

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 State of New Jersey, acting through the New Jersey State Attorney General, Medicaid Fraud Control Unit (State of New Jersey) (collectively, the “Government”), and 518 Summit Care Pharmacy LLC (hereafter collectively referred to as “the Parties”), through their authorized representatives.

RECITALS

A. 518 Summit Care Pharmacy LLC owned and operated Summit Care Pharmacy (collectively referred to as “Summit Care”), a retail pharmacy located in Jersey City, New Jersey.

B. The Government contends that Summit Care caused the submission of claims for payment to the Medicare Part D Program, Title XVIII of the Social Security Act, 42 U.S.C. §§ 1395-1395lll (“Medicare”) and the New Jersey Medicaid Program, 42 U.S.C. §§ 1396-1396w-5 (“Medicaid”), in violation of the Federal False Claims Act, 31 U.S.C. §§ 3729-3733, and the New Jersey False Claims Act, N.J. Stat. § 2A:32C-1 *et seq.*

C. The Government contends that it has certain civil claims against Summit Care arising from it causing the submission of false claims to the Medicare Part D Program and the New Jersey Medicaid Program for drugs that were not purchased or dispensed to beneficiaries. Specifically, the Government contends that from January 2, 2020, through March 28, 2022, Summit Care caused the submission of claims for reimbursement to the Medicare Part D Program and the New Jersey Medicaid Program for drugs that were not actually purchased from

wholesalers or dispensed to beneficiaries. That conduct is referred to below as the “Covered Conduct.”

D. This Agreement is neither an admission of liability by Summit Care nor a concession by the Government that their claims are not well founded.

E. Summit Care denies the United States’ contentions in Paragraph C of the Agreement.

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 Agreement, the Parties agree and covenant as follows:

TERMS AND CONDITIONS

1. Summit Care shall pay to the Government collectively, the sum of Six Hundred Thousand Dollars (\$600,000) (“Settlement Amount”), of which Three Hundred Thousand Dollars (\$300,000) is restitution, as follows:

a. Summit Care shall pay to the United States the sum Five Hundred Ninety-Seven Thousand Eight Hundred Ninety-Seven Dollars and Sixty Cents (\$597,897.60) (the Federal Settlement Amount), of which Two Hundred Ninety-Eight Thousand Nine Hundred Forty-Eight Dollars and Eighty Cents (\$298,948.80) is federal restitution (the Federal Restitution Amount), no later than thirty (30) days after 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 District of New Jersey.

b. Summit Care shall pay to the State of New Jersey Two Thousand One Hundred Two Dollars and Forty Cents (\$2,102.40), of which One Thousand Fifty-One Dollars and Twenty Cents (\$1,051.20) is state restitution (the State Restitution Amount), no later than

thirty (30) days after the Effective Date of this Agreement by written instructions to be provided by the Office of the Attorney General for the State of New Jersey.

2. Subject to the exceptions in Paragraph 3 (concerning reserved claims) below, and upon the Government's receipt of the Settlement Amount due under Paragraph 1, the Government releases Summit Care from any civil or administrative monetary claims 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 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.

3. Notwithstanding the releases given in Paragraph 2 of this Agreement, or any other term of this Agreement, the following claims and rights of the Government 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 Government (or its agencies) for any conduct other than the Covered Conduct;
- e. Any liability based upon obligations created by this Agreement;
- f. Any liability of individuals;
- g. Any liability for express or implied warranty claims or other claims for defective or deficient products or services, including quality of goods and services; and

h. Any liability for personal injury or property damage or for other consequential damages arising from the Covered Conduct.

4. Summit Care 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.

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

6. The Settlement Amount shall not be decreased as a result of the denial of claims for payment now being withheld from payment by any Medicare contractor (e.g., Medicare Administrative Contractor, fiscal intermediary, carrier) or any state payer, related to the Covered Conduct; and Summit Care agrees not to resubmit to any Medicare 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.

7. Summit Care 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 Summit Care or 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 investigation(s) of the matters covered by this Agreement;
- (3) Summit Care's investigation, defense, and corrective actions undertaken in response to the Government'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; and
- (5) the payments Summit Care makes to the Government pursuant to this Agreement

are unallowable costs for government contracting purposes and under the Medicare Program, Medicaid Program, TRICARE Program, and Federal Employees Health Benefits Program ("FEHBP") (hereinafter referred to as "Unallowable Costs").

b. Future Treatment of Unallowable Costs: Unallowable Costs shall be separately determined and accounted for by Summit Care, and Summit Care shall not charge such Unallowable Costs directly or indirectly to any contracts with the Government 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 Summit Care or any of its subsidiaries or affiliates to the Medicare, Medicaid, TRICARE, or FEHBP Programs.

c. Treatment of Unallowable Costs Previously Submitted for Payment:
Summit Care 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 Government, 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 Summit Care 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. Summit Care agrees that the Government, 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 Government pursuant to the direction of the Department of Justice and/or the affected agencies. The Government reserves its rights to disagree with any calculations submitted by Summit Care or any of its subsidiaries or affiliates on the effect of inclusion of Unallowable Costs (as defined in this paragraph) on Summit Care 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 Government to audit, examine, or re-examine Summit Care's books and records to determine that no Unallowable Costs have been claimed in accordance with the provisions of this Paragraph.

8. 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 9 (waiver for beneficiaries paragraph), below.

9. Summit Care 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.

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

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

12. This Agreement is governed by the laws of the United States. The exclusive venue for any dispute relating to this Agreement is the United States District Court for the District of 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.

13. This Agreement constitutes the complete agreement between the Parties. This Agreement may not be amended except by written consent of the Parties. Forbearance by the Government from pursuing any remedy or relief available to it under this Agreement shall not constitute a waiver of rights under this Agreement. Other than as set forth in this Agreement, Summit Care reserves all rights.

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

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

16. This Agreement is binding on Summit Care's successors, transferees, heirs, and assigns.

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

18. 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

ALINA HABBA
United States Attorney
District of New Jersey

DATED: 5/19/2025

BY:



KRUTI D. DHARIA
ROBERT L. TOLL
Assistant United States Attorneys
District of New Jersey

DATED: 5/9/25

BY:

SUSAN GILLIN

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GILLIN
Date: 2025.05.09 13:27:02
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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

STATE OF NEW JERSEY

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

DATED: 4/29/2025

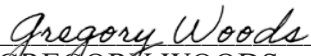
BY:



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

DATED: 5/14/2025

BY:



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

518 SUMMIT CARE PHARMACY LLC

DATED: 04/22/25

BY: Mina Rafla

MINA RAFLA

Owner of 518 Summit Care Pharmacy LLC

DATED: 5/5/25

BY: Satish Poondi

SATISH POONDI

Counsel for 518 Summit Care Pharmacy LLC