



JOSH STEIN
ATTORNEY GENERAL

STATE OF NORTH CAROLINA
DEPARTMENT OF JUSTICE

SETH DEARMIN
CHIEF OF STAFF

September 30, 2019

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

Senator Danny Earl Britt, Jr.
Senator Warren Daniel
Senator Norman W. Sanderson
Representative James Boles, Jr.
Representative Ted Davis, Jr.
Representative Allen McNeill
Co-Chairs, Appropriations Subcommittee on Justice and Public Safety

North Carolina General Assembly
Raleigh, North Carolina 27601-1096

RE: G.S. §114-2.5; Report on Settlement Agreement for Stefan J. Simoncic,
D.D.S./Triad Oral Surgery

Dear Members:

Section 114-2.5 of the North Carolina General Statutes requires the Attorney General to report to the Joint Legislative Commission on Governmental Operations and the Chairs of the Appropriations Subcommittees on Justice and Public Safety regarding all settlements and court orders which result in more than \$75,000.00 being paid to the State. Pursuant to that statute, I am writing regarding the settlement of claims for Medicaid reimbursement to the state and federal governments in the above-referenced matter. Pursuant to federal law (42 C.F.R. § 433.320) recoveries in these cases are shared on a pro rata basis by the state and federal governments.

A settlement has been executed between Stefan J. Simoncic, D.D.S./Triad Oral Surgery and the State of North Carolina.

The settlement resolves allegations that from January 1, 2015 through August 30, 2019, Simoncic billed for Detailed and Extensive Oral Evaluation – problem focused and Deep Sedation/general anesthesia – each additional 15 minutes that were not medically necessary, had no supporting clinical documentation and were performed in violation of Division of Medical Assistance Clinical Coverage Policy.

Under the terms of North Carolina's settlement, the State of North Carolina will recover \$567,125.00. Of that amount the federal government will receive \$321,843.44 for North Carolina's federal portion of Medicaid recoveries. The North Carolina Medicaid Program will receive \$115,000.26 as restitution. 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 \$120,065.32 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. § 1-608(c), the North Carolina Department of Justice will receive \$10,215.98 for investigative costs and costs of collection.

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

Sincerely,



Seth Dearmin
Chief of Staff

SD:ng

cc: John Poteat, NCGA Fiscal Research Division

SETTLEMENT AGREEMENT

This Settlement Agreement ("Agreement") is entered into among the North Carolina Office of the Attorney General on behalf of the State of North Carolina ("North Carolina") and Stefan John Simoncic, D.D.S., Stefan John Simoncic, D.D.S., PLLC, d/b/a Triad Oral Surgery, and Stefan John Simoncic, D.D.S., II, PA, the latter two entities North Carolina corporations (hereinafter referred collectively as "Stefan John Simoncic, D.D.S."), and North Carolina Medicaid Providers. Each of the above are hereafter referred to as "the Parties" through their authorized representative.

RECITALS

A. Stefan John Simoncic, D.D.S., has been a Medicaid Provider since at least 2013 and provides oral surgical services to Medicaid beneficiaries in and around Guilford County, North Carolina. Medicaid Providers may submit claims to the North Carolina Medicaid Program for services that are medically necessary for the care of Medicaid beneficiaries and which comply with Medicaid Clinical Dental Policy. The State contends that it has certain civil claims against Stefan John Simoncic, D.D.S. arising from the following conduct, during the dates of January 1, 2015 through August 30, 2019, for Stefan John Simoncic, D.D.S.' submission of claims to the North Carolina Medicaid Program for oral surgical (dental) services, to wit, as follows:

(1) CDT D0160 ("Detailed and Extensive Oral Evaluation – problem focused, by report"), which the State contends had no supporting clinical documentation, were not medically necessary and which were performed in violation of Division of Medical Assistance Clinical Coverage Policy 4A, et seq.; and

(2) CDT D9221 ("Deep sedation/general anesthesia – each additional 15 minutes"), which the State contends had no supporting clinical documentation, were not medically necessary and which were performed in violation of Division of Medical



Assistance Clinical Coverage Policy 4A, et seq..

The conduct referenced in this paragraph is referred below and throughout this Agreement as the "Covered Conduct."

B. North Carolina contends that Stefan John Simoncic, D.D.S.' submission of such claims for payment to the North Carolina Medicaid Program (Medicaid), Title XIX of the Social Security Act, 42 U.S.C. §§ 1396-1396v, violates the North Carolina False Claims Act, N.C.G.S. §§ 1-605, et seq., and the Medical Assistance Provider Claims Act, N.C.G.S. §§ 108A-70.10, et seq.

C. Stefan John Simoncic, D.D.S., Stefan John Simoncic, D.D.S. PLLC, d/b/a Triad Oral Surgery, and Stefan John Simoncic, D.D.S., II, PA, deny the allegations in Paragraphs A. and B.

D. To avoid the delay, uncertainty, inconvenience, and expense of protracted litigation of the above claims, and in consideration of the mutual promises and obligations of this Settlement Agreement, the Parties agree and covenant as follows:

TERMS AND CONDITIONS

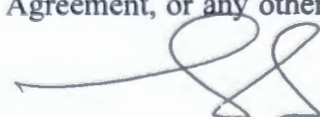
1. Stefan John Simoncic, D.D.S., Stefan John Simoncic, D.D.S., PLLC, d/b/a Triad Oral Surgery, and Stefan John Simoncic, D.D.S., II, PA, shall pay to North Carolina the aggregate principal amount of five hundred sixty seven thousand one hundred twenty five dollars (\$567,125.00) (the "Settlement Amount"), all of which \$283,562.50 is restitution. No later than 20 days following the Effective Date of this Agreement, Stefan John Simoncic, D.D.S. shall pay \$567,125.00 to be credited by the Government towards the Settlement Amount. Said payment shall be made by certified check, payable to the North Carolina Fund for Medical Assistance and **hand delivered** to the Medicaid Investigations Division ("MID"), 5505 Creedmoor Road, Suite 300, Raleigh, NC 27612 ("MID address").



2. Subject to the exceptions in Paragraph 4 (concerning excluded claims) below, and conditioned upon Stefan John Simoncic, D.D.S.'s full payment of the Settlement Amount, North Carolina releases Stefan John Simoncic, D.D.S., Stefan John Simoncic, D.D.S., PLLC, d/b/a Triad Oral Surgery, and Stefan John Simoncic, D.D.S., II, PA from the North Carolina Medical Assistance Provider Fraud Claims Act, N.C.G.S. 108A-70.10, et seq.; the North Carolina False Claims Act, N.C.G.S. § 1-605, et seq.; the common law theories of payment by mistake, unjust enrichment, and fraud; and any other right to recoupment or recovery of the Medicaid payments related to the Covered Conduct.

3. In the event that Stefan John Simoncic, D.D.S. fails to pay any amount as provided in Paragraph 1, above, within five (5) business days of the date upon which such payment is due, Stefan John Simoncic, D.D.S shall be in Default of their payment obligations ("Default"). North Carolina will provide written notice of the Default, and Stefan John Simoncic, D.D.S. shall have an opportunity to cure such Default within ten (10) business days from the date of the receipt of the notice. Notice of Default will be delivered via certified mail to Stefan John Simoncic, D.D.S., at Triad Oral Surgery (2017 Eastchester Drive, Ste. 101, High Point, NC 27265) or to such other representative as Stefan John Simoncic, D.D.S. shall designate in advance in writing. If Stefan John Simoncic, D.D.S. fails to cure the Default within ten (10) business days of receiving the Notice of Default, the remaining unpaid balance of the Settlement Amount shall become immediately due and payable, and interest shall accrue at the rate of 12% per annum compounded daily from the date of Default on the remaining unpaid total (principal, balance and interest due). In the event of a Default, the State may, in its sole discretion, choose to set aside the agreement and bring an action against Stefan John Simoncic, D.D.S., Stefan John Simoncic, D.D.S., PLLC, d/b/a Triad Oral Surgery, and Stefan John Simoncic, D.D.S., II, PA for the Covered Conduct.

4. Notwithstanding the releases given in paragraph 2 of this Agreement, or any other

A handwritten signature in black ink, appearing to be a stylized 'S' or 'J' followed by a flourish.

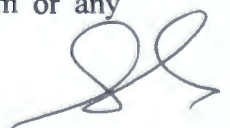
term of this Agreement, the following claims are specifically reserved and are not released:

- a. Any liability arising under Title 26, U.S. Code (Internal Revenue Code);
- b. Any criminal liability;
- c. Except as explicitly stated in this Agreement, any administrative liability, including mandatory or permissive exclusion from government health care programs;
- d. Any liability to North Carolina (or its agencies) for any conduct other than the Covered Conduct; or
- e. Any liability based upon obligations created by this Agreement.

5. Stefan John Simoncic, D.D.S. waives and shall not assert any defenses he may have under the Double Jeopardy Clause in the Fifth Amendment of the Constitution or under the Excessive Fines Clause in the Eighth Amendment of the Constitution to any criminal prosecution or administrative action relating to the Covered Conduct. This Agreement bars those remedies in such a criminal prosecution or administrative action. Beyond these defenses, which are specifically waived, Stefan John Simoncic, D.D.S. retains and reserves his rights to assert any other defenses in any criminal prosecution or administrative action that might be brought.

6. Stefan John Simoncic, D.D.S. fully and finally releases North Carolina, its agencies, officers, agents, employees, and servants, from any claims (including attorney's fees, costs, and expenses of every kind and however denominated) that Stefan John Simoncic, D.D.S. has asserted, could have asserted, or may assert in the future against North Carolina, and its agencies, employees, servants, and agents, related to the Covered Conduct and North Carolina's investigation and prosecution thereof.

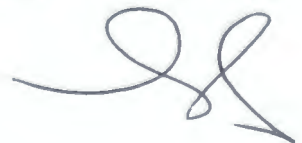
7. The Settlement Amount shall not be decreased as a result of the denial of claims for payment and which now being withheld from payment by the Medicaid Program or any

A handwritten signature in black ink, consisting of a series of loops and a long horizontal stroke at the end.

Medicaid contractor or intermediary or any state payor on behalf of the Medicaid Program, related to the Covered Conduct; and Stefan John Simoncic, D.D.S. agrees not to resubmit to the Medicaid Program, any state payor or any of the other above entities acting on behalf of the Medicaid Program, any previously denied claims related to the Covered Conduct, and agrees not to appeal any such denials of claims related to the Covered Conduct.

8. This Agreement is intended to be for the benefit of the Parties only. The Parties do not release any claims against any other person or entity except as provided in this paragraph. Stefan John Simoncic, D.D.S. agrees that they waive and shall not seek payment for any of the health care billings related to the Covered Conduct from any health care beneficiaries or their parents, sponsors, legally responsible individuals, or third-party payors based upon the claims defined as Covered Conduct.

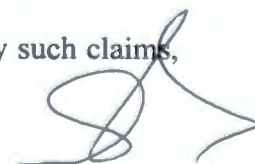
9. Stefan John Simoncic, D.D.S. warrants that they have reviewed their financial situation and that they are currently solvent within the meaning of 11 U.S.C. §§ 547(b)(3) and 548(a)(1)(B)(ii)(I), and shall, to the fullest extent possible, remain solvent during payment to North Carolina of the Settlement Amount. Further, the Parties warrant that, in evaluating whether to execute this Agreement, they (a) have intended that the mutual promises, covenants, and obligations set forth constitute a contemporaneous exchange for new value given to Stefan John Simoncic, D.D.S. within the meaning of 11 U.S.C. § 547(c)(1), and (b) conclude that these mutual promises, covenants, and obligations due, in fact, constitute such a contemporaneous exchange. Further, the Parties warrant that the mutual promises, covenants, and obligations set forth herein are intended to and do, in fact, represent a reasonably equivalent exchange of value that is not intended to hinder, delay, or defraud any entity to which Stefan John Simoncic, D.D.S. was or became indebted to on or after the date of this transfer, within the meaning of 11 U.S.C. § 548(a)(1).

A handwritten signature in black ink, appearing to be 'SJ Simoncic', is located at the bottom right of the page.

10. If within 91 days of the Effective Date of this Agreement or of any payment made under this Agreement, Stefan John Simoncic, D.D.S. commences, or a third party commences, any case, proceeding, or other action under any law relating to bankruptcy, insolvency, reorganization, or relief of debtors (a) seeking to have any order for relief of Stefan John Simoncic, D.D.S.'s debts, or seeking to adjudicate Stefan John Simoncic, D.D.S. as bankrupt or insolvent; or (b) seeking appointment of a receiver, trustee, custodian, or other similar official for Stefan John Simoncic, D.D.S. or for all or any substantial part of Stefan John Simoncic, D.D.S.'s assets, Stefan John Simoncic, D.D.S. agrees as follows:

a. Stefan John Simoncic, D.D.S.'s obligations under this Agreement may not be avoided pursuant to 11 U.S.C. § 547, and Stefan John Simoncic, D.D.S. shall not argue or otherwise take the position in any such case, proceeding, or action that: (i) Stefan John Simoncic, D.D.S.'s obligations under this Agreement may be avoided under 11 U.S.C. § 547; (ii) Stefan John Simoncic, D.D.S. was insolvent at the time this Agreement was entered into, or became insolvent as a result of the payment made to North Carolina; or (iii) the mutual promises, covenants, and obligations set forth in this Agreement do not constitute a contemporaneous exchange for new value given to Stefan John Simoncic, D.D.S..

b. If Stefan John Simoncic, D.D.S.'s obligations under this Agreement are avoided for any reason, including, but not limited to, through the exercise of a trustee's avoidance powers under the Bankruptcy Code, North Carolina, at its sole option, may rescind the releases in this Agreement and bring any civil and/or administrative claim, action, or proceeding against Stefan John Simoncic, D.D.S. for the claims that would otherwise be covered by the releases provided in Paragraph 5 above. Stefan John Simoncic, D.D.S. agrees that (i) any such claims,

A handwritten signature in black ink, appearing to be a stylized 'S' followed by a flourish.

actions, or proceedings brought by North Carolina are not subject to an "automatic stay" pursuant to 11 U.S.C. § 362(a) as a result of the action, case, or proceedings described in the first clause of this Paragraph, and Stefan John Simoncic, D.D.S. shall not argue or otherwise contend that North Carolina's claims, actions, or proceedings are subject to an automatic stay; (ii) Stefan John Simoncic, D.D.S. shall not plead, argue, or otherwise raise any defenses under the theories of statute of limitations, laches, estoppel, or similar theories, to any such civil or administrative claims, actions, or proceeding that are brought by North Carolina within sixty (60) calendar days of written notification to Stefan John Simoncic, D.D.S. that the releases have been rescinded pursuant to this Paragraph, except to the extent such defenses were available on the Effective Date of this Agreement and (iii) North Carolina may pursue its claim in the case, action, or proceeding referenced in the first clause of this Paragraph, as well as in any other case, action, or proceeding.

c. Stefan John Simoncic, D.D.S. acknowledges that its agreement in this Paragraph is provided in exchange for valuable consideration provided in this Agreement.

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

12. Each party and signatory to this Agreement represents that it freely and voluntarily enters in to this Agreement without any degree of duress or compulsion.

13. For purposes of construing this Agreement, this Agreement shall be deemed to have been drafted by all Parties to this Agreement and shall not, therefore, be construed against any Party for that reason in any subsequent dispute.

A handwritten signature in black ink, consisting of a series of loops and a long horizontal stroke at the end.

14. This Agreement constitutes the complete agreement between the Parties. This Agreement may not be amended except by written consent of the Parties.

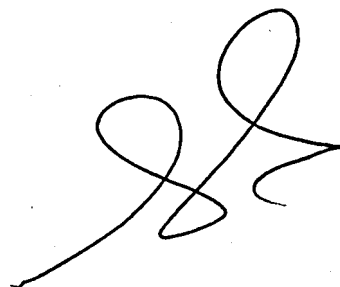
15. The undersigned represent and warrant that they are fully authorized to execute this Agreement on behalf of the persons and entities indicated below.

16. This Agreement may be executed in counterparts, each of which constitutes an original and all of which constitute one and the same Agreement.

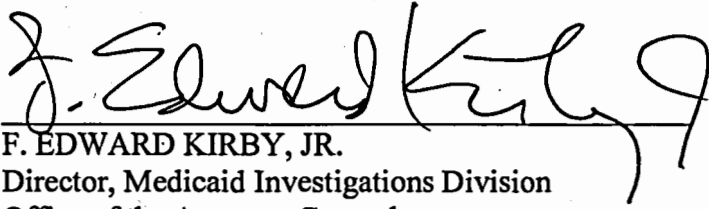
17. This Agreement is binding on the Parties' successors, transferees, heirs, and assigns.

18. All parties consent to the disclosure by North Carolina or any other disclosure required by law of this Agreement, and information about this Agreement, to the public.

19. This Agreement is effective on the date of signature of the last signatory to the Agreement (the "Effective Date" of this Agreement). Facsimiles, PDFs or similar electronic transmissions of signatures shall constitute acceptable, binding signatures for purposes of this Agreement.

A handwritten signature in black ink, consisting of a series of loops and a long horizontal stroke at the end.

STATE OF NORTH CAROLINA


F. EDWARD KIRBY, JR.
Director, Medicaid Investigations Division
Office of the Attorney General

Dated: 9-19-19

**STEFAN JOHN SIMONCIC, D.D.S., STEFAN JOHN SIMONCIC, D.D.S., PLLC,
D/B/A TRIAD ORAL SURGERY, AND STEFAN JOHN SIMONCIC, D.D.S., II, PA**

STEFAN JOHN SIMONCIC, D.D.S., STEFAN JOHN
SIMONCIC, D.D.S., PLLC, D/B/A TRIAD ORAL
SURGERY, and STEFAN JOHN SIMONCIC, D.D.S.
II, PA, both as an individual and as an owner

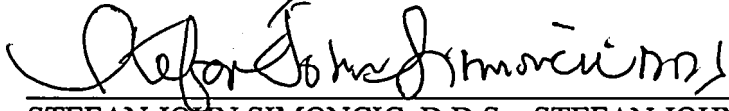
Dated: _____

STATE OF NORTH CAROLINA

F. EDWARD KIRBY, JR.
Director, Medicaid Investigations Division
Office of the Attorney General

Dated: _____

**STEFAN JOHN SIMONCIC, D.D.S., STEFAN JOHN SIMONCIC, D.D.S.,
PLLC, D/B/A TRIAD ORAL SURGERY, AND STEFAN JOHN
SIMONCIC, D.D.S., II, PA**



STEFAN JOHN SIMONCIC, D.D.S., STEFAN JOHN
SIMONCIC, D.D.S., PLLC, D/B/A TRIAD ORAL
SURGERY, and STEFAN JOHN SIMONCIC, D.D.S.
II, PA, both as an individual and as an owner

Dated: Sept. 23/19.

