

**FIRST AMENDMENT TO THE
CORPORATE INTEGRITY AGREEMENT
BETWEEN THE
OFFICE OF INSPECTOR GENERAL
OF THE
DEPARTMENT OF HEALTH AND HUMAN SERVICES,
FOUNDATION HEALTH SERVICES, INC.,
RICHARD T. DASPIT, SR.,
ROCK GLEN HEALTHCARE, INC.; AMERICAN FAMILY SERVICES, INC.; HUNTINGDON
NURSING CENTER, INC.; BLUEBONNET HEALTHCARE, INC.; MAGNOLIA
HEALTHCARE, INC.; AND RAVENWOOD HEALTHCARE, INC.**

Richard T. Daspit, Sr., and the following entities: Foundation Health Services, Inc.; Rock Glen Healthcare, Inc., American Family Services, Inc.; Huntingdon Nursing Center, Inc.; Bluebonnet Healthcare, Inc.; Magnolia Healthcare, Inc.; Ravenwood Healthcare, Inc. (referred to collectively as Foundation), hereby enter into this First Amendment (Amendment) to the Corporate Integrity Agreement (CIA) with the Office of Inspector General (OIG) of the United States Department of Health and Human Services (HHS) that was effective on June 10, 2014.

On September 18, 2014, OIG issued a Stipulated Penalties demand letter to Foundation, based on Foundation's failure to engage an Independent Monitor in accordance with the requirements specified in Section III.D of the Foundation CIA;

Foundation filed an appeal of the OIG's Stipulated Penalties demand with the Departmental Appeals Board (DAB) on September 26, 2014;

On October 1, 2014 Foundation engaged Hoffman and Associates (Hoffman) to serve as its Independent Monitor and OIG approved Foundation's engagement of Hoffman on November 6, 2014;

OIG and Foundation agreed that OIG would withdraw its Stipulated Penalties demand, in exchange for Foundation's agreement to a two month extension of the term of its CIA and the withdrawal of its appeal of the Stipulated Penalties demand within two days of the Amendment Effective Date.

The parties are entering into this Amendment to effectuate the extension of the term of the CIA.

Pursuant to Section XI.C of the CIA, the CIA may be modified only with written consent of both Foundation and OIG. OIG and Foundation hereby agree that the CIA shall be modified as described below.

I. Section II.A of the CIA shall be amended now read as follows:

- A. The period of the compliance obligations assumed by Foundation under this CIA shall be five years and two months from June 10, 2014, the Effective Date of the CIA. Each one-year period, beginning with the one-year period following the Effective Date, shall be referred to as a "Reporting Period."

II. Effective and Binding Agreement

- A. All terms and conditions of the CIA not modified in this Amendment shall remain in effect. The Effective Date of this Amendment shall be the date the final signatory signs this Amendment (Amendment Effective Date).
- B. The undersigned Foundation signatories represent and warrant that they are authorized to execute this Amendment. The undersigned OIG signatories represent that they are signing this Amendment in their official capacities and that they are authorized to execute this Amendment.
- C. This Amendment may be executed in counterparts, each of which constitutes an original and all of which constitute one and the same Amendment. Facsimiles of signatures shall constitute acceptable, binding signatures for purposes of this Amendment.

ON BEHALF OF FOUNDATION

/Richard T. Daspit, Sr./

RICHARD T. DASPIT, SR.
Individually and as President of Foundation Health
Services, Inc., and as President of Rock Glen Healthcare,
Inc.; American Family Services, Inc.; Huntingdon
Nursing Center, Inc.; Bluebonnet Healthcare, Inc.;
Magnolia Healthcare, Inc.; and Ravenwood Healthcare,
Inc.

1/7/15
DATE

/Michael Heilman/

MICHAEL HEILMAN
Heilman Law Group
Counsel for Richard T. Daspit, Sr., Individually

1/7/15
DATE

/Julie B. Mitchell/

JULIE MITCHELL
Mitchell Day Law Firm
Counsel for Foundation Health Services, Inc.;
Rock Glen Healthcare, Inc.; American Family Services,
Inc.; Huntingdon Nursing Center, Inc.; Bluebonnet
Healthcare, Inc.; Magnolia Healthcare, Inc.; and
Ravenwood Healthcare, Inc.

1/8/15
DATE

ON BEHALF OF THE OFFICE OF INSPECTOR GENERAL
OF THE DEPARTMENT OF HEALTH AND HUMAN SERVICES

/Robert K. DeConti/

ROBERT K. DECONTI
Assistant Inspector General for Legal Affairs
Office of Inspector General
U. S. Department of Health and Human Services

1/20/15

DATE

/Lee Penninger/

Lee Penninger
Senior Counsel
Office of Inspector General
U. S. Department of Health and Human Services

1/14/2015

DATE