

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 8-K**

**CURRENT REPORT**

**Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): **July 20, 2007**

**MAXIMUS, INC.**

(Exact name of registrant as specified in its charter)

**Virginia**  
(State or other jurisdiction  
of incorporation)

**1-12997**  
(Commission  
File Number)

**54-1000588**  
(I.R.S. Employer  
Identification No.)

**11419 Sunset Hills Road,  
Reston, Virginia**  
(Address of principal executive offices)

**20190-5207**  
(Zip Code)

Registrant's telephone number, including area code: **(703) 251-8500**

**Not Applicable**

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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**Item 1.01. Entry into a Material Definitive Agreement.**

On July 23, 2007, Maximus, Inc. (the "Company") issued a press release, a copy of which is attached hereto as Exhibit 99.1 and incorporated herein by reference, announcing that it had entered into an agreement with the Federal government to settle the investigation of the company's Medicaid claiming work for the District of Columbia. As part of the settlement, the Company has entered into: (i) a Settlement Agreement with the U.S. Department of Justice ("DOJ") on behalf of the Office of Inspector General of the Department of Health and Human Services ("HHS") (the "DOJ Settlement Agreement"); (ii) a Corporate Integrity Agreement with HHS (the "Integrity Agreement"); and (iii) a Deferred Prosecution Agreement with the United States Attorney's Office for the District of Columbia ("USAO") (the "Deferred Prosecution Agreement").

Pursuant to the terms of the DOJ Settlement Agreement the Company will make a cash payment (the "Settlement Payment") to the United States Government of \$30.5 million for Medicaid claims prepared on behalf of the District of Columbia that were based on insufficient documentation (the "Covered Conduct"). The Company will also pay \$460 thousand to settle employment and attorneys fees claims of a former employee who filed a False Claims Act lawsuit relating to this matter. In return for the Settlement Payment and subject to the fulfillment of its obligations under the DOJ Settlement Agreement, the United States agrees to release the Company (including any related parent companies, subsidiaries, officers, directors, employees and affiliates) from any civil or administrative monetary claims relating to the Covered Conduct under the False Claims Act, the Civil Monetary Penalties Law, the Program Fraud Civil Remedies Act or the common law theories of payment by mistake, unjust enrichment, and fraud, and any causes of action for which the civil division of the DOJ has present authority to assert. Additionally, subject to satisfaction of its obligations in the Integrity Agreement and the DOJ Settlement Agreement, HHS agrees to release and refrain from instituting, directing or maintaining any administrative action seeking exclusion from Medicare, Medicaid or other Federal health care programs as it relates to the Covered Conduct.

As part of the DOJ Settlement Agreement, the Company agreed to enter into the Integrity Agreement, which will promote compliance with the statutes, regulations and written directives of Medicare, Medicaid and all other Federal health care programs. Under the Integrity Agreement, the Company is required to revise and enhance its existing compliance program, including the appointment of a compliance officer and compliance committee, the development and/or revision of written standards including the Company's code of conduct and policies and procedures, the provision of relevant training and education to its employees and the creation of a disclosure program. The Company is required to engage the HHS Office of Audit Services to review its implementation of the Company's obligations under the Integrity Agreement and will be subject to certain notification and reporting requirements. The Integrity Agreement requires the Company to assume certain compliance obligations for a period of five years.

Pursuant to the terms and conditions of the Deferred Prosecution Agreement, the USAO agrees to defer the filing of criminal charges against the Company for 24 months with respect to the Covered Conduct, *provided* that the Company accepts responsibility for its conduct, cooperates with the USAO, makes the Settlement Payment, complies with Federal criminal laws and otherwise complies with the Deferred Prosecution Agreement. If the Company satisfies its obligations under the Deferred Prosecution Agreement for the 24-month deferral period, the USAO agrees not to file criminal charges against the Company with respect to the Covered Conduct.

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The forgoing description of the DOJ Settlement Agreement, the Integrity Agreement, and the Deferred Prosecution Agreement are qualified in their entirety by the text of such agreements which are attached hereto as Exhibit 10.1, Exhibit 10.2, and Exhibit 10.3, respectively, and are incorporated herein by reference.

**Item 9.01. Financial Statements and Exhibits.**

(d) Exhibits.

| <u>Exhibit No.</u> | <u>Description</u>  |
|--------------------|---|
| 10.1               | Settlement Agreement dated July 20, 2007 among the United States of America, acting through the United States Department of Justice and on behalf of the Office of Inspector General of the Department of Health and Human Services, relator Benjamin Turner, and Maximus, Inc. |
| 10.2               | Corporate Integrity Agreement dated July 20, 2007 between Maximus, Inc. on behalf of the Maximus Consulting Segment and the Office of Inspector General of the United States Department of Health and Human Services.   |
| 10.3               | Deferred Prosecution Agreement dated July 23, 2007 between Maximus, Inc. and the United States Attorney's Office for the District of Columbia.  |
| 99.1               | Press release dated July 23, 2007   |

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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

MAXIMUS, Inc.

Date: July 24, 2007

By: /s/ David R. Francis  
David R. Francis  
General Counsel and Secretary

SETTLEMENT AGREEMENT

I. PARTIES

This Settlement Agreement ("Agreement") is entered into among the United States of America, acting through the United States Department of Justice and on behalf of the Office of Inspector General ("OIG-HHS") of the Department of Health and Human Services ("HHS") (collectively the "United States"); relator Benjamin Turner, and Maximus, Inc. ("Maximus") (hereafter referred to as "the Parties"), through their authorized representatives.

II. PREAMBLE

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

A. Maximus, a Virginia corporation with headquarters in Reston, Virginia, is a government services company, providing government program operations, consulting, and information technology services primarily to state and local governments.

B. In March 1999, Maximus entered into a contract ("Contract") with the District of Columbia's Child and Family Services Agency ("CFSA") to assist the District of Columbia in collecting revenue for Targeted Case Management Services ("TCM") provided by CFSA. In November 2002, as a result of a review conducted by the Centers for Medicaid and Medicare Services ("CMS"), a component of the United States Department of Health and Human Services, of CFSA's TCM claims, the District of Columbia reduced its TCM claims by \$12.15 million to adjust for those claims it had previously submitted for services that were either not performed or that lacked documentation that they had been performed.

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C. Benjamin Turner (the "Relator") is an individual resident of Rhode Island. On June 21, 2005, Relator filed a qui tam action in the United States District Court for the District of Columbia captioned *United States of America ex rel. Benjamin Turner and The Government of the District of Columbia ex rel. Benjamin Turner v. Maximus* (hereinafter "the Civil Action"). From March 1999 through June 2002, Relator was a Director in the Human Services Division of Maximus and was assigned to work on the Contract that Maximus had with CFSA.

D. The United States contends that Maximus submitted or caused to be submitted claims for payment to the Medicaid Program (Medicaid), 42 U.S.C. §§ 1396-1 396v, for TCM services for Abused or Neglected Children provided by CFSA pursuant to the District of Columbia's State Plan for TCM reimbursements and pursuant to Maximus's Contract with CFSA. The United States further contends that it has certain civil claims, as specified in Paragraphs 2 and 4, below, against Maximus for engaging in the following conduct (hereinafter referred to as the "Covered Conduct"): during the period from July 1, 1999 to June 1, 2004, Maximus caused to be submitted to CMS on behalf of CFSA and the District of Columbia's Medical Assistance Administration (MAA) false claims or statements for TCM services for Abused or Neglected Children that lacked documentation those services had been performed or that were not performed.

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- founded.  
Conditions below.
- E. The United States also contends that it has certain administrative claims, as specified in Paragraph 4 below, against Maximus for engaging in the Covered Conduct.
  - F. This Agreement is neither an admission of liability (or admission of any matter of law or fact) by Maximus nor a concession by the United States that its claims are not well founded.
  - G. To avoid the delay, uncertainty, inconvenience, and expense of protracted litigation of the above claims, the Parties reach a full and final settlement pursuant to the Terms and Conditions below.

### III. TERMS AND CONDITIONS

- 1. The Parties agree to the "Settlement Amount" of \$42.65 million, as follows:
    - a. The Settlement Amount will be satisfied in part by the \$12.15 million recovered by the United States through adjustments in payments made from CMS to CFSA as referenced in Preamble Paragraph B above;
    - b. Maximus agrees to pay \$30.5 million ("Payment Amount") no later than 2 business days after the Effective Date of this Agreement; and
    - c. The United States agrees to pay \$4.93 million of the Payment Amount to Relator.
    - d. Maximus further agrees to pay Relator \$460,000 for employment-related claims, expenses, attorney's fees and costs.
    - e. The foregoing payments shall be made as follows:
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(i). Maximus agrees to pay the \$30.5 million specified in paragraph 1.b above to the United States by electronic funds transfer pursuant to written instructions to be provided by Diana Younts, Trial Attorney, United States Department of Justice. Maximus agrees to make this electronic funds transfer no later than two business days after the Effective Date of this Agreement.

(ii). Contingent upon the United States receiving the Payment Amount specified in paragraph 1.b. above from Maximus and as soon as feasible after receipt, the United States agrees to pay the \$4.93 million specified in paragraph 1.c. above to the Relator by electronic funds transfer.

(iii). Maximus agrees to pay the \$460,000 specified in paragraph 1.d. above to Relator by electronic funds transfer to Allred, Bacon, Halfhill & Young within two business days of the Effective Date of this Agreement.

2. Subject to the exceptions in Paragraph 5 below, in consideration of the obligations of Maximus in this Agreement and conditioned upon Maximus's full payment of the Payment Amount, the United States (on behalf of itself, its officers, agents, agencies, and departments) agrees to release Maximus, together with its current and former parent corporations; each of its direct and indirect subsidiaries; brother or sister corporations; divisions; current or former owners, officers, directors, employees and affiliates; and the successors and assigns of any of them,

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from any civil or administrative monetary claim the United States has or may have for the Covered Conduct under the False Claims Act, 31 U.S.C. §§ 3729-33; the Civil Monetary Penalties Law, 42 U.S.C. § 1320a-7a; the Program Fraud Civil Remedies Act, 31 U.S.C. § 3801-12; or the common law theories of payment by mistake, unjust enrichment, and fraud, and any causes of action for which the Civil Division of the United States Department of Justice has actual and present authority to assert and compromise pursuant to 28 CFR Part 0, Subpart I, Sec. 0.45(d) for the Covered Conduct. However, because none of the amounts paid pursuant to this Agreement compensate the United States for civil or administrative monetary claims the United States might have against CFSA or MAA for claims for TCM services for Abused and Neglected Children submitted to CMS by CFSA or MAA based on any of the Conduct delineated in i-vi below, such claims are excluded from the Covered Conduct, and nothing in this Agreement shall limit any right of the United States to pursue civil or administrative monetary claims against CFSA or MAA arising from claims for TCM services where:

- i. no individual case manager was assigned to the recipient;
  - ii. the case manager had more than 30 clients;
  - iii. the case manager did not have the education and experience required by the District of Columbia's Medicaid plan;
  - iv. case plans were missing, inadequate or not re-assessed as required by the District of Columbia's Medicaid plan;
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- v. no documentation existed showing that the recipient was abused or neglected or was at risk of being abused or neglected; or
- vi. costs were included in TCM cost pools that were not related to providing TCM services for Abused and Neglected Children or were costs that had also been reimbursed under Title IV-E of the Social Security Act.

3.a. In consideration of the obligations of Maximus in this Agreement, conditioned upon Maximus's full payment of the Payment Amount, and upon Relator's receipt of the payment described in Paragraph 1.b and 1.c , Relator for himself and for his heirs, successors, attorneys, agents, and assigns, agrees to release Maximus and its subsidiaries, divisions, affiliates, partners, and present and former shareholders, officers, directors, employees, and attorneys from any and all claims asserted and unasserted, known and unknown, based upon any transaction or incident occurring prior to the Effective Date of this agreement, including but not limited to from all claims that have been or could have been asserted in the Civil Action, from any civil monetary claim the United States has or may have under the False Claims Act, 31 U.S.C. §§ 3729-3733, from all claims for the Covered Conduct that is pled in the Civil Action, and from any claim or demand under 31 U.S.C. § 3730(d) for attorney's fees, costs and expenses.

b. In consideration of the obligations of Maximus in this Agreement, conditioned upon Maximus's full payment of the Payment Amount, and upon Relator's receipt of the payment described in Paragraph 1.b and 1.c , Relator for himself and for his heirs, successors, attorneys, agents, and assigns, agrees to release Maximus and its subsidiaries, divisions, affiliates, partners, and present and former shareholders, officers, directors, employees, and attorneys from any and all claims asserted and unasserted, known and unknown, arising from the employment of the Relator by Maximus or the termination of such employment including, without limitation, claims under the Age Discrimination in Employment Act, Title VII of the 1964 Civil Rights Act, the Family Medical Leave Act, and all other federal, state or local laws prohibiting employment discrimination, claims for breach of contract, wrongful discharge, personal injuries or torts, and all claims under any federal, state or local laws governing employment practices.

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4. In consideration of the obligations of Maximus in this Agreement and the Corporate Integrity Agreement (CIA) entered into between OIG-HHS and Maximus, conditioned upon Maximus's full payment of the Payment Amount, the OIGHHS agrees to release and refrain from instituting, directing, or maintaining any administrative action seeking exclusion from Medicare, Medicaid, and other Federal health care programs (as defined in 42 U.S.C. § 1320a-7b(f)) against Maximus under 42 U.S.C. § 1320a-7a (Civil Monetary Penalties Law) or 42 U.S.C. § 1320a-7(b)(7) (permissive exclusion for fraud, kickbacks, and other prohibited activities) for the Covered Conduct, except as reserved in Paragraph 5, below, and as reserved in this Paragraph. The OIG-HHS expressly reserves all rights to comply with any statutory obligations to exclude Maximus from Medicare, Medicaid, and other Federal health care programs under 42 U.S.C. § 1320a-7(a) (mandatory exclusion) based upon the Covered Conduct. Nothing in this Paragraph precludes the OIG-HHS from taking action against entities or persons, or for conduct and practices, for which claims have been reserved in Paragraph 5 below.

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5. Notwithstanding any term of this Agreement, specifically reserved and excluded from the scope and terms of this Agreement as to any entity or person (including Maximus and Relator) are the following claims of the United States:

- a. Any civil, criminal, or administrative 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 exclusion from Federal health care programs and any disallowance action by CMS against the District of Columbia or its Medical Assistance Administration;
  - d. Any liability to the United States (or its agencies) for any conduct other than the Covered Conduct,
  - e. Any liability based upon such obligations as are created by this Agreement;
  - f. Any liability for express or implied warranty claims or other claims for defective or deficient products or services, including quality of goods and services;
  - g. Any liability for failure to deliver goods or services due; and
  - h. Any civil or administrative liability of individuals (including current or former directors, officers, employees, agents, or shareholders of Maximus who receive written notification that they are the target of a criminal investigation (as defined in the United States Attorneys' Manual), who are indicted, charged, or convicted, or who enter into a plea agreement, related to the Covered Conduct.
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6. Relator and his heirs, successors, attorneys, agents, and assigns agree not to object to this Agreement and agree and confirm that this Agreement is fair, adequate, and reasonable under all the circumstances, pursuant to 31 U.S.C. § 3730(c)(2)(B) and, conditioned upon receipt of Relator's share, Relator, for himself individually, and for his heirs, successors, agents, and assigns, fully and finally releases, waives, and forever discharges the United States, its officers, agents, and employees, from any claims arising from or relating to 31 U.S.C. § 3730; from any claims arising from the filing of the Civil Action; and from any other claims for a share of the Settlement Amount; and in full settlement of any claims Relator may have under this Agreement. This Agreement does not resolve or in any manner affect any claims the United States has or may have against the Relator arising under Title 26, U.S. Code (Internal Revenue Code), or any claims arising under this Agreement.

7. Maximus waives and shall not assert any defenses Maximus may have to any criminal prosecution or administrative action relating to the Covered Conduct that may be based in whole or in part on a contention that, 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, this Agreement bars a remedy sought in such criminal prosecution or administrative action. Nothing in this Paragraph or any other provision of this Agreement constitutes an agreement by the United States concerning the characterization of the Settlement Amount for purposes of the Internal Revenue laws, Title 26 of the United States Code.

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8. Maximus fully and finally releases the United States, its agencies, employees, servants, and agents from any claims (including attorney's fees, costs, and expenses of every kind and however denominated) that Maximus has asserted, could have asserted, or may assert in the future against the United States, its agencies, employees, servants, and agents, related to the Covered Conduct and the United States' investigation and prosecution thereof.

9. The Payment Amount shall not be decreased as a result of the denial of claims for payment by the District of Columbia, its Medical Assistance Administration or CMS, related to the Covered Conduct; and Maximus, on behalf of itself or any other entity, shall not resubmit to the District of Columbia or its Medical Assistance Administration, or cause to be resubmitted to CMS any previously denied claims related to the Covered Conduct, and shall not appeal any such denials of claims.

10. Maximus agrees to the following:

a. Unallowable Costs Defined: that all costs (as defined in the Federal Acquisition Regulation, 48 C.F.R. § 31.205-47; and in Titles XVIII and XIX of the Social Security Act, 42 U.S.C. §§ 1395-1 395ggg and 1396-1 396v; and the regulations and official program directives promulgated thereunder) incurred by or on behalf of Maximus, its present or former officers, directors, employees, shareholders, and agents in connection with the following shall be unallowable costs on government contracts and under the Medicare Program, Medicaid Program, TRICARE Program, and Federal Employees Health Benefits Program (FEHBP):

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- investigation(s) in connection with the matters covered by this Agreement (including attorney's fees);
- and attorneys fees; and
- (1) the matters covered by this Agreement and any related deferred prosecution agreement;
  - (2) the United States' audit(s) and civil and any criminal investigation(s) of the matters covered by this Agreement;
  - (3) Maximus's investigation, defense, and corrective actions undertaken in response to the United States' audit(s) and civil and any criminal investigation(s) in connection with the matters covered by this Agreement (including attorney's fees);
  - (4) the negotiation and performance of this Agreement and any related deferred prosecution agreement
  - (5) the payment Maximus makes to the United States pursuant to this Agreement and any payments that Maximus may make to Relator, including costs
  - (6) the negotiation of, and obligations undertaken pursuant to the CIA to:
    - (i) retain an independent review organization to perform annual reviews as described in Section III of the CIA; and
    - (ii) prepare and submit reports to the OIG-HHS.
- However, nothing in this Paragraph 16.a.(6) that may apply to the obligations undertaken pursuant to the CIA affects the status of costs that are not allowable based on any other authority applicable to Maximus.  
(All costs described or set forth in this Paragraph 16.a. are hereafter "unallowable costs.")
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b. Future Treatment of Unallowable Costs: These unallowable costs shall be separately determined and accounted for by Maximus, and Maximus shall not charge such unallowable costs directly or indirectly to any contracts with the United States or any State or District of Columbia Medicaid program, or seek payment for such unallowable costs through any cost report, cost statement, information statement, or payment request submitted by Maximus or any of its subsidiaries or affiliates to the Medicare, Medicaid, TRICARE, or FEHBP Programs.

c. Treatment of Unallowable Costs Previously Submitted for Payment: Maximus further agrees that within 90 days of the Effective Date of this Agreement it shall identify to applicable Medicare and TRICARE fiscal intermediaries, carriers, and/or contractors, and Medicaid and FEHBP fiscal agents, any unallowable costs (as defined in this Paragraph) included in payments previously sought from the United States, or any State or District of Columbia Medicaid program, including, but not limited to, payments sought in any cost reports, cost statements, information reports, or payment requests already submitted by Maximus or any of its subsidiaries or affiliates, and shall request, and agree, that such cost reports, cost statements, information reports, or payment requests, even if already settled, be adjusted to account for the effect of the inclusion of the unallowable costs. Maximus agrees that the United States, at a minimum, shall be entitled to recoup from Maximus any overpayment plus applicable interest and penalties as a result of the inclusion of such unallowable costs on previously-submitted cost reports, information reports, cost statements, or requests for payment.

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Any payments due after the adjustments have been made shall be paid to the United States pursuant to the direction of the Department of Justice and/or the affected agencies. The United States reserves its rights to disagree with any calculations submitted by Maximus or any of its subsidiaries or affiliates on the effect of inclusion of unallowable costs (as defined in this Paragraph) on Maximus or any of its subsidiaries or affiliates' cost reports, cost statements, or information reports.

d. Nothing in this Agreement shall constitute a waiver of the rights of the United States to audit, examine, or re-examine Maximus's books and records to determine that no unallowable costs have been claimed in accordance with the provisions of this Paragraph.

11. Maximus agrees to cooperate fully and truthfully with the United States' investigation of individuals and entities not released in this Agreement. Upon reasonable notice, Maximus shall make reasonable efforts to facilitate access to, and encourage the cooperation of, its directors, officers, and employees for interviews and testimony, consistent with the rights and privileges of such individuals, and shall furnish to the United States, upon reasonable request, all nonprivileged documents and records in its possession, custody, or control relating to the Covered Conduct.

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12. 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 to the extent provided for in Paragraphs 2, 3, and 4 above.

13. Maximus waives and shall not seek payment on behalf of itself or any other entity for any of the health care billings covered by this Agreement from any health care beneficiaries or their parents, sponsors, legally responsible individuals, or third party payors based upon the claims defined as Covered Conduct.

14. Maximus warrants that it has reviewed its financial situation and that it currently is 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 to the United States of the Payment 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 Maximus, within the meaning of 11 U.S.C. § 547(c)(1); and (b) conclude that these mutual promises, covenants, and obligations do, 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 Maximus was or became indebted to on or after the date of this transfer, within the meaning of 11 U.S.C. § 548(a)(1).

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15. Except as expressly provided to the contrary in this Agreement, each Party shall bear its own legal and other costs incurred in connection with this matter, including the preparation and performance of this Agreement.
  16. Maximus represents that this Agreement is freely and voluntarily entered into without any degree of duress or compulsion whatsoever.
  17. Relator represents that this Agreement is freely and voluntarily entered into without any degree of duress or compulsion whatsoever.
  18. This Agreement is governed by the laws of the United States. The Parties agree that the exclusive jurisdiction and venue for any dispute arising between and among the Parties under this Agreement is the United States District Court for the District of Columbia, except that disputes arising under the CIA shall be resolved exclusively under the dispute resolution provisions in the CIA.
  19. This Agreement constitutes the complete agreement between the Parties. This Agreement may not be amended except by written consent of the Parties.
  20. Upon receipt of the payment described in Paragraph 1.a -1 .c.. above, the United States shall file a Notice of Intervention, and Relator and the United States shall promptly sign and file in the Civil Action a Joint Stipulation of Dismissal with prejudice of the United States' and Relator's claims contained in the Civil Action pursuant to the terms of the Agreement.
  20. The individuals signing this Agreement on behalf of Maximus represent and warrant that they are authorized by Maximus to execute this Agreement. The individual(s) signing this Agreement on behalf of Relator represent and warrant that she is authorized by Relator to execute this Agreement. The United States signatories represent that they are signing this Agreement in their official capacities and that they are authorized to execute this Agreement.
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21. This Agreement may be executed in counterparts, each of which constitutes an original and all of which constitute one and the same Agreement.
22. This Agreement is binding on Maximus's successors, transferees, heirs, and assigns.
23. This Agreement is binding on Relator's successors, transferees, heirs, and assigns.
24. All Parties consent to the United States' disclosure of this Agreement, and information about this Agreement, to the public.

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25. This Agreement is effective on the date of signature of the last signatory to the Agreement (Effective Date of this Agreement). Facsimiles of signatures shall constitute acceptable, binding signatures for purposes of this Agreement.

THE UNITED STATES OF AMERICA

DATED: 7/20/07

BY:/s/ Diana J. Younts

\_\_\_\_\_  
Diana J. Younts  
Trial Attorney  
Commercial Litigation Branch  
Civil Division  
United States Department of Justice

DATED: 7/20/07

BY:/s/ Laurie Weinstein

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Laurie Weinstein  
Assistant United States Attorney  
United States Attorney's Office for the  
District of Columbia

DATED: 7/20/07

BY:/s/ Gregory E. Demske

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Gregory E. Demske  
Assistant Inspector General for Legal Affairs  
Office of Counsel to the Inspector General  
Office of Inspector General  
United States Department of Health  
and Human Services

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MAXIMUS

DATED: July 20, 2007

BY: /s/ David R. Francis  
David R. Francis  
General Counsel and Secretary  
Maximus

DATED: July 20, 2007

BY: /s/ Laurence J. Freedman  
Laurence J. Freedman, Esq.  
Counsel for Maximus

RELATOR

DATED: 7-19-07

BY: /s/ Benjamin Turner  
Benjamin Turner

DATED: 7/19/07

BY: /s/ Warner Young III  
Warner Young, III, Esq.  
Allred, Bacon, Halfhill & Young  
Counsel for Benjamin Turner

**CORPORATE INTEGRITY AGREEMENT  
BETWEEN THE  
OFFICE OF INSPECTOR GENERAL  
OF THE  
DEPARTMENT OF HEALTH AND HUMAN SERVICES  
AND  
MAXIMUS, INC.**

**I. PREAMBLE**

Maximus, Inc., on behalf of the Maximus Consulting Segment, hereby enters into this Corporate Integrity Agreement (CIA) with the Office of Inspector General (OIG) of the United States Department of Health and Human Services (HHS) to promote compliance with the statutes, regulations, and written directives of Medicare, Medicaid, and all other Federal health care programs (as defined in 42 U.S.C. § 1320a-7b(f)) (Federal health care program requirements). Contemporaneously with this CIA, Maximus is entering into a Settlement Agreement with the United States.

**II. TERM AND SCOPE OF THE CIA**

A. The period of the compliance obligations assumed by Maximus under this CIA shall be five years from the effective date of this CIA, unless otherwise specified. The effective date shall be the date on which the final signatory of this CIA executes this CIA (Effective Date). Each one-year period, beginning with the one-year period following the Effective Date, shall be referred to as a "Reporting Period."

B. Sections VII, IX, X, and XI shall expire no later than 120 days after OIG's receipt of: (1) Maximus' final annual report; or (2) any additional materials submitted by Maximus pursuant to OIG's request, whichever is later.

C. The scope of this CIA shall be governed by the following definitions:

1. "Covered Persons" includes:

- a. all officers, directors, and employees of Maximus; and
- b. all contractors, subcontractors, agents, and other persons who perform work under a contract that relates to maximizing Federal health care program reimbursement and/or who perform claiming functions relating to Federal health care programs;

Notwithstanding the above, this term does not include part-time or per diem employees, contractors, subcontractors, agents, and other persons who are not reasonably expected to work more than 160 hours per year, except that any such individuals shall become "Covered Persons" at the point when they work more than 160 hours during the calendar year.

2. "Relevant Covered Persons" includes Covered Persons involved in work performed under a contract that related to maximizing Federal health care program reimbursement and/or in the preparation or submission of claims for reimbursement from any Federal health program care program.

### **III. CORPORATE INTEGRITY OBLIGATIONS**

Maximus shall revise and enhance its existing Compliance Program such that it includes the following elements:

#### **A. Compliance Officer and Committee.**

1. *Compliance Officer.* Within 90 days after the Effective Date, Maximus shall appoint an individual to serve as its Compliance Officer and shall maintain a Compliance Officer for the term of the CIA. The Compliance Officer shall be responsible for developing and implementing policies, procedures, and practices designed to ensure compliance with the requirements set forth in this CIA and with Federal health care program requirements. The Compliance Officer shall be a member of senior management of Maximus, shall make periodic (at least quarterly) reports regarding compliance matters directly to the Board of Directors of Maximus, and shall be authorized to report on such matters to the Board of Directors at any time. The Compliance Officer shall not be or be subordinate to the General Counsel or Chief Financial Officer. The Compliance Officer shall be responsible for monitoring the day-to-day compliance activities engaged in by Maximus as well as for any reporting obligations created under this CIA.

Maximus shall report to OIG, in writing, any changes in the identity or position description of the Compliance Officer, or any actions or changes that would affect the Compliance Officer's ability to perform the duties necessary to meet the obligations in this CIA, within 15 days after such a change.

2. *Compliance Committee.* Within 90 days after the Effective Date, Maximus shall appoint a Compliance Committee. The Compliance Committee shall, at a minimum, include the Compliance Officer and other members of senior management necessary to meet the requirements of this CIA (e.g., senior executives with relevant responsibilities such as quality assurance, contract management and oversight, audit, and operations). The Compliance Officer shall chair the Compliance Committee and the Committee shall support the Compliance Officer in fulfilling his/her responsibilities (e.g., shall assist in the analysis of the organization's risk areas and shall oversee monitoring of internal and external audits and investigations).

Maximus shall report to OIG, in writing, any changes in the composition of the Compliance Committee, or any actions or changes that would affect the Compliance Committee's ability to perform the duties necessary to meet the obligations in this CIA, within 15 days after such a change.

B. Written Standards.

1. *Code of Conduct.* Within 90 days after the Effective Date, Maximus shall develop, implement, and distribute a written Code of Conduct to all Relevant Covered Persons. The Code will be distributed to all other Covered Persons within 150 days of the Effective Date. Maximus shall make the promotion of, and adherence to, the Code of Conduct an element in evaluating the performance of all employees. The Code of Conduct shall, at a minimum, set forth:

- a. Maximus' commitment to full compliance with all Federal health care program requirements, including its commitment to fulfill all of its contractual obligations and prepare and submit accurate claims in manner that is consistent with such requirements;
- b. Maximus' commitment to adhere to professional and ethical standards of conduct for consultants;
- c. Maximus' requirement that all of its Covered Persons shall be expected to comply with all Federal health care program requirements and with Maximus' own Policies and Procedures as implemented pursuant to Section III.B (including the requirements of this CIA);



- d. the requirement that all of Maximus' Covered Persons shall be expected to report to the Compliance Officer, or other appropriate individual designated by Maximus, suspected violations of any Federal health care program requirements or of Maximus' own Policies and Procedures;
- e. the possible consequences to both Maximus and Covered Persons of failure to comply with Federal health care program requirements and with Maximus' own Policies and Procedures and the failure to report such noncompliance; and
- f. the right of all individuals to use the Disclosure Program described in Section III.E, and Maximus' commitment to nonretaliation and to maintain, as appropriate, confidentiality and anonymity with respect to such disclosures.

Within 90 days after the Effective Date, each Relevant Covered Person shall certify, in writing, that he or she has received, read, understood, and shall abide by Maximus' Code of Conduct. Within 150 days after the Effective Date, all other Covered Persons shall certify, in writing, that he or she has received, read, understood, and shall abide by Maximus' Code of Conduct. New Covered Persons shall receive the Code of Conduct and shall complete the required certification within 90 days after becoming a Covered Person or within 150 days after the Effective Date, whichever is later. New Relevant Covered Persons shall receive the Code of Conduct and shall complete the required certification within 30 days after becoming a Relevant Covered Person or within 90 days after the Effective Date, whichever is later.

Maximus shall periodically review the Code of Conduct to determine if revisions are appropriate and shall make any necessary revisions based on such review. Any revised Code of Conduct shall be distributed within 30 days after any revisions are finalized. Each Covered Person shall certify, in writing, that he or she has received, read, understood, and shall abide by the revised Code of Conduct within 30 days after the distribution of the revised Code of Conduct.

*2. Policies and Procedures.* Within 90 days after the Effective Date, Maximus shall implement written Policies and Procedures regarding the operation of Maximus' compliance program and its compliance with Federal health care program requirements. At a minimum, the Policies and Procedures shall address:

- a. the subjects relating to the Code of Conduct identified in Section III.B.1;
- b. measures to ensure that Maximus employees document in writing all recommendations and steps taken to maximize Federal health care reimbursement;
- c. measures to ensure that quality assurance reviews are performed prior to submissions of recommendations for maximizing Federal health care program reimbursement;
- d. measures to ensure that all Covered Persons engaged in the preparation and/or submission of claims are trained on the requirements of the relevant state and Federal health care programs;
- e. measures to ensure that Maximus has adequate quality assurance oversight of any Covered Person engaged in the preparation and/or submission of claims to any Federal health care programs; and
- f. measures designed to meet the requirements of Section 6032 of the Deficit Reduction Act.

Within 90 days after the Effective Date, the relevant portions of the Policies and Procedures shall be distributed to all individuals whose job functions relate to those Policies and Procedures. Appropriate and knowledgeable staff shall be available to explain the Policies and Procedures.

At least annually (and more frequently, if appropriate), Maximus shall assess and update, as necessary, the Policies and Procedures. Within 30 days after the effective date of any revisions, the relevant portions of any such revised Policies and Procedures shall be distributed to all individuals whose job functions relate to those Policies and Procedures.

C. Training and Education.

1. *General Training.* Maximus shall provide at least two hours of General Training to each Relevant Covered Person within 90 days after the Effective Date. Maximus shall provide at least one hour of General Training to other Covered Person within 150 days of the Effective Date. This training, at a minimum, shall explain Maximus':

- a. CIA requirements; and
- b. Maximus' Compliance Program (including the Code of Conduct and the Policies and Procedures as they pertain to general compliance issues).

New Covered Persons shall receive the General Training described above within 30 days after becoming a Covered Person or within 90 days after the Effective Date, whichever is later. After receiving the initial General Training described above, each Covered Person shall receive at least one hour of General Training in each subsequent Reporting Period.

2. *Specific Training.* Within 90 days after the Effective Date, each Relevant Covered Person shall receive at least four hours of Specific Training in addition to the General Training required above. Up to two hours of training with respect to quality assurance and contract oversight procedures conducted on or after January 1, 2007 through and including the CIA Effective date can count toward this training requirement. This Specific Training shall include a discussion of:

- a. Maximus' policies and procedures about quality assurance;
- b. Maximus' consulting contract oversight requirements;
- c. Maximus' commitment to adhere to professional and ethical standards of conduct for consultants;
- d. the Federal health care program requirements regarding the accurate coding and submission of claims;
- e. policies, procedures, and other requirements applicable to the documentation requirements;
- f. the personal obligation of each individual involved in the claims submission process to ensure that such claims are accurate;

- g. applicable reimbursement statutes, regulations, and program requirements and directives;
- h. the legal sanctions for violations of the Federal health care program requirements; and
- i. examples of proper and improper claims submission practices.

New Relevant Covered Persons shall receive this training within 60 days after the beginning of their employment or becoming Relevant Covered Persons, or within 90 days after the Effective Date, whichever is later. A Maximus employee who has completed the Specific Training shall review a new Relevant Covered Person's work, to the extent that the work relates to the delivery of patient care items or services and/or the preparation or submission of claims for reimbursement from any Federal health care program, until such time as the new Relevant Covered Person completes his or her Specific Training.

After receiving the initial Specific Training described in this Section, each Relevant Covered Person shall receive at least 3 hours of Specific Training in each subsequent Reporting Period.

3. *Certification.* Each individual who is required to attend training shall certify, in writing, or in electronic form, if applicable, that he or she has received the required training. The certification shall specify the type of training received and the date received. The Compliance Officer (or designee) shall retain the certifications, along with all course materials. These shall be made available to OIG, upon request.

4. *Qualifications of Trainer.* Persons providing the training shall be knowledgeable about the subject area.

5. *Update of Training.* Maximus shall review the training annually, and, where appropriate, update the training to reflect changes in Federal health care program requirements, any issues discovered during internal audits or the Consulting Contract Review and any other relevant information.

6. *Computer-based Training.* Maximus may provide the training required under this CIA through appropriate computer-based training approaches. If Maximus chooses to provide computer-based training, it shall make available appropriately qualified and knowledgeable staff or trainers to answer questions or provide additional information to the individuals receiving such training.

D. Review Procedures.

1. *General Description.*

a. *OIG Office of Audit Services (OAS).* The OIG Office of Audit Services (OAS) shall perform a Consultant Contract Review and Claims Review. Maximus will reimburse OAS at the applicable annual hourly reimbursement rate (e.g. for FY 2007 that rate is \$100.41). Maximus will pay all OAS invoices within 30 days of the receipt of an invoice.

b. *Frequency of Claims Review.* The Claims Review shall be performed annually and shall cover each of the Reporting Periods. The OAS shall perform all components of each annual Claims Review.

c. *Retention of Records.* OAS and Maximus shall retain and make available to the Office of Counsel to the Inspector General (OCIG), upon request, all work papers, supporting documentation, correspondence, and draft reports related to the reviews.

2. *Consulting Contract Review.* The Consulting Contract Review shall include a Contract Compliance Review and a Claims Review.

a. *Contract Compliance Review.* Within 60 days of the end of the first Reporting Period, Maximus will provide OAS with a list of all consulting contracts or financial arrangements that relate in any way to Federal health care programs under which Maximus worked during the Reporting Period. For each contract or financial relationship, Maximus will identify: (1) the date of the contract or task order; (2) the parties to the contract or arrangement ("Client(s)"); (3) a brief description of the scope of work; (4) whether Maximus was paid on a contingency fee basis during the reporting period; (5) whether Maximus prepared and/or submitted claims for reimbursement under any Federal health care program under the contract; (6) the total amount of Maximus' revenues based on the contract.

b. OAS shall select a sample of 10% (or a minimum of 5 and a maximum of 15) of the contracts that involve or relate to claiming under federal healthcare programs to review ("Sample Contracts"). OAS shall also ensure that no more than one Sample Contract involves or relates to audit preparation services.

c. For each of the Sample Contracts, OAS shall:

1. Review terms of the contract (i.e. number of Federal revenue maximization initiatives included);
2. Review the criteria for the Federal program(s) involved;
3. Obtain the methodology used to determine the costs claimed; and
4. Determine if the methodology is in accordance with Federal and State requirements.

3. *Claims Review.* OAS shall select minimum of 3 and a maximum 10 Sample Contracts on which to perform a Claims Review as follows:

- a. For each of the Sample Claim Contracts, OAS shall randomly select and review a sample of 50 claims submitted by Maximus;
- b. OAS shall determine whether the claims were correctly coded, submitted, and reimbursed based on review of supporting documentation.
- c. *Systems Review.* If Maximus' Claims Review identifies an Error

Rate of 5% or greater, OAS shall also conduct a Systems Review. Specifically, for each claim in the Claims Review that resulted in an Overpayment, OAS shall perform a "walk through" of the system(s) and process(es), that generated the claim to identify any problems or weaknesses that may have resulted in the identified Overpayments. OAS shall provide its observations and recommendations on suggested improvements to the system(s) and the process(es) that generated the claim.

4. *Notification to Parties Affected by Results of Consulting Contract Review.* In accordance with Section III.H. 1, Maximus shall notify in writing within 30 days the Client and the appropriate representative of the relevant state and/or federal health care program affected by the results of the Consulting Contract Review. If the Client is affected by the results of the claims review, Maximus' notification will include a quantification of the potential overpayment. Maximus shall make available to OIG all documentation that reflects Maximus compliance with this section. Nothing in this Agreement will affect any rights of any Client of Maximus to review and appeal with the affected federal health care program any potential overpayment identified by the OAS audit.

5. *Claims Review Report.* OAS shall prepare a report based upon the Consulting Contract Review.

E. Disclosure Program.

Within 90 days after the Effective Date, Maximus shall establish a Disclosure Program that includes a mechanism (e.g., a toll-free compliance telephone line) to enable individuals to disclose, to the Compliance Officer or some other person who is not in the disclosing individual's chain of command, any identified issues or questions associated with Maximus' policies, conduct, practices, or procedures with respect to a Federal health care program believed by the individual to be a potential violation of criminal, civil, or administrative law. Maximus shall appropriately publicize the existence of the disclosure mechanism (e.g., via periodic e-mails to employees or by posting the information in prominent common areas).

The Disclosure Program shall emphasize a nonretribution, nonretaliation policy, and shall include a reporting mechanism for anonymous communications for which appropriate confidentiality shall be maintained. Upon receipt of a disclosure, the Compliance Officer (or designee) shall gather all relevant information from the disclosing individual. The Compliance Officer (or designee) shall make a preliminary, good faith inquiry into the allegations set forth in every disclosure to ensure that he or she has obtained all of the information necessary to determine whether a further review should be conducted. For any disclosure that is sufficiently specific so that it reasonably: (1) permits a determination of the appropriateness of the alleged improper practice; and (2) provides an opportunity for taking corrective action, Maximus shall conduct an internal review of the allegations set forth in the disclosure and ensure that proper follow-up is conducted.

The Compliance Officer (or designee) shall maintain a disclosure log, which shall include a record and summary of each disclosure received (whether anonymous or not), the status of the respective internal reviews, and any corrective action taken in response to the internal reviews. The disclosure log shall be made available to OIG upon request.

F. Ineligible Persons.

1. *Definitions.* For purposes of this CIA:

a. an "Ineligible Person" shall include an individual or entity who:

- i. is currently excluded, debarred, suspended, or otherwise ineligible to participate in the Federal health care programs or in Federal procurement or nonprocurement programs; or
- ii. has been convicted of a criminal offense that falls within the ambit of 42 U.S.C. § 1320a-7(a), but has not yet been excluded, debarred, suspended, or otherwise declared ineligible.

b. "Exclusion Lists" include:

- i. the HHS/OIG List of Excluded Individuals/Entities (available through the Internet at <http://www.oig.hhs.gov>); and
- ii. the General Services Administration's List of Parties Excluded from Federal Programs (available through the Internet at <http://www.epls.gov>).

c. "Screened Persons" include officers, directors, employees, contractors, and agents of Maximus.

2. *Screening Requirements.* Maximus shall ensure that all Screened Persons are not Ineligible Persons, by implementing the following screening requirements.



a. Maximus shall screen all Screened Persons against the Exclusion Lists prior to engaging their services and, as part of the hiring or contracting process, shall require such Screened Persons to disclose whether they are Ineligible Persons.

b. Maximus shall screen all Screened Persons against the Exclusion Lists within 90 days after the Effective Date and on an annual basis thereafter.

c. Maximus shall implement a policy requiring all Screened Persons to disclose immediately any debarment, exclusion, suspension, or other event that makes that person an Ineligible Person.

d. Maximus will include in all future contracts a requirement that Contractors who perform functions for Maximus that relate to or affect claiming to federal healthcare programs screen personnel against the Exclusion Lists prior to allowing personnel to work on Maximus projects that relate to claiming under federal health care programs.

Nothing in this Section affects the responsibility of (or liability for) Maximus to refrain from billing Federal health care programs for items or services furnished, ordered, or prescribed by an Ineligible Person. Maximus understands that items or services furnished by excluded persons are not payable by Federal health care programs and that Maximus may be liable for overpayments and/or criminal, civil, and administrative sanctions for employing or contracting with an excluded person regardless of whether Maximus meets the requirements of Section III.F.

3. *Removal Requirement.* If Maximus has actual notice that a Screened Person has become an Ineligible Person, Maximus shall remove such Screened Person from responsibility for, or involvement with, Maximus' business operations related to the Federal health care programs and shall remove such Screened Person from any position for which the Screened Person's compensation or the items or services furnished, ordered, or prescribed by the Screened Person are paid in whole or part, directly or indirectly, by Federal health care programs or otherwise with Federal funds at least until such time as the Screened Person is reinstated into participation in the Federal health care programs.

4. *Notification of Affected Parties of Ineligible Person:* If Maximus has actual notice of that it has employed an Ineligible Person, Maximus will notify in writing within 30 days any person or entity who has submitted or will likely submit claims to any Federal health care program for work performed by the Ineligible Person on behalf of Maximus.

5. *Pending Charges and Proposed Exclusions.* If Maximus has actual notice that a Screened Person is charged with a criminal offense that falls within the ambit of 42 U.S.C. §§ 1320a-7(a), 1320a-7(b)(1)-(3), or is proposed for exclusion during the Screened Person's employment or contract term, Maximus shall take all appropriate actions to ensure that the responsibilities of that Screened Person have not and shall not adversely affect the quality of care rendered to any beneficiary, patient, or resident, or the accuracy of any claims submitted to any Federal health care program.

G. Notification of Government Investigation or Legal Proceedings.

Within 30 days after discovery, Maximus shall notify OIG, in writing, of any ongoing investigation or legal proceeding known to Maximus conducted or brought by a governmental entity or its agents involving an allegation that Maximus has committed a crime or has engaged in fraudulent activities. This notification shall include a description of the allegation, the identity of the investigating or prosecuting agency, and the status of such investigation or legal proceeding. Maximus shall also provide written notice to OIG within 30 days after the resolution of the matter, and shall provide OIG with a description of the findings and/or results of the investigation or proceedings, if any.

H. Reporting.

1. *Notification of Affected Parties of Potential Problems with Consulting Contract.*

a. *Definition of Potential Problems with Consulting Contract.* For purposes of this CIA, an "Potential Problems with Consulting Contract" shall mean information that would lead a reasonable person to believe that entities for whom Maximus has performed work under a consulting contract have, based on recommendations or work done by Maximus representatives, submitted claims that are not reimbursable under the applicable legal and regulatory provisions of a federal healthcare program.

b. *Reporting of Potential Problems with Consulting Contract.* If, at any time, Maximus identifies or learns of any Potential Problem with a Consulting Contract, Maximus shall notify the Client and the appropriate representative of the relevant state and/or federal health care program of the potential problem and take remedial steps where possible within 60 days after identification (or such additional time as may be agreed to by the appropriate representative of the relevant federal health care program) to correct the problem. In addition, within 60 days after identification, Maximus will undertake a review to determine any other contracts that are affected by the issue identified and notify the Client(s) and the appropriate representative of the relevant state and/or federal health care program of the issue.

2. *Reportable Events.*

a. *Definition of Reportable Event.* For purposes of this CIA, a "Reportable Event" means anything that involves:

- i. the *Reporting of Potential Problems with Consulting Contract* that will likely result in a substantial financial impact;
- ii. a matter that a reasonable person would consider a probable violation by Maximus of criminal, civil, or administrative laws applicable to any Federal health care program for which penalties or exclusion may be authorized; or
- iii. the filing of a bankruptcy petition by Maximus; A Reportable Event may be the result of an isolated event or a series of occurrences.

b. *Reporting of Reportable Events.* If Maximus determines (after a reasonable opportunity to conduct an appropriate review or investigation of the allegations including consultation with the Client) through any means that there is a Reportable Event, Maximus shall notify OIG, in writing, within 30 days after making the determination that the Reportable Event exists. The report to OIG shall include the following information:

- i. If the Reportable Event is Potential Problem with a Consulting Contract , the report to OIG shall be made at the same time as the notification to the affected party as required in Section III.H.1, and shall include the affected party's name, address, and contact person to whom the Notification was sent;
- ii. a complete description of the Reportable Event, including the relevant facts, persons involved, and legal and Federal health care program authorities implicated;
- iii. a description of Maximus' actions taken to correct the Reportable Event; and
- iv. any further steps Maximus plans to take to address the Reportable Event and prevent it from recurring.
- v. If the Reportable Event involves the filing of a bankruptcy petition, the report to the OIG shall include documentation of the filing.

**IV. NEW BUSINESS UNITS OR LOCATIONS**

In the event that, after the Effective Date, Maximus changes locations or sells, closes, purchases, or establishes a new business unit or location related to the furnishing of items or services that may be reimbursed by Federal health care programs, Maximus shall notify OIG of this fact as soon as possible, but no later than within 30 days after the date of change of location, sale, closure, purchase, or establishment. This notification shall include the address of the new business unit or location, phone number, fax number, each new business unit or location shall be subject to all the requirements of this CIA.

**V. IMPLEMENTATION AND ANNUAL REPORTS**

A. Implementation Report. Within 120 days after the Effective Date, Maximus shall submit a written report to OIG summarizing the status of its implementation of the requirements of this CIA (Implementation Report). The Implementation Report shall, at a minimum, include:

1. the name, address, phone number, and position description of the Compliance Officer required by Section III.A, and a summary of other noncompliance job responsibilities the Compliance Officer may have;
2. the names and positions of the members of the Compliance Committee required by Section III.A;
3. a copy of Maximus' Code of Conduct required by Section III.B.1;
4. a copy of all Policies and Procedures required by Section III.B.2;
5. the number of individuals required to complete the Code of Conduct certification required by Section III.B. 1, the percentage of individuals who have completed such certification, and an explanation of any exceptions (the documentation supporting this information shall be available to OIG, upon request);
6. the following information regarding each type of training required by Section III.C:
  - a. a description of such training, including a summary of the topics covered, the length of sessions and a schedule of training sessions;
  - b. the number of individuals required to be trained, percentage of individuals actually trained, and an explanation of any exceptions.

A copy of all training materials and the documentation supporting this information shall be available to OIG, upon request.

7. a description of the Disclosure Program required by Section III.E;
8. a description of the process by which Maximus fulfills the requirements of Section III.F regarding Ineligible Persons;
9. the name, title, and responsibilities of any person who is determined to be an Ineligible Person under Section III.F; the actions taken in response to the screening and removal obligations set forth in Section III.F; and the actions taken to notify the State or governmental entity for which the ineligible person performed work on behalf of Maximus;

10. a list of all of Maximus' locations (including locations and mailing addresses); the corresponding name under which each location is doing business; the corresponding phone numbers and fax numbers;

11. a description of Maximus' corporate structure, including identification of any parent and sister companies, subsidiaries, and their respective lines of business; and

12. the certifications required by Section V.C.

B. Annual Reports. Maximus shall submit to OIG annually a report with respect to the status of, and findings regarding, Maximus' compliance activities for each of the five Reporting Periods (Annual Report).

Each Annual Report shall include, at a minimum:

1. any change in the identity, position description, or other noncompliance job responsibilities of the Compliance Officer and any change in the membership of the Compliance Committee described in Section III.A;
2. a summary of any significant changes or amendments to the Policies and Procedures required by Section III.B and the reasons for such changes (e.g., change in contractor policy);
3. the number of individuals required to complete the Code of Conduct certification required by Section III.B. 1, the percentage of individuals who have completed such certification, and an explanation of any exceptions (the documentation supporting this information shall be available to OIG, upon request);
4. the following information regarding each type of training required by Section III.C:
  - a. a description of such training, including a summary of the topics covered, the length of sessions and a schedule of training sessions;
  - b. the number of individuals required to be trained, percentage of individuals actually trained, and an explanation of any exceptions.

A copy of all training materials and the documentation supporting this information shall be available to OIG, upon request.

5. a complete copy of all reports prepared pursuant to Section III.D, along with a copy of the OAS's engagement letter (if applicable);

6. Maximus' response and corrective action plan(s) related to any issues raised by the reports prepared pursuant to Section III.D;

7. a summary of Reportable Events (as defined in Section III.H) identified during the Reporting Period and the status of any corrective and preventative action relating to all such Reportable Events;

8. a report of the aggregate Notifications of Potential Problems with Consulting Contracts broken down into the following categories: State or governmental entity(s); description of cause for problem; and other states or governmental entity(s) with same or similar methodology.

9. a summary of the disclosures in the disclosure log required by Section III.E that relate to Federal health care programs.

10. any changes to the process by which Maximus fulfills the requirements of Section III.F regarding Ineligible Persons;

11. the name, title, and responsibilities of any person who is determined to be an Ineligible Person under Section III.F; the actions taken by Maximus in response to the screening and removal obligations set forth in Section III.F; and the actions taken to notify all states or governmental entity(s) under whose contract the Ineligible Person performed work on behalf of Maximus;

12. a summary describing any ongoing investigation or legal proceeding required to have been reported pursuant to Section III.G. The summary shall include a description of the allegation, the identity of the investigating or prosecuting agency, and the status of such investigation or legal proceeding;

13. a description of all changes to the most recently provided list of Maximus' locations (including addresses) as required by Section V.A.12; the corresponding name under which each location is doing business; the corresponding phone numbers and fax numbers;

14. the certifications required by Section V.C.

The first Annual Report shall be received by OIG no later than 60 days after the end of the first Reporting Period. Subsequent Annual Reports shall be received by OIG no later than the anniversary date of the due date of the first Annual Report.

C. Certifications. The Implementation Report and Annual Reports shall include a certification by the Compliance Officer that:

1. to the best of his or her knowledge, except as otherwise described in the applicable report, Maximus is in compliance with all of the requirements of this CIA;
2. he or she has reviewed the Report and has made reasonable inquiry regarding its content and believes that the information in the Report is accurate and truthful; and

D. Designation of Information. Maximus shall clearly identify any portions of its submissions that it believes are trade secrets, or information that is commercial or financial and privileged or confidential, and therefore potentially exempt from disclosure under the Freedom of Information Act (FOIA), 5 U.S.C. § 552. Maximus shall refrain from identifying any information as exempt from disclosure if that information does not meet the criteria for exemption from disclosure under FOIA.

## **VI. NOTIFICATIONS AND SUBMISSION OF REPORTS**

Unless otherwise stated in writing after the Effective Date, all notifications and reports required under this CIA shall be submitted to the following entities:

OIG:

Administrative and Civil Remedies Branch  
Office of Counsel to the Inspector General  
Office of Inspector General  
U.S. Department of Health and Human Services  
Cohen Building, Room 5527  
330 Independence Avenue, S.W.  
Washington, DC 20201  
Telephone: 202.619.2078  
Facsimile: 202.205.0604



Maximus:

Adelaide Mayhew  
MAXIMUS, Inc.  
1356 Beverly Road  
McLean, Virginia 22101  
Fax (703) 251-8240

Unless otherwise specified, all notifications and reports required by this CIA may be made by certified mail, overnight mail, hand delivery, or other means, provided that there is proof that such notification was received. For purposes of this requirement, internal facsimile confirmation sheets do not constitute proof of receipt.

**VII. OIG INSPECTION, AUDIT, AND REVIEW RIGHTS**

In addition to any other rights OIG may have by statute, regulation, or contract, OIG or its duly authorized representative(s) may examine or request copies of Maximus' books, records, and other documents and supporting materials and/or conduct on-site reviews of any of Maximus' locations for the purpose of verifying and evaluating: (a) Maximus' compliance with the terms of this CIA; and (b) Maximus' compliance with the requirements of the Federal health care programs in which it participates. The documentation described above shall be made available by Maximus to OIG or its duly authorized representative(s) at all reasonable times for inspection, audit, or reproduction. Furthermore, for purposes of this provision, OIG or its duly authorized representative(s) may interview any of Maximus' employees, contractors, or agents who consent to be interviewed at the individual's place of business during normal business hours or at such other place and time as may be mutually agreed upon between the individual and OIG. Maximus shall assist OIG or its duly authorized representative(s) in contacting and arranging interviews with such individuals upon OIG's request. Maximus' employees may elect to be interviewed with or without a representative of Maximus present.

**VIII. DOCUMENT AND RECORD RETENTION**

Maximus shall maintain for inspection all documents and records relating to work performed under a contract that relates to reimbursement from the Federal health care programs, or to compliance with this CIA, for 6 years (or longer if otherwise required by law) from the Effective Date.

**IX. DISCLOSURES**

Consistent with HHS's FOIA procedures, set forth in 45 C.F.R. Part 5, OIG shall make a reasonable effort to notify Maximus prior to any release by OIG of information submitted by Maximus pursuant to its obligations under this CIA and identified upon submission by Maximus as trade secrets, or information that is commercial or financial and privileged or confidential, under the FOIA rules. With respect to such releases, Maximus shall have the rights set forth at 45 C.F.R. § 5.65(d).

**X. BREACH AND DEFAULT PROVISIONS**

Maximus is expected to fully and timely comply with all of its CIA obligations.

A. Stipulated Penalties for Failure to Comply with Certain Obligations. As a contractual remedy, Maximus and OIG hereby agree that failure to comply with certain obligations as set forth in this CIA may lead to the imposition of the following monetary penalties (hereinafter referred to as "Stipulated Penalties") in accordance with the following provisions.

1. A Stipulated Penalty of \$2,500 (which shall begin to accrue on the day after the date the obligation became due) for each day Maximus fails to establish and implement any of the following obligations as described in Section III:

- a. a Compliance Officer;
- b. a Compliance Committee;
- c. a written Code of Conduct;
- d. written Policies and Procedures;
- e. the training of Covered Persons;
- f. a Disclosure Program;
- g. Ineligible Persons screening and removal requirements; and
- h. notification of Government investigations or legal proceedings.

2. A Stipulated Penalty of \$2,500 (which shall begin to accrue on the day after the date the obligation became due) for each day Maximus fails to pay an invoice of OAS within 30 days of the receipt from OAS as required in Section III.D.

3. A Stipulated Penalty of \$2,500 (which shall begin to accrue on the day after the date the obligation became due) for each day Maximus fails to submit the Implementation Report or any Annual Reports to OIG in accordance with the requirements of Section V by the deadlines for submission.

4. A Stipulated Penalty of \$2,500 (which shall begin to accrue on the day after the date the obligation became due) for each day Maximus fails to notify affected parties of a Potential Problem with Consulting Contract in accordance with requirements of Section III.H

5. A Stipulated Penalty of \$2,500 (which shall begin to accrue on the day after the date the obligation became due) for each day Maximus fails to submit the annual Consulting Contract Review in accordance with the requirements of Section III.D.

6. A Stipulated Penalty of \$1,500 for each day Maximus fails to grant access as required in Section VII. (This Stipulated Penalty shall begin to accrue on the date Maximus fails to grant access.)

7. A Stipulated Penalty of \$5,000 for each false certification submitted by or on behalf of Maximus as part of its Implementation Report, Annual Report, additional documentation to a report (as requested by the OIG), or otherwise required by this CIA.

8. A Stipulated Penalty of \$1,000 for each day Maximus fails to comply fully and adequately with any obligation of this CIA. OIG shall provide notice to Maximus stating the specific grounds for its determination that Maximus has failed to comply fully and adequately with the CIA obligation(s) at issue and steps Maximus shall take to comply with the CIA. (This Stipulated Penalty shall begin to accrue 10 days after Maximus receives this notice from OIG of the failure to comply.) A Stipulated Penalty as described in this Subsection shall not be demanded for any violation for which OIG has sought a Stipulated Penalty under Subsections 1-6 of this Section.

B. Timely Written Requests for Extensions. Maximus may, in advance of the due date, submit a timely written request for an extension of time to perform any act or file any notification or report required by this CIA. Notwithstanding any other provision in this Section, if OIG grants the timely written request with respect to an act, notification, or report, Stipulated Penalties for failure to perform the act or file the notification or report shall not begin to accrue until one day after Maximus fails to meet the revised deadline set by OIG. Notwithstanding any other provision in this Section, if OIG denies such a timely written request, Stipulated Penalties for failure to perform the act or file the notification or report shall not begin to accrue until three business days after Maximus receives OIG's written denial of such request or the original due date, whichever is later. A "timely written request" is defined as a request in writing received by OIG at least five business days prior to the date by which any act is due to be performed or any notification or report is due to be filed.

C. Payment of Stipulated Penalties.

1. *Demand Letter.* Upon a finding that Maximus has failed to comply with any of the obligations described in Section X.A and after determining that Stipulated Penalties are appropriate, OIG shall notify Maximus of: (a) Maximus' failure to comply; and (b) OIG's exercise of its contractual right to demand payment of the Stipulated Penalties (this notification is referred to as the "Demand Letter").

2. *Response to Demand Letter.* Within 10 days after the receipt of the Demand Letter, Maximus shall either: (a) cure the breach to OIG's satisfaction and pay the applicable Stipulated Penalties or (b) request a hearing before an HHS administrative law judge (ALJ) to dispute OIG's determination of noncompliance, pursuant to the agreed upon provisions set forth below in Section X.E. In the event Maximus elects to request an ALJ hearing, the Stipulated Penalties shall continue to accrue until Maximus cures, to OIG's satisfaction, the alleged breach in dispute. Failure to respond to the Demand Letter in one of these two manners within the allowed time period shall be considered a material breach of this CIA and shall be grounds for exclusion under Section X.D.

3. *Form of Payment.* Payment of the Stipulated Penalties shall be made by certified or cashier's check, payable to: "Secretary of the Department of Health and Human Services," and submitted to OIG at the address set forth in Section VI.

4. *Independence from Material Breach Determination.* Except as set forth in Section X.D. 1 .c, these provisions for payment of Stipulated Penalties shall not affect or otherwise set a standard for OIG's decision that Maximus has materially breached this CIA, which decision shall be made at OIG's discretion and shall be governed by the provisions in Section X.D, below.

D. Exclusion for Material Breach of this CIA.

1. *Definition of Material Breach.* A material breach of this CIA means:

- a. a failure by Maximus to report a Reportable Event, take corrective action, and make the appropriate refunds, as required in Section III.H;
- b. a repeated or flagrant violation of the obligations under this CIA, including, but not limited to, the obligations addressed in Section X.A;
- c. a failure to respond to a Demand Letter concerning the payment of Stipulated Penalties in accordance with Section X.C; or
- d. a failure to engage OAS in accordance with Section III.D.

2. *Notice of Material Breach and Intent to Exclude.* The parties agree that a material breach of this CIA by Maximus constitutes an independent basis for Maximus' exclusion from participation in the Federal health care programs. Upon a determination by OIG that Maximus has materially breached this CIA and that exclusion is the appropriate remedy, OIG shall notify Maximus of: (a) Maximus' material breach; and (b) OIG's intent to exercise its contractual right to impose exclusion (this notification is hereinafter referred to as the "Notice of Material Breach and Intent to Exclude").

3. *Opportunity to Cure.* Maximus shall have 30 days from the date of receipt of the Notice of Material Breach and Intent to Exclude to demonstrate to OIG's satisfaction that:

- a. Maximus is in compliance with the obligations of the CIA cited by OIG as being the basis for the material breach;
- b. the alleged material breach has been cured; or
- c. the alleged material breach cannot be cured within the 30-day period, but that: (i) Maximus has begun to take action to cure the material breach; (ii) Maximus is pursuing such action with due diligence; and (iii) Maximus has provided to OIG a reasonable timetable for curing the material breach.

4. *Exclusion Letter.* If, at the conclusion of the 30-day period, Maximus fails to satisfy the requirements of Section X.D.3, OIG may exclude Maximus from participation in the Federal health care programs. OIG shall notify Maximus in writing of its determination to exclude Maximus (this letter shall be referred to hereinafter as the "Exclusion Letter"). Subject to the Dispute Resolution provisions in Section X.E, below, the exclusion shall go into effect 30 days after the date of Maximus' receipt of the Exclusion Letter. The exclusion shall have national effect and shall also apply to all other Federal procurement and nonprocurement programs. Reinstatement to program participation is not automatic. After the end of the period of exclusion, Maximus may apply for reinstatement by submitting a written request for reinstatement in accordance with the provisions at 42 C.F.R. §§ 1001.3001-.3004.

#### E. Dispute Resolution

1. *Review Rights.* Upon OIG's delivery to Maximus of its Demand Letter or of its Exclusion Letter, and as an agreed-upon contractual remedy for the resolution of disputes arising under this CIA, Maximus shall be afforded certain review rights comparable to the ones that are provided in 42 U.S.C. § 1320a-7(f) and 42 C.F.R. Part 1005 as if they applied to the Stipulated Penalties or exclusion sought pursuant to this CIA. Specifically, OIG's determination to demand payment of Stipulated Penalties or to seek exclusion shall be subject to review by an HHS ALJ and, in the event of an appeal, the HHS Departmental Appeals Board (DAB), in a manner consistent with the provisions in 42 C.F.R. § 1005.2-1005.2 1. Notwithstanding the language in 42 C.F.R. § 1005.2(c), the request for a hearing involving Stipulated Penalties shall be made within 10 days after receipt of the Demand Letter and the request for a hearing involving exclusion shall be made within 25 days after receipt of the Exclusion Letter.

2. *Stipulated Penalties Review.* Notwithstanding any provision of Title 42 of the United States Code or Title 42 of the Code of Federal Regulations, the only issues in a proceeding for Stipulated Penalties under this CIA shall be: (a) whether Maximus was in full and timely compliance with the obligations of this CIA for which OIG demands payment; and (b) the period of noncompliance. Maximus shall have the burden of proving its full and timely compliance and the steps taken to cure the noncompliance, if any. OIG shall not have the right to appeal to the DAB an adverse ALJ decision related to Stipulated Penalties. If the ALJ agrees with OIG with regard to a finding of a breach of this CIA and orders Maximus to pay Stipulated Penalties, such Stipulated Penalties shall become due and payable 20 days after the ALJ issues such a decision unless Maximus requests review of the ALJ decision by the DAB. If the ALJ decision is properly appealed to the DAB and the DAB upholds the determination of OIG, the Stipulated Penalties shall become due and payable 20 days after the DAB issues its decision.

3. *Exclusion Review.* Notwithstanding any provision of Title 42 of the United States Code or Title 42 of the Code of Federal Regulations, the only issues in a proceeding for exclusion based on a material breach of this CIA shall be:

- a. whether Maximus was in material breach of this CIA;
- b. whether such breach was continuing on the date of the Exclusion Letter; and
- c. whether the alleged material breach could not have been cured within the 30-day period, but that: (i) Maximus had begun to take action to cure the material breach within that period; (ii) Maximus has pursued and is pursuing such action with due diligence; and (iii) Maximus provided to OIG within that period a reasonable timetable for curing the material breach and Maximus has followed the timetable.

For purposes of the exclusion herein, exclusion shall take effect only after an ALJ decision favorable to OIG, or, if the ALJ rules for Maximus, only after a DAB decision in favor of OIG. Maximus' election of its contractual right to appeal to the DAB shall not abrogate OIG's authority to exclude Maximus upon the issuance of an ALJ's decision in favor of OIG. If the ALJ sustains the determination of OIG and determines that exclusion is authorized, such exclusion shall take effect 20 days after the ALJ issues such a decision, notwithstanding that Maximus may request review of the ALJ decision by the DAB. If the DAB finds in favor of OIG after an ALJ decision adverse to OIG, the exclusion shall take effect 20 days after the DAB decision. Maximus shall waive its right to any notice of such an exclusion if a decision upholding the exclusion is rendered by the ALJ or DAB. If the DAB finds in favor of Maximus, Maximus shall be reinstated effective on the date of the original exclusion.

4. *Finality of Decision.* The review by an ALJ or DAB provided for above shall not be considered to be an appeal right arising under any statutes or regulations. Consequently, the parties to this CIA agree that the DAB's decision (or the ALJ's decision if not appealed) shall be considered final for all purposes under this CIA.

**XI. EFFECTIVE AND BINDING AGREEMENT**

Maximus and OIG agree as follows:

- A. This CIA shall be binding on the successors, assigns, and transferees of Maximus;
- B. This CIA shall become final and binding on the date the final signature is obtained on the CIA;
- C. This CIA constitutes the complete agreement between the parties and may not be amended except by written consent of the parties to this CIA;

D. OIG may agree to a suspension of Maximus' obligations under the CIA in the event of Maximus' cessation of participation in Federal health care programs. If Maximus withdraws from participation in Federal health care programs and is relieved of its CIA obligations by OIG, Maximus shall notify OIG at least 30 days in advance of Maximus' intent to reapply as a participating provider or supplier with any Federal health care program. Upon receipt of such notification, OIG shall evaluate whether the CIA should be reactivated or modified.

E. The undersigned Maximus signatories represent and warrant that they are authorized to execute this CIA. The undersigned OIG signatory represents that he is signing this CIA in his official capacity and that he is authorized to execute this CIA.

F. This CIA may be executed in counterparts, each of which constitutes an original and all of which constitute one and the same CIA. Facsimiles of signatures shall constitute acceptable, binding signatures for purposes of this CIA.



ON BEHALF OF MAXIMUS

/s/ DAVID R. FRANCIS

\_\_\_\_\_  
DAVID R. FRANCIS  
General Counsel and Secretary  
MAXIMUS, Inc.

July 20, 2007

\_\_\_\_\_  
DATE

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

/s/ GREGORY E. DEMSKE

\_\_\_\_\_  
GREGORY E. DEMSKE  
Assistant Inspector General for Legal Affairs  
Office of Inspector General  
U.S. Department of Health and Human Services

7/20/07

\_\_\_\_\_  
DATE

DEFERRED PROSECUTION

Maximus, Inc., ("Maximus"), a Virginia corporation, by its undersigned attorneys, pursuant to authority granted by its Board of Directors, and the United States Attorney's Office for the District of Columbia ("the Office"), enter into this Agreement.

**Statement of Facts**

1. Maximus is a government services company that provides program management, operations, and information technology services to State and local governments. Maximus has more than 5,200 employees in more than 220 offices in North America and Australia.

2. The District of Columbia Child and Family Services Agency ("CFSA") is an agency of the government of the District of Columbia. CFSA's mission is to provide services that promote the safety and well-being of children who either are placed into foster care or known to CFSA because they have suffered abuse and neglect.

3. Targeted Case Management ("TCM") is a means of providing specialized case management services, such as assessment of client circumstances to identify needed services, to a targeted population. By implementing a TCM program, a local governmental agency, such as CFSA, can be reimbursed by the Federal government for a portion of the costs that it incurs helping individuals obtain access to specified social services. In the District of Columbia, the Federal government reimburses 70% of the costs of providing covered TCM services.

4. Commencing in 1999, Maximus was awarded a contract to provide program management to CFSA. At the time that Maximus was awarded the CFSA contract, CFSA was in court-ordered receivership under the supervision of United States District Judge Thomas F. Hogan because Judge Hogan had determined that CFSA was providing a constitutionally inadequate level of services to the children for whom it was responsible.

5. One cause of CFSA's failure to provide adequate services to its constituency was a chronic lack of money. To remedy this problem, Maximus' contract with CFSA provided that Maximus would, on CFSA's behalf, "pursue and obtain additional Title XIX Medicaid and other federal revenue for health care and administrative costs for children and families receiving services from the CFSA." To this end, Maximus agreed to develop "a new cost reporting protocol and claiming methodology allowing CFSA to receive significantly enhanced Title XIX *revenue*," an assessment of the billing rates CFSA was using, and modification of the State Plan and cost allocation plan to maximize federal participation." For its efforts, Maximus was to receive approximately 10% of all federal reimbursement revenues that it obtained on behalf of CFSA.

6. Among the financial optimization recommendations that Maximus made for CFSA was that CFSA implement a TCM program. Maximus caused the District of Columbia State Plan for medical assistance to be amended to authorize CFSA to receive federal reimbursement in connection with a TCM program under which it would provide its core services to its pre-existing constituency.

7. Federal reimbursement regulations require that TCM claims for reimbursement be supported by documentation sufficient to identify the date, type and recipient of the service for which reimbursement is sought. Proxies for service documentation, such as time studies and cost allocation plans, are not sufficient to support a claim for a Medicaid service. Maximus knew of these documentation requirements and understood that claims for reimbursement could not be submitted without complying with these documentation requirements.

8. After Maximus began working on behalf of CFSA, Maximus employees quickly determined that CFSA could not document the provision of many services and certainly could not document that it was providing monthly TCM services to each child for which it was responsible. Maximus knew that CFSA had insufficient documentation of TCM claims because it had, on several occasions, reviewed CFSA's electronic and paper files for the purpose of identifying such documentation and concluded that the documentation was largely not present. Nonetheless, Maximus employees, including a former company vice-president, decided to cause CFSA to claim TCM reimbursement, on a monthly basis, for each child who had been placed in the care of CFSA. Stated another way, Maximus caused CFSA to request TCM reimbursement as if the files of every child in placement indicated that each child was receiving a TCM service every month when, as Maximus then well knew, that was not true. These placement-based claims were submitted without regard for whether any services had been performed or whether any services had been documented as performed. From July, 1999, through March, 2002, Maximus submitted monthly claims for reimbursement of TCM services for every child in placement at CFS A, regardless of whether the service had been either performed or documented.

9. Because of the decision to claim Federal reimbursement based upon placement, Maximus caused CFSA to submit 26,863 undocumented claims for Medicaid reimbursement. The Federal government sustained a loss of \$12.15 million due to the submission of the undocumented claims. Those claims were ultimately withdrawn after a government audit and the prior payments to CFSA were adjusted.

10. Maximus continued submitting claims based upon placement until March, 2002, when CMS conducted an audit of CFSA's TCM claims. During the audit, CMS investigators learned that less than half of the sampled claims that Maximus had caused CFSA to submit possessed supporting documentation. Maximus thereupon, on behalf of CFSA, withdrew all of the claims that it previously had submitted on behalf of CFSA. The claims were then resubmitted using the services-based methodology.

**Acceptance of Responsibility for Submitting Undocumented Claims**

11. Maximus accepts and acknowledges responsibility for its behavior as set forth in the preceding Statement of Facts by entering into this Agreement and by, among other things, the extensive remedial actions that it has taken to date, its continuing commitment of full cooperation with the Office and other governmental agencies, its agreement to pay restitution and substantial monetary fines, and the other undertakings it has made as set forth herein. Maximus agrees that it will not contest the admissibility into evidence of the Statement of Facts in any subsequent criminal proceedings occurring in the event of breach of this Agreement. Maximus agrees that the foregoing Statement of Facts is true and accurate.

**Deferral of Prosecution**

12. The United States reserves the right to file an Information (the "Information") in the United States District Court for the District of Columbia charging Maximus with a violation of Title 18, United States Code, Section 1347 arising out of the Statement of Facts recited above. In consideration of Maximus' entry into this Agreement and its commitment to (a) accept and acknowledge responsibility for its conduct; (b) cooperate with this Office; (c) make the payment specified in this Agreement; (d) comply with Federal criminal laws; and (e) otherwise comply with all of the terms of this Agreement, this Office will defer filing the Information for 24 (twenty-four) months following the signing of this Agreement. Maximus expressly waives indictment and all rights to a speedy trial and to a jury trial pursuant to the Sixth Amendment of the United States Constitution, Title 18, United States Code, Section 3161, Federal Rule of Criminal Procedure 48(b), and any applicable Local Rules of the United States District Court for the District of Columbia for the period during which this Agreement is in effect.

13. The Office agrees that, if Maximus is in compliance with all of its obligations under this Agreement, the Office will, at the expiration of the period of deferral (including any extensions thereof), decline to file the Information against Maximus. Except in the event of a violation by Maximus of any term of this Agreement, the Office will bring no additional charges against Maximus relating to its development and implementation of a TCM reimbursement methodology on behalf of CFSA. In the event of a violation by Maximus of any term of this Agreement, this Office may file the Information referred to in paragraph 12. This Agreement does not provide any protection against prosecution for any offenses except as set forth above and does not apply to any individual or entity other than Maximus.

14. Maximus expressly agrees that it shall not, through its present or future attorneys, board of directors, agents, officers, or management employees, make any public statement contradicting any statement of fact contained in the Statement of Facts. Any such contradictory public statement by Maximus, its present or future attorneys, board of directors, agents, officers, or management employees shall constitute a breach of this Agreement, and Maximus would thereafter be subject to prosecution pursuant to the terms of this Agreement. The decision of whether any public statement by any such person contradicting a fact contained in the Statement of Facts will be imputed to Maximus for the purpose of determining whether Maximus has breached this Agreement shall be at the sole reasonable discretion of the Office. Should the Office decide in its sole reasonable discretion to no Maximus of a public statement by any such person that in whole or in part contradicts a statement of fact contained in the Statement of Facts, Maximus may avoid breach of the Agreement by publicly repudiating such statement within 48 hours after such notification.

15. Pursuant to a civil settlement, Maximus agrees to pay \$30,500,000.00 to the United States Treasury as more fully set forth in the Settlement Agreement dated July 20, 2007, by and among the United States of America, acting through the United States Department of Justice and on behalf of the Office of the Inspector General of the Department of Health and Human Services, relator Benjamin Turner, and Maximus.

**Revised Compliance Program**

16. Maximus has previously adopted a corporate compliance program that sets forth the standards by which individuals employed by or associated with Maximus will conduct themselves in order to protect and promote organizational integrity, and to ensure compliance with Federal and state law. To strengthen this program, Maximus will revise its compliance program accord with Section 8B2.1 of the United States Sentencing Guidelines.

17. Maximus also has agreed to revise and enhance its compliance program and to cooperate in periodic reviews of its claiming services under Federal health care programs as set forth in the Corporate Integrity Agreement dated July 20, 2007, between the Office of the Inspector General of the Department of Health and Human Services and Maximus.

**Breach of the Agreement**

18. In the event that the Office, in its sole reasonable discretion, determines that Maximus has violated any provision of this Agreement, including Maximus' failure to meet its obligations under this Agreement: (a) all statements made by or on behalf of Maximus to the Office, including but not limited to the Statement of Facts, or any testimony given by Maximus or by any agent of Maximus before a grand jury, or elsewhere, whether before or after the date of this Agreement, shall be admissible for the truth of the matter in evidence in any and all criminal proceedings hereinafter brought by the Office against Maximus; and (b) Maximus shall not assert any claim under the United States Constitution, Rule of the Federal Rules of Criminal Procedure, Rule 410 of the Federal Rules of Evidence, or any other Federal rule, that statements made by or on behalf of Maximus before or after the date of this Agreement, or any leads derived therefrom, should be suppressed or otherwise excluded from evidence. It is the intent of this Agreement to waive any and all rights in the foregoing respects.



19. In the case of the willful and knowing material breach of this Agreement, any prosecution of Maximus relating to the offenses described in the Statement of Facts that are not time barred by the applicable statute of limitations as of the date of this Agreement may be commenced against Maximus notwithstanding the expiration of any applicable statute of limitations during the deferred prosecution period and up to the determination of any such willful and knowingly material breach. Maximus' waiver of the statute of limitations is knowing and voluntary and in express reliance on the advice of counsel.

20. Maximus agrees that, in the event that the Office determines during the period of deferral of prosecution described above (or any extensions thereof) that Maximus violated any provision of this Agreement, a one-year extension of the period of deferral of prosecution may be imposed in the sole reasonable discretion of the Office and, in the event of additional violations, such additional one-year extensions as appropriate, but in no event shall the total term of the deferral-of-prosecution period of this Agreement exceed five years.

**The Office's Discretion**

21. Maximus agrees that it is within the Office's sole reasonable discretion to choose, in the event of a violation, the remedies contained above, or instead to choose to extend the period of deferral of prosecution. Maximus understands and agrees that the exercise of the Office's discretion under this Agreement is un-reviewable by any court. Should the Office determine that Maximus has violated this Agreement, the Office shall provide notice to Maximus of that determination and provide Maximus with an opportunity to make a presentation to the Office to demonstrate that no violation occurred, or, to the extent applicable, that the violation should not result in the exercise of those remedies or in an extension of the period of deferral of prosecution.

22. Maximus agrees that DeMaurice F. Smith of Patton Boggs, LLP, its signatory to this Agreement, is authorized, pursuant to authority granted by its Board of Directors, to enter into this Agreement on behalf of the company.

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

7-23-07

\_\_\_\_\_  
Date

/s/ DeMaurice F. Smith

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DeMaurice F. Smith  
Patton Boggs, LLP  
Representative for Maximus

7-23-07

\_\_\_\_\_  
Date

/s/ Sarah T. Chasson

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Sarah T. Chasson  
Assistant United States Attorney  
District of Columbia

# NEWS RELEASE



FOR IMMEDIATE RELEASE

CONTACT(S): **Lisa Miles (Investor)**  
800-MAXIMUS x 11637

DATE: **July 23, 2007**

**Rachael Rowland (Media)**  
800-MAXIMUS x 11688

**MAXIMUS SETTLES DISTRICT OF COLUMBIA CONTRACT INVESTIGATION**  
– Company Provides Preliminary Third Quarter Results and Will Host a Conference  
Call on Tuesday, July 24, 2007 at 8:30 a.m. ET –

**(RESTON, Va. – July 23, 2007)** – MAXIMUS (NYSE: MMS), a leading provider of government services, announced today that it has reached an agreement with the Federal government to settle its investigation of the Company’s Medicaid claiming work for the District of Columbia. Under the terms of the settlement, MAXIMUS will reimburse the Federal government \$30.5 million for Medicaid claims prepared on behalf of the District of Columbia that lacked sufficient documentation.

As part of the settlement, MAXIMUS has entered into a Corporate Integrity Agreement with the U.S. Department of Health and Human Services and a Deferred Prosecution Agreement with the U.S. Attorney’s Office for the District of Columbia. The government is not filing any criminal charges against the Company. However, the U.S. Attorney’s Office has reserved the right to file charges in the event MAXIMUS fails to comply with the terms of the integrity and settlement agreements during the next 24 months.

“This settlement is in the best interests of the Company and its shareholders and resolves an investigation concerning work that dates back to 1999,” commented Richard Montoni, CEO of MAXIM US. “MAXIMUS accepts responsibility for the conduct of its employees, and since that time, we have taken remedial actions to improve oversight to prevent a recurrence. It is imperative that our business achieves the highest standards, and over the last twelve months, we have actively worked to standardize procedures with the creation of a formal professional practices guide, the expansion of our compliance function, increased training programs, and rigorous quality reviews. MAXIMUS and its employees are committed to maintaining corporate integrity and client trust. We remain focused on the delivery of services in an environment that promotes and fosters leadership under the MAXIMUS Code of Business Conduct and Ethics.”

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NEWS RELEASE CONTINUED

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In its fiscal 2007 third quarter, MAXIMUS plans to record legal fees and settlement expenses totaling approximately \$33.0 million which includes certain unrelated legal costs. Portions of the settlement are not tax deductible. Therefore, the associated tax benefit of the settlement and related expenses is approximately \$4.5 million, resulting in an after-tax charge of approximately \$1.30 per share in the Company's third fiscal quarter. As a result of the legal and settlement charges, MAXIMUS now expects GAAP loss per share for the third quarter to be in the range of \$0.66 to \$0.68 and \$0.35 to \$0.45 for the full fiscal year 2007. Excluding the impact of the settlement and legal expenses, MAXIMUS expects third quarter earnings per share in the range \$0.62 to \$0.64. The Company also reiterated its full year guidance, excluding the legal and settlement expenses in the third quarter, of \$0.85 to \$0.95. The Company will report full financial results on August 7, 2007.

Mr. Montoni concluded, "Our operations performed well in the quarter, and we continued to take steps necessary to position the Company for long-term growth. Prior to the outlay of cash for this settlement that will occur in the fourth quarter, the ending cash and short-term investment position on the balance sheet at June 30, 2007 remains healthy at \$215 million. Our continued strong cash position reflects solid performance from operations and improved Days Sales Outstanding (DSO) resulting in cash from operations of approximately \$36 million for the three months ended June 30, 2007. This settlement is consistent with a series of actions we have taken over the last twelve months to address legacy matters and best position the Company for long-term growth, client service, and the optimization of shareholder value."

The Company will host a conference call on Tuesday, July 24, 2007, at 8:30 a.m. (ET). The call is open to the public and can be accessed under the Investor Relations page of the Company's website at [www.maximus.com](http://www.maximus.com) or by calling:

800.552.8050 (Domestic)/ 206.902.3258 (International)

For those unable to listen to the live call, a replay will be available through August 3, 2007. Callers can access the replay by registering for the digital playback at the following website: <http://reg.linkconferencecall.com/DigitalPlayback/DigitalPlaybackRegistration.aspx?recid=5641>. Upon registration, participants will receive an email with the call back information.

MAXIMUS is one of America's leading government services companies devoted to providing program management, consulting and information technology services. The Company has more than 5,200 employees located in more than 220 offices in the United States, Canada and Australia. In 1999, 2001, 2002, 2003, and 2005 MAXIMUS was selected by Forbes Magazine as one of the Best 200 Small Companies in America for that year. Additionally, MAXIM US is included in the Russell 2000 Index and the S&P SmallCap 600 Index.

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NEWS RELEASE CONTINUED

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*Statements that are not historical facts, including statements about the Company's confidence and strategies and the Company's expectations about revenues, results of operations, profitability, future contracts, market opportunities, market demand or acceptance of the Company's products are forward-looking statements that involve risks and uncertainties. These uncertainties could cause the Company's actual results to differ materially from those indicated by such forward -looking statements and include reliance on government clients; risks associated with government contracting; risks involved in managing government projects; legislative changes and political developments; opposition from government unions; challenges resulting from growth; adverse publicity; and legal, economic, and other risks detailed in Exhibit 99.1 to the Company's most recent Annual Report on Form 10-K filed with the Securities and Exchange Commission (file number 001-12997).*

**CONTACTS:**

Lisa Miles  
Investor Relations 703.251.8637

Rachael Rowland  
Public/Media Relations 703.251.8688

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