



JOSH STEIN
ATTORNEY GENERAL

STATE OF NORTH CAROLINA
DEPARTMENT OF JUSTICE

SETH DEARMIN
CHIEF OF STAFF

May 15, 2017

North Carolina Senate President Pro Tempore Phil Berger
North Carolina House of Representatives Speaker Tim Moore
Co-Chairs, Joint Legislative Commission on Government Operations

Senator Warren Daniel
Senator Shirley Randleman
Senator Norman W. Sanderson
Representative James Boles, Jr.
Representative Ted Davis, Jr.
Representative Allen McNeill
Representative Rena W. Turner
Co-Chairs, Appropriations Subcommittee on Justice and Public Safety

North Carolina General Assembly
Raleigh, North Carolina 27601-1096

Re: N.C.G.S. § 114-2.4A and §114-2.5; Report on Settlement Agreements

Dear Members:

Pursuant to N.C.G.S. § 114-2.4A and § 114-2.5, I am pleased to report the following settlements.

IPC

The settlement resolves allegations that from January 1, 2003 through June 16, 2014, IPC billed the Medicaid program for higher and more expensive levels of medical service than were actually performed.

Under the terms of North Carolina's settlement, the State of North Carolina will recover \$131,508.80. Of that amount the federal government will receive \$81,694.43 for North Carolina's federal portion of Medicaid recoveries. The North Carolina Medicaid Program will receive \$25,928.10 as restitution and interest. In addition, pursuant to Article IX, Section 7 of the North Carolina Constitution and G.S. § 115C-457.1, the penalty portion of the settlement in

the amount of \$20,094.01 will be paid to the Civil Penalty Forfeiture Fund for the support of North Carolina public schools. Pursuant to G.S. § 115C-457.2 and G.S. § 108A-70.12(b)(3), the North Carolina Department of Justice will receive \$2,557.14 for investigative costs and \$2,045.71 for costs of collection.

Legal Helpers

This case involved allegations that defendants illegally collected up-front fees for loan modification or foreclosure services. To settle the matter, defendants agreed to change their practices. Defendants also agreed to pay North Carolina \$ 120,000.00, which will be used to provide refunds to consumers.

FCS

This matter involved allegations that defendants engaging in unlawful debt collection practices while collecting debt from certain health club members. To settle the matter, defendants agreed to abide by North Carolina's debt collection laws. Defendants also agreed to pay North Carolina \$115,512.12, which will be used to provide refunds to consumers.

Student Loan Group

This case involved allegations that defendants illegally collected up-front fees for student loan debt adjusting services. To settle the matter, defendants agreed to change their practices. Defendants also agreed to pay North Carolina \$377,048.99, which will be used to provide refunds to consumers.

Walgreen Co.

The settlement resolves allegations that from January 1, 2011 through December 31, 2015, knowingly solicited and allowed individuals receiving benefits from the state Medicaid program to enroll in its Prescription Savings Club program in order to induce such individuals to self-refer prescriptions to Walgreens' pharmacies.

Under the terms of North Carolina's settlement, the State of North Carolina will recover \$260,605.31. Of that amount the federal government will receive \$176,836.41 for North Carolina's federal portion of Medicaid recoveries. Pursuant to G.S. § 1-610, the qui tam plaintiffs whose whistleblower actions brought this matter to the government's attention will receive \$17,565.87 of North Carolina's recovery. The North Carolina Medicaid Program will receive \$30,109.51 as restitution and interest. In addition, pursuant to Article IX, Section 7 of the North Carolina Constitution and G.S. § 115C-457.1, the penalty portion of the settlement in the amount of \$29,987.62 will be paid to the Civil Penalty Forfeiture Fund for the support of North Carolina public schools. Pursuant to G.S. § 115C-457.2 and G.S. § 108A-70.12(b)(3), the North Carolina Department of Justice will receive \$3,052.95 for investigative costs and \$3,052.95 for costs of collection.

We will be happy to respond to any questions you may have regarding this report.

Very truly yours,

A handwritten signature in blue ink, appearing to read 'Seth Dearmin', followed by a horizontal line.

Seth Dearmin
Chief of Staff

STATE SETTLEMENT AGREEMENT

I. PARTIES

This Settlement Agreement ("Agreement") is entered into between the State of North Carolina ("the State") and Team Health Holdings, Inc. ("TeamHealth"), as successor-in-interest to IPC Healthcare, Inc. (TeamHealth and IPC collectively shall be referred to as the "TeamHealth Entities"), hereinafter collectively referred to as "the Parties."

II. PREAMBLE

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

A. IPC, a Delaware corporation with its principal place of business in North Hollywood, California, provides hospitalist staffing and related services to hospitals and various long term care facilities nationwide. In November 2015, TeamHealth, which provides hospital-based clinical outsourcing services nationwide, acquired IPC, formerly known as IPC The Hospitalist Company, Inc.

B. On September 1, 2009, Bijan Oughatiyan ("Relator") filed a *qui tam* action in the United States District Court for the Northern District of Illinois captioned *United States of America et al., ex. rel. Bijan Oughatiyan v. IPC The Hospitalist Company, Inc., et al.*, Civil Action No. 09 C 5418 (the "Relator's Complaint"). The United States intervened in this case and filed its Complaint-in-Intervention on June 16, 2014 (the "Complaint-in-Intervention"). The Relator's Complaint and the Complaint-in-Intervention will be referred to collectively as the "Civil Actions."

C. The TeamHealth Entities have entered into a separate civil settlement agreement (the "Federal Settlement Agreement") with the United States of America (as that term is defined in the Federal Settlement Agreement) hereinafter referred to as the "United States."

D. The State contends that IPC caused claims for payment to be submitted to the State's Medicaid Program (see 42 U.S.C. §§ 1396-1396(v)).

E. The State contends that it has certain civil and administrative causes of action against IPC (and as its successor-in-interest, TeamHealth) for allegedly engaging in the following conduct (the "Covered Conduct"):

From January 1, 2003 to June 16, 2014, IPC knowingly and systematically caused the submission of claims to the State Medicaid Program for higher and more expensive levels of medical service than were actually performed, a practice referred to as "upcoding." Specifically, IPC encouraged its hospitalists to maximize billings by utilizing the highest codes designated for initial hospital care, subsequent hospital care and patient discharge, regardless of the level of care provided to the patient, which resulted in IPC submitting or causing to be submitted false and/or fraudulent claims for payment to the State Medicaid Program.

F. This Agreement is neither an admission of facts or liability by IPC or TeamHealth, *nor* a concession by the State that its allegations are not well founded. IPC and TeamHealth expressly deny and dispute the allegations of the State as set forth herein and in the Civil Actions.

G. To avoid the delay, expense, inconvenience, and uncertainty of protracted litigation of these causes of action, the Parties mutually desire to reach a full and final settlement as set forth below.

III. TERMS AND CONDITIONS

NOW, THEREFORE, in reliance on the representations contained herein and in consideration of the mutual promises, covenants and obligations set forth in this Agreement, and for good and valuable consideration as stated herein, the Parties agree as follows:

1. TeamHealth agrees to pay to the United States and the Medicaid Participating States (as defined in sub-paragraph (c) below), collectively, the sum of \$60,000,000.00 (the "Settlement Amount") under the following terms and conditions:

(a) TeamHealth shall pay to the United States the sum of \$56,625,000.00 ("Federal Settlement Amount") pursuant to the terms of the Federal Settlement Agreement.

(b) TeamHealth shall pay to the Medicaid Participating States the combined total sum of \$3,375,000.00 ("Medicaid State Settlement Amount"), subject to the non-participating state deduction provision of Sub-paragraph (d) below ("Medicaid Participating State Settlement Amount"), plus accrued interest, no later than seven (7) business days after the expiration of the 60 day opt-in period for Medicaid Participating States described in Sub-paragraph (c) below. The Medicaid Participating State Settlement Amount shall be paid by electronic funds transfer to the New York State Attorney General's National Global Settlement Account pursuant to written instructions from the State Negotiating Team ("State Team"), which written instructions shall be

delivered to counsel for the TeamHealth Entities prior to the expiration of the 60 day option period for Medicaid Participating States.

(c) The TeamHealth Entities shall execute a State Settlement Agreement with any State that executes such an Agreement in the form to which the TeamHealth Entities and the State Team have agreed, or in a form otherwise agreed to by the TeamHealth Entities and an individual State. The State shall constitute a Medicaid Participating State provided this Agreement is fully executed by the State and delivered to the TeamHealth Entities' attorneys within 60 days of receiving this Agreement. If this condition is not satisfied within 60 days, the TeamHealth Entities' offer to resolve this matter with the individual State shall become null and void absent written agreement between counsel for the TeamHealth Entities' and the State Team to extend the 60 day period.

(d) The total portion of the amount paid by TeamHealth in settlement for the Covered Conduct for the State is \$131,508.80, consisting of a portion paid to the State under this Agreement and another portion paid to the United States as part of the Federal Settlement Agreement. The amount allocated to the State under this Agreement is the sum of \$49,814.37 (the "State Amount") plus accrued interest on the State Amount of 1.625% per annum commencing on February 16, 2016 and continuing to and including the day payment is made under this Agreement. If the State does not execute this Agreement within 60 days of receiving this Settlement Agreement, the State Amount shall be deducted from the Medicaid State Settlement Amount and shall not be paid by TeamHealth absent written agreement between counsel for the TeamHealth Entities and the State Team to extend the time period for executing this Agreement.

2. The State agrees to dismiss with prejudice any state law claims which the State has the authority to dismiss currently pending against the TeamHealth Entities in State or Federal Courts for the Covered Conduct.

3. Subject to the exceptions in Paragraph 4 below, in consideration of the obligations of the TeamHealth Entities set forth in this Agreement, and conditioned upon receipt by the State of its share of the Medicaid Participating State Settlement Amount, the State agrees to release the TeamHealth Entities, their predecessors and current and former parents, divisions, direct and indirect subsidiaries, brother and sister corporations, affiliates, affiliated physician professional corporations, successors, transferees, and assigns (collectively, the "TeamHealth Released Entities"), from any civil or administrative monetary cause of action that the State has for any claims submitted or caused to be submitted to the State Medicaid Program as a result of the Covered Conduct.

4. Notwithstanding the releases given in Paragraph 3 of this Agreement, or any other term of this Agreement, the following claims of the State are specifically reserved and are not released:

(a) any criminal, civil, or administrative liability arising under state revenue codes;

(b) any criminal liability not specifically released by this Agreement;

(c) any civil or administrative liability that any person or entity, including any TeamHealth Released Entities, has or may have to the State or to individual consumers or state program payors under any statute, regulation or rule not expressly covered by the release in Paragraph 3 above, including but not limited to, any and all of the following

claims: (i) State or federal antitrust violations; (ii) claims involving unfair and/or deceptive acts and practices and/or violations of consumer protection laws;

(d) any liability to the State for any conduct other than the Covered Conduct;

(e) any liability to the State arising from the Covered Conduct for claims submitted to any and all payors and insurers under the State's Medicaid Managed Care program;

(f) any liability based upon obligations created by this Agreement;

(g) except as explicitly stated in this Agreement, any administrative liability, including mandatory exclusions from the State's Medicaid program;

(h) any liability for express or implied warranty claims or other claims for defective or deficient products and services, including quality of goods and services;

(i) any liability for personal injury or property damage or for other consequential damages arising from the Covered Conduct;

(j) any liability of individuals.

5. In consideration of the obligations of the TeamHealth Entities set forth in this Agreement, and the Corporate Integrity Agreement ("CIA") that TeamHealth has entered into with the Office of the Inspector General of the United States Department of Health and Human Services ("HHS-OIG") in connection with this matter, and conditioned on receipt by the State of its share of the Medicaid Participating State Settlement Amount, the State agrees to release and refrain from instituting, recommending, directing, or maintaining any administrative action seeking exclusion or suspension from the State's Medicaid program against the TeamHealth Released Entities for the Covered Conduct, except as reserved in Paragraph 4 above. Nothing in this

Agreement precludes the State from taking administrative action against the TeamHealth Entities in the event that the TeamHealth Entities are excluded by the federal government, or for conduct and practices other than the Covered Conduct.

6. The TeamHealth Entities waive and shall not assert any defenses they may have to criminal prosecution or administrative action for the Covered Conduct, which defenses may be based in whole or in part on a contention, under the Double Jeopardy Clause of the Fifth Amendment of the Constitution or the Excessive Fines Clause of the Eighth Amendment of the Constitution, that this Agreement bars a remedy sought in such criminal prosecution or administrative action.

7. In consideration of the obligations of the State set forth in this Agreement, the TeamHealth Released Entities waive and discharge the State, its agencies, employees, and agents from any causes of action (including attorneys' fees, costs, and expenses of every kind and however denominated) which the TeamHealth Released Entities have against the State, its agencies, employees, and agents arising from the State's investigation and prosecution of the Covered Conduct.

8. The amount that TeamHealth must pay to the State pursuant to Paragraph III.1. above will not be decreased as a result of the denial of any claims for payment now being withheld from payment by the State's Medicaid program, or any other state payor, for the Covered Conduct; and the TeamHealth Entities agree not to resubmit to the State's Medicaid program or any other state payor, any previously denied claims, which denials were based on the Covered Conduct, and agree to withdraw the appeal of or not to appeal or cause the appeal of any such denials of claims. This provision expressly does not apply to any suspension of payments by the State's Medicaid program related to

the Covered Conduct, including any related claims that previously have been denied and any related pending appeals.

9. The TeamHealth Entities shall not seek payment for any claims for reimbursement to the State's Medicaid Program covered by this Agreement based on the Covered Conduct from any health care beneficiaries or their parents, sponsors, legally responsible individuals, or third party payors.

10. The TeamHealth Entities expressly warrant that they have reviewed their financial condition and that they are currently solvent within the meaning of 11 U.S.C. §§ 547(b)(3) and 548(a)(1)(B)(ii)(I), and shall remain solvent following payment of the Settlement Amount and compliance with this Agreement.

11. The Parties each represent that this Agreement is freely and voluntarily entered into without any degree of duress or compulsion whatsoever.

12. Except as expressly provided to the contrary in this Agreement, 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.

13. Except as otherwise stated in this Agreement, 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.

14. Nothing in this Agreement constitutes an agreement by the State concerning the characterization of the amounts paid hereunder for purposes of the State's revenue code.

15. In addition to all other payments and responsibilities under this Agreement, the TeamHealth Entities agree to pay all reasonable expenses and travel costs

of the State Team, including reasonable consultant fees and expenses. The TeamHealth Entities will pay this amount by separate check made payable to the National Association of Medicaid Fraud Control Units, after the Medicaid Participating States execute their respective Agreements, or as otherwise agreed by the Parties.

16. This Agreement is governed by the laws of the State, and venue for addressing and resolving any and all disputes relating to this Agreement shall be the state courts of appropriate jurisdiction of the State.

17. The undersigned signatories of the TeamHealth Entities represent and warrant that they are authorized as a result of appropriate corporate action to execute this Agreement. 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.

18. The Effective Date of this Agreement shall be the date of signature of the last signatory to this Agreement. Facsimiles of signatures shall constitute acceptable binding signatures for purposes of this Agreement.

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

20. This Agreement constitutes the complete agreement between the Parties with respect to this matter and shall not be amended except by written consent of the Parties.

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.

STATE OF NORTH CAROLINA

By: Charles H. Hobbard

Dated: 3/9/2017

CHARLES H. HOBGOOD
Director, Medicaid Investigations Division
Office of the Attorney General

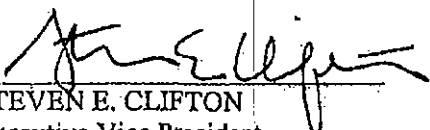
By: D/R

Dated: 3/2/2017

DAVE RICHARD
Deputy Secretary for Medical Assistance
Division of Medical Assistance

TEAM HEALTH HOLDINGS, INC.


By:


STEVEN E. CLIFTON
Executive Vice President,
General Counsel and Corporate Secretary
Team Health Holdings, Inc.

Dated:

Apr: 20, 2017

By:


SCOTT A. MEMMOTT
TINOS DIAMANTATOS
HOLLY C. BARKER
Counsel for IPC Healthcare, Inc. and
Team Health Holdings, Inc.

Dated:

4/19/2017

STATE SETTLEMENT AGREEMENT

1. PARTIES

This Settlement Agreement ("Agreement") is entered into between the State of North Carolina ("the State") and Walgreen Co. ("Walgreens") (hereinafter collectively referred to as ("the Parties")).

II. PREAMBLE

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

- A. Walgreens, a Delaware corporation with its principal place of business in Deerfield, Illinois owns a series of retail pharmacies throughout the United States.
- B. On or about January 13, 2012 Marc D. Baker filed a *qui tam* complaint against Walgreens under seal in the United States District Court for the Southern District of New York, captioned *United States of America et al, ex rel. Baker v. Walgreen Co.* 12 Civil 0300 (JPO). This action will be referred to as the "Civil Action."
- C. Walgreens has entered into a separate Stipulation and Order of Settlement and Dismissal ("the Federal Settlement Agreement") with the United States of America (as that term is defined in the Stipulation and Order of Settlement and Dismissal) hereinafter referred to as the "United States."
- D. The State contends that Walgreens submitted or caused to be submitted claims to the State's Medicaid Program, 42 U.S.C. 1396-19(v). Claims may be submitted to the State's Medicaid Program directly or through an intermediary, including through a

managed care organization (MCO) which may be under contract with the State's Medicaid program. The submission of claims for payment to an MCO for the provision of goods and/or services to Medicaid beneficiaries constitutes the submission of claims to the State's Medicaid Program.

- E. The State contends that it has certain civil and administrative causes of action against Walgreens for engaging in the following conduct ("the State Conduct"): from January 1, 2007 through December 31, 2010, Walgreens knowingly solicited and allowed individuals receiving benefits from the State Medicaid program ("government beneficiaries") to enroll in its Prescription Savings Club program ("PSC program"), in order to induce such individuals to self-refer prescriptions to Walgreens' pharmacies, in violation of the federal Anti-Kickback Statute ("AKS"), 42 U.S.C. 1320a-7b, the federal False Claims Act ("FCA"), 31 U.S.C. 3729 *et seq.* and similar state statutes. During the course of discussing a potential resolution of the State Conduct, Walgreens disclosed information reflecting that during the period January 1, 2011 through December 31, 2015, it had also enrolled government beneficiaries in the PSC program, and it sought to negotiate a resolution of any potential claims the State may have for allegations that from January 1, 2011 through December 31, 2015, Walgreens knowingly enrolled government beneficiaries in the PSC program in order to induce such persons to self-refer their prescriptions to Walgreens' pharmacies in violation of the AKS and FCA and similar state statutes ("the Post-2010 Conduct") together with the State Conduct. The Post-2010 Conduct together with the State Conduct shall collectively be referred to as "the Covered Conduct" for purposes of this Agreement.

- F. This Agreement is made in compromise of disputed claims. This Agreement is neither an admission of liability by Walgreens, nor a concession by the State that its allegations are not well founded. Walgreens expressly denies the allegations of the State as set forth herein and in the Civil Action, except as to the admissions set forth in Paragraph 2 of the Federal Settlement Agreement.
- G. To avoid the delay, expense, inconvenience, and uncertainty of protracted litigation of these causes of action, the Parties mutually desire to reach a full and final settlement as set forth below.

III. TERMS AND CONDITIONS

NOW, THEREFORE, in reliance on the representations contained herein and in consideration of the mutual promises, covenants and obligations set forth in this Agreement, and for good and valuable consideration as stated herein, the Parties agree as follows:

1. Pursuant to the Federal Settlement Agreement, Walgreens has agreed to pay the United States and the Medicaid Participating States (as defined in sub-paragraph (c) below), collectively the sum of \$50,000,000.00 (the "Settlement Amount"), plus accrued interest as set forth below. The Settlement Amount shall constitute a debt immediately due and owing to the United States and the Medicaid Participating States on the Effective Date of the Federal Settlement Agreement, and subject to the terms of this Agreement. The debt shall forever be discharged by payments to the United States and the Medicaid Participating States, under the following terms and conditions:

- (a) Walgreens shall pay to the United States the sum of \$46,205,108.53, plus accrued interest on that amount at the rate of 2.4% per annum commencing on December 29, 2016 ("Federal Settlement Amount"). The Federal Settlement Amount shall be paid pursuant to the terms of the Federal Settlement Agreement.
- (b) Walgreens shall pay the Medicaid Participating States the sum of \$3,794,891.47, plus accrued interest on that amount at the rate of 2.4% per annum commencing on December 29, 2016 and continuing and including the day payment is made under this Agreement ("the Medicaid State Settlement Amount") within fourteen (14) days of the execution of the Federal Settlement Agreement. The Medicaid Participating State Settlement Amount shall be paid by electronic funds transfer to the New York Attorney General's National Global Settlement Account pursuant to written instructions from the State Negotiating Team ("State Team"), which instructions shall be delivered to counsel for Walgreens.
- (c) Walgreens shall execute a State Settlement Agreement with any State that executes such an agreement in the form to which Walgreens and the State Team have agreed, or in a form otherwise agreed to by Walgreens and an individual State. The State shall constitute a Medicaid Participating State provided this Agreement is fully executed by the State and delivered to counsel for Walgreens within 45 days of receiving this Agreement. If this condition is not satisfied within 45 days, Walgreens' offer to resolve this matter with the individual State shall become null and void absent written agreement between counsel for Walgreens and the State Team to extend the 45-day period.

(d) The total portion of the amount paid by Walgreens in settlement of the Covered Conduct for the State is \$260,483.43, consisting of a portion paid to the State under this agreement and another portion paid to the United States as part of the Federal Settlement Agreement. The amount allocated to the State under this Agreement is the sum of \$83,647.02 plus applicable interest (the "State Amount"). If the State does not execute this Agreement within 45 days of receiving this Settlement Agreement, the State Amount shall be deducted from the Medicaid State Settlement Amount and shall be refunded to Walgreens, along with the interest accrued thereon between December 29, 2016 and the payment date referenced in subsection (b) above, absent written agreement between counsel for Walgreens and the State Team to extend the time period for executing this Agreement.

2. Upon receipt of the State Amount described above, the State agrees to dismiss with prejudice any state law claims which the State has the authority to dismiss currently pending against Walgreens in State or Federal Courts for the Covered Conduct, including any supplemental state law claims asserted in the Civil Action for the Covered Conduct. Contingent upon receipt of its respective State Amount, the State, if served with the Civil Action and liable to pay a Relator's Share, agrees to pay a Relator's share in the amount of \$17,565.87, plus applicable interest. This amount is to be paid through the State Team and addressed via side letter with the Relator in the Civil Action.
3. Subject to the exceptions in Paragraph 4 below, in consideration of the obligations set forth in this agreement and conditioned upon receipt by the State of its share of the

Medicaid State Settlement Amount, the State agrees to release Walgreens, its predecessors and current and former parents, divisions, subsidiaries, affiliates, successors, transferees, heirs, and assigns (collectively the "Walgreen Released Entities"), from any civil or administrative monetary cause of action that the State has for any claims submitted or caused to be submitted to the State Medicaid program for the Covered Conduct. This Agreement is not intended to and does not release any allegations or claims other than the Covered Conduct.

4. Notwithstanding the releases given in Paragraph 3 of this Agreement, or any other term of this Agreement, the following claims of the State are specifically reserved and not released:
 - (a) Any criminal, civil, or administrative liability arising under state revenue codes;
 - (b) Any criminal liability not specifically released by this agreement;
 - (c) Any civil or administrative liability that any person or entity, including the Walgreen Released Entities, has or may have to the State or to individual consumers or state program payors under any statute, regulation or rule not expressly covered by the release in Paragraph 3 above, including but not limited to any and all of the following claims: (i) State or federal antitrust violations; (ii) claims involving unfair and/or deceptive acts and practices and/or violations of consumer protection laws;
 - (d) Any liability to the State for any conduct other than the Covered Conduct;
 - (e) any liability based on obligations created by this Agreement;
 - (f) except as explicitly state in this Agreement, any administrative liability, including mandatory exclusions from the State's Medicaid program;

- (g) any liability for express or implied warranty claims or other defective or deficient products or services, including quality of goods or services;
 - (h) any liability for personal injury or property damage or for other consequential damages arising from the Covered Conduct;
 - (i) any liability for failure to deliver goods or services due; or
 - (j) any liability of individuals.
5. Walgreens waives and shall not assert any defenses it may have to criminal prosecution or administrative action for the Covered Conduct, which defenses may be based in whole or in part on a contention, under the Double Jeopardy Clause of the Fifth Amendment of the Constitution or the Excessive Fines Clause of the Eighth Amendment, that this Agreement bars a remedy sought in such criminal prosecution or administrative action.
6. In consideration of the obligations of the State set forth in the Agreement, Walgreens waives and discharges the State, its agencies, employees and agents from any causes of action (including attorney's fees, costs, and expenses of every kind and however denominated) that Walgreens has against the State, its agencies, employees and agents arising from the State's investigation and prosecution of the Covered Conduct.
7. The amount that Walgreens must pay to the State pursuant to Paragraph III.1(d) above will not be decreased as a result of the denial of any claims for payment now being withheld from payment by the State's Medicaid program, any MCO which may be under contract to the State Medicaid program or any other state payor, for the Covered Conduct; and Walgreens agrees not to resubmit to the State's Medicaid program, any MCO which may be under contract to the State Medicaid program, or

any other state payor, any previously denied claims which denials were based on the Covered Conduct , and agrees to withdraw the appeal of or not to appeal or cause the appeal of any such denials of claims.

8. Walgreens shall not seek payment for any claims for reimbursement to the State Medicaid program or any MCOs which may be under contract to the State Medicaid program covered by this Agreement from any health care beneficiaries or their parents, sponsors, legally responsible individuals, or third party payors.
9. Walgreens expressly warrants that it has reviewed its financial condition and that it is currently solvent within the meaning of 11 U.S.C. 5476(b)(3) and 548(a)(1)(B)(ii)(I), and shall remain solvent following payment of the Settlement Amount and compliance with this Agreement.
10. Walgreens agrees to cooperate fully and truthfully with any State investigation relating to the Covered Conduct of individuals and entities not released in this Agreement. Upon reasonable notice, Walgreens shall encourage, and agrees not to impair, the cooperation of its directors, officers, and employees, and shall use its best efforts to make available, and encourage, the cooperation of former directors, officers, and employees for interviews and testimony relating to the Covered Conduct, consistent with the rights and privileges of such individuals. Walgreens further agrees to furnish to the State, upon request, complete and unredacted copies of all non-privileged documents, reports, memoranda of interviews, records in its possession, custody or control concerning any investigation of the Covered Conduct that it has undertaken, or that has been performed by another on its behalf, as well as

complete and unredacted copies of any other non-privileged documents in its possession, custody, or control relating to the Covered Conduct.

11. The Parties each represent that this Agreement is freely and voluntarily entered into without any duress or compulsion whatsoever.
12. Except as expressly provided to the contrary in this Agreement, 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.
13. Except as otherwise stated in this Agreement, this Agreement is intended to be for the benefit of the Parties only, and by this instrument the Parties do not release any other liability against any other person or entity.
14. Nothing in this Agreement constitutes an agreement by the State concerning the characterization of the amounts paid hereunder for purposes of the State's revenue code.
15. In addition to all other payments and responsibilities under this Agreement, Walgreens agrees to pay all reasonable expenses and travel costs of the State Team, including reasonable consultant fees and expenses. Walgreens will pay this amount by separate check made payable to the National Association of Medicaid Fraud Control Units, after the Medicaid Participating States execute their respective Agreements, or as otherwise agreed by the Parties.
16. This Agreement is governed by the laws of the State and venue for addressing and resolving any and all disputes relating to this Agreement shall be the state courts of appropriate jurisdiction of the State.

17. The undersigned Walgreens signatories represent and warrant that they are authorized as a result of appropriate corporate action to execute this Agreement. 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.
18. The Effective Date of this Agreement shall be the date of signature of the last signatory to this Agreement. Facsimiles of signatures shall constitute acceptable binding signatures for purposes of this Agreement.
19. The Agreement shall be binding on and inures to the benefit of all successors, transferees, heirs, and assigns of the Parties.
20. This Agreement constitutes the complete agreement between the Parties with respect to this matter and shall not be amended except by written consent of the parties.
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.

STATE OF NORTH CAROLINA

By: Charles H. Hobbard

CHARLES H. HOBGOOD
Director, Medicaid Investigations Division
Office of the Attorney General

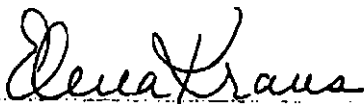
Dated: 2/23/2017

By: D/R

DAVE RICHARD
Deputy Secretary for Medical Assistance
Division of Medical Assistance


Dated: 2/16/2017

WALGREEN CO.

By: 
ELENA KRAUS
Senior Vice President and General Counsel
Walgreen Co.

Dated: 1/30/17

NORTON ROSE FULBRIGHT US LLP

By: 
RICK ROBINSON
799 9th Street NW, Suite 1000
Washington, D.C. 20001
Telephone: (202) 662-4534
Facsimile: (202) 662-4643
Counsel for Walgreen Co.

Dated: 1/30/17