

SETTLEMENT AGREEMENT
MFRAU Matter No. 2024-06412

I. PARTIES

1. This Settlement Agreement (Agreement) is entered into by the State of Vermont (State), acting through the Medicaid Fraud and Residential Abuse Unit (MFRAU) of the Vermont Attorney General's Office, and Northeast Kingdom Human Services, Inc. (NKHS). For the purposes of this Agreement, the State and NKHS are together referred to as the Parties.

II. PREAMBLE

2. The Vermont Medicaid Program, authorized by Title XIX of the Social Security Act and Title 42 of the Code of Federal Regulations, is a joint state and federal program that provides public health services for eligible Vermonters paid for by state and federal funds. Vermont Medicaid programs provide eligible children and adults low-cost or fully subsidized health care packages, including mental health services.

3. NKHS is a private, nonprofit organization headquartered in Derby, Vermont. It is a State Designated Agency serving the Northeast Kingdom of Vermont. As such, NKHS has contracted with the State to provide case management, community and home support, residential care, psychiatry, medication management, individual therapy, group therapy, vocational supports, school-based counseling, emergency care, and respite services to Vermont Medicaid recipients.

4. At all times relevant to this Agreement, NKHS was an enrolled Vermont Medicaid provider. Pursuant to its Vermont Medicaid Provider Enrollment Agreements, NKHS agreed to comply with applicable state and federal rules and regulations governing the submission of claims to the Medicaid program ("Government Healthcare Program

Requirements”), including the Vermont False Claims Act. NKHS submitted claims for Medicaid payments and received millions of dollars in Medicaid program funds during the relevant period.

5. In addition, Vermont law, 13 V.S.A. § 1375, *et seq.*, affords special protections to vulnerable adults and imposes heightened responsibilities on their caregivers. During the relevant time period, NKHS was a caregiver and its clients included vulnerable adults pursuant to Vermont law.

6. Through investigations conducted by MFRAU, the State obtained evidence that NKHS engaged in the following Covered Conduct:

- a. From June 2022 to August 2024, NKHS provided Developmental Disabilities Services to an individual Vermont Medicaid beneficiary, Client A, who suffered from severe developmental disabilities such that he posed a risk to himself and others. Client A was a vulnerable adult, as defined by 13 V.S.A. § 1375(8), and NKHS was his caretaker, as defined by 13 V.S.A. § 1375(2). NKHS did not properly assess the risks Client A posed to himself and others, did not create accurate and adequate care plans for Client A, and repeatedly failed to take action despite knowing that Client A was not being adequately supervised in his Shared Living situation, was being transported and restrained in an unsafe and unapproved vehicle that was inconsistent with his care plans, and was exhibiting escalating aggressive and sexualized behavior. During this period, NKHS repeatedly submitted claims to Vermont Medicaid and received Medicaid funds in payment for Client A’s care.
- b. Separately, NKHS’s compliance program detected a pattern of upcoding and promptly self-reported the issue to MFRAU, where a state review confirmed

the miscoding of 149 services by a therapist. Specifically, from December 2023 to May 2024, a staff therapist at NKHS miscoded the session time for 149 psychotherapy appointments with various Medicaid recipients. For each appointment, the therapist falsely indicated that he had provided 60 minutes of psychotherapy services to a Vermont Medicaid beneficiary, when in fact he had not. In total, this pattern of upcoding resulted in an overpayment of \$8,425.73 to NKHS.

7. The State contends that NKHS violated 13 V.S.A. § 1378, Neglect of Vulnerable Adults, by recklessly neglecting Client A. The State further contends that NKHS violated 32 V.S.A. § 631, the Vermont False Claims Act, by knowingly presenting, or causing to be presented, a false or fraudulent claim for payment or approval, when it submitted claims for payment of \$36,910 for services purportedly provided to Client A and \$8,425 for psychotherapy services purportedly provided to other Medicaid beneficiaries, that were not, in fact, provided, or were seriously and materially deficient.

8. NKHS does not dispute the facts regarding the Covered Conduct insofar as they are described in Paragraph 6. However, NKHS believes there are additional facts that would show the lack of requisite intent or would demonstrate that any improper billing, if any were submitted, was the result of a mistake or error. Therefore, NKHS denies liability in general and specifically denies that it violated its Provider Enrollment Agreements, Vermont state statutes including 13 V.S.A. §§ 1376, 1378, and 1384 and 32 V.S.A. § 631, or any other Government Health Care Program Requirements.

9. To avoid the delay, expense, inconvenience, and uncertainty of litigation, and in consideration of the mutual promises and obligations of this Agreement, the Parties have reached

a full and final settlement related to the Covered Conduct, pursuant to the Terms and Conditions set forth below.

III. TERMS AND CONDITIONS

In consideration of the mutual promises, covenants, and obligations set forth herein, and for good and valuable consideration as stated herein, the Parties agree as follows:

10. Within 30 days of the Effective Date, NKHS shall pay to the State of Vermont a total of \$65,335 (“Settlement Amount”), of which \$45,335 is restitution to the Medicaid Program. NKHS shall pay the Settlement Amount by electronic funds transfer pursuant to written instructions to be provided by the Vermont Attorney General’s Office.

11. In coordination with a recipient’s case manager, NKHS must ensure that any and all behavioral interventions applicable to a Vermont Medicaid beneficiary are clearly and accurately defined and documented in all individualized support plan attachments prepared by NKHS. These documents must reflect the actual behavioral interventions that are occurring where the consumer resides. The documents must be sufficiently specific that the behavioral interventions that have been determined to be necessary can be implemented by all persons involved in the care of the consumer, including any Shared Living Provider. NKHS must ensure that the behavioral interventions are clearly communicated to the persons responsible for preparing all individualized support plans and any applicable assessments for the consumer, and NKHS must work with those persons to achieve consistency and accuracy in the documents. NKHS must review in detail the behavioral interventions applicable to an individual with any Shared Living Provider and any other person directly contracted with NKHS providing care to the individual. NKHS must confirm that the Shared Living Provider has reviewed the behavioral interventions with all caretakers, including contracted workers or independent direct support

workers, who regularly interact with the consumer. NKHS must also confirm with the Shared Living Provider that they have provided training to such caretakers regarding the behavioral interventions.

12. In coordination with a recipient's case manager, NKHS must ensure that any and all required levels of supervision for a Vermont Medicaid beneficiary are clearly and accurately defined in all individualized support plan attachments prepared by NKHS. These documents must specify in detail the levels of supervision required and any applicable timeframes. NKHS must also ensure that these supervision levels are clearly communicated to the persons responsible for preparing all individualized support plans and any applicable assessments for the consumer, and NKHS must work with those persons to achieve consistency and accuracy in the documents. NKHS must review in detail the type of supervision applicable to an individual with any Shared Living Provider and any other person directly contracted with NKHS providing care to the individual. NKHS must confirm that the Shared Living Provider has reviewed the individual's supervision requirements with all caretakers, including contracted workers or independent direct support workers, who regularly interact with the consumer. NKHS must also confirm with the Shared Living Provider that they have provided training to such caretakers regarding the individual's supervision requirements. If the consumer has a Shared Living Provider, NKHS must, on a monthly basis, confirm and document how the Shared Living Provider is providing supervision and whether it is consistent with the required levels of supervision for that consumer.

13. NKHS must engage, either on staff or through a consulting agreement, an individual, referred to herein as the BSP Consultant, who has expertise in public safety, the requirements of the Vermont Public Safety Program and Act 248, and developing behavior

support plans for individuals who have forensic or criminogenic needs such that they pose a known risk to themselves or others. Prior to hiring the BSP Consultant, NKHS must provide the names and resumes of all applicants to MFRAU. The BSP Consultant must be a member of the NKHS Professional Review Committee and must consult with the DAIL Human Rights Committee. The BSP Consultant must assist in developing or revising behavior support plans for any consumer who has been identified as a public safety risk and any consumer who has been involved in three or more incidents within a six-month period involving attempted or actual assault on a person or one or more incidents resulting in serious bodily injury or constituting aggravated assault. The scope of the BSP Consultant's review must include any restraint and supervision protocols applicable to the consumer and any special provisions for the safe transport of the consumer. Within 30 days of the Effective Date of this Settlement Agreement, NKHS must provide the State with an estimated timeline, which should not exceed six months, for the review of the applicable behavior support plans. Thereafter, NKHS must report progress to MFRAU monthly until six months after the Effective Date, and quarterly thereafter for the duration of the Settlement Period.

14. NKHS must ensure implementation of all approved behavioral interventions and supervision requirements documented in consumers' individualized support plans and assessments.

15. NKHS must use the DAIL-approved standard Home Visit Note Form. This form must be completed by NKHS monthly.

16. NKHS must train staff and supervisors that work in 24-7 staffed models on client rights, human rights, public safety, and VOTIPS/SOTIPS. This training must be provided annually by someone who is a field expert on these topics.

17. NKHS must train staff on accurate billing practices. On an annual basis, NKHS must provide training to any employee or contractor engaged in providing Medicaid services or engaged in preparing or submitting Medicaid claims, to ensure services are correctly documented and billed. This training must specifically address the requirements for supervised billing and billing for the correct appointment duration.

18. NKHS must create and retain all documents and records necessary to demonstrate full compliance with this Settlement Agreement, and NKHS must make those documents and records available to MFRAU upon MFRAU's request. These records should include, for example, documentation showing when behavioral interventions and supervision protocols were reviewed with each relevant caregiver, and documentation of the trainings provided, who delivered the trainings, and who attended the trainings.

19. Subject to the exceptions in Paragraph 21 (concerning reserved claims), in consideration of the obligations of NKHS set forth in this Agreement and conditioned upon NKHS's payment in full of the Settlement Amount, the State (on behalf of itself, its officers, agents, agencies, and departments) releases NKHS from any civil or administrative claim the State has or may have for the Covered Conduct.

20. In consideration of the obligations of the State set forth in this Agreement, NKHS and its current and former parents, divisions, subsidiaries, successors, transferees, heirs, assigns, direct or indirect affiliates, current and former owners, shareholders, principals, members, directors, officers, employees, representatives, servants, agents and consultants, release the State, its agencies, political subdivisions, employees, servants, and agents, from any claims that NKHS has asserted, could have asserted, or may assert in the future against the State, related to the Covered Conduct and the State's investigation thereof.

21. Notwithstanding any terms of this Agreement, specifically reserved and excluded from the scope and terms of this Agreement as to any entity or person are any and all of the following:

- a. Any liability arising under Vermont state tax codes, Vermont tax laws, or Vermont tax regulations;
- b. Any criminal, civil, or administrative liability to the State for conduct other than the Covered Conduct;
- c. Any claims and/or actions related to any professional license, business license, the unlicensed practice of a profession, or the unlicensed operation of a business;
- d. Any liability based upon obligations created by this Agreement;
- e. 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
- f. Any liability for personal injury or property damage or for other consequential damage arising from the Covered Conduct.

22. In accordance with 26 U.S.C. § 6050X and its associated regulations, the State of Vermont shall file an information return with the Internal Revenue Service utilizing Form 1098-F or any successor form if required. The State of Vermont shall furnish a copy of Form 1098-F to NKHS at the time that the Form 1098-F is submitted to the IRS. The State of Vermont takes no position nor makes any representation as to whether the Internal Revenue Service will allow any deduction by NKHS of any amounts paid under this Agreement.

23. NKHS shall be deemed to have engaged in a Default Event if the State, in its sole discretion, determines that NKHS failed to pay the Settlement Amount required by Paragraph 10 and/or failed to fulfill the obligations required by Paragraphs 11–18.

24. In the event the State determines that a Default Event has occurred, the State shall provide written notice (“Notice of Default”) and allow NKHS an opportunity to cure the Default Event within 30 days of receipt of the written notice. Notice of Default will be sent by certified first class mail to Counsel for NKHS, Shireen Hart, or to NKHS’s registered agent for service of process.

25. If NKHS does not cure the Default Event to the State’s reasonable satisfaction within 30 days of receipt of the Notice of Default, the Vermont Attorney General’s Office may declare NKHS in default of this Agreement (“Declaration of Default”).

26. Upon a Declaration of Default, the State may exercise, at its sole option, one or more of the following rights, as applicable:

- a. Retain any payments previously made;
- b. Rescind the Agreement and proceed against NKHS for any claims, including those to be released by the Agreement, in which case NKHS may contest whether a Default has occurred in court; and
- c. Exercise any other right granted by law, or under the terms of the Agreement, or recognizable at common law or in equity.

27. The Parties represent that this Agreement is freely, knowingly, and voluntarily entered into with the advice of counsel without any degree of duress or compulsion whatsoever.

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

29. The laws of the State of Vermont govern this Agreement. The Parties agree that the exclusive jurisdiction and venue for any dispute arising between and among the Parties under this Agreement shall be the Vermont Superior Court, Washington County unless otherwise agreed in writing by the State and NKHS.

30. This Agreement is intended to be for the benefit of the Parties only, and by this instrument the Parties do not release any liability against any other person or entity.

31. Nothing in this Agreement constitutes an agreement by the State concerning the characterization of the Settlement Amount for the purposes of the state or federal tax laws. NKHS will rely on its own counsel or experts regarding the effect of this Agreement under any state or federal tax laws.

32. NKHS represents and warrants that the representative(s) designated below are authorized to execute this Agreement on their behalf, and that NKHS has not assigned any claims, rights, or liabilities subject to this Agreement to any other person. The undersigned State signatories represent that they are signing this Agreement in their official capacities and that they are authorized to execute this Agreement on behalf of the State through their respective agencies and departments.

33. This Agreement shall be binding on all successors, transferees, heirs, and assigns of the Parties.

34. All Parties consent to the disclosure by the State of this Agreement and information about this Agreement to the public.

35. This Agreement constitutes the complete agreement among the State and NKHS with respect to this matter and shall not be amended except by written consent of the Parties.

36. 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.

37. This Agreement is effective on the date of the signature of the last signatory to the Agreement (“Effective Date”) and for a period of three years after the Effective Date (“Settlement Period”). The State, in its sole discretion, may terminate the Agreement after two years. Facsimiles and electronic transmissions of signatures shall constitute acceptable, binding signatures for purposes of this Agreement.

STATE OF VERMONT
CHARITY R. CLARK
VERMONT ATTORNEY GENERAL

DATED: 5/7/2026

BY: *Elizabeth L. Anderson*
Elizabeth L. Anderson, AAG and Director
Medicaid Fraud and Residential Abuse Unit
Office of the Vermont Attorney General


NORTHEAST KINGDOM HUMAN SERVICES,
INC.

DATED: 5/6/2026

BY: ^{DocuSigned by:} *Kelsey Stavseth*
912709620B2445F...
Kelsey Stavseth
Executive Director

COUNSEL FOR NORTHEAST KINGDOM
HUMAN SERVICES, INC.

DATED: 5.6.2026

BY: 
Shireen T. Hart, Esq.
Primmer Piper Eggleston & Cramer PC