

CORPORATE INTEGRITY AGREEMENT
BETWEEN THE
OFFICE OF INSPECTOR GENERAL
OF THE
DEPARTMENT OF HEALTH AND HUMAN SERVICES
AND
TOMBALL HOSPITAL AUTHORITY

I. PREAMBLE

Tomball Hospital Authority d/b/a Tomball Regional Hospital (Tomball) 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, Tomball 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 Tomball 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) Tomball's final annual report; or (2) any additional materials submitted by Tomball 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 Tomball;

- b. all contractors, subcontractors, agents, and other persons who provide patient care items or services or who perform billing or coding functions on behalf of Tomball; and
- c. all members of Tomball's active medical staff.

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 the delivery of patient care items or services and/or in the preparation or submission of claims for reimbursement from any Federal health care program.

3. "Excepted Physicians" means any physician who has active medical staff privileges at Tomball but who is not (a) employed by Tomball; (b) a medical director at Tomball; or (c) a member of the governing board at Tomball.

D. This CIA does not require Tomball to oversee or review the conduct of Covered Persons who are members of Tomball's active medical staff involved in the delivery of patient care items or services and/or in the preparation or submission of claims for reimbursement from any Federal health care program when such conduct is not performed at, or on behalf of, Tomball.

III. CORPORATE INTEGRITY OBLIGATIONS

Tomball shall maintain a Compliance Program that includes the following elements:

A. Compliance Officer and Committee.

1. *Compliance Officer.* Tomball 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 Tomball, shall make periodic (at least quarterly) reports regarding compliance matters directly to the Board of Directors of Tomball, 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 Tomball as well as for any reporting obligations created under this CIA.

Tomball 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 30 days after such a change.

2. *Compliance Committee.* Tomball shall maintain 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 of relevant departments, such as billing, clinical, human resources, 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).

Tomball 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 30 days after such a change.

B. Written Standards.

1. *Code of Conduct.* Unless Tomball has already done so, within 120 days after the Effective Date, Tomball shall develop, implement, and distribute a written Code of Conduct to all Covered Persons. Tomball 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. Tomball's commitment to full compliance with all Federal health care program requirements, including its commitment to prepare and submit accurate claims consistent with such requirements;
- b. Tomball's requirement that all of its Covered Persons shall be expected to comply with all Federal health care program requirements and with Tomball's own Policies and Procedures as implemented pursuant to Section III.B (including the requirements of this CIA);
- c. the requirement that all of Tomball's Covered Persons shall be expected to report to the Compliance Officer, or other appropriate individual designated by Tomball, suspected violations of any Federal health care program requirements or of Tomball's own Policies and Procedures;
- d. the possible consequences to both Tomball and Covered Persons of failure to comply with Federal health care program requirements and with Tomball's own Policies and Procedures and the failure to report such noncompliance; and
- e. the right of all individuals to use the Disclosure Program described in Section III.E, and Tomball's commitment to nonretaliation and to maintain, as appropriate, confidentiality and anonymity with respect to such disclosures.

Within 120 days after the Effective Date, each Covered Person shall certify, in writing, that he or she has received, read, understood, and shall abide by Tomball's Code of Conduct. New Covered Persons shall receive the Code of Conduct and shall complete the required certification within 60 days after becoming a Covered Person, or within 120 days after the Effective Date, whichever is later.

Notwithstanding any other provision of this section, Tomball shall use its best efforts to obtain written certifications from Excepted Physicians and shall keep records of the percentage of Excepted Physicians who have completed the certifications.

Tomball 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 60 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 60 days after the distribution of the revised Code of Conduct.

2. *Policies and Procedures.* Within 120 days after the Effective Date, Tomball shall implement written Policies and Procedures regarding the operation of Tomball's 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. the procedures for the appropriate documentation, coding, and billing of claims, including, but not limited, to claims for hyperbaric oxygen therapy services, to Medicare, Medicaid, and all other Federal health care programs.

Within 120 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), Tomball shall assess and update, as necessary, the Policies and Procedures. Within 60 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.* Within 120 days after the Effective Date, Tomball shall provide at least two hours of General Training to each Covered Person. This training, at a minimum, shall explain Tomball's:

- a. CIA requirements; and

- b. 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 60 days after becoming a Covered Person, or within 120 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 120 days after the Effective Date, each Relevant Covered Person shall receive at least two hours of Specific Training in addition to the General Training required above in a manner relevant to the individual's job responsibilities. This Specific Training shall include a discussion of:

- a. the Federal health care program requirements regarding the accurate coding and submission of claims;
- b. policies, procedures, and other requirements applicable to the documentation of medical records;
- c. the personal obligation of each individual involved in the claims submission process to ensure that such claims are accurate;
- d. applicable reimbursement statutes, regulations, and program requirements and directives;
- e. the legal sanctions for violations of the Federal health care program requirements; and
- f. 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 120 days after the Effective Date, whichever is later.

A Tomball 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, and consistent with applicable state and federal laws, 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 one hour 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.* Tomball 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 Claims Review, Unallowable Cost review, and any other review, if applicable, and any other relevant information.

6. *Computer-based Training.* Tomball may provide the training required under this CIA through appropriate computer-based training approaches. If Tomball 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.

7. *Excepted Physicians.* Notwithstanding any other provision of this Section III.C., Tomball shall: (a) make the General and Specific Training available to Excepted Physicians; (b) use its best efforts to encourage the attendance and participation of Excepted Physicians in the General and Specific Training; and (c) maintain records of the percentage of all Excepted Physicians who attend such training.

D. Review Procedures.

1. *General Description.*

a. *Engagement of Independent Review Organization.* Within 120 days after the Effective Date, Tomball shall engage an entity (or entities), such as an accounting, auditing, or consulting firm (hereinafter "Independent Review Organization" or "IRO"), to perform reviews to assist Tomball in assessing and evaluating its billing and coding practices and certain other obligations pursuant to this Agreement and the Settlement Agreement. The applicable requirements relating to the IRO are outlined in Appendix A to this Agreement, which is incorporated by reference.

Each IRO engaged by Tomball shall have expertise in the billing, coding, reporting, and general requirements of the Federal health care program(s) from which Tomball seeks reimbursement. Each IRO shall assess, along with Tomball, whether it can perform the IRO review in a professionally independent and objective fashion, as appropriate to the nature of the engagement, taking into account any other business relationships or other engagements that may exist.

The IRO(s) review shall evaluate and analyze Tomball's coding, billing, and claims submission to the Federal health care programs and the reimbursement received (Claims Review), and shall analyze whether Tomball sought payment for certain unallowable costs (Unallowable Cost Review).

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

c. *Frequency of Unallowable Cost Review.* The IRO shall perform the Unallowable Cost Review for the first Reporting Period.

d. *Retention of Records.* The IRO and Tomball shall retain and make available to OIG, upon request, all work papers, supporting

documentation, correspondence, and draft reports (those exchanged between the IRO and Tomball related to the reviews).

2. *Claims Review.* The Claims Review shall include a Discovery Sample and, if necessary, a Full Sample. The applicable definitions, procedures, and reporting requirements are outlined in Appendix B to this Agreement, which is incorporated by reference.

a. *Discovery Sample.* The IRO shall randomly select and review a sample of 50 Paid Claims submitted by or on behalf of Tomball (Discovery Sample).

The Paid Claims shall be reviewed based on the supporting documentation available at Tomball's office or under Tomball's control and applicable billing and coding regulations and guidance to determine whether the claim was correctly coded, submitted, and reimbursed.

i. If the Error Rate (as defined in Appendix B) for the Discovery Sample is less than 5%, no additional sampling is required, nor is the Systems Review required. (Note: The guidelines listed above do not imply that this is an acceptable error rate. Accordingly, Tomball should, as appropriate, further analyze any errors identified in the Discovery Sample. Tomball recognizes that OIG or other HHS component, in its discretion and as authorized by statute, regulation, or other appropriate authority, may also analyze or review Paid Claims included, or errors identified, in the Discovery Sample or any other segment of the universe.)

ii. If the Discovery Sample indicates that the Error Rate is 5% or greater, the IRO shall perform a Full Sample and a Systems Review, as described below.

b. *Full Sample.* If necessary, as determined by procedures set forth in Section III.D.2.a, the IRO shall select an additional sample of Paid Claims using commonly accepted sampling methods and in accordance with Appendix B. The Full Sample shall be designed to:

(1) estimate the actual Overpayment in the population with a 90% confidence level and with a maximum relative precision of 25% of the point estimate; and (2) conform with the Centers for Medicare and Medicaid Services' statistical sampling for overpayment estimation guidelines. The Paid Claims selected for the Full Sample shall be reviewed based on supporting documentation available at Tomball's office or under Tomball's control and applicable billing and coding regulations and guidance to determine whether the claim was correctly coded, submitted, and reimbursed. For purposes of calculating the size of the Full Sample, the Discovery Sample may serve as the probe sample, if statistically appropriate. Additionally, Tomball may use the Items sampled as part of the Discovery Sample, and the corresponding findings for those 50 Items, as part of its Full Sample, if: (1) statistically appropriate and (2) Tomball selects the Full Sample Items using the seed number generated by the Discovery Sample. OIG, in its sole discretion, may refer the findings of the Full Sample (and any related workpapers) received from Tomball to the appropriate Federal health care program payor, including the Medicare contractor (e.g., carrier, fiscal intermediary, or DMERC), for appropriate follow-up by that payor.

c. *Systems Review.* If Tomball's Discovery Sample identifies an Error Rate of 5% or greater, Tomball's IRO shall also conduct a Systems Review. Specifically, for each claim in the Discovery Sample and Full Sample that resulted in an Overpayment, the IRO 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. The IRO shall provide its observations and recommendations on suggested improvements to the system(s) and the process(es) that generated the claim.

d. *Repayment of Identified Overpayments.* In accordance with Section III.H.1 of this Agreement, Tomball shall repay within 30 days any Overpayment(s) identified in the Discovery Sample or the Full Sample (if applicable), regardless of the Error Rate, to the appropriate payor and in accordance with payor refund policies. Tomball shall make available to OIG all documentation that reflects the refund of the Overpayment(s) to the payor.

3. *Claims Review Report.* The IRO shall prepare a report based upon the Claims Review performed (Claims Review Report). Information to be included in the Claims Review Report is described in Appendix B.

4. *Unallowable Cost Review.* The IRO shall conduct a review of Tomball's compliance with the unallowable cost provisions of the Settlement Agreement. The IRO shall determine whether Tomball has complied with its obligations not to charge to, or otherwise seek payment from, federal or state payors for unallowable costs (as defined in the Settlement Agreement) and its obligation to identify to applicable federal or state payors any unallowable costs included in payments previously sought from the United States, or any state Medicaid program. This unallowable cost analysis shall include, but not be limited to, payments sought in any cost reports, cost statements, information reports, or payment requests already submitted by Tomball or any affiliates. To the extent that such cost reports, cost statements, information reports, or payment requests, even if already settled, have been adjusted to account for the effect of the inclusion of the unallowable costs, the IRO shall determine if such adjustments were proper. In making this determination, the IRO may need to review cost reports and/or financial statements from the year in which the Settlement Agreement was executed, as well as from previous years.

5. *Unallowable Cost Review Report.* The IRO shall prepare a report based upon the Unallowable Cost Review performed. The Unallowable Cost Review Report shall include the IRO's findings and supporting rationale regarding the Unallowable Cost Review and whether Tomball has complied with its obligation not to charge to, or otherwise seek payment from, federal or state payors for unallowable costs (as defined in the Settlement Agreement) and its obligation to identify to applicable federal or state payors any unallowable costs included in payments previously sought from such payor.

6. *Validation Review.* In the event OIG has reason to believe that: (a) Tomball's Claims Review or Unallowable Cost Review fails to conform to the requirements of this Agreement; or (b) the IRO's findings or Claims Review results or Unallowable Cost Review results are inaccurate, OIG may, at its sole discretion, conduct its own review to determine whether the Claims Review or Unallowable Cost Review complied with the requirements of the Agreement and/or the findings or Claims Review results or Unallowable Cost Review results are inaccurate (Validation Review). Tomball shall pay for the reasonable cost of any such review performed by OIG or any of its designated agents. Any Validation Review of Reports submitted as part of Tomball's

final Annual Report must be initiated no later than one year after Tomball's final submission (as described in Section II) is received by OIG.

Prior to initiating a Validation Review, OIG shall notify Tomball of its intent to do so and provide a written explanation of why OIG believes such a review is necessary. To resolve any concerns raised by OIG, Tomball may request a meeting with OIG to: (a) discuss the results of any Claims Review or Unallowable Cost Review submissions or findings; (b) present any additional information to clarify the results of the Claims Review or Unallowable Cost Review or to correct the inaccuracy of the Claims Review or Unallowable Cost Review; and/or (c) propose alternatives to the proposed Validation Review. Tomball agrees to provide any additional information as may be requested by OIG under this Section in an expedited manner. OIG will attempt in good faith to resolve any Claims Review or Unallowable Cost Review issues with Tomball prior to conducting a Validation Review. However, the final determination as to whether or not to proceed with a Validation Review shall be made at the sole discretion of OIG.

7. *Independence and Objectivity Certification.* The IRO shall include in its report(s) to Tomball a certification or sworn affidavit that it has evaluated its professional independence and objectivity, as appropriate to the nature of the engagement, with regard to the Claims Review or Unallowable Cost Review and that it has concluded that it is, in fact, independent and objective.

E. Disclosure Program.

Within 120 days after the Effective Date, Tomball shall maintain 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 Tomball's 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. Tomball 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, Tomball 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 prospective and current owners, officers, directors, employees, contractors, and agents of Tomball.

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

- a. Tomball 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. Tomball shall screen all Screened Persons against the Exclusion Lists within 90 days after the Effective Date and on an annual basis thereafter.
- c. Tomball 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.

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

3. *Removal Requirement.* If Tomball has actual notice that a Screened Person has become an Ineligible Person, Tomball shall remove such Screened Person from responsibility for, or involvement with, Tomball's 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. *Pending Charges and Proposed Exclusions.* If Tomball 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 or, in the case of a physician, during the term of the physician's medical staff privileges, Tomball 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 claim submitted by Tomball to any Federal health care program.

G. Notification of Government Investigation or Legal Proceedings.

Within 30 days after discovery, Tomball shall notify OIG, in writing, of any ongoing investigation or legal proceeding known to Tomball conducted or brought by a governmental entity or its agents involving an allegation that Tomball 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. Tomball 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. *Overpayments.*

a. *Definition of Overpayments.* For purposes of this CIA, an "Overpayment" shall mean the amount of money Tomball has received in excess of the amount due and payable under any Federal health care program requirements.

b. *Reporting of Overpayments.* If, at any time, Tomball identifies or learns of any Overpayment, Tomball shall notify the payor (e.g., Medicare fiscal intermediary or carrier) within 30 days after identification of the Overpayment and take remedial steps within 60 days after identification (or such additional time as may be agreed to by the payor) to correct the problem, including preventing the underlying problem and the Overpayment from recurring. Also, within 30 days after identification of the Overpayment, Tomball shall repay the Overpayment to the appropriate payor to the extent

such Overpayment has been quantified. If not yet quantified, within 30 days after identification, Tomball shall notify the payor of its efforts to quantify the Overpayment amount along with a schedule of when such work is expected to be completed. Notification and repayment to the payor shall be done in accordance with the payor's policies, and, for Medicare contractors, shall include the information contained on the Overpayment Refund Form, provided as Appendix C to this CIA. Notwithstanding the above, notification and repayment of any Overpayment amount that routinely is reconciled or adjusted pursuant to policies and procedures established by the payor should be handled in accordance with such policies and procedures.

2. *Reportable Events.*

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

- i. a substantial Overpayment;
- ii. a matter that a reasonable person would consider a probable violation 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 Tomball.

A Reportable Event may be the result of an isolated event or a series of occurrences.

b. *Reporting of Reportable Events.* If Tomball determines (after a reasonable opportunity to conduct an appropriate review or investigation of the allegations) through any means that there is a Reportable Event, Tomball 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 results in an Overpayment, the report to OIG shall be made at the same time as the notification to the payor required in Section III.H.1, and shall include all of the information on the Overpayment Refund Form, as well as:

(A) the payor's name, address, and contact person to whom the Overpayment was sent; and

(B) the date of the check and identification number (or electronic transaction number) by which the Overpayment was repaid/refunded;

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 Tomball's actions taken to correct the Reportable Event; and

iv. any further steps Tomball 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 and a description of any Federal health care program authorities implicated.

IV. NEW BUSINESS UNITS OR LOCATIONS

In the event that, after the Effective Date, Tomball 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, Tomball 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, Medicare Provider number, provider identification number and/or supplier number, and

the corresponding contractor's name and address that has issued each Medicare 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 150 days after the Effective Date, Tomball 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 Tomball's 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. the following information regarding the IRO(s): (a) identity, address, and phone number; (b) a copy of the engagement letter; (c) a summary and description of any and all current and prior engagements and agreements between Tomball and the IRO; and (d) the proposed start and completion dates of the Claims Review and Unallowable Cost Review;

9. a certification from the IRO regarding its professional independence and objectivity with respect to Tomball;

10. a description of the process by which Tomball 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 in response to the screening and removal obligations set forth in Section III.F; and the actions taken to identify, quantify, and repay any overpayments to Federal health care programs relating to items or services furnished, ordered or prescribed by an Ineligible Person;

12. a list of all of Tomball's locations (including locations and mailing addresses); the corresponding name under which each location is doing business; the corresponding phone numbers and fax numbers; each location's Medicare Provider number(s), provider identification number(s), and/or supplier number(s); and the name and address of each Medicare contractor to which Tomball currently submits claims;

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

14. the certifications required by Section V.C.

B. Annual Reports. Tomball shall submit to OIG annually a report with respect to the status of, and findings regarding, Tomball's 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) and copies of any compliance-related Policies and Procedures;
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 IRO's engagement letter (if applicable);
6. Tomball's response and corrective action plan(s) related to any issues raised by the reports prepared pursuant to Section III.D;
7. a summary and description of any and all current and prior engagements and agreements between Tomball and the IRO, if different from what was submitted as part of the Implementation Report;
8. a certification from the IRO regarding its professional independence and

objectivity with respect to Tomball;

9. 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;

10. a report of the aggregate Overpayments that have been returned to the Federal health care programs. Overpayment amounts shall be broken down into the following categories: inpatient Medicare, outpatient Medicare, Medicaid (report each applicable state separately, if applicable), and other Federal health care programs. Overpayment amounts that are routinely reconciled or adjusted pursuant to policies and procedures established by the payor do not need to be included in this aggregate Overpayment report;

11. a summary of the disclosures in the disclosure log required by Section III.E that: (a) relate to Federal health care programs; or (b) allege abuse or neglect of patients;

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

13. the name, title, and responsibilities of any person who is determined to be an Ineligible Person under Section III.F; the actions taken by Tomball in response to the screening and removal obligations set forth in Section III.F; and the actions taken to identify, quantify, and repay any overpayments to Federal health care programs relating to items or services furnished, ordered or prescribed by an Ineligible Person;

14. 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;

15. a description of all changes to the most recently provided list of Tomball's locations (including addresses) as required by Section V.A.11; the corresponding name under which each location is doing business; the corresponding phone numbers and fax numbers; each location's Medicare Provider number(s), provider identification number(s), and/or supplier number(s); and the name and address of each Medicare contractor to which Tomball currently submits claims; and

16. 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, Tomball 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

3. To the best of the Compliance Officer's knowledge, Tomball has complied with its obligations under the Settlement Agreement: (a) not to resubmit to any Federal health care program payors any previously denied claims related to the Covered Conduct addressed in the Settlement Agreement, and not to appeal any such denials of claims; (b) not to charge to or otherwise seek payment from federal or state payors for unallowable costs (as defined in the Settlement Agreement); and (c) to identify and adjust any past charges or claims for unallowable costs.

D. Designation of Information. Tomball 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. Tomball 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

TOMBALL:

Brian Beard
Compliance Officer
Tomball Hospital Authority
605 Holderrieth
Tomball, Texas 77375
Telephone: 281.401.7298
Facsimile: 281.401.7297

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 Tomball's books, records, and other documents and supporting materials and/or conduct on-site reviews of any of Tomball's locations for the purpose of verifying and evaluating: (a) Tomball's compliance with the terms of this CIA; and (b) Tomball's compliance with the requirements of the Federal health care programs in which it participates. The documentation described above shall be made available by Tomball 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 Tomball's 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. Tomball shall assist OIG or its duly authorized representative(s) in contacting and arranging interviews with such individuals upon OIG's request. Tomball's employees may elect to be interviewed with or without a representative of Tomball present.

VIII. DOCUMENT AND RECORD RETENTION

Tomball shall maintain for inspection all documents and records relating to reimbursement from the Federal health care programs, or to compliance with this CIA, for six 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 Tomball prior to any release by OIG of information submitted by Tomball pursuant to its obligations under this CIA and identified upon submission by Tomball as trade secrets, or information that is commercial or financial and privileged or confidential, under the FOIA rules. With respect to such releases, Tomball shall have the rights set forth at 45 C.F.R. § 5.65(d).

X. BREACH AND DEFAULT PROVISIONS

Tomball 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, Tomball 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 Tomball 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 Tomball fails to engage an IRO, as required in Section III.D and Appendix A.

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 Tomball fails to submit the Implementation Report or the 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 Tomball fails to submit the annual Claims Review Report in accordance with the requirements of Section III.D and Appendix B.

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

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

7. A Stipulated Penalty of \$1,000 for each day Tomball fails to comply fully and adequately with any obligation of this CIA. OIG shall provide notice to Tomball, stating the specific grounds for its determination that Tomball has failed to comply fully and adequately with the CIA obligation(s) at issue and steps Tomball shall take to comply with the CIA. (This Stipulated Penalty shall begin to accrue 10 days after Tomball 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. Tomball 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 Tomball 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 Tomball 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 Tomball 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 Tomball of: (a) Tomball's 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, Tomball 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 Tomball elects to request an ALJ hearing, the Stipulated Penalties shall continue to accrue until Tomball 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 Tomball 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 Tomball 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 and use an IRO 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 Tomball constitutes an independent basis for Tomball's exclusion from participation in the Federal health care programs. Upon a determination by OIG that Tomball has materially breached this CIA and that exclusion is the appropriate remedy, OIG shall notify Tomball of: (a) Tomball's 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.* Tomball 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. Tomball 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) Tomball has begun to take action to cure the material breach; (ii) Tomball is pursuing such action with due diligence; and (iii) Tomball has provided to OIG a reasonable timetable for curing the material breach.

4. *Exclusion Letter.* If, at the conclusion of the 30-day period, Tomball fails to satisfy the requirements of Section X.D.3, OIG may exclude Tomball from participation in the Federal health care programs. OIG shall notify Tomball in writing of its determination to exclude Tomball (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 Tomball's 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, Tomball 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 Tomball 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, Tomball 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. § 1005.2-1005.21. 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 Tomball was in full and timely compliance with the obligations of this CIA for which OIG demands payment; and (b) the period of noncompliance. Tomball 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 Tomball to pay Stipulated Penalties, such Stipulated Penalties shall become due and payable 20 days after the ALJ issues such a decision unless Tomball 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 Tomball 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) Tomball had begun to take action to cure the material breach within that period; (ii) Tomball has pursued and is pursuing such action with due diligence; and (iii) Tomball provided to OIG within that period a reasonable timetable for curing the material breach and Tomball 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 Tomball, only after a DAB

decision in favor of OIG. Tomball's election of its contractual right to appeal to the DAB shall not abrogate OIG's authority to exclude Tomball 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 Tomball 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. Tomball 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 Tomball, Tomball 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

Consistent with the provisions in the Settlement Agreement pursuant to which this CIA is entered, Tomball and OIG agree as follows:

A. This CIA shall be binding on the successors, assigns, and transferees of Tomball;

B. This CIA shall become final and binding on the date the final signature is obtained on the CIA;

C. Any modifications to this CIA shall be made with the prior written consent of the parties to this CIA;

D. OIG may agree to a suspension of Tomball's obligations under the CIA in the event of Tomball's cessation of participation in Federal health care programs. If Tomball withdraws from participation in Federal health care programs and is relieved of its CIA obligations by OIG, Tomball shall notify OIG at least 30 days in advance of Tomball's 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 Tomball 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 TOMBALL HOSPITAL AUTHORITY

/L. Lynn LeBouef/

L. Lynn LeBouef
President and CEO

7/19/07
DATE

/J. Marcus Smith/

J. Marcus Smith
Chairman, Board of Directors

7/19/07
DATE

/Brian Beard/

~~Brian Beard~~
Chief Compliance Officer

7-19-2007
DATE

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

/Lewis Morris/

7/23/07

LEWIS MORRIS
Chief Counsel to the Inspector General
Office of Inspector General
U. S. Department of Health and Human Services

DATE

APPENDIX A INDEPENDENT REVIEW ORGANIZATION

This Appendix contains the requirements relating to the Independent Review Organization (IRO) required by Section III.D of the CIA.

A. IRO Engagement.

Tomball Regional Hospital (Tomball) shall engage an IRO that possesses the qualifications set forth in Paragraph B, below, to perform the responsibilities in Paragraph C, below. The IRO shall conduct the review in a professionally independent and objective fashion, as set forth in Paragraph D. Within 30 days after OIG receives written notice of the identity of the selected IRO, OIG will notify Tomball if the IRO is unacceptable. Absent notification from OIG that the IRO is unacceptable, Tomball may continue to engage the IRO.

If Tomball engages a new IRO during the term of the CIA, this IRO shall also meet the requirements of this Appendix. If a new IRO is engaged, Tomball shall submit the information identified in Section V.A.8 to OIG within 30 days of engagement of the IRO. Within 30 days after OIG receives written notice of the identity of the selected IRO, OIG will notify Tomball if the IRO is unacceptable. Absent notification from OIG that the IRO is unacceptable, Tomball may continue to engage the IRO.

B. IRO Qualifications.

The IRO shall:

1. assign individuals to conduct the Claims Review and Unallowable Cost Review engagement who have expertise in the billing, coding, reporting, and the general requirements of the Federal health care program(s) from which Tomball seeks reimbursement;
2. assign individuals to design and select the Claims Review sample who are knowledgeable about the appropriate statistical sampling techniques;
3. assign individuals to conduct the coding review portions of the Claims Review who have a nationally recognized coding certification (e.g., CCA, CCS, CCS-P, CPC, RRA, etc.) and who have maintained this certification (e.g., completed applicable continuing education requirements); and
4. have sufficient staff and resources to conduct the reviews required by the CIA on a timely basis.

C. IRO Responsibilities.

The IRO shall:

1. perform each Claim Review and unallowable cost review in accordance with the specific requirements of the CIA;
2. follow all applicable Medicare and Medicaid rules and reimbursement guidelines in making assessments in the Claims Review;
3. if in doubt of the application of a particular Medicare or Medicaid policy or regulation, request clarification from the appropriate authority (e.g., fiscal intermediary or carrier);
4. respond to all OIG inquires in a prompt, objective, and factual manner; and
5. prepare timely, clear, well-written reports that include all the information required by Appendix B.

D. IRO Independence and Objectivity.

The IRO must perform the Claims Review in a professionally independent and objective fashion, as appropriate to the nature of the engagement, taking into account any other business relationships or engagements that may exist between the IRO and Tomball.

E. IRO Removal/Termination.

1. *Provider.* If Tomball terminates its IRO during the course of the engagement, Tomball must submit a notice explaining its reasons to OIG no later than 30 days after termination. Tomball must engage a new IRO in accordance with Paragraph A of this Appendix.

2. *OIG Removal of IRO.* In the event OIG has reason to believe that the IRO does not possess the qualifications described in Paragraph B, is not independent and/or objective as set forth in Paragraph D, or has failed to carry out its responsibilities as described in Paragraph C, OIG may, at its sole discretion, require Tomball to engage a new IRO in accordance with Paragraph A of this Appendix.

Prior to requiring Tomball to engage a new IRO, OIG shall notify Tomball of its intent to do so and provide a written explanation of why OIG believes such a step is necessary. To resolve any concerns raised by OIG, Tomball may request a meeting with OIG to discuss any aspect of the IRO's qualifications, independence or performance of its responsibilities and to present additional information regarding these matters. Tomball

shall provide any additional information as may be requested by OIG under this Paragraph in an expedited manner. OIG will attempt in good faith to resolve any differences regarding the IRO with Tomball prior to requiring Tomball to terminate the IRO. However, the final determination as to whether or not to require Tomball to engage a new IRO shall be made at the sole discretion of OIG.

APPENDIX B CLAIMS REVIEW

A. Claims Review.

1. *Definitions.* For the purposes of the Claims Review, the following definitions shall be used:

- a. Overpayment: The amount of money Tomball has received in excess of the amount due and payable under any Federal health care program requirements.
- b. Item: Any discrete unit that can be sampled (e.g., code, line item, beneficiary, patient encounter, etc.).
- c. Paid Claim: A code or line item submitted by Tomball and for which Tomball has received reimbursement from Medicare or Medicaid.
- d. Population: For the first Reporting Period, the Population shall be defined as all Items for which a code or line item has been submitted by or on behalf of Tomball and for which Tomball has received reimbursement from Medicare or Medicaid (i.e., Paid Claim) during the 12-month period covered by the first Claims Review.

For the remaining Reporting Periods, the Population shall be defined as all Items for which Tomball has received reimbursement from Medicare and Medicaid (i.e., Paid Claim) during the 12-month period covered by the Claims Review.

To be included in the Population, an Item must have resulted in at least one Paid Claim.

- e. Error Rate: The Error Rate shall be the percentage of net Overpayments identified in the sample. The net Overpayments shall be calculated by subtracting all underpayments identified in the sample from all gross Overpayments identified in the sample. (Note: Any potential cost settlements or other supplemental payments should not be included in the net Overpayment calculation. Rather, only underpayments identified as part of the Discovery Sample shall be included as part of the net Overpayment calculation.)

The Error Rate is calculated by dividing the net Overpayment identified in the sample by the total dollar amount associated with the Items in the sample.

2. *Other Requirements.*

a. Paid Claims without Supporting Documentation. For the purpose of appraising Items included in the Claims Review, any Paid Claim for which Tomball cannot produce documentation sufficient to support the Paid Claim shall be considered an error and the total reimbursement received by Tomball for such Paid Claim shall be deemed an Overpayment. Replacement sampling for Paid Claims with missing documentation is not permitted.

b. Replacement Sampling. Considering the Population shall consist only of Paid Claims and that Items with missing documentation cannot be replaced, there is no need to utilize alternate or replacement sampling units.

c. Use of First Samples Drawn. For the purposes of all samples (Discovery Sample(s) and Full Sample(s)) discussed in this Appendix, the Paid Claims associated with the Items selected in each first sample (or first sample for each strata, if applicable) shall be used (i.e., it is not permissible to generate more than one list of random samples and then select one for use with the Discovery Sample or Full Sample).

B. Claims Review Report. The following information shall be included in the Claims Review Report for each Discovery Sample and Full Sample (if applicable).

1. *Claims Review Methodology.*

a. Sampling Unit. A description of the Item as that term is utilized for the Claims Review.

b. Claims Review Population. A description of the Population subject to the Claims Review.

c. Claims Review Objective. A clear statement of the objective intended to be achieved by the Claims Review.

d. Sampling Frame. A description of the sampling frame, which is the totality of Items from which the Discovery Sample and, if any, Full Sample has been selected and an explanation of the methodology used to identify the sampling frame. In most circumstances, the sampling frame will be identical to the Population.

- e. Source of Data. A description of the specific documentation relied upon by the IRO when performing the Claims Review (e.g., medical records, physician orders, certificates of medical necessity, requisition forms, local medical review policies (including title and policy number), CMS program memoranda (including title and issuance number), Medicare carrier or intermediary manual or bulletins (including issue and date), other policies, regulations, or directives).
- f. Review Protocol. A narrative description of how the Claims Review was conducted and what was evaluated.

2. *Statistical Sampling Documentation.*

- a. The number of Items appraised in the Discovery Sample and, if applicable, in the Full Sample.
- b. A copy of the printout of the random numbers generated by the “Random Numbers” function of the statistical sampling software used by the IRO.
- c. A copy of the statistical software printout(s) estimating how many Items are to be included in the Full Sample, if applicable.
- d. A description or identification of the statistical sampling software package used to select the sample and determine the Full Sample size, if applicable.

3. *Claims Review Findings.*

- a. Narrative Results.
 - i. A description of Tomball’s billing and coding system(s), including the identification, by position description, of the personnel involved in coding and billing.
 - ii. A narrative explanation of the IRO’s findings and supporting rationale (including reasons for errors, patterns noted, etc.) regarding the Claims Review, including the results of the Discovery Sample, and the results of the Full Sample (if any).
- b. Quantitative Results.

- i. Total number and percentage of instances in which the IRO determined that the Paid Claims submitted by Tomball (Claim Submitted) differed from what should have been the correct claim (Correct Claim), regardless of the effect on the payment.
- ii. Total number and percentage of instances in which the Claim Submitted differed from the Correct Claim and in which such difference resulted in an Overpayment to Tomball.
- iii. Total dollar amount of all Overpayments in the sample.
- iv. Total dollar amount of paid Items included in the sample and the net Overpayment associated with the sample.
- v. Error Rate in the sample.
- vi. A spreadsheet of the Claims Review results that includes the following information for each Paid Claim appraised: Federal health care program billed, beneficiary health insurance claim number, date of service, procedure code submitted, procedure code reimbursed, allowed amount reimbursed by payor, correct procedure code (as determined by the IRO), correct allowed amount (as determined by the IRO), dollar difference between allowed amount reimbursed by payor and the correct allowed amount. (See Attachment 1 to this Appendix.)

4. *Systems Review.* Observations, findings, and recommendations on possible improvements to the system(s) and process(es) that generated the Overpayment(s).

5. *Credentials.* The names and credentials of the individuals who: (1) designed the statistical sampling procedures and the review methodology utilized for the Claims Review; and (2) performed the Claims Review.

OVERPAYMENT REFUND

TO BE COMPLETED BY MEDICARE CONTRACTOR

Date: _____
 Contractor Deposit Control # _____ Date of Deposit: _____
 Contractor Contact Name: _____ Phone # _____
 Contractor Address: _____
 Contractor Fax: _____

TO BE COMPLETED BY PROVIDER/PHYSICIAN/SUPPLIER

Please complete and forward to Medicare Contractor. This form, or a similar document containing the following information, should accompany every voluntary refund so that receipt of check is properly recorded and applied.

PROVIDER/PHYSICIAN/SUPPLIER NAME _____
 ADDRESS _____
 PROVIDER/PHYSICIAN/SUPPLIER # _____ CHECK NUMBER# _____
 CONTACT PERSON: _____ PHONE # _____ AMOUNT OF CHECK \$ _____
 CHECK DATE _____

REFUND INFORMATION

For each Claim, provide the following:

Patient Name _____ HIC # _____
 Medicare Claim Number _____ Claim Amount Refunded \$ _____
 Reason Code for Claim Adjustment: _____ (Select reason code from list below. Use one reason per claim)

(Please list all claim numbers involved. Attach separate sheet, if necessary)

Note: If Specific Patient/HIC/Claim #/Claim Amount data not available for all claims due to Statistical Sampling, please indicate methodology and formula used to determine amount and reason for overpayment: _____

For Institutional Facilities Only:

Cost Report Year(s) _____
 (If multiple cost report years are involved, provide a breakdown by amount and corresponding cost report year.)

For OIG Reporting Requirements:

Do you have a Corporate Integrity Agreement with OIG? Yes No

Reason Codes:

<p><u>Billing/Clerical Error</u></p> <p>01 - Corrected Date of Service</p> <p>02 - Duplicate</p> <p>03 - Corrected CPT Code</p> <p>04 - Not Our Patient(s)</p> <p>05 - Modifier Added/Removed</p> <p>06 - Billed in Error</p> <p>07 - Corrected CPT Code</p>	<p><u>MSP/Other Payer Involvement</u></p> <p>08 - MSP Group Health Plan Insurance</p> <p>09 - MSP No Fault Insurance</p> <p>10 - MSP Liability Insurance</p> <p>11 - MSP, Workers Comp. (Including Black Lung)</p> <p>12 - Veterans Administration</p>	<p><u>Miscellaneous</u></p> <p>13 - Insufficient Documentation</p> <p>14 - Patient Enrolled in an HMO</p> <p>15 - Services Not Rendered</p> <p>16 - Medical Necessity</p> <p>17 - Other (Please Specify) _____</p>
--	--	--

**FIRST AMENDMENT TO THE
CORPORATE INTEGRITY AGREEMENT
BETWEEN THE
OFFICE OF INSPECTOR GENERAL
OF THE
DEPARTMENT OF HEALTH AND HUMAN SERVICES
AND
TOMBALL HOSPITAL AUTHORITY**

Tomball Hospital Authority d/b/a Tomball Regional Hospital (Tomball) enters into this First Amendment (Amendment) to the Corporate Integrity Agreement (CIA) with the Office of Inspector General (OIG) of the United States Department of Health and Human Services (HHS) that was executed by and between Tomball and OIG and became effective July 23, 2007.

Tomball and OIG agree as follows:

I. The effective date of this Amendment shall be the date on which the final signatory executes this signs this Amendment (Amendment Effective Date).

II. All terms and conditions of the CIA shall remain in effect, with the following modifications:

A. Arrangements. Section II.C of the CIA shall be amended to include the following paragraphs 4 through 6:

4. "Arrangements" shall mean every arrangement or transaction that:

a. involves, directly or indirectly, the offer, payment, solicitation, or receipt of anything of value; and is between Tomball and any actual or potential source of health care business or referrals to Tomball or any actual or potential recipient of health care business or referrals from Tomball. The term "source" shall mean any physician, contractor, vendor, or agent and the term "health care business or referrals" shall be read to include referring, recommending, arranging for, ordering, leasing, or purchasing of any good, facility,

item, or service for which payment may be made in whole or in part by a Federal health care program; or

b. is between Tomball and a physician (or a physician's immediate family member (as defined at 42 C.F.R. § 411.351)) who makes a referral (as defined at 42 U.S.C. § 1395nn(h)(5)) to Tomball for designated health services (as defined at 42 U.S.C. § 1395nn(h)(6)).

5. "Focus Arrangements" means every Arrangement that:

a. is between Tomball and any actual source of health care business or referrals to Tomball and involves, directly or indirectly, the offer, payment, or provision of anything of value; or

b. is between Tomball and a physician (or a physician's immediate family member (as defined at 42 C.F.R. § 411.351)) who makes a referral (as defined at 42 U.S.C. § 1395nn(h)(5)) to Tomball for designated health services (as defined at 42 U.S.C. § 1395nn(h)(6)).

Notwithstanding the foregoing provisions of Section II.C, any Arrangement that satisfied the requirements of 42 C.F.R. § 411.356 (ownership of investment interests), 42 C.F.R. § 411.357(g) (remuneration related to the provision of designated health services); 42 C.F.R. § 411.357(i) (payments by a physician for items and services), 42 C.F.R. § 411.357(m) (medical staff incidental privileges), 42 C.F.R. § 411.357(o) (compliance training), 42 C.F.R. § 411.357(q) (referral services), 42 C.F.R. § 411.357(s) (professional courtesy), 42 C.F.R. § 357(u) (community-wide health information systems), or any exception to the prohibitions of 42 U.S.C. § 1395nn enacted following the Effective date that does not require a written agreement shall not be considered a Focus Arrangement for purposes of this CIA. In addition, Focus Arrangements shall not include any Arrangements between Tomball and any employee of Tomball (i) who is not a licensed or certified health care provider; (ii) who does not provide health care items or services on behalf of Tomball for which payment may be made in whole or in part by a Federal health care program; and (iii) whose employment relationship with Tomball meets the safe harbor set forth at 42 C.F.R. § 1001.952(i).

6. "Arrangements Covered Persons" includes each Covered Person involved with the development, approval, management, or review of Tomball's Arrangements, as such term is defined in Section II.C.4.

B. Policies and Procedures. Section III.B.2 of the CIA shall be amended to include the following subsections c and d:

c. 42 U.S.C. § 1320a-7b(b) (Anti-Kickback Statute) and 42 U.S.C. § 1395nn (Stark Law), and the regulations and other guidance documents related to these statutes, and business or financial arrangements or contracts that generate unlawful Federal health care program business in violation of the Anti-Kickback Statute or the Stark Law;

d. the requirements set forth in Section III.D (Compliance with the Anti-Kickback Statute and Stark Law), including but not limited to the Arrangements Database, the internal review and approval process, and the tracking of remuneration to and from sources of health care business or referrals.

C. Training and Education. Section III.C of the CIA shall be amended to include the following subsection 2. Subsections 2 through 7 of Section III.C of the CIA shall be renumbered as subsections 3 through 8 of Section III.C of the CIA.

2. Arrangements Training. Within 90 days after the Effective Date, each Arrangements Covered Person shall receive at least three hours of Arrangements Training, in addition to the General Training required above. The Arrangements Training shall include a discussion of:

a. Arrangements that potentially implicate the Anti-Kickback Statute or the Stark Law, as well as the regulations and other guidance documents related to these statutes;

b. Tomball's policies, procedures, and other requirements relating to Arrangements, including but not limited to the Arrangements Database, the internal review and approval process, and the tracking of remuneration to and from sources of health care business or referrals required by Section III.D of the CIA;

- c. the personal obligation of each individual involved in the development, approval, management, or review of Tomball's Arrangements to know the applicable legal requirements and Tomball's policies and procedures;
- d. the legal sanctions under the Anti-Kickback Statute and the Stark Law; and
- e. examples of violations of the Anti-Kickback Statute and the Stark Law.

New Arrangements Covered Persons shall receive this training within 60 days after the beginning of their employment or becoming Arrangements Covered Persons, or within 90 days after the Effective Date, whichever is later. A Tomball employee who has completed the Arrangements Training shall review a new Arrangements Covered Person's work until such time as the new Arrangements Covered Person completes his or her Arrangements Training.

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

D. Compliance with the Anti-Kickback Statute and Stark Law. Section III shall be amended to include the following subsections D and E. Sections III.D through III.H of the CIA shall be renumbered as Sections III.F through III.J of the CIA.

D. Compliance with the Anti-Kickback Statute and Stark Law.

1. *Arrangements Procedures.* Within 90 days after the Effective Date, Tomball shall create procedures reasonably designed to ensure that each existing and new or renewed Arrangement does not violate the Anti-Kickback Statute and/or the Stark Law or the regulations, directives, and guidance related to these statutes (Arrangements Procedures). These procedures shall include the following:

- a. creating and maintaining a database of all existing and new or renewed Focus Arrangements that shall contain the information specified in Appendix D (Focus Arrangements Database);
- b. tracking remuneration to and from all parties to Focus Arrangements;
- c. tracking service and activity logs to ensure that parties to the Focus Arrangement are performing the services required under the applicable Focus Arrangement(s);
- d. monitoring the use of leased space, medical supplies, medical devices, equipment, or other patient care items to ensure that such use is consistent with the terms of the applicable Focus Arrangement(s);
- e. establishing and implementing a written review and approval process for all Arrangements, including but not limited to a legal review of Focus Arrangements by counsel with expertise in the Anti-Kickback Statute and Stark Law and appropriate documentation of all internal controls, the purpose of which is to ensure that all new and existing or renewed Arrangements do not violate the Anti-Kickback Statute and Stark Law;
- f. requiring the Compliance Officer to review the Focus Arrangements Database, internal review and approval process, and other Arrangements Procedures on at least a quarterly basis and to provide a report on the results of such review to the Compliance Committee; and
- g. implementing effective responses when suspected violations of the Anti-Kickback Statute and Stark Law are discovered, including disclosing Reportable Events and quantifying and repaying Overpayments pursuant to Section III.J (Reporting) when appropriate.

2. *New or Renewed Focus Arrangements.* Prior to entering into new Focus Arrangements or renewing existing Focus Arrangements, in

addition to complying with the Arrangements Procedures set forth above, Tomball shall comply with the following requirements (Focus Arrangements Requirements):

a. Ensure that each Focus Arrangement is set forth in writing and signed by Tomball and the other parties to the Focus Arrangement;

b. Include in the written agreement a requirement that all individuals who meet the definition of Covered Persons shall comply with Tomball's Compliance Program, including the training related to the Anti-Kickback Statute and the Stark Law. Additionally, Tomball shall provide each party to the Focus Arrangement with a copy of its Code of Conduct and Stark Law and Anti-Kickback Statute Policies and Procedures;

c. Include in the written agreement a certification by the parties to the Focus Arrangement that the parties shall not violate the Anti-Kickback Statute and the Stark Law with respect to the performance of the Focus Arrangement.

3. *Records Retention and Access.* Tomball shall retain and make available to OIG, upon request, the Focus Arrangements Database and all supporting documentation of the Focus Arrangements subject to this Section and, to the extent available, all non-privileged communications related to the Focus Arrangements and the actual performance of the duties under the Focus Arrangements.

E. Review Procedures.

1. *General Description.*

a. *Engagement of Independent Review Organization.* Within 90 days after the CIA Amendment's Effective Date, Tomball shall engage an individual or entity (or entities), such as an accounting, auditing, law, or consulting firm (hereinafter "Arrangements Independent Review Organization" or "Arrangements IRO"), to perform the following review to assist Tomball in assessing its

compliance with the obligations pursuant to Section III.D of this CIA (Focus Arrangements Review).

The Arrangements IRO shall assess, along with Tomball, whether it can perform the IRO review in a professionally independent and objective fashion, as appropriate to the nature of the engagement, taking into account any other business relationships or other engagements that may exist. The engagement of the IRO for the Focus Arrangements Review shall not be deemed to create an attorney-client relationship between Tomball and the IRO. The other applicable requirements relating to the Arrangements IRO are outlined in Appendices D and E to this CIA Amendment, which are incorporated by reference.

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

c. *Retention of Records.* The Arrangements IRO and Tomball shall retain and make available to OIG, upon request, all work papers, supporting documentation, correspondence, and draft reports (those exchanged between the Arrangements IRO and Tomball) related to the reviews.

d. *Responsibilities and Liabilities.* Nothing in this Section III.E affects Tomball's responsibilities or liabilities under any criminal, civil, or administrative laws or regulations applicable to any Federal health care program including, but not limited to, the Anti-Kickback Statute and/or the Stark Law.

2. *Focus Arrangements Review.* The Arrangements IRO shall perform a review to assess whether Tomball is complying with the Arrangements Procedures and Arrangements Requirements required by Sections III.D.1 and III.D.2 of this CIA. The IRO shall randomly select a sample of 25 Focus Arrangements that were entered into or renewed during the Reporting Period. The Arrangements IRO shall assess whether Tomball has implemented the Arrangements

Procedures and, for each selected Focus Arrangement, the Arrangements IRO shall assess whether Tomball has complied with the Arrangements Procedures and Arrangements Requirements specifically with respect to that Focus Arrangement. The IRO's assessment shall include, but is not limited to (a) verifying that the Focus Arrangement is listed in the Focus Arrangements Database; (b) verifying that the Focus Arrangement was subject to the internal review and approval process (including both a legal and business review) and obtained the necessary approvals and that such review and approval is appropriately documented; (c) verifying that the remuneration related to the Focus Arrangement is properly tracked; (d) verifying that the service and activity logs are properly completed and reviewed (if applicable); (e) verifying that leased space, medical supplies, medical devices, and equipment, and other patient care items are properly monitored (if applicable); (f) verifying that the Compliance Officer is reviewing the Focus Arrangements Database, internal review and approval process, and other Arrangements Procedures on a quarterly basis and reporting the results of such review to the Compliance Committee; (g) verifying that effective responses are being implemented when violations of the Anti-Kickback Statute and Stark Law are discovered; and (h) verifying that the Tomball has met the requirements of Section III.D.2.

3. *Focus Arrangements Review Report.* The IRO shall prepare a report based upon the Focus Arrangements Review performed (Focus Arrangements Review Report). The Focus Arrangements Review Report shall include the IRO's findings with respect to (a) whether Tomball has generally implemented the Arrangements Procedures described in Section III.D.1; and (b) specific findings as to whether Tomball has complied with the Arrangements Procedures and Arrangements Requirements with respect to each of the randomly selected Focus Arrangements reviewed by the IRO. In addition, the Focus Arrangements Review Report shall include any observations, findings and recommendations on possible improvements to Tomball's policies, procedures, and systems in place to ensure that all Arrangements do not violate the Anti-Kickback Statute and Stark Law.

4. *Validation Review.* In the event OIG has reason to believe that: (a) Tomball's Arrangements Review fails to conform to the requirements of this CIA Amendment; or (b) the IRO's findings or Focus Arrangements Review results are inaccurate, OIG may, at its sole discretion, conduct its own review to determine whether the Focus Arrangements Review complied with the requirements of the CIA and/or the findings or Focus Arrangements Review results are inaccurate (Validation Review). Tomball shall pay for the reasonable cost of any such review performed by OIG or any of its designated agents. Any Validation Review of Reports submitted as part of Tomball's final Annual Report shall be initiated no later than one year after Tomball's final submission (as described in Section II) is received by OIG.

Prior to initiating a Validation Review, OIG shall notify Tomball of its intent to do so and provide a written explanation of why OIG believes such a review is necessary. To resolve any concerns raised by OIG, Tomball may request a meeting with OIG to: (a) discuss the results of any Focus Arrangements Review submissions or findings; (b) present any additional information to clarify the results of the Focus Arrangements Review or to correct the inaccuracy of the Focus Arrangements Review; and/or (c) propose alternatives to the proposed Validation Review. Tomball agrees to provide any additional information as may be requested by OIG under this Section III.E.4 in an expedited manner. OIG will attempt in good faith to resolve any Focus Arrangements Review issues with Tomball prior to conducting a Validation Review. However, the final determination as to whether or not to proceed with a Validation Review shall be made at the sole discretion of OIG.

5. *Independence and Objectivity Certification.* The IRO shall include in its report(s) to Tomball a certification or sworn affidavit that it has evaluated its professional independence and objectivity, as appropriate to the nature of the engagement, with regard to the Focus Arrangements Review and that it has concluded that it is, in fact, independent and objective.

E. Implementation and Annual Reports. Section V shall be amended to include the following subsection V.E.

E. CIA Amendment Reporting and Certification Requirements.

1. Amendment Implementation Report. Tomball shall provide, within 120 days of the Effective Date of the Amended CIA, a written certification to OIG summarizing the status of its implementation of the requirements of this CIA Amendment. The written certification shall, at a minimum, include the following information:

- a. the following information regarding the arrangements training required by Section III.C:
 - i. a description of such training, including a summary of the topics covered, the length of sessions, and a schedule of training sessions; and
 - ii. 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.

- b. a description of the Focus Arrangements Database required by Section III.D.1.a;
- c. a description of the internal review and approval process required by Section III.D.1.e;
- d. a description of the tracking and monitoring procedures and other Arrangements Procedures required by Section III.D.1;
- e. the following information regarding the Arrangements IRO(s):
 - (i) identity, address, and phone number; (ii) a copy of the engagement letter; and (iii) a summary and description of any and

all current and prior engagements and agreements between Tomball and the Arrangements IRO;

f. a certification from the Arrangements IRO regarding its professional independence and objectivity with respect to Tomball.

2. Amendment Annual Reports. Tomball shall submit to OIG annually a report with respect to the status of, and findings regarding, Tomball's compliance activities for each of the four remaining Reporting Periods (Annual Report) of the CIA. The provisions of the CIA Amendment are incorporated into the Annual Report requirements, such that all references to the IRO includes both the existing IRO and the Arrangements IRO and all Annual Report requirement references to Section III.D are read to reflect the renumbering of that section as Section III.E. For purposes of this Amendment, the first reporting period will begin on the Effective Date of the Amendment and end July 22, 2009. The remaining reporting periods will be coterminous with the reporting periods in the CIA.

In addition to the requirements set forth in the CIA, each Annual Report shall include, at a minimum:

- a. a description of any changes to the Arrangements Database required by Section III.D.1.a;
- b. a description of any changes to the internal review and approval process required by Section III.D.1.e;
- c. a description of any changes to the tracking and monitoring procedures and other Arrangements Procedures required by Section III.D.1;
- d. a complete copy of all reports prepared pursuant to Section III.E, along with a copy of the IRO's engagement letter (if applicable);

- e. Tomball's response and corrective action plan(s) related to any issues raised by the reports prepared pursuant to Section III.E;
- f. a summary and description of any and all current and prior engagements and agreements between Tomball and the IRO, if different from what was submitted as part of the Amendment Implementation Report;
- g. a certification from the IRO regarding its professional independence and objectivity with respect to Tomball; and
- h. a summary of the disclosures in the disclosure log required by renumbered Section III.G that involve allegations of conduct that may involve illegal remunerations or inappropriate referrals in violation of the Anti-Kickback Statute or Stark law;

F. Effective and Binding Agreement.

1. The undersigned Tomball signatories represent and warrant that they are authorized to execute this Amendment. The undersigned OIG signatory represents that he is signing this Amendment in his official capacity and that he is authorized to execute this Amendment.
2. This Amendment may be executed in counterparts, each of which constitutes an original and all of which constitute one and the same Amendment. Facsimiles of signatures shall constitute acceptable, binding signatures for purposes of this Amendment.

ON BEHALF OF TOMBALL HOSPITAL AUTHORITY

/L. Lynn LeBouef/

L. Lynn LeBouef
President and CEO

4/21/09
DATE

/J. Marcus Smith/

J. Marcus Smith
Chairman, Board of Directors

4/21/09
DATE

/Brian Beard/

Brian Beard
Chief Compliance Officer

4/21/09
DATE

**AMENDED CIA
APPENDIX D**

FOCUS ARRANGEMENTS DATABASE

Tomball shall create and maintain a Focus Arrangements Database to track all new and existing Focus Arrangements in order to ensure that each Focus Arrangement does not violate the Anti-Kickback Statute and Stark Law. The Focus Arrangements Database shall contain certain information to assist Tomball in evaluating whether each Focus Arrangement violates the Anti-Kickback Statute and Stark Law, including but not limited to the following:

1. Each party involved in the Focus Arrangement;
2. The type of Focus Arrangement (e.g., physician employment contract, medical directorship, lease agreement);
3. The term of the Focus Arrangement, including the effective and expiration dates and any automatic renewal provisions;
4. The amount of compensation to be paid pursuant to the Focus Arrangement and the means by which compensation is paid;
5. The methodology for determining the compensation under the Focus Arrangements, including the methodology used to determine the fair market value of such compensation;
6. Whether the amount of compensation to be paid pursuant to the Focus Arrangement is determined based on the volume or value of referrals between the parties;
7. Whether each party has fulfilled the requirements of Section III.D.2; and
8. Whether the Focus Arrangement satisfies the requirements of an Anti-Kickback Statute safe harbor and/or a Stark Law exception or safe harbor, as applicable.

**AMENDED CIA
APPENDIX E**

ARRANGEMENTS INDEPENDENT REVIEW ORGANIZATION

A. Arrangements IRO Engagement.

Tomball shall engage an Arrangements IRO that possesses the qualifications set forth in Paragraph B, below, to perform the responsibilities in Paragraph C, below. The Arrangements IRO shall conduct the review in a professionally independent and objective fashion, as set forth in Paragraph D. Within 30 days after OIG receives written notice of the identity of the selected Arrangements IRO, OIG will notify Tomball if the Arrangements IRO is unacceptable. Absent notification from OIG that the Arrangements IRO is unacceptable, Tomball may continue to engage the Arrangements IRO.

If Tomball engages a new Arrangements IRO during the term of the CIA, this Arrangements IRO shall also meet the requirements of this Appendix. If a new Arrangements IRO is engaged, Tomball shall submit the information identified in Section V.E.1 of the CIA to OIG within 30 days of engagement of the Arrangements IRO. Within 30 days after OIG receives written notice of the identity of the selected Arrangements IRO, OIG will notify Tomball if the Arrangements IRO is unacceptable. Absent notification from OIG that the Arrangements IRO is unacceptable, Tomball may continue to engage the Arrangements IRO.

B. Arrangements IRO Qualifications.

The Arrangements IRO shall:

1. assign individuals to conduct the Arrangements Review engagement who are knowledgeable in the requirements of the Anti-Kickback Statute and the Stark Law; and
2. have sufficient staff and resources to conduct the reviews required by the CIA on a timely basis.

C. Arrangements IRO Responsibilities.

The Arrangements IRO shall:

1. perform each Focus Arrangements Review in accordance with the specific requirements of the CIA;
2. respond to all OIG inquires in a prompt, objective, and factual manner; and

3. prepare timely, clear, well-written reports that include all the information required by Section III.E of the CIA.

D. Arrangements IRO Independence and Objectivity.

The Arrangements IRO must perform the Focus Arrangements Review in a professionally independent and objective fashion, taking into account any other business relationships or engagements that may exist between the Arrangements IRO and Tomball.

E. Arrangements IRO Removal/Termination.

1. *Provider.* If Tomball terminates its Arrangements IRO during the course of the engagement, Tomball must submit a notice explaining its reasons to OIG no later than 30 days after termination. Tomball must engage a new Arrangements IRO in accordance with Paragraph A of this Appendix.

2. *OIG Removal of Arrangements IRO.* In the event OIG has reason to believe that the Arrangements IRO does not possess the qualifications described in Paragraph B, is not independent and objective as set forth in Paragraph D, or has failed to carry out its responsibilities as described in Paragraph C, OIG may, at its sole discretion, require Tomball to engage a new Arrangements IRO in accordance with Paragraph A of this Appendix.

Prior to requiring Tomball to engage a new Arrangements IRO, OIG shall notify Tomball of its intent to do so and provide a written explanation of why OIG believes such a step is necessary. To resolve any concerns raised by OIG, Tomball may request a meeting with OIG to discuss any aspect of the Arrangements IRO's qualifications, independence or performance of its responsibilities and to present additional information regarding these matters. Tomball shall provide any additional information as may be requested by OIG under this Paragraph in an expedited manner. OIG will attempt in good faith to resolve any differences regarding the Arrangements IRO with Tomball prior to requiring Tomball to terminate the Arrangements IRO. However, the final determination as to whether or not to require Tomball to engage a new Arrangements IRO shall be made at the sole discretion of OIG.