

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”) and the United States Department of Veterans Affairs (“VA”) (collectively, the “United States”); the State of New Jersey, acting through the New Jersey State Attorney General, Medicaid Fraud Control Unit (the “State of New Jersey”); Summit BHC New Jersey, LLC d/b/a Seabrook (“Seabrook”) (“Defendant”); and Jennifer Coulter (“Relator”) (hereafter collectively referred to as “the Parties”), through their authorized representatives.

RECITALS

A. Seabrook is a behavioral healthcare provider in Cumberland County, New Jersey that offers residential and outpatient substance abuse treatment to patients, including veterans of the United States Armed Forces whose care is paid for by the VA, and low-income individuals, whose care is paid for by the New Jersey Medicaid program, which is jointly funded by the United States and the State of New Jersey.

B. On or about January 26, 2023, Relator filed a *qui tam* action in the United States District Court for the District of New Jersey captioned *United States ex rel. Jennifer Coulter and the State of New Jersey v. Seabrook House, Inc., et al.*, No. 23-cv-00451, pursuant to the *qui tam* provisions of the False Claims Act, 31 U.S.C. § 3730(b) and the New Jersey False Claims Act, N.J. Stat. § 2A:32C-3 (the “Civil Action”).

C. The United States contends that Seabrook submitted or caused to be submitted claims for payment to the Medicaid Program, 42 U.S.C. §§ 1396-1396w-5 (“Medicaid”) and the Department of Veterans Affairs, Veterans Health Administration, 38 U.S.C. Chapter 17 (“VHA”) through the Veteran’s Community Care Program (“Community Care Program”)

established by the Maintaining Internal Systems and Strengthening Integrated Outside Networks (“MISSION”) Act of 2018, 38 USC § 1703, 38 CFR §§ 17.4000 - 17.4040, which provides hospital care, medical services, and extended care services to covered veterans. Two Third Party Administrators (“TPA”) administer the Community Care Program’s operations for VHA: Optum Public Sector Solutions, Inc (“Optum, Inc”), and TriWest Alliance. Optum, Inc serves as the TPA for Region 1, which includes the State of New Jersey and the Seabrook site.

D. To bill the Community Care Program and become a “community provider,” Seabrook enrolled in the VA Community Care Network by submitting a credentialing application and entering into an agreement with Optum, Inc.

E. The United States and the State of New Jersey contend that they have certain civil claims against Seabrook that arose during the period from January 1, 2022, through December 31, 2024.

In particular, the United States and the State of New Jersey contend that, during this period:

1. Seabrook provided Partial Hospitalization – Outpatient Residential Services to veterans and submitted claims to the VHA for these services notwithstanding the fact that it could not legally provide such services, because Seabrook did not possess a license to provide those services and/or had not contracted with the VHA to provide those services.
2. Seabrook sought to conceal from State inspectors the presence of veterans who resided at Seabrook and received room and board, and for whom Seabrook submitted Partial Hospitalization – Outpatient claims for services it did not have a license or contract to render. On the dates of scheduled State inspections, Seabrook staff took these residents on outings, so State inspectors would remain unaware that these patients were receiving services Seabrook could not legally provide.

3. Seabrook failed to employ enough properly credentialed and licensed caregivers to provide the services billed to the VHA and Medicaid, relying upon alcohol and drug counseling interns who were not properly credentialed or supervised. Some of these individuals did not qualify under New Jersey law to treat “dual diagnosis” patients, i.e., those with both mental or physical health conditions and addiction issues. Many veterans and Medicaid beneficiaries were treated principally by interns, rarely receiving care from fully credentialed and licensed providers because Seabrook failed to ensure that more than 50% of its staff were licensed providers (as required by New Jersey law). Further, Seabrook did not consistently obtain or document consent from veterans or low-income patients to receive treatment by these interns.
4. Seabrook represented that it provided specialized care to serve the “unique experiences and needs” of veterans when, in fact, it provided veterans with the same care it provided its other patients.
5. Seabrook submitted false and fraudulent claims to the VHA and to Medicaid for low-income individuals at the full *per diem* rate for individual and group counseling sessions knowing that the patients had not received all the services required to justify that rate.
6. Seabrook failed to maintain complete and accurate records of patient care, in that:
 - a. On one or more occasions, providers misrepresented their credentials in records of care;
 - b. Providers at times failed to sign progress notes and other records; and
 - c. Providers falsely documented the services they provided, including:

- i. Documenting that the same patient received two or more different forms of treatment at the same time from different providers in different locations;
- ii. Documenting and billing for two or more mutually inconsistent forms of treatment for different patients at the same time by the same medical care provider;
- iii. Documenting services that were not provided; and
- iv. Documenting false descriptions of patient demeanor and engagement levels during treatment.

7. By and through the actions described above, Seabrook submitted false and fraudulent claims to the VHA and Medicaid as though the services billed were compliant with the conditions of payment from the VHA and Medicaid.

The foregoing conduct is referred to below as the “Covered Conduct.”

F. This Settlement Agreement is neither an admission of liability by Seabrook nor a concession by the United States and the State of New Jersey that their claims are not well founded.

G. Seabrook has timely and fully cooperated in the government’s investigation by disclosing relevant facts, including facts gathered during their independent investigation; accepting responsibility; and assisting in the determination of losses caused by the misconduct at issue. In addition, Seabrook has implemented remedial measures and taken steps toward the implementation of other remedial measures, including by disciplining and replacing the individuals responsible for the misconduct through direct participation and failures in oversight or supervision.

H. 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 attorneys' fees and costs.

I. 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. Seabrook shall pay the United States and the State of New Jersey, collectively, the sum of Nineteen Million Seven Hundred Fifty-One Thousand Seven Hundred Sixty-Two Dollars and Sixty-Nine Cents (\$19,751,762.69) (the "Settlement Amount"), of which Eight Million Nine Hundred Seventy-Eight Thousand Seventy-Three Dollars and Ninety-Five Cents (\$8,978,073.94) is restitution, as follows:

- a. Seabrook shall pay to the United States the sum of Nineteen Million Four Hundred Thirty-Two Thousand Two Hundred Ninety-Four Dollars and Eighty-Six Cents (\$19,432,294.84) (the Federal Settlement Amount), of which Eight Million Eight Hundred Thirty-Two Thousand Eight Hundred Sixty-One Dollars and Thirty Cents (\$8,832,861.29) is federal restitution (the Federal Restitution Amount) in a lump sum within 15 days of the Effective Date of this agreement, by electronic funds transfer pursuant to written instructions provided by the United States Attorney's Office for the District of New Jersey;
- b. Seabrook shall pay to the State of New Jersey the sum of Three Hundred Nineteen Thousand Four Hundred Sixty-Seven Dollars and Eighty-Five Cents (\$319,467.85) (the State Settlement Amount), of which One Hundred Forty-Five Thousand Two Hundred Twelve Dollars and Sixty-Five Cents (\$145,212.65) is state restitution (the

State Restitution Amount), within 15 days of receiving written instructions provided by the State of New Jersey.

- c. Both the Federal and the State Settlement Amounts shall be subject to interest at a rate of 4.1% per annum from March 6, 2025.

2. Conditioned upon the United States receiving the Federal Settlement Amount and when feasible thereafter, the United States shall pay \$3,497,813.07, plus 18% of the interest received at the date of payment ("Relator's Federal Share") in a lump sum to Relator, through electronic funds transfer to a trust account maintained by counsel for Relator.

3. Conditioned upon the State of New Jersey receiving the State Settlement Amount and within 21 days thereafter, the State of New Jersey shall pay \$57,504.21, plus 18% of the interest received at the date of payment ("Relator's State Share") to Relator, via certified funds made payable to Relator's counsel's trust account.

4. Seabrook's payment to Relator for attorneys' fees and costs related to the claims brought by Relator and resolved by this Settlement Agreement shall be addressed separately from this Agreement.

5. Subject to the exceptions in Paragraph 7 (concerning reserved claims) below, and upon the United States' and the State of New Jersey's receipt of their respective Settlement Amounts, plus interest due under Paragraph 1, the United States and the State of New Jersey release Seabrook, 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, from any civil or administrative monetary claim the United States or the State of New Jersey have 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 New Jersey False Claims

Act, N.J. Stat. Ann. § 2A:32C-1, *et seq.*, or the common law theories of payment by mistake, unjust enrichment, and fraud.

6. Subject to the exceptions in Paragraph 7 below, and upon the United States' and the State of New Jersey's receipt of their respective Settlement Amounts, plus interest due under Paragraph 1, Relator, for herself and for her heirs, successors, attorneys, agents, and assigns, releases Seabrook, 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, from any civil monetary claim the Relator has on behalf of the United States and the State of New Jersey for the Covered Conduct under the False Claims Act, 31 U.S.C. §§ 3729-3733 and the New Jersey False Claims Act, N.J. Stat. Ann. § 2A:32C-1, *et seq.* Notwithstanding the foregoing, this release specifically excludes all claims for attorneys' fees and costs as those will be addressed in a separate settlement agreement.

7. Notwithstanding the releases given in Paragraphs 5 and 6 of this Agreement, or any other term of this Agreement, the following claims and rights of the United States and the State of New Jersey are specifically reserved and are not released:

- a. Any liability arising under Title 26, U.S. Code (Internal Revenue Code);
- b. Any criminal liability;
- c. Except as explicitly stated in this Agreement, any administrative liability or enforcement right, including mandatory or permissive exclusion from Federal health care programs;
- d. Any liability to the United States (or its agencies) or the State of New Jersey for any conduct other than the Covered Conduct;
- e. Any liability based upon obligations created by this Agreement; and
- f. Any liability of individuals.

8. Relator and her heirs, successors, attorneys, agents, and assigns shall not object to the terms of this Agreement but agree and confirm that it 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 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, and the State of New Jersey, 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.

9. Seabrook waives and shall not assert any defenses it may have to any criminal prosecution or administrative action relating to the Covered Conduct that may be based in whole or in part on a contention that, under the Double Jeopardy Clause in the Fifth Amendment of the Constitution, or under the Excessive Fines Clause in the Eighth Amendment of the Constitution, this Agreement bars a remedy sought in such criminal prosecution or administrative action.

10. Seabrook fully and finally releases the United States, its agencies, officers, agents, employees, and servants, and the State of New Jersey, from any claims (including attorneys' fees, costs, and expenses of every kind and however denominated) that Seabrook has asserted, could have asserted, or may assert in the future against the United States, its agencies, officers, agents, employees, and servants, and the State of New Jersey, related to the Covered Conduct or the United States' investigation or prosecution thereof.

11. 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), VHA payer, or any state payer, related to the Covered Conduct; and Seabrook agrees not to resubmit to any Medicare contractor, VHA contractor, 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.

12. Seabrook 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. §§ 1395-1395III and 1396-1396w-5; and the regulations and official program directives promulgated thereunder) incurred by Seabrook, 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 State of New Jersey's audit(s) and civil investigation(s) of the matters covered by this Agreement;
- (3) Seabrook's investigation, defense, and corrective actions undertaken in response to the United States' and the State of New Jersey's 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;
- (5) the payments Seabrook makes to the United States and the State of New Jersey pursuant to this Agreement and any payments that Seabrook may make to Relator, including costs and attorneys' fees; and
- (6) the negotiation of, and obligations undertaken pursuant to any integrity agreement or other, similar form of agreement OIG-HHS requires, should Seabrook remain in operation;

are unallowable costs for government contracting purposes and under the Medicare Program, Medicaid Program, VHA, 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 Seabrook, and Seabrook may 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 Seabrook, or any of its subsidiaries or affiliates to the Medicare, Medicaid, VHA, TRICARE, or FEHBP Programs.

c. Treatment of Unallowable Costs Previously Submitted for Payment: Seabrook further agrees that within 90 days of the Effective Date of this Agreement it shall identify to applicable Medicare, VHA, 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 Seabrook 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. Seabrook agrees that the United States and the State of New Jersey, 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 and the State of New Jersey pursuant to the direction of the Department of Justice and/or

the affected agencies. The United States and the State of New Jersey reserve their rights to disagree with any calculations submitted by Seabrook or any of its subsidiaries or affiliates on the effect of inclusion of Unallowable Costs (as defined in this paragraph) on Seabrook 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 the State of New Jersey to audit, examine, or re-examine Seabrook's books and records to determine that no Unallowable Costs have been claimed in accordance with the provisions of this paragraph.

13. Seabrook agrees to cooperate fully and truthfully with the United States' investigation of individuals and entities not released in this Agreement. Upon reasonable notice, Seabrook shall encourage, and agree not to impair, the cooperation of its 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. Seabrook further agrees 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.

14. This Agreement is intended to be for the benefit of the Parties only. The Parties do not release any claims against any other person or entity, except to the extent provided for in Paragraph 15 (waiver for beneficiaries paragraph), below.

15. Seabrook 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.

16. 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).

17. Each Party shall bear its own legal and other costs incurred in connection with this matter, including the preparation and performance of this Agreement.

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

19. This Agreement is governed by the laws of the United States. The exclusive jurisdiction and venue for any dispute relating to this Agreement is the United States District Court for the District of New Jersey. For purposes of construing this Agreement, this Agreement shall be deemed to have been drafted by all Parties to this Agreement and shall not, therefore, be construed against any Party for that reason in any subsequent dispute.

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

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

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

23. This Agreement is binding on Seabrook's successors, transferees, heirs, and assigns.

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

25. All Parties consent to the United States' and the State of New Jersey's disclosure of this Agreement, and information about this Agreement, to the public.

26. This Agreement is effective on the date of signature of the last signatory to the Agreement (Effective Date of this Agreement). Facsimiles and electronic transmissions of signatures shall constitute acceptable, binding signatures for purposes of this Agreement.

THE UNITED STATES OF AMERICA

DATED: April 24, 2025

BY: ALINA HABBA
United States Attorney



PAUL W. KAUFMAN
Assistant United States Attorney
District of New Jersey

DATED: 4/11/25

BY:

SUSAN
GILLIN


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GILLIN
Date: 2025.04.11 17:09:13
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SUSAN E. GILLIN
Assistant Inspector General for Legal Affairs
Office of Counsel to the Inspector General
Office of Inspector General
United States Department of Health and Human Services

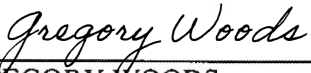
THE STATE OF NEW JERSEY

MATTHEW J. PLATKIN
ATTORNEY GENERAL FOR THE STATE OF NEW
JERSEY

DATED: 4/21/2025


BY: 
AL GARCIA
Interim Insurance Fraud Prosecutor
Office of the Attorney General
State of New Jersey

DATED: 4/25/2025

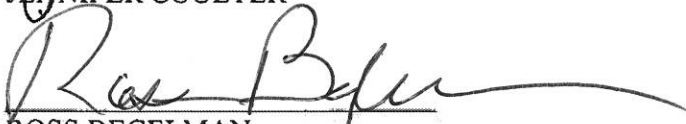
BY: 
GREGORY WOODS
Assistant Commissioner
Division of Medical Assistance and
Health Services
Department of Human Services

RELATOR JENNIFER COULTER

DATED: 4/15/25


BY: 
JENNIFER COULTER

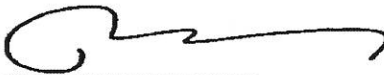
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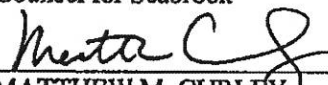
BY: 
ROSS BEGELMAN

Javerbaum Wurgaft Hicks Kahn Wikstrom & Sinins, P.C.
Counsel for Jennifer Coulter

SUMMIT BHC NEW JERSEY, LLC D/B/A SEABROOK

DATED: 4/14/25 BY: 
T.J. O'REILLY
Facility Chief Executive Officer
Seabrook

DATED: 4/15/2025 BY: 
RICHARD W. WESTLING
Epstein Becker & Green, P.C.
Counsel for Seabrook

DATED: 4/15/25 BY: 
MATTHEW M. CURLEY
Bass Berry & Sims, PLC
Counsel for Seabrook