

**IN THE MATTER OF NORTHWEST ARKANSAS HOSPITALS, LLC
SETTLEMENT AGREEMENT**

PARTIES

THIS SETTLEMENT AGREEMENT (“Settlement Agreement”) is made and entered into, by Arkansas Attorney General, Tim Griffin, on behalf of the State of Arkansas (“State”), and Executive Vice President, Justin Pitt, on behalf of Northwest Arkansas Hospitals, LLC, and its assigns, affiliates, and related entities except as excluded herein (“Northwest”).

PREAMBLE

Pursuant to the MFCU’s authority under Ark. Code Ann. §§ 5-55-101, *et seq.*, Ark. Code Ann. §§ 5-37-217, and Ark. Code Ann. §§ 20-77-901, *et seq.*, the State is presently conducting an investigation of claims that were submitted to the Arkansas Medicaid Program, and subsequently paid, for services related to patients treated in the Behavioral Health Unit (BHU) of Northwest. It is the intent of the parties to enter into a settlement that resolves all allegations between the State and Northwest related to the Covered Claims.

THE COVERED CLAIMS

In accordance with Arkansas Medicaid Program regulations and the Department of Human Services’ (DHS) Medicaid Hospital Provider Manual, the Arkansas Foundation for Medical Care (“AFMC”) reviewed the medical records submitted by Northwest and determined that on 246 occasions the provided documentation did not justify or support the medical necessity for some or all of the hospitalizations.

The denials call into question two sets of claims: 1) the per diem or daily rate paid to Northwest; and 2) the professional services billed on the dates where hospitalization was determined not to have been medically necessary.

The claims associated with the per diem or daily rates paid to Northwest are listed in the attached and incorporated documentation, totaling \$995,431.54. There have been fifteen (15) additional denials since the appeals process was suspended, totaling \$117,200.00. The total of per diem payments denied is \$1,112,631.54.

The State’s investigation determined that the claims for professional services were created, submitted and entirely collected by Dr. Brian Hyatt, corporations or other entities he controls and associated non-physician providers working under his control and supervision.

THE STATE’S POSITION

The State acknowledges and agrees that Northwest has cooperated with the MFCU to identify, analyze and produce requested documents to assist with the ongoing investigation being conducted by the Office of the Arkansas Attorney General and other law enforcement agencies.

While the MFCU has concluded there is credible evidence that the Covered Claims represent violations of Ark. Code Ann. §§ 20-77-901, *et seq.*, it has also concluded that the claims and the supporting documentation were prepared by, and the submissions primarily caused by, Contract Provider, Dr. Brian Hyatt (or corporations and other legal entities through which Dr. Hyatt operated or billed other than Northwest) and by non-physician providers working under his direction and supervision in the Northwest BHU. The Covered Claims are based on medical evaluations, diagnosis

and supporting documentation certified by Dr. Brian Hyatt, and non-physician providers working under his control and supervision.

For purposes of settlement, the State has agreed not to seek penalties under Ark. Code Ann. §§ 20-77-901, *et seq.*, related to the per diem claims from Northwest, provided Northwest immediately dismisses all related appeals, with prejudice, and repays the Covered Claims within thirty (30) days. Northwest will continue to cooperate in the ongoing investigation.

The State will address the professional services claims with Dr. Brian Hyatt, corporations or other entities he controls and associated non-physician providers working under his control and supervision.

THE POSITION OF NORTHWEST

In early 2022, Northwest received complaints concerning a contract provider responsible for providing medical care on the Northwest BHU. Northwest investigated the allegations and immediately took corrective action to address the matter. Northwest terminated its relationship with that provider. It contracted with the University of Arkansas for Medical Sciences to operate the unit and establish valid processes for charting, coding, and billing. And, Northwest contracted with a new provider who has committed to continue with valid processes for charting, coding, and billing. Northwest is committed to providing the highest quality behavioral health services to Northwest Arkansas. In addition, once MFCU requested information from Northwest as part of its investigation Northwest complied in good faith with MFCU's investigation.

In this settlement, Northwest categorically denies that Northwest knowingly violated Ark. Code Ann. §§ 20-77-901, *et seq.*, but acknowledges that many of the medical records supporting the covered claims contain templates created and used by Dr. Brian Hyatt, and that the records may lack certain details and may be difficult or impossible to audit.

CONSIDERATION AND RELEASE

1. Northwest and the State agree to file the necessary motions to dismiss all related appeals within ten (10) days of the final execution of this agreement and Northwest agrees to work with the State to obtain the necessary and appropriate orders of dismissal from all appropriate venues; and
2. Northwest agrees to repay the State the settlement amount, \$1,112,631.54 for the per diem claims within thirty (30) days of execution of this Settlement Agreement; and
3. Pursuant to Ark. Code Ann. §§ 20-77-901 through 20-77-912, and upon execution and payment of this Settlement Agreement, Northwest is released from any liability related to the Covered Claims including: 1) the per diem or daily rate paid to Northwest and denied by AFMC; and 2) the professional services billed on the denied dates where AFMC determined hospitalization was not medically necessary.

EXCLUSIONS FROM THIS AGREEMENT AND RELEASE

This Settlement Agreement does not include, and does not release, the Contract Provider, Dr. Brian Hyatt (or corporations and other legal entities through which Dr. Hyatt operated or billed other than Northwest) or any non-physician providers working under his direction and supervision from civil or criminal liability related to the Covered Claims. Furthermore, this Settlement Agreement does not immunize or release any person from criminal liability in any prosecution by the State or Federal government.

PAYMENT INSTRUCTIONS

Pursuant to the terms of this Settlement Agreement, Northwest agrees to pay the Settlement Amount of One Million, One Hundred Twelve Thousand Six Hundred Thirty-One Dollars and Fifty-Four Cents (\$1,112,631.54) within the stated time frame by wire transfer as follows:

Payee Name – Treasurer State of Arkansas (for the benefit of) Arkansas Department of Human Services - Arkansas Medicaid Program Trust Fund

Bank Name – Bank of America

Account number - [REDACTED]

ACH routing number - [REDACTED]

Payee contact information – Jimmy Fields with DHS

For questions contact Georgia McNabb at (501) 682-7760

SIGNATURES

Each party has had an opportunity to read, review, and discuss with counsel this Settlement Agreement. Each undersigned is a duly authorized representative of the entity for which the undersigned party purports to represent.

EFFECTIVENESS

This Settlement Agreement shall become effective immediately upon the execution of the Settlement Agreement by all parties.

THE STATE OF ARKANSAS

By: [Signature] Date: 4/27/23
Tim Griffin
Attorney General

By: [Signature] Date: 4/27/23
Lloyd Warford
Deputy Attorney General

NORTHWEST ARKANSAS HOSPITALS, LLC

By: [Signature] Date: 4-26-23
Justin Pitt, Executive Vice President
Legal Representative of Northwest Arkansas Hospitals, LLC

By: [Signature] Date: 4/27/23
Dustin McDaniel
Counsel for Northwest Arkansas Hospitals, LLC

By: [Signature] Date: 4/27/23
Scott Richardson
Counsel for Northwest Arkansas Hospitals, LLC