

**MICHIGAN DEPARTMENT OF COMMUNITY HEALTH
SETTLEMENT AGREEMENT**

This Agreement is made by and between the Michigan Department of Community Health, located at 400 S. Pine Street, in the City of Lansing, State of Michigan, and **Community Memorial Hospital** (hereinafter referred to as "Provider") located at 748 S. Main Street, in the city of Cheboygan, State of Michigan.

WHEREAS, the Michigan Department of Community Health has been designated as the single state agency to administer the Medical Assistance (Medicaid) Program established under Title XIX of the Social Security Act, 42 USC 1396, et seq, and administered pursuant to 1939 P.A. 280, as amended, 105 et seq; and

WHEREAS, the Provider is an enrolled provider of medical services to eligible Medicaid beneficiaries, with the Michigan Department of Community Health and, at the time of the audit period, was eligible to receive reimbursement for the provision of such outpatient services through the following provider identification number: 5170424; and

WHEREAS, as a result of a review of the Medicaid Program records and accounts for the time period January 1, 2004 through December 31, 2004, the Department of Community Health asserts that the Provider has been improperly reimbursed in the amount of ~~\$106,539.05~~ for Medicaid services paid for by the Michigan Department of Community Health during that period; and

WHEREAS, the Provider denies any improper billings and has agreed to make payment to the Michigan Department of Community Health in accordance with the terms and conditions set forth hereinafter in the Agreement and in settlement of the dispute between them;

ARTICLE I

It is agreed and understood by and between the parties hereto that:

1. The sum of \$166,539.05, less the amount of \$14,000.00 in Escrow, ~~is to be paid in one direct payment upon execution of this Agreement by both parties.~~
2. The sum due (\$152,539.05) is payable to the order of the "Michigan Department of Community Health".

Payment should be mailed to DCH Accounting-Medicaid Support Services, P.O. Box 30437, 320 South Walnut, Lewis Cass Building, Lansing, MI 48909.
3. This agreement resolves all civil liability of the Provider to the Michigan Department of Community Health for Medicaid reimbursement under Provider I.D. Number 5170424 for the audit period January 1, 2004 through December 31, 2004.

ARTICLE II

Not Applicable

ARTICLE III

It is further agreed and understood by and between the parties hereto that any breach of this Agreement, or any of its terms, by the Provider will make the entire unpaid balance immediately due and payable. The Michigan Department of Community Health shall use whatever means necessary, including but not limited to, withholding any and all monies thereafter owed to such Provider under the Medical Assistance (Medicaid) Program to satisfy such obligation including the costs of collection and reasonable attorney's fees attendant therewith. It is expressly agreed and understood that the Provider becoming delinquent in the payment of any sum(s) called for herein shall constitute a breach of this Agreement.

ARTICLE IV

Further, it is understood and agreed by the parties that should the Michigan Department of Community Health determine the activities that have led to the Department's claim against the Provider resume, the Michigan Department of Community Health shall, as its option, take any action available to the Department by law.

ARTICLE V

Nothing herein shall be construed in any way as an admission of any wrongdoing of any kind, civil, criminal, or otherwise.

ARTICLE VI

This instrument shall not be modified in any manner except by an instrument in writing executed by the parties. If any term or provision of this contract or the application thereof to any person or circumstances shall, to any extent be invalid or unenforceable, the remainder of the contract, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby and each term and provision of this contract shall be valid and enforceable to the fullest extent permitted by law.

ARTICLE VII

Upon execution of this Agreement, Provider represents and warrants the following:

1. The Provider has read this Agreement in full and has complete understanding of its terms and their implications; and further, the Agreement is signed voluntarily and without coercion.
2. A fully executed copy will be forwarded to the Provider upon execution of this Agreement by both parties.

IN WITNESS WHEREOF, the Department and Provider have caused this Agreement to be executed by their respective officers duly authorized to do so.

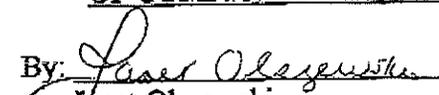
Dated at CHEROKEE, Michigan

this 14TH day of MARCH, 2008

By: 
Ted Anderson
Chief Financial Officer
Community Memorial Hospital

Dated at Lansing, Michigan

this 20th day of May, 2008

MICHIGAN DEPARTMENT
OF COMMUNITY HEALTH
By: 
Janet Olszewski
Director