

**ATTORNEY GENERAL OF THE STATE OF NEW YORK
MEDICAID FRAUD CONTROL UNIT**

In the Matter of

KELI HOUSE COMMUNITY SERVICES, INC.,

**STIPULATION
OF SETTLEMENT**

Fishkill, New York

AGREEMENT entered into the 30th day of March, 2015, by and between the STATE OF NEW YORK (hereinafter "STATE"), by the Office of the Attorney General, Medicaid Fraud Control Unit ("MFCU"), and KELI HOUSE COMMUNITY SERVICES, INC. ("KELI HOUSE"), a New York corporation.

WHEREAS, during the time period relevant to this Agreement, KELI HOUSE was located at 1070 Route 9, Fishkill, New York, and KELI HOUSE was enrolled in the New York State Medical Assistance Program ("Medicaid") as a provider, under Medicaid Management Information System (MMIS) Nos. 02374743 and 02711517, of service coordination for Medicaid recipients, which assists persons with developmental disabilities and their families in gaining access to available services appropriate to their needs; and,

WHEREAS, pursuant to the Social Services Law of the State of New York and the regulations promulgated thereunder KELI HOUSE submitted, and caused to be submitted, Medicaid claims to fiscal agents of the STATE that sought reimbursement for certain service coordination services provided to Medicaid recipients during the period of March 1, 2006 through November 30, 2009 ("Audit Period"); and,

WHEREAS, MFCU conducted a limited scope audit-investigation of claims submitted by KELI HOUSE to Medicaid for service coordination services, reviewing whether, during the Audit Period, KELI HOUSE provided these services according to rules and regulations promulgated by the New York State Office for People With Developmental Disabilities (“OPWDD”) and the New York State Department of Health, pursuant to regulation (the “MFCU Investigation”); and,

WHEREAS, the MFCU Investigation found that, during the Audit Period, KELI HOUSE failed to employ staff which met the minimum educational and experience qualifications necessary to provide service coordination to Medicaid recipients for which KELI HOUSE billed and received payment from Medicaid, (“Covered Conduct”); and,

WHEREAS, KELI HOUSE admits that it received overpayment of funds from Medicaid in the amount of THREE HUNDRED SIXTY-THREE THOUSAND SIX HUNDRED FORTY-THREE DOLLARS AND SIXTY-NINE CENTS (\$363,643.69) as a result of the Covered Conduct; and,

WHEREAS, the STATE and KELI HOUSE have agreed to resolve the issues raised by the MFCU Investigation by restitution to Medicaid as described below; and,

WHEREAS, KELI HOUSE maintains that the making of this Agreement is not intended, and shall not be construed, as an admission that KELI HOUSE intentionally violated any law, regulation or rule relating to the issues set forth in the preceding paragraphs; and,

WHEREAS, KELI HOUSE recognizes its obligation to conduct all aspects of its enterprise in compliance with all applicable laws, regulations, and rules, and wishes to address the issues identified by the MFCU Investigation; and,

WHEREAS, MFCU represents that it has the authority to enter into this Agreement and effectuate a final resolution with regard to the Medicaid overpayments and operating deficiencies identified in the MFCU Investigation on behalf of the STATE and those counties of the STATE that participated in making said overpayments to KELI HOUSE; and it is understood that KELI HOUSE is entering into this Agreement in reliance on this representation; and,

WHEREAS, the STATE and KELI HOUSE have agreed to settle the issues raised by the MFCU Investigation with respect to the Covered Conduct;

NOW THEREFORE, in consideration of the mutual covenants and undertakings set forth herein, the STATE and KELI HOUSE agree as follows:

Repayment

1. KELI HOUSE agrees to remit to the STATE the sum total of THREE HUNDRED SIXTY-THREE THOUSAND SIX HUNDRED FORTY-THREE DOLLARS AND SIXTY-NINE CENTS (\$363,643.69) (“the Principal”), plus interest, as follows:

a. Interest shall accrue at the rate of Five Percent (5%) per annum on any unpaid balance due under this Agreement, as per the attached Repayment Schedule. Such interest shall accrue from the Effective Date of this Agreement as described in paragraph 4 below until the total sum due hereunder is paid in full. Interest shall be amortized over the full payment period resulting in principal owed of THREE HUNDRED SIXTY-THREE THOUSAND SIX HUNDRED FORTY-THREE

DOLLARS AND SIXTY-NINE CENTS (\$363,643.69) plus interest of FORTY-SEVEN THOUSAND FIVE HUNDRED TWENTY-ONE DOLLARS AND THIRTY-SIX CENTS (\$47,521.36), for a total payment of FOUR HUNDRED ELEVEN THOUSAND ONE HUNDRED SIXTY-FIVE DOLLARS AND FIVE CENTS (\$411,165.05). There shall be no penalty for prepayment of any sum due under this Agreement.

b. Commencing on or after March 30, 2015, the New York State Department of Health shall begin to withhold Medicaid reimbursement payments validly due and payable to KELI HOUSE in the total amount of ONE THOUSAND FIVE HUNDRED EIGHTY-ONE DOLLARS and FORTY CENTS (\$1,581.40) from each Medicaid payment cycle ("KH Recoupments"), inclusive of interest. Such KH Recoupments shall continue until the sum total paid to the STATE, including all KH Recoupments, equals THREE HUNDRED SIXTY-THREE THOUSAND SIX HUNDRED FORTY-THREE DOLLARS AND SIXTY-NINE CENTS (\$363,643.69), plus interest owed thereon.

c. The Department of Health shall pay or transfer said PC Recoupments to MFCU upon request of MFCU.

d. KELI HOUSE consents to the withholding and payment of KH Recoupments by the New York State Department of Health to MFCU for application to the payments due hereunder and agrees to execute any writing required by the New York State Department of Health to facilitate such payment.

e. If KELI HOUSE does not accrue valid Medicaid reimbursement payments equal to the KH Recoupment, as described in paragraph 1(b) above, in a payment cycle, or if the Department of Health is otherwise unable to administer the KH

Recoupments, then KH shall pay to the STATE the difference between the amount of valid reimbursement payments and the unpaid KH Recoupment within fourteen (14) days of the end of such payment cycle.

2. In the event of the transfer of ownership of KELI HOUSE, the withdrawal or disqualification of KELI HOUSE from participation in the Medicaid program, the commencement of bankruptcy proceeding by or against KELI HOUSE, or the adoption of a plan of dissolution by the Board of Directors of KELI HOUSE ("Acceleration Events"), KELI HOUSE shall give notice of such Acceleration Event to MFCU by overnight courier service by the earlier of (a) any determination by KELI HOUSE to participate in such Acceleration Event or upon receipt of notice from any third-party that such Acceleration Event is contemplated; or (b) no later than twenty-four (24) hours after the Acceleration Event if KELI HOUSE lacked notice of such Acceleration Event. If such an Acceleration Event occurs, the entire unpaid balance due STATE under the terms of this Agreement shall become immediately due and payable.

Confession of Judgment

3. In return for MFCU's agreement to accept installment payments for the amount due, KELI HOUSE shall provide MFCU, upon the execution of this agreement, a signed Confession of Judgment in the form annexed as Exhibit "A" hereto in the amount of FOUR HUNDRED ELEVEN THOUSAND ONE HUNDRED SIXTY-FIVE DOLLARS AND FIVE CENTS (\$411,165.05). The State may enter judgment thereon at any time without prior notice to KELI HOUSE, but the State shall not execute upon said judgment unless: a) the KH Recoupments are not being paid; or b) any other circumstance arises under which STATE has good cause to believe that KELI HOUSE

will default on its obligations hereunder or which may otherwise impair the STATE's ability to collect under this Agreement. In such event, the STATE may execute upon the Judgment without further notice, in the full amount of the unpaid balance due under this Agreement.

Term of This Agreement

4. The Effective Date of this Agreement is March 30, 2015. The term of this Agreement shall be from the Effective Date to the date on which the amount due hereunder is paid, including interest.

No Further Repayments

5. In consideration of the payment from KELI HOUSE and of KELI HOUSE's entering into this Settlement Agreement, the STATE, upon receipt of all payments referred to in Paragraph 1 above, will not impose or seek any further reimbursement of any kind from KELI HOUSE, including without limitation, overpayments, interest, penalties, or statutory damages under State Finance Law §189 et seq. (False Claims Act), arising out of the Covered Conduct.

6. KELI HOUSE shall not submit additional or amended Medicaid reimbursement claims for the Covered Conduct.

7. KELI HOUSE agrees not to further contest MFCU's determinations concerning the Covered Conduct and hereby waives all administrative and procedural rights, if any, with respect to the MFCU Investigation.

8. Notwithstanding any terms of the Agreement, the relief provided for herein relates solely to Medicaid compensation paid to or claimed by KELI HOUSE pursuant to any statutes, rules, regulations and official directives governing Medicaid

payment with respect to the Covered Conduct and not to any other relationship between KELI HOUSE and the STATE.

9. Nothing in this Agreement shall relieve KELI HOUSE from obligations imposed by any applicable state or federal law or regulation or other applicable law, except as specifically set forth herein.

Notices

10. Except as provided in Paragraph 2 above, any and all notices or communications in connection with this Agreement shall be in writing sent by first class mail, postage prepaid, or overnight courier as follows:

To the Attorney General and the State:

Office of the Attorney General
Medicaid Fraud Control Unit
1 Blue Hill Plaza
P.O. Box 1557
Pearl River, New York 10965

To KELI HOUSE:

Keli House Community Services, Inc.
1070 Route 9
Fishkill, New York 12524

Any notices to KELI HOUSE shall include a copy to:

Joseph Potashnik, Esq.
Joseph Potashnik & Associates, PLLC
111 Broadway, Suite 1305
New York, NY 10006

11. Any party may change the address to which notices must be sent by giving at least ten (10) days notice to the other parties.

Choice of Law and Venue

12. This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York without regard to choice of law or conflict of laws principles. The parties consent to the jurisdiction of the Supreme Court of the State of New York, Albany County, in any action to enforce this Agreement.

No Waiver by the STATE: Survivability

13. Any failure by the STATE to insist upon the strict performance by KELI HOUSE of any of the provisions of this Agreement shall not be deemed a waiver of any of the provisions hereof, and the STATE, notwithstanding that failure, shall have the right thereafter to insist upon the strict performance of any and all of the provisions of this Agreement by KELI HOUSE.

14. If this Agreement is cancelled or voided for any reason, all payments made by KELI HOUSE pursuant to this Agreement, and any interest and income accrued thereon, shall be retained by the STATE and credited against any potential cause of action concerning the Covered Conduct. The STATE shall retain full rights to assert any and all causes of action against KELI HOUSE, and KELI HOUSE shall retain any and all defenses thereto.

Other Provisions

15. This Agreement shall be binding on and inure to the benefit of the parties hereto and their respective successors and assigns, provided that no party, other than

MFCU, may assign, delegate or otherwise transfer any of its rights or obligations under this Agreement without the prior written consent of MFCU.

16. All parties agree to perform any further acts and to execute and deliver any further documents necessary to carry out this Agreement.

17. This Agreement shall be deemed to have been mutually prepared by the parties hereto and shall not be construed against any of them solely by reason of authorship.

18. KELI HOUSE acknowledges that it has entered this Agreement freely and voluntarily, and without coercion or duress.

19. KELI HOUSE agrees not to take any action or to make or permit to be made any public statement denying, directly or indirectly, any finding in this Agreement or creating the impression that this Agreement is without factual basis. Nothing in this paragraph affects KELI HOUSE's: (a) testimonial obligations; or (b) right to take legal or factual positions in defense of litigation or other legal proceedings to which the Attorney General is not a party.

20. To the extent not already provided under this Agreement, KELI HOUSE shall, upon request by MFCU, provide all documentation and information necessary for MFCU to verify compliance with this Agreement.

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

22. This Agreement sets forth the full and complete agreement of the parties and cannot be altered, amended, or modified in any respect except by written agreement of the parties hereto.

WHEREFORE, the parties have read the foregoing Agreement and accept and agree to the provisions contained therein and hereby have caused this Agreement to be signed as of the day and date adjacent to their signature.

KELI HOUSE COMMUNITY SERVICES, INC.

By: *Kenneth Osch*
Executive Director,
Keli House Community Services, Inc.

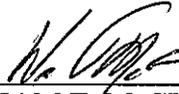
STATE OF NEW YORK)
) ss:
COUNTY OF DUTCHESS)

On this 23 day of March, 2015, before me personally came Kenneth Osch to me known, who being by me duly sworn, did depose and say that he resides in Dutchess County; that he is the Executive Director of Keli House Community Services, Inc., the Corporation which is described in the above instrument; that he signed his name thereto in his capacity as Executive Director of said Corporation by order of the Board of Directors of said Corporation.

J. Potashnik
Notary Public

Subscribed And Sworn To Before Me On The
23 Day Of March 2015
Joseph Potashnik
Notary Public State of New York
No 02P06171610, Exp 07/23/2015
Qualified in Kings County

**STATE OF NEW YORK
OFFICE OF THE ATTORNEY GENERAL
MEDICAID FRAUD CONTROL UNIT**

By:  3/30/15
WILLIAM T. McCLARNON Date
Special Assistant Attorney
General - MFCU