultiCare. Those allegations are set forth in the Ex Parte Order, which is publicly available. MultiCare placed Dr. Dreyer on administrative leave on March 15, 2021, when MultiCare learned that DOH had issued its Ex Parte Order concerning Dr. Dreyer. On April 26,

2021, DOH issued an Order on Show Cause, which allowed Dr. Dreyer to resume providing spine surgeries under the specific restrictions set forth in that Order on Show Cause. MultiCare kept Dr. Dreyer on administrative leave until November 18, 2021, when Dr. Dreyer resigned from MultiCare.

F. On April 13, 2022, Relators Deanette Palmer and Richard Palmer (“Relators”) filed a qui tam action in the United States District Court for the Eastern District of Washington captioned *United States ex rel. Palmer v. MultiCare Health Systems*, 2:22-cv-00068-SAB (E.D. Wash.), pursuant to the qui tam provisions of the False Claims Act, 31 U.S.C. § 3730(b) (the “Civil Action”). Relators alleged that MultiCare submitted and caused to be submitted to the United States and the State of Washington false claims for neurosurgery procedures performed during the relevant time period by Dr. Dreyer. The Government intervened in the Civil Action on August 21, 2023, and filed a Complaint-in-Intervention on January 26, 2024.

G. The Government contends that it has certain civil claims against MultiCare as set forth more fully in its Complaint-in-Intervention, arising from allegedly false claims for payment submitted by MultiCare to the Medicare Program, Title XVIII of the Social Security Act, 42 U.S.C. §§ 1395-1395III (“Medicare”); the Medicaid Program, 42 U.S.C. §§ 1396-1396w-5 (“Medicaid”); the TRICARE Program, 10 U.S.C. §§ 1071-1110b (“TRICARE”); the FEHBP, 5 U.S.C. §§ 8901-8914; and the Department of Veterans Affairs, Veterans Health Administration, 38 U.S.C. Chapter 17 (hereinafter “the Federal Health Programs”) during the relevant time period for neurosurgery services performed by Dr. Dreyer that did not meet the criteria for reimbursement under the Federal Health Programs, were medically unnecessary, or were otherwise improper. The Government further contends that MultiCare failed to take appropriate action in response to concerns raised about Dr. Dreyer between March 2019 and March 2021.

Finally, the Government contends that MultiCare failed to have and/or timely implement adequate safeguards and controls with regard to Dr. Dreyer to timely prevent, detect, deter, and cease the performance of medically unnecessary neurosurgical procedures. The conduct described in this paragraph, together with the agreed-upon facts and conduct set forth above in Recitals A through E as they relate to the Federal Health Programs, and the conduct alleged in the Complaint-in-Intervention, is hereinafter referred to as the "Covered Conduct."

H. The Government contends that it has certain civil claims against MultiCare under the False Claims Act, codified at 31 U.S.C. §§ 3729-3733, the Medicaid Fraud False Claims Act, codified at RCW 74.66, the Fraudulent Practices Act, codified at RCW 74.09.210, and the common law for allegedly engaging in the Covered Conduct.

I. MultiCare admits, acknowledges, and agrees that the facts set forth in Recitals A through E above are true and accurate. MultiCare reserves all rights and arguments concerning whether and to what extent they are admissible in any other proceeding. MultiCare does not admit the contentions and allegations set forth in Recitals F, G, or H. While MultiCare agrees with the facts set forth in Recitals A through E, above, MultiCare does not concede that liability arises, under the False Claims Act or any other cause of action, from those facts or any other facts or allegations. This Settlement Agreement is therefore not an admission of liability by MultiCare.

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

TERMS AND CONDITIONS

1. MultiCare shall pay to the Government \$3,728,000, of which \$1,600,000 is restitution, (herein "the Settlement Amount"). Of the Settlement Amount, \$3,640,419 is owed to the United States, which shall be paid within fourteen (14) days of the Effective Date of this Agreement by electronic funds transfer pursuant to written instructions to be provided by the United States Attorney's Office for the Eastern District of Washington. The total federal and state Medicaid share of the Settlement Amount is \$157,607 with \$87,581 of that amount to be paid directly to the State of Washington within fourteen (14) days of the Effective Date of this Agreement pursuant to written instructions from the Washington State Attorney General's Office. \$70,026 of the Medicaid share is owed to the United States, which is already included in its share of the Settlement Amount above. Of the Settlement Amount, the total restitution due to Washington State Medicaid is \$67,593, with \$37,561 of that amount owed to the State of Washington, and \$30,032 of that amount owed to the United States, which is already included in their respective shares of the Settlement Amount above.

2. Conditioned upon the United States receiving the Settlement Amount and as soon as feasible after receipt, the United States shall pay \$633,760 to Relator by electronic funds transfer (Relator's Share).

3. Subject to the exceptions in Paragraph 5 (concerning reserved claims) below, and conditioned upon MultiCare's full payment of the Settlement Amount, the Government releases MultiCare, together with its current and former parent corporations; direct and indirect subsidiaries; brother or sister corporations; divisions; current or former corporate owners; dbas; and the corporate successors and assigns of any of them, from any civil or administrative monetary claim the Government 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 Medicaid Fraud False Claims Act, RCW 74.66; the False Practices Act, RCW 74.09.210, or the common law theories of payment by mistake, unjust enrichment, negligent misrepresentation, and fraud.

4. Subject to the exceptions in Paragraph 5 (concerning reserved claims) below, and conditioned upon MultiCare's full payment of the Settlement Amount, Relators, for themselves and for their heirs, successors, attorneys, agents, and assigns, release MultiCare, together with its 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, its attorneys, officers, directors and employees, from any civil monetary claim the Relators have on behalf of the United States for the Covered Conduct under the False Claims Act, 31 U.S.C. §§ 3729-3733 and the Medicaid Fraud False Claims Act, RCW 74.66, and from any claims, allegations, demands, actions or causes of action whatsoever, known or unknown, fixed or contingent, in law or in equity, in contract or in tort, under any federal or state statute or regulation (including but not limited to claims arising under 31 U.S.C. § 3730(h)), or under common law, that Relators, for themselves, their heirs, successors, attorneys, agents, and/or assigns otherwise would have standing to bring, including, without limitation, any claim that Relators asserted or could have asserted in the Civil Action. Notwithstanding the foregoing, Relators specifically reserve their right to recover reasonable expenses, attorneys' fees, and costs under 31 U.S.C. § 3730(d).

5. Notwithstanding the release given in Paragraph 3 of this Agreement, or any other term of this Agreement, the following claims of the Government are specifically reserved and are not released:

- a. Any criminal, civil, or administrative liability arising under Title 26, U.S. Code (Internal Revenue Code) or state revenue codes;
- 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 or State health care programs;
- d. Any liability to the Government (or its agencies) for any conduct other than the Covered Conduct;
- e. Any liability based upon obligations created by this Agreement;
- f. Any civil or administrative liability that any person or entity, including MultiCare have or may have to the Federal, State or individual consumers or government program payers under any statute, regulation or rule not expressly covered by the release in this Agreement, including but not limited to, any and all of the following claims: (i) antitrust violations; (ii) claims involving unfair and/or deceptive acts and practices and/or violations of consumer protection laws;
- g. Any liability which may be asserted on behalf of any other payers or insurers, including those that are paid by the Government programs on a capitated basis;
- h. Any liability for expressed or implied warranty claims or other claims for defective or deficient products and services provided by MultiCare;
- i. Any liability for personal injury or property damage or for other consequential damages arising from the Covered Conduct;

- j. Any liability based on a failure to deliver goods or services due; and,
- k. Any liability of individuals.

6. Except as expressly stated herein, this Agreement is not intended to affect the terms of any provider agreement(s), contracts or other agreements that MultiCare has or may have with HCA or any State of Washington agency.

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). Conditioned upon Relator's receipt of the Relator's Share, Relator and **his/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.

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

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

10. 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 or Medicaid contractor (e.g., Medicare Administrative Contractor, fiscal intermediary, carrier), TRICARE carrier or payer, VA carrier or payer, FEHBP carrier or payer, or any state payer, related to the Covered Conduct; and MultiCare agrees not to resubmit to any Medicare or Medicaid contractor, TRICARE carrier or payer, VA carrier or payer, FEHBP carrier or payer, 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.

11. MultiCare 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. §§ 1395-1395kkk-1 and 1396-1396w-5; and the regulations and official program directives promulgated thereunder) incurred by or on behalf of MultiCare or their Companies, their present or former officers, directors, employees, shareholders, and agents in connection with:

- (1) the matters covered by this Agreement;
- (2) the Government's audits and civil and criminal investigations of the matters covered by this Agreement;
- (3) MultiCare's investigation, defense, and corrective actions undertaken in response to the Government's audits and civil and any criminal investigations in connection with the matters covered by this Agreement (including attorney's fees);
- (4) the negotiation and performance of this Agreement; and

(5) the payment MultiCare makes to the Government pursuant to this Agreement; are unallowable costs for government contracting purposes and under the Medicare Program, and Medicaid Program, TRICARE Program, Federal Employees Health Benefits Program (FEHBP), the VA Community Care Program (hereinafter referred to as Unallowable Costs).

b. Future Treatment of Unallowable Costs: Unallowable Costs shall be separately determined and accounted for, and MultiCare 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 MultiCare, or any of their subsidiaries or affiliates to Medicare, Medicaid, TRICARE, VA or FEHBP Programs.

c. Treatment of Unallowable Costs Previously Submitted for Payment: MultiCare further agrees that within 90 days of the Effective Date of this Agreement they shall identify to applicable Medicare, VA, 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 Government, including, but not limited to, payments sought in any cost reports, cost statements, information reports, or payment requests already submitted by MultiCare, 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. MultiCare agrees that the Government, at a minimum, shall be entitled to recoup from MultiCare 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, Medicaid Fraud Control Unit, and/or the affected agencies. The Government reserves its rights to disagree with any calculations submitted by MultiCare, or any of their subsidiaries or affiliates on the effect of inclusion of Unallowable Costs (as defined in this Paragraph) on MultiCare, 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 Government to audit, examine, or re-examine MultiCare's books and records to determine that no Unallowable Costs have been claimed in accordance with the provisions of this Paragraph.

12. 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 13 (waiver for beneficiaries paragraph), below.

13. MultiCare 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 payers based upon the claims defined as Covered Conduct.

14. 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). As to the United States, dismissal of the Civil Action shall be with prejudice as to the Covered Conduct, and otherwise without prejudice. As to Relators, dismissal of the Civil Action shall be with prejudice.

15. Except as otherwise expressly provided in this Agreement, each Party shall bear its own legal and other costs incurred in connection with this matter, including the preparation and performance of this Agreement.

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

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

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

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

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 binding on MultiCare's successors, transferees, heirs, and assigns.

22. This Agreement is binding on Relators' successors, transferees, heirs, and assigns.

23. All parties consent to the Government's disclosure of this Agreement, and information about this Agreement, to the public.

24. 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: 2-4-26

BY:



Tyler H.L. Tornabene
Assistant United States Attorney
Eastern District of Washington

DATED: 2/2/26

BY:



Derek T. Taylor
Assistant United States Attorney
Eastern District of Washington

DATED: 01/30/26

BY:

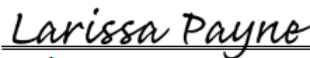
SUSAN GILLIN Digitally signed by SUSAN GILLIN
Date: 2026.01.30 09:14:36 -05'00'

Susan E. Gillin
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

THE STATE OF WASHINGTON

DATED: 01/27/26

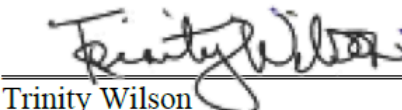
BY:



Larissa Payne
Director – Medicaid Fraud Control
Office of the Attorney General
Medicaid Fraud Control Division

DATED: 01/27/2026

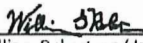
BY:



Trinity Wilson
Acting Medicaid Director
Washington Health Care Authority

MULTICARE HEALTH SYSTEM

DATED: Jan 30, 2026

BY: 
William Robertson (Jan 30, 2026 16:47:34 PST)
William Robertson
CEO MultiCare Health System

DATED: 2-2-26

BY: 
Matthew M. Curley
Bass Berry & Sims PLC
Counsel for MultiCare Health System

RELATORS

DATED: _____

BY: _____
Deanette Palmer

DATED: _____

BY: _____
Richard Palmer

DATED: _____

BY: _____
William Gilbert
Gilbert Law Firm
Counsel for Relators Deanette Palmer
and Richard Palmer

MULTICARE HEALTH SYSTEM

DATED: _____

BY: _____

William Robertson
CEO MultiCare Health System

DATED: _____

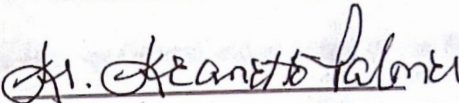
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Matthew M. Curley
Bass Berry & Sims PLC
Counsel for MultiCare Health System

RELATORS


DATED: 1/29/26

BY: _____


Deanette Palmer

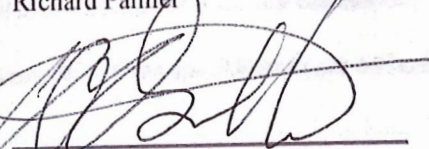
DATED: 1/29/26

BY: _____


Richard Palmer

DATED: 1/29/26

BY: _____


William Gilbert
Gilbert Law Firm
Counsel for Relators Deanette Palmer
and Richard Palmer