

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 Commonwealth of Massachusetts (“Massachusetts”), acting through the Massachusetts Attorney General’s Office and on behalf of the Executive Office of Health and Human Services; PenRad Technologies, Inc. (“PenRad”); and relator Community Health Systems, Inc. (“Relator” and, together with the aforementioned parties, hereafter collectively referred to as “the Parties”), through their authorized representatives.

RECITALS

A. PenRad is a privately owned Minnesota corporation with a principal place of business of 305 Church at North Hills Street, 6th Floor, Raleigh, NC 27609. PenRad offers software products to health care providers nationwide.

B. On June 21, 2022, Relator filed a qui tam action in the United States District Court for the District of Massachusetts, captioned *United States and the Commonwealth of Massachusetts ex rel. Community Health Programs, Inc. v. PenRad Technologies, Inc.*, 22-cv-10680-MGM, pursuant to the qui tam provisions of the False Claims Act, 31 U.S.C. § 3730(b), and Massachusetts False Claims Act, M.G.L. c. 12, §§ 5A *et seq.* (the “Civil Action”). The Civil Action alleges that PenRad, through its software program, caused a health care provider (the “HCP”) to file medically unnecessary claims related to breast cancer screening.

C. The United States and the Commonwealth of Massachusetts contend that PenRad caused the submission of claims for payment to the Medicare Program, Title XVIII of the Social Security Act, 42 U.S.C. §§ 1395-1395III (“Medicare”), and the Massachusetts Medicaid Program, 42 U.S.C. §§ 1396-1396w-5 (“Medicaid”).

D. PenRad admits, acknowledges, and accepts responsibility for the following facts:

1. The Tyrer-Cusick model is a risk-assessment tool that health care providers use to calculate patients' risk of developing breast cancer and to make treatment decisions. The model is publicly available for use.
2. The Tyrer-Cusick model allows a user the option of either calculating a patient's risk score by enabling or disabling "competing mortality." If competing mortality is enabled, the Tyrer-Cusick model considers the possibility that the patient will die from something other than breast cancer. Enabling competing mortality typically lowers a patient's risk score. The Tyrer-Cusick documentation recommended that, in a clinical setting, competing mortality be enabled.
3. PenRad's Series 7 software, released in 2018, allowed health care providers to use an integrated Tyrer-Cusick risk calculator to assess patients' breast cancer risk. At the time it released Series 7, PenRad was aware that the Tyrer-Cusick documentation recommended enabling competing mortality in clinical settings, and internally, PenRad recommended to employees the enabling of competing mortality. However, if PenRad customers upgraded to Series 7 in subsequent years and added the Tyrer-Cusick risk calculator function, PenRad sometimes installed the Tyrer-Cusick risk calculator with competing mortality disabled for that customer and did not consistently communicate to its customers when enabling the Tyrer-Cusick risk calculator that competing mortality should be enabled.
4. Beginning in September 2020, the HCP began assessing patients' breast cancer risk using the Tyrer-Cusick risk calculator through PenRad's software. At the time, competing mortality was disabled, and as a result, some patients received risk scores that were elevated as compared to the scores they would have received if competing mortality had been enabled and some may have undergone preventative Magnetic Resonance Imaging ("MRI") that

was medically unnecessary. The HCP billed some of those MRIs to Medicare and Medicaid. In the fall of 2021, the HCP learned of some elevated risk scores, engaged with PenRad about the cause of the elevated risk scores, and enabled competing mortality in its PenRad software.

5. Other providers using PenRad's software (besides the HCP) likely received elevated scores for some patients and some may have billed medically unnecessary MRIs to Medicare and Medicaid.

6. In 2022, PenRad began routinely communicating to its customers when enabling the Tyrer-Cusick risk calculator that competing mortality should be enabled, including widely disseminating an email to its customers in June 2022 that so advised them. Moreover, PenRad began enabling competing mortality as the default setting when installing or upgrading customers' software.

7. In August 2022, PenRad was purchased by its current owners.

E. The United States and the Commonwealth of Massachusetts contend they have certain civil claims against PenRad for engaging in the conduct described in Recital D during the period January 1, 2018, to July 1, 2022 (hereinafter referred to as the "Covered Conduct"). In particular, the United States and the Commonwealth contend that PenRad knowingly caused providers to submit claims for medically unnecessary MRIs to Medicare and Medicaid. Despite awareness that the Tyrer-Cusick risk calculator was for some users generating elevated scores that caused doctor to prescribe MRIs that were not medically necessary, PenRad failed to take appropriate and timely corrective action.

F. PenRad received credit under the Department of Justice's guidelines for taking disclosure, cooperation, and remediation into account in False Claims Act cases, Justice Manual § 4-4.112. Among other actions, PenRad disclosed the facts of its internal investigation, summarized materials relevant to the government's investigation, voluntarily produced materials

without a subpoena, sought to resolve this matter expeditiously, and implemented remedial measures.

G. Relator claims entitlement under 31 U.S.C. § 3730(d) and M.G.L. c. 12, §5F(1) to a share of the proceeds of this Agreement and to Relator's reasonable expenses, attorneys' fees, and costs.

In consideration of the mutual promises and obligations of this Agreement, the Parties agree and covenant as follows:

TERMS AND CONDITIONS

1. PenRad shall pay to the United States and the Commonwealth of Massachusetts \$529,069.37 plus interest accruing at an annual rate of 4.25% from July 15, 2025, until the date of payment (the "Total Settlement Amount"). Of the Total Settlement Amount, \$322,839.17 shall constitute restitution to the United States, and \$6,263.35 shall constitute restitution to the Commonwealth of Massachusetts. PenRad will pay the Total Settlement Amount as follows:

a. PenRad shall pay the United States \$521,991.10 plus interest as accrued above (the "Federal Settlement Amount") by electronic funds transfer pursuant to written instructions to be provided by the United States Attorney's Office in the District of Massachusetts no later than ten (10) days after the Effective Date of this Agreement.

b. PenRad shall pay the Commonwealth of Massachusetts \$7,078.27 plus interest as accrued above (the "Massachusetts Settlement Amount") by electronic funds transfer pursuant to written instructions to be provided by the Massachusetts Attorney General's Office no later than ten (10) days after the Effective Date of this Agreement.

2. Conditioned upon the United States receiving the Federal Settlement Amount and as soon as feasible after receipt, the United States shall pay 17.5% of the Federal Settlement Amount to Relator by electronic funds transfer.

3. Conditioned upon the Commonwealth of Massachusetts receiving the Massachusetts Settlement Amount and as soon as feasible after receipt, the Commonwealth of Massachusetts shall pay 17.5% of the Massachusetts Settlement Amount to Relator by electronic funds transfer.

4. Subject to the exceptions in Paragraph 8 (concerning reserved claims) below, and upon the United States' receipt of the Federal Settlement Amount, the United States releases PenRad 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; or the common law theories of payment by mistake, unjust enrichment, and fraud.

5. Subject to the exceptions in Paragraph 8 (concerning reserved claims) below, and upon the Commonwealth of Massachusetts' receipt of the Massachusetts Settlement Amount, the Commonwealth of Massachusetts releases PenRad from any civil or administrative monetary claim the Commonwealth of Massachusetts has for the Covered Conduct under the Massachusetts False Claims Act, M.G.L. c. 12, §5A-O; M.G.L. c. 118E, §§ 40 and 44; 130 C.M.R. §§ 450.237, 450.260(A), and 450.260(I); or the common law theories breach of contract, unjust enrichment, and fraud.

6. Conditioned upon the United States' receipt of the Federal Settlement Amount, Relator, for itself and for its heirs, successors, attorneys, agents, and assigns, releases PenRad, together with its current and former parent corporations; direct and indirect subsidiaries; brother or sister corporations; divisions; current or former corporate owners; the corporate successors and assigns of any of them; and their officers, agents, and employees, from any civil monetary claim Relator has on behalf of the United States for the Covered Conduct under the False Claims Act, 31 U.S.C. §§ 3729-3733.

7. Conditioned upon the Commonwealth of Massachusetts's receipt of the Massachusetts Settlement Amount, Relator, for itself and for its heirs, successors, attorneys, agents, and assigns, releases PenRad, together with its current and former parent corporations; direct and indirect subsidiaries; brother or sister corporations; divisions; current or former corporate owners; the corporate successors and assigns of any of them; and their officers, agents, and employees, from any civil monetary claim Relator has on behalf of the United States for the Covered Conduct under the Massachusetts False Claims Act, M.G.L. c. 12, §§ 5A-O.

8. Notwithstanding the releases given in Paragraph 4 and 5 of this Agreement, or any other term of this Agreement, the following claims and rights of the United States and the Commonwealth of Massachusetts are specifically reserved and are not released:

- a. Any 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 health care programs;
- d. Any liability to the United States or the Commonwealth of Massachusetts (or their agencies) for any conduct other than the Covered Conduct;
- e. Any liability based upon obligations created by this Agreement; and
- f. Any liability of individuals.

9. Relator and its 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 Relator's Share from the United States, Relator and its 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.

10. Relator and its 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 M.G.L. c. 12, § 5D(3). Conditioned upon Relator's receipt of Relator's Share from the Commonwealth of Massachusetts, Relator and its heirs, successors, attorneys, agents, and assigns fully and finally release, waive, and forever discharge the Commonwealth of Massachusetts, its agencies, officers, agents, employees, and servants, from any claims arising from the filing of the Civil Action or under M.G.L. c. 12, §§ 5A-O, and from any claims to a share of the proceeds of this Agreement and/or the Civil Action.

11. Upon payment of their reasonable attorneys' fees, costs, and expenses pursuant to 31 U.S.C. § 3730(d)(1) and M.G.L. c. 12, § 5F(1), and pursuant to 31 U.S.C. § 3730(d)(2) and M.G.L. c. 12, § 5F(4), Relator and its counsel, for themselves, and for their heirs, successors, attorneys, agents, and assigns, shall release PenRad, and its 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) and M.G.L. c. 12, §5B for expenses or attorneys' fees, costs, and expenses. The amount of Relator's attorneys' fees, costs, and expenses will be addressed in a separate agreement or resolved by the Court if the parties are unable to reach agreement. Relator expressly reserves the right to pursue a claim for attorneys' fees, costs, and expenses pursuant to 31 U.S.C. § 3730(d)(1) and M.G.L. c. 12, § 5F(3), and pursuant to 31 U.S.C. § 3730(d)(2) M.G.L. c. 12, § 5F(4), which claims have been assigned to Relator's counsel. PenRad expressly reserves the right to contest Relator's claim for attorneys' fees, costs, and expenses pursuant to 31 U.S.C.

§ 3730(d)(1) and M.G.L. c. 12, § 5F(3), and to contest Relator's claim for attorneys' fees and costs pursuant to 31 U.S.C. § 3730(d)(2) and M.G.L. c. 12, § 5F(4).

12. PenRad waives and shall not assert any defenses PenRad 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.

13. PenRad fully and finally releases 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 PenRad has 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 and the United States' investigation and prosecution thereof.

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

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

16. 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), MassHealth, or any state payer, related to the Covered Conduct; and PenRad agrees not to resubmit to any Medicare contractor, MassHealth, 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.

17. PenRad 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. §§ 1395-1395lll and 1396-1396w-5; and the regulations and official program directives promulgated thereunder) incurred by or on behalf of PenRad, its present or former officers, directors, employees, shareholders, and agents in connection with:

- (1) the matters covered by this Agreement;
- (2) the United States' and the Commonwealth of Massachusetts' audit(s) and civil investigation(s) of the matters covered by this Agreement;
- (3) PenRad's investigation, defense, and corrective actions undertaken in response to the United States' and the Commonwealth of Massachusetts' 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 payments PenRad makes to the United States and the Commonwealth of Massachusetts pursuant to this Agreement and any payments that PenRad 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. Future Treatment of Unallowable Costs: Unallowable Costs shall be separately determined and accounted for by PenRad, and PenRad 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 PenRad or any of its subsidiaries or affiliates to the Medicare, Medicaid, TRICARE, or FEHBP Programs.

c. Treatment of Unallowable Costs Previously Submitted for Payment: PenRad further agrees 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 PenRad or any of its 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. PenRad agrees that the United States and/or the Commonwealth of Massachusetts, at a minimum, shall be entitled to recoup from PenRad 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 and/or the Commonwealth of Massachusetts pursuant to the direction of the Department

of Justice, the Massachusetts Attorney General's Office and/or the affected agencies. The United States and the Commonwealth of Massachusetts reserve their right to disagree with any calculations submitted by PenRad or any of its subsidiaries or affiliates on the effect of inclusion of Unallowable Costs (as defined in this paragraph) on PenRad or any of its 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 and/or the Commonwealth of Massachusetts to audit, examine, or re-examine PenRad's books and records to determine that no Unallowable Costs have been claimed in accordance with the provisions of this paragraph.

18. 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 this Agreement.

19. PenRad 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 payors based upon the claims defined as Covered Conduct.

20. Upon receipt of the payments described in Paragraph 1, above, the United States and the Commonwealth of Massachusetts, and Relator shall promptly sign and file in the Civil Action a Joint Stipulation of Dismissal of the Civil Action pursuant to Federal Rule of Civil Procedure 41(a)(1). The Joint Stipulation of Dismissal shall state that: (1) all claims based on allegations described in the Covered Conduct are dismissed with prejudice as to the United States and the Commonwealth of Massachusetts; (2) all other claims in the Civil Action against PenRad shall be dismissed without prejudice as to the United States and the Commonwealth of Massachusetts; (3) all claims in the Civil Action against PenRad, shall be dismissed with

prejudice as to Relator, except for claims relating to Relator's attorneys' costs, fees, and expenses under 31 U.S.C. §§ 3730(d)(1) and (d)(2), which are reserved. PenRad agrees that, as ordered by the Court or as agreed upon by the parties, it shall pay the reasonable attorneys' fees, costs, and expenses of Relator's counsel.

21. Except as will be otherwise agreed to by the separate agreement referenced in Paragraph 11 above, each Party shall bear its own legal and other costs incurred in connection with this matter, including the preparation and performance of this Agreement.

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

23. 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 District of Massachusetts. 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.

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

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

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

27. This Agreement is binding on PenRad's successors, transferees, heirs, and assigns.

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

29. All Parties consent to the United States and/or the Commonwealth of Massachusetts disclosing this Agreement, and information about this Agreement, to the public.

30. 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: BRIAN LAMACCHIA

Digitally signed by BRIAN LAMACCHIA
Date: 2025.12.08 12:38:16 -05'00'


BRIAN M. LAMACCHIA
Assistant United States Attorney
District of Massachusetts

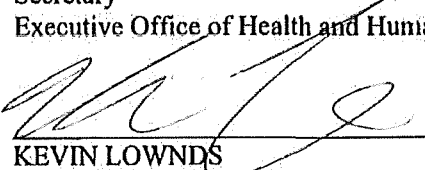
DATED: _____ BY: TAMARA FORYS

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Date: 2025.11.24 15:55:45 -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

COMMONWEALTH OF MASSACHUSETTS

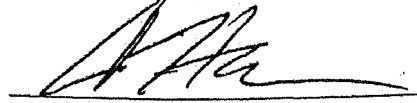
DATED: 12/2/2015 BY: 
DR. KIAME M. HANIAH
Secretary
Executive Office of Health and Human Services

DATED: 12/2/25 BY: 
KEVIN LOWNDS
Chief, Medicaid Fraud Division
Massachusetts Attorney General's Office

PENRAD TECHNOLOGIES, INC.

DATED: 24 Nov 25

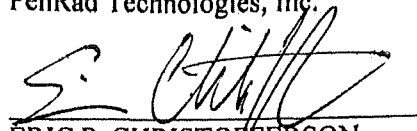
BY:



ANDREW HARRIS
Chief of Staff
PenRad Technologies, Inc.

DATED: 11/24/2025

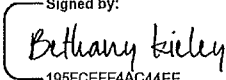
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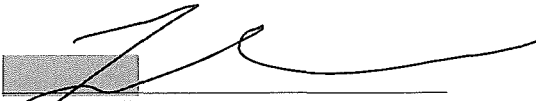
ERIC P. CHRISTOFFERSON
PAUL B. LEWIS
DLA Piper, LLP (US)
Counsel for PenRad Technologies, Inc.

COMMUNITY HEALTH PROGRAMS, INC. - RELATOR

DATED: 12/5/2025

BY: 
Signed by:
195FCEFF4AC44EE...
BETHANY KIELEY, CEO
Community Health Programs, Inc.

DATED: 12/5/2025

BY: 
SARAH CHU
Counsel for Relator