

SETTLEMENT AGREEMENT

I. PARTIES

This Settlement Agreement (“Agreement”) is entered into by the Medicaid Fraud and Residential Abuse Unit (“MFRAU”) of the Office of the Vermont Attorney General (“State”), and Inn-One Home, LLC. (“Our House”), through their authorized representatives.

II. PREAMBLE

As a preamble to this Agreement, the Parties agree to the following:

1. Inn-One Home, LLC, is a domestic, limited liability, manager-managed company, and owner of the trade name “Our House Residential Care Homes.” It is licensed by the State of Vermont to operate four Level III residential care homes located in Rutland, Vermont: Our House Residential Care Home, Our House Too Residential Care Home, Our House Outback, and Our House Park Terrace (collectively, the “Our House facilities”). The first three facilities are also designated as dementia special care units.

2. The Our House facilities were, and continue to be, enrolled as Vermont Medicaid providers from August 2020 through September 2021 (“relevant time period”). As Medicaid providers, pursuant to their Vermont Medicaid Provider Enrollment Agreements, Our House agreed to comply with the applicable state and federal rules and regulations, including the Vermont False Claims Act, 32 V.S.A. § 631, *et. seq.*, governing the submission of claims to the Medicaid program (“Government Healthcare Program Requirements”).

3. Vermont law, 13 V.S.A. § 1375, *et. seq.*, affords special protections to “vulnerable adults” and imposes heightened responsibilities on their “caregivers” (“Vermont Vulnerable Adult Statutes”). Under this statute, Our House and its employees are caregivers,

and the residents of its facilities are vulnerable adults. Pursuant to 13 V.S.A. § 1378, it is unlawful for a caregiver to intentionally or recklessly neglect a vulnerable adult.

4. Starting in December 2020, MFRAU began investigating Our House after receiving referrals of potential neglect of residents, including an allegation of physical abuse and a death resulting from an injury. During its investigation, the State obtained evidence that it contends gives rise to certain civil claims against Our House for engaging in the conduct described in subparagraphs A-E below (“Covered Conduct”), during all or part of the relevant time period. Specifically, the State alleges:

A. Our House failed to properly supervise the administration of medication on repeated occasions over an extended time as evidenced by citations issued by the Department of Licensing and Protection (“DLP”) following surveys by Survey and Certification (“S&C”): on April 21, 2021, and May 12, 2021, among others. Specifically, on February 22, 2021, and 26, 2021, an Our House employee administered Benadryl to [REDACTED], a resident suffering from Alzheimer’s, for its sedative effect, although it had not been prescribed for that purpose.

B. Our House failed to protect residents from abuse. Specifically, on August 17, 2020, an Our House employee engaged in a physical altercation with [REDACTED], a resident suffering from Alzheimer’s, grabbing [REDACTED] by the genitals, striking their arm, and causing them to fall to the floor. The employee escalated a minor dispute into a physical confrontation despite Our House’s training on “redirection” and commitment to de-escalation practices. The Our House Manager reported the incident to Adult Protective Services. The employee was later charged with Simple Assault and Assault of a Vulnerable Adult.

- C. Similarly, on January 25, 2021, an Our House employee engaged in a physical altercation with [REDACTED], a resident suffering from Alzheimer's. The employee pushed [REDACTED], causing [REDACTED] to fall and strike [REDACTED] head, resulting in hospitalization and serious injury. [REDACTED] succumbed to [REDACTED] injuries on January 27, 2021
- D. Our House failed to properly supervise and train staff, resulting in neglect, as evidenced by citations issued by the DLP following surveys by S&C on: April 30, 2021, and May 12, 2021, among others. Specifically, on April 30, 2021, Our House admitted that it only provided new employees with four hours of orientation and training, even though the applicable regulations and Our House's application with DLP to be a Special Care Unit, required twelve hours of training before employees are permitted to provide direct care to residents.
- E. Our House failed to ensure that allegations of abuse were timely and properly reported to DLP. Specifically, on February 23, 2021, the DLP, following an investigation by S&C, cited Our House for failing to report an allegation of Abuse of a Vulnerable Adult, involving resident [REDACTED] who suffered from dementia with behavioral dysregulation. This resident was noted by S&C to have "a pattern of assaultive behaviors." Our House records revealed at least four physical altercations, between 1/22/2021 and 2/6/2021, involving [REDACTED] none of which had been reported, including an incident on 2/5/2021 where [REDACTED] had a physical altercation with an employee and then shoved another resident causing that resident to fall to the ground. Per an interview with the Our House Owner on 2/10/21, she confirmed that the events of 2/5/21 had not been reported to a licensing agency, explaining, they did not report because a medical doctor's intervention was not needed, and that [REDACTED]'s conduct did

not constitute a pattern of abusive behaviors. S&C found that [REDACTED] had a history of violent behavior prior to admission, and three incidents of violent behavior toward staff prior to [REDACTED] shoving another resident on 2/5/21, which constituted a pattern of abusive behavior and should have triggered a mandatory report to licensing agencies.

5. The State contends that the Covered Conduct constitutes violations of Our House's Provider Enrollment Agreements, Government Health Care Program Requirements, and the Vermont Vulnerable Adult Statutes, for which it could seek remedy through a civil action.

6. Our House does not dispute the facts regarding the Covered Conduct insofar as they are described above in paragraph A-E. However, Our House believes that there are additional facts that would show a lack of intent. Therefore, Our House denies liability in general, and specifically denies that it violated its Provider Enrollment Agreements, Government Health Care Program Requirements, the Vermont False Claims Act, the Vermont Vulnerable Adult Statutes or any other state or federal law.

7. To avoid the delay, expense, inconvenience, and uncertainty of litigation, and in consideration of the mutual promises and obligations of this Agreement, the Parties reach a full and final settlement related to the Covered Conduct, pursuant to the Terms and Conditions set forth below.

III. TERMS AND CONDITIONS

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

1. Our House shall designate an internal Compliance Monitor to serve for a term of three years and Our House shall be liable for damages as described below in Paragraph 4 for a

period of three years (“Settlement Period”). However, MFRAU agrees to shorten the Settlement Period by 12 months, if DLP does not issue any Our House facility a statement of deficiency, providing notice of a “G” level or higher deficiency in the first 24-months of the Settlement Period.

2. MFRAU shall have the right to approve the individual designated to serve as the Compliance Monitor. The monitor will be responsible for reviewing practices, policies, and procedures at the Our House facilities and implementing a plan for improving regulatory and statutory compliance. The Compliance Monitor shall conduct a series of three Performance Evaluations and issue a written report for each evaluation to MFRAU, assessing the quality of resident care at Our House facilities. Performance Evaluations shall be completed, and written reports issued, 9 months, 18 months, and 30 months (if applicable) after the Effective Date of this Settlement Agreement, unless the State directs otherwise.

3. Within 120 days of the Effective Date of this Agreement, Our House agrees to develop and implement a mandatory staff-training and orientation program that will ensure that every individual, regardless of employment status, delivering care of any kind to residents, directly or indirectly, will be familiar with the residents and their care plans. Requirements regarding the training and orientation program are described in Attachment A which is incorporated here by reference. This training requirement is separate from, and intended to supplement rather than replace, training requirements for employees of residential care homes imposed under state and federal regulations.

4. Our House shall be liable to the State for \$40,000 in damages (“Settlement Amount”), under the Vermont Vulnerable Adult Statutes. Our House shall pay the Settlement Amount as follows:

- a. The State is aware that payment of the settlement amount would cause substantial financial hardship to Our House. Therefore, payment of damages is suspended and shall remain suspended during the Settlement Period, except the State may withdraw the suspension, in whole or in part, and demand that Our House make payment of the damages, under the circumstances described below in Paragraph b.
- b. The State, in its sole discretion, may withdraw and terminate the suspension, if (i) DLP issues Our House a statement of deficiency, providing notice of a “G” level or higher deficiency, during the settlement period, related to conduct occurring on or after the Effective Date, and (ii) MFRAU determines that the deficiency (or deficiencies) warrant withdrawal of the suspension.
- c. Following the first such determination, the State shall withdraw the suspension on 25% (\$10,000) of the settlement amount. The second determination will result in the termination of the suspension on the remaining settlement amount.
- d. In the event that the suspension is withdrawn or terminated, Our House shall pay the appropriate portion of the Settlement Amount within 30 days by electronic funds transfer pursuant to written instructions provided by the Vermont Attorney General’s Office.

5. Subject to the exceptions in Paragraph 7 below, in consideration of the obligations of Our House, and conditioned upon Our House’s compliance with all material obligations, set forth in this Agreement, the State (on behalf of itself, its officers, agents, agencies, and

departments) releases Our House from any civil or administrative claim the State has or may have for the Covered Conduct.

6. In consideration of the obligations of the State set forth in this Agreement, Our House, 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 Our House 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.

7. Notwithstanding any term of this Agreement, specifically reserved and excluded from the release described in Paragraph 5, and 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 damages arising from the Covered Conduct.

8. Our House shall be deemed in default of this Agreement if the State, in its sole discretion, determines that a Default Event, described in subparagraphs a-c below, has occurred, after following the procedure described in Paragraph 9 below:

- a. Our House fails to remain fully licensed by the State of Vermont, Division of Licensing and Protection.
- b. Our House fails to make payment of the Settlement Amount as provided in Paragraph 4(a)-(d) of this Agreement; or
- c. Our House fail to satisfy any other material obligations of this Agreement.

9. In the event the State determines that a Default Event has occurred, the State shall provide written notice (“Notice of Default”) and allow Our House an opportunity to cure the Default Event within ten (10) business days of receipt of the written notice. Notice of Default will be sent by certified first class mail to: **Inn-One Home dba Our House Residential Care Homes, 196 Mussey Street, Rutland VT.**

10. If Our House does not cure the Default Event to the State’s reasonable satisfaction (a) within ten (10) business days of receipt of the Notice of Default, or (b) if the cure requires more than ten (10) days, immediately initiate steps that the State reasonably deems to be sufficient to cure the default and thereafter diligently continues and completes all reasonable and necessary steps sufficient to produce compliance as soon as reasonably practical, the Vermont Attorney General’s Office may declare Inn-One Home in default of this Agreement (“Declaration of Default”).

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

- a. Declare this Agreement breached, and proceed against Our House for any claims, including those to be released by this Agreement, in which case Inn-One Home may contest whether a Default has occurred in court;
- b. Exercise any other right granted by law, or under the terms of this Agreement, or recognizable at common law or in equity.

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

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

14. 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 Inn-One Home.

15. 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.

16. Our House represents and warrants that the representative(s) designated below are authorized to execute this Agreement on their behalf, and that Our House 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.

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

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

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

20. 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.

21. Facsimiles of or electronic signatures shall constitute acceptable binding signatures for purposes of this Agreement.

22. This Agreement is effective on the date of the signature of the last signatory to the Agreement (“Effective Date”)

SIGNATORIES

STATE OF VERMONT

SUSANNE R. YOUNG
ATTORNEY GENERAL

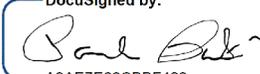
DATED: 8/30/2022 _____

BY: _____

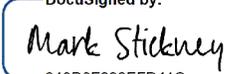
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Elizabeth L. Anderson
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Elizabeth L. Anderson
Assistant Attorney General
Director, MFRAU

INN-ONE HOME, LLC

DATED: 8/29/2022

BY: 
A3AE7E62CBBF423...
Paula Patorti, Manager

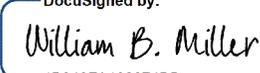
DATED: 8/30/2022

BY: 
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Mark Stickney
Receiver for Inn-One Home, LLC

Acknowledged

COUNSEL FOR INN-ONE HOME, LLC

DATED: 8/29/2022

BY: 
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William B. Miller, Esq

Attachment A

Training and Orientation Program

1. General Training

Within 120 days of the Effective Date of this Agreement, Our House shall develop and implement a mandatory staff-training and orientation program that will ensure that every individual, regardless of employment status, who will deliver care of any kind, directly or indirectly, will be familiar with the residents and their care plans. This training shall be completed by all current employees within 14 days of its implementation, and by all new employees within the first 14 days of employment and prior to the start of work with residents.

This training requirement is separate from and intended to supplement rather than replace training requirements for employees of residential care homes imposed under state and federal regulations.

2. Training Topics

The general training, described above, must include education and training for all employees in the following areas:

- a. Dementia Caregiving Training, including various and specific de-escalation techniques;
- b. Survey & Certification and APS mandatory reporting requirements;
- c. Emergency Procedures, including when to call 911; and
- d. Medication administration.

After receiving the initial Specific Training described in this section, each Our House employee who is subject to these training provisions shall receive at least two hours of Specific Training by 6 months, 12 months, 24 months, and 36 months (if applicable) during the Settlement Period in addition to any other mandatory training requirements.

3. Approval

Prior to implementation of the trainings described above, Our House shall submit the proposed trainings and materials to MFRAU for review and approval.

4. Certification

Each individual who is required to attend training shall certify, in writing, or in electronic form, that they have received the required training. The certification shall specify the type of training received and the date received. The Administrator for each Our House facility (or designee) shall retain the certifications, along with all course materials. The certifications and training materials shall be made available to MFRAU, upon request.

5. Qualifications of Trainer

Persons providing the training shall be knowledgeable about the subject area. Our House will send qualifications of the Trainer to MFRAU for review and approval.

6. Update of Training

Our House shall review the training annually, and, where appropriate, update the training to reflect changes in the medical community, any issues discovered internally over the previous year, including audits, and any other relevant information.