

## 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”) (collectively the “United States”); Northampton Hospital Company LLC d/b/a Easton Hospital and Northampton Hospital Corporation d/b/a Easton Hospital (hereafter collectively referred to as “Easton Hospital”); and David Kasprzak and David Heaton (hereafter collectively referred to as “Relators”) (hereafter all collectively referred to as “the Parties”), through their authorized representatives.

### RECITALS

A. Easton Hospital provides inpatient and outpatient healthcare services in Easton, Pennsylvania. The hospital’s services include cardiovascular, orthopedic, oncology, maternal, child health, pediatric, physical therapy rehabilitation, and mental health services. In addition, it offers surgical care, emergency care, occupational and speech therapy, wound healing management, imaging, radiology, home health, hospice, and laboratory services. Easton Hospital’s parent company, Northampton Hospital Company, LLC, operates as a subsidiary of Community Health Systems, Inc.

B. David Kasprzak is an individual resident of Pennsylvania who formerly worked at Easton Hospital as a Staff Nurse and Director of Surgical Services. David Heaton is an individual resident of Pennsylvania who formerly worked at Easton Hospital as a Systems/Application Analyst. On November 12, 2010, Relators filed a qui tam action in the United States District Court for the Eastern District of Pennsylvania captioned U.S. ex rel. David Kasprzak and David Heaton v. Defendant Northampton Hospital Company LLC d/b/a Easton

Hospital and Northampton Hospital Corporation d/b/a Easton Hospital, Civil Action Number 10-6264 (hereinafter “the Civil Action”). In Count I of their Complaint in the Civil Action, Relators alleged claims of health care fraud under the False Claims Act, 31 U.S.C. § 3730. In Count II through Count V, Relators allege claims for, inter alia, retaliatory termination of their employment. This Settlement Agreement addresses only Count I of the complaint and does not address the claims in Count II through Count V. Relators specifically reserve the right to prosecute their retaliation claims asserted in Counts II through Count V of the Complaint, and to file an Amended Complaint pursuant to Federal Rule of Civil Procedure 15 relating to these claims.

C. The United States contends that Easton Hospital submitted or caused to be submitted claims for payment to, inter alia, the Medicare Program (“Medicare”), Title XVIII of the Social Security Act, 42 U.S.C. §§ 1395–1395kkk-1, which claims should not have been submitted. In specific, between 1/1/07 and 12/31/12, Easton Hospital billed Medicare for extracorporeal shock wave lithotripsy, cystometrogram, green light laser, and transurethral resection of the prostate procedures performed by Dr. Thomas Walden which tests were allegedly not performed, were allegedly only partially completed, and/or were allegedly not medically necessary (the “Covered Conduct”).

D. This Agreement is neither an admission of liability by Easton Hospital nor a concession by the United States that its claims are not well founded.

E. Relators claim entitlement under 31 U.S.C. §§3730(d) to a share of the proceeds of this Settlement Agreement as it relates to the Covered Conduct and to Relators’ reasonable expenses, attorneys’ fees, and costs.

F. 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 reach a full and final settlement pursuant to the Terms and Conditions below.

### TERMS AND CONDITIONS

1. Easton Hospital shall pay to the United States the sum of six hundred sixty two thousand dollars (\$662,000.00), for the Covered Conduct (the "Settlement Amount"). Easton Hospital shall discharge its debt to the United States under the following terms and conditions:

a. Easton Hospital shall pay to the United States the Settlement Amount by electronic funds transfer pursuant to written instructions to be provided by the United States. Easton Hospital agrees to make this electronic funds transfer within ten (10) days of the Effective Date of this Agreement.

b. Easton Hospital shall pay to Relators the sum of ninety thousand dollars (\$90,000) in full satisfaction of Relators' claims for attorneys' fees and costs relating to litigation of Count I of the Complaint in the Civil Action only. This amount shall be paid as an electronic funds transfer to the Relators' attorneys, pursuant to the instructions agreed upon between Relators and Easton Hospital, no later than ten (10) business days after the Effective Date of this Agreement. Easton Hospital shall have no obligation to make any additional payments to Relators and/or Relators' counsel with respect to the matters covered by this Agreement or the claims which have been or could have been asserted in Count I of the Civil Action.

c. Contingent upon the United States receiving the Settlement Amount from Easton Hospital, and as soon as feasible, the United States agrees to pay one hundred nineteen thousand one hundred and sixty dollars (\$119,160.00) to Relators by electronic funds transfer, as the Relators' share of the Settlement Amount for the Covered Conduct. Payment to Relators under this Agreement shall be made by electronic funds transfer as follows: fifty nine thousand five hundred and eighty dollars (\$59,580.00) to the IOLTA Trust Account of Sidkoff, Pincus & Green, P.C on behalf of Relator Kasprzak and fifty nine thousand five hundred and eighty dollars (\$59,580.00) to the IOLTA Trust Account of Sidney L. Gold & Associates, P.C on behalf of Relator Heaton.

2. Subject to the exceptions in Paragraph 4 (concerning excluded claims) below, and conditioned upon Easton Hospital's full payment of the Settlement Amount, the United States (on behalf of itself, its officers, agents, agencies and departments) releases Easton Hospital together with its current and former parent corporations and shareholders; direct and indirect subsidiaries; brother or sister corporations; divisions; current or former owners; and officers, directors, and affiliates; and the successors and assigns of any of them; and their respective officers, agents, servants, and employees (excluding specifically Dr. Thomas Walden), 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.

3. Subject to the exceptions in Paragraph 4 (concerning excluded claims) below, and conditioned upon Easton Hospital's full payment of the Settlement Amount, Relators, for themselves and for their heirs, successors, attorneys, agents, and assigns, release Easton Hospital

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. The claims asserted in Counts II through Count V of the Complaint in the Civil Action are specifically excluded from this release.

4. Notwithstanding the releases given in paragraphs 2 and 3 of this Agreement, or any other term of this Agreement, the following claims of the United States are specifically reserved and are not released:

- (a) Any liability of Dr. Thomas Walden;
- (b) Any liability arising under Title 26, U.S. Code (Internal Revenue Code);
- (c) Any criminal liability;
- (d) Any administrative liability, including mandatory and permissive exclusion from Federal health care programs;
- (e) Any liability to the United States (or its agencies) for any conduct other than the Covered Conduct;
- (f) Any liability for personal injury or property damage or for other consequential damages ensuing from the covered conduct; and
- (g) Any liability based upon obligations created by this Agreement.

5. 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. § 3720(c)(2)(B). Conditioned upon Relators' receipt of the payments described in Paragraph 1, Relators and their 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.

6. In exchange for the payments described in Paragraph 1, Relators, for themselves, and for their heirs, successors, attorneys, agents, and assigns, release Easton Hospital, and its officers, agents, and employees, from any liability to Relators arising from the filing of Count I of the Civil Action, or under 31 U.S.C. § 3730(d) for expenses or attorney's fees and costs related to Count I of the Civil Action.

7. Easton Hospital 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. Nothing in this paragraph or any other provision of this Agreement constitutes an agreement by the United States concerning the characterization of the Settlement Amount for purposes of the Internal Revenue laws, Title 26 of the United States Code.

8. Easton Hospital 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 Easton Hospital 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.

9. The Settlement Amount shall not be decreased as the 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 Easton Hospital agrees not to resubmit to any Medicare contractor or any state payer any previously denied claims related to the Covered Conduct, and agrees not to appeal any such denials of claims.

10 Easton Hospital 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 and 1396-1396w-5; and the regulations and official program directives promulgated thereunder) incurred by or on behalf of Easton Hospital, its present or former officers, directors, employees, shareholders, and agents in connection with:

- (i) the matters covered by this Agreement;
- (ii) the United States' audit(s) and civil and criminal investigations of the matters covered by this Agreement;
- (iii) Easton Hospital's investigation, defense, and corrective actions undertaken in response to the United States' audit(s) and civil and criminal investigations in connection with the matters covered by this Agreement (including attorneys' fees and expenses);
- (iv) the negotiation and performance of this Agreement; and
- (v) the payment Easton Hospital makes to the United States pursuant to this Agreement and any payments that Easton Hospital may make to Relators, 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 Easton Hospital, and Easton Hospital 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 Easton Hospital or any of its subsidiaries or affiliates to the Medicare, Medicaid, TRICARE, or FEHBP Programs.

(c) Treatment of Unallowable Costs Previously Submitted for Payment: Easton Hospital 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 Easton Hospital 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. Easton Hospital agrees that the United States, at a minimum, shall be entitled to recoup from Easton Hospital 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 and/or the affected agencies. The United States reserves its rights to disagree with any calculations submitted by Easton Hospital or any of its subsidiaries or affiliates on the effect of inclusion of Unallowable Costs (as defined in this Paragraph) on Easton Hospital 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 to audit, examine, or re-examine Easton Hospital's books and records to determine that no Unallowable Costs have been claimed in accordance with the provisions of this Paragraph.

11. Cooperation. Until the date upon which all investigations and any prosecution arising out of the Covered Conduct are concluded by the Department of Justice, whether or not they are concluded within the term of this Agreement, Easton Hospital shall, subject to applicable laws or regulations: (a) cooperate fully with the Department of Justice (including HHS) and any other law enforcement agency designated by the Department of Justice regarding matters arising out of the Covered Conduct; (b) assist the Department of Justice in any investigation or prosecution arising out of the Covered Conduct by providing logistical and technical support for any meeting, interview, grand jury proceeding, or any trial or other court proceeding; (c) use its best efforts to secure the attendance and truthful statements or testimony of any officer, director, agent, or employee at any meeting or interview or before the grand jury or at any trial or other court proceeding regarding matters arising out of the Covered Conduct; and (d) provide the Department of Justice, upon request, all non-privileged information,

documents, records, or other tangible evidence regarding matters arising out of the Covered Conduct about which the Department or any designated law enforcement agency inquires.

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. Easton Hospital 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.

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 Count I only of the Civil Actions.

15. Except as described herein, 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. The exclusive jurisdiction and venue for any dispute relating to this Agreement is the United States District Court for the Eastern District of Pennsylvania. 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 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 Easton Hospital's successors, transferees, heirs, and assigns.

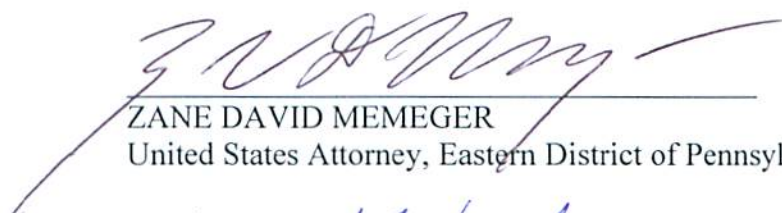
22. This Agreement is binding on Relators' successors, transferees, heirs, and assigns.

23. All parties consent to the United States' 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 this Agreement (Effective Date of this Agreement). Facsimiles of signatures shall constitute acceptable, binding signatures for purposes of this Agreement.

THE UNITED STATES OF AMERICA

DATED: 12/22/14



ZANE DAVID MEMEGER  
United States Attorney, Eastern District of Pennsylvania

DATED: 12/22/14



MARGARET L. HUTCHINSON  
Assistant United States Attorney  
Chief, Civil Division

DATED: 12/22/14



VERONICA J. FINKELSTEIN  
Assistant United States Attorney

DATED:

ROBERT K. DECONTI  
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

DATED: 12/12/14

Robert K. DeConti  
ROBERT K. DECONTI  
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

EASTON HOSPITAL- DEFENDANTS

DATED: 12/17/14

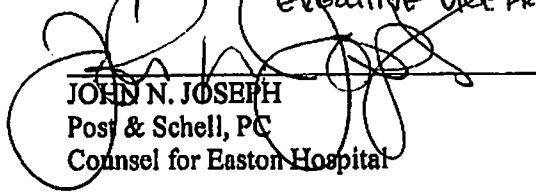
BY:

NORTHAMPTON HOSPITAL COMPANY, LLC  
dba Easton Hospital

  
Easton Signatory, RACHEL A. SELFERT

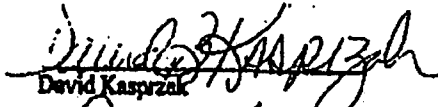
EXECUTIVE VICE PRESIDENT & SECRETARY

DATED: 12/18/14


  
JOHN N. JOSEPH  
Post & Schell, PC  
Counsel for Easton Hospital

**RELATORS**

DATED: 12/1/14

  
David Kasprzak

DATED: 12/1/14

  
David Heaton

DATED: 12/1/14

  
ROBERT A. DAVITCH  
Siddoff, Pincus & Green, P.C.  
Counsel for Relators

DATED: 12/1/14

  
SIDNEY L. GOLD  
Sidney L. Gold & Associates, P.C.  
Counsel for Relators