

CORPORATE COMPLIANCE PLAN
FOR
SOUTHWEST COLORADO MENTAL HEALTH CENTER, INC.

Adopted by the Board of Directors on January 17, 2007

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SOUTHWEST COLORADO MENTAL HEALTH CENTER, INC. CORPORATE COMPLIANCE PLAN

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Compliance Plan for Southwest Colorado Mental Health Center, Inc.

I. Introduction

It is the policy of Southwest Colorado Mental Health Center, Inc. (the Center) that all of its business and other practices be conducted at all times in compliance with all applicable laws and regulations of the United States, the State of Colorado, all other applicable local laws and ordinances, as well as the ethical standards/practices of the industry and the Center.

The Board of Directors of the Center, at its regular scheduled meeting on November 15, 2006, adopted the resolution attached hereto as Attachment A and approved the formal revision of the Corporate Compliance Plan. A Corporate Compliance Committee was formed to review and modify the plan as appropriate. The Plan was approved and adopted by the Board of Directors on January 17, 2007.

The Corporate Compliance Plan (the Plan) serves as a guide to implement this policy of compliance with all applicable standards. The laws, regulations and ethical standards that govern behavioral healthcare are too numerous to list in the Plan. Fundamentally, all parties (as defined below) of the Center are expected to conduct all business activities honestly and fairly. Any form of lying, cheating, or misrepresentation is expressly prohibited.

The Plan applies to all employees, board members, clinical staff, independent contractors, consultants, and any others doing business with the Center (hereinafter "Employees and Contractors"). Each employee or contractor is responsible for his or her own conduct in complying with the Plan.

The Plan will be distributed to all employees and contractors (to contractors only as requested)*. In addition, supplemental data dealing with specific topics may be distributed to employees and/or contractors in certain areas as deemed appropriate.

The Plan is monitored on a regular basis and reviewed no less than annually by the Corporate Compliance Officer (CO). In coordination with the Deputy Corporate Compliance Officer (DCO) and the Quality Improvement Steering Committee (QISC), the CO may edit as warranted.

* The Plan with all current updates is available to all staff in the public folder, and available to everyone on the Center's website.

II. Letter from Corporate Compliance Officer

To: Center Employees and Contractors

The Board of Directors of the Center, at its regularly scheduled meeting on November 15, 2006, named me as the Corporate Compliance Officer (CO) and Pat Roy as Deputy Corporate Compliance Officer (DCO) for Southwest Colorado Mental Health Center. The specific duties, responsibilities and authority of the CO are more fully set forth in the Corporate Compliance Plan. We will be responsible for corporate compliance training throughout the Center. That training includes instruction regarding the Center wide and department specific standards of conduct and the appropriate means of communicating or reporting known or suspected violations of the Plan. We will have responsibility for initiating appropriate reviews (in coordination with legal counsel and other experts if so warranted) or reports of violations.

The Plan provides a method for reporting violations of the Plan or other improper behavior. You, as employees, will be held personally responsible to report a known or suspected violation of the Plan using any of the methods therein described.

There will be no retaliation or retribution against any employee solely for reporting a violation or suspected violation made in good faith. Anyone engaging in such retaliation or retribution for reporting will be subject to discipline up to and including termination.

Corporate Compliance Officer

Deputy Corporate Compliance Officer

III. Code of Conduct

A. Statement of Mission

Southwest Colorado Mental Health Center makes a meaningful difference by delivering the highest quality mental health service to the community in the most appropriate, affordable, educational, and accessible manner.

B. Values

Making a Meaningful difference

The sole purpose of our Center is to support our communities through the full and equal participation of all our residents in the quality of life available here. We do this by *Making a Meaningful Difference* in the lives of those who seek our assistance.

It is our responsibility to constantly modify and adapt our resources to make the greatest possible impact on consumers, family members of those with a substance abuse problem or mental illness, and those in the community for whom mental illness or substance abuse is limiting their capacity to fully participate in the quality of life.

Supporting Family, Job and Intimate Relationships

Greater therapeutic impact happens outside of the Center and its resources than within it. Families, job settings and intimate relationships provide the greatest therapeutic impact and enhance the impact of our service resources. A substantial portion of our resources should be committed to providing support to these systems.

Engaging All Consumers and Family Members to the Best of Our Ability

ALL persons challenged with a mental illness or substance abuse, their families and others who work and live with them are our responsibility to serve to the best of our resources.

We have an obligation to the broader community that requires us to work closely with, and serve as a resource for, all aspects of our community including but not limited to health, public safety, economic development, education and other human service resources.

Engaging *all* consumers and family members to the best of our ability requires a specific commitment to cultural competency and proficiency.

Consumer Partnership

The value of consumer partnership means that we approach our services with respect for those challenged with a mental illness or substance abuse and respect for their families. We take pride in our resources and their professional application, but we recognize that that application must be guided and tailored in partnership with those we serve.

Culture of Change

Change is not our enemy, nor is it an obstacle. Change is not something we will get past, have settled on, or need to endure. ***Change is our opportunity.*** We will embrace change as the opportunity to make a more meaningful difference.

Commitment to Excellence

Excellence is the achievement of outcome making the most creative use of resources. Excellence requires a commitment to the highest professional best practice standards, highest ethical standards, and the integrity to recognize when those standards are not met.

Excellence is not a specific practice, nor a specific application of resources. Excellence is determined by the outcome of service.

Excellence is not to be confused with perfection, which takes no risks. Excellence requires both risk and failure to be achieved.

C. Corporate Code of Conduct

The Center's management and Board of Directors have established the following statement of ethics in recognition of the Center's responsibility to consumers, employees and contractors and the communities we serve. It is the responsibility of every person connected with the Center—governing board, consultants, Center employees—to act in a manner that is consistent with this organizational statement and its supporting policies. Our behavior is guided by the following governing principle:

All employees or contractors should be treated with dignity, respect, courtesy and honesty and with the highest level of integrity.

The Center adheres to this principle and expands on this principle through the development of additional policy statements addressing the following:

- Accurately representing ourselves and our capabilities;
- Expecting our employees and contractors to perform their job duties with honesty and the highest level of integrity;
- Expecting our employees and/or contractors to comply with all laws and regulations;
- Providing only those services that meet the needs of our consumers; and
- Adhering to the standards of practice throughout the organization as defined in this Plan.

1. Quality of Client Care and the Rights of Clients

The Center's standards of client care meet or exceed Federal and State laws and regulations, respective clinical practice guidelines, professional standards and accrediting body standards.

The Center believes its clients deserve care with concern for personal dignity and independence. The Center sees these as important factors in the healing process. It is the responsibility of the staff at the various service sites operated by the Center to respect and preserve these rights for those who come to the Center for service. The Center standards for privacy are drawn from several sources (Division of Mental Health ref., 42 CFR Part 2 ref., HIPAA ref.). The Center is committed to maintaining or surpassing industry standards for protection of client information.

2. Fraud and Abuse Including Anti-Kickback and Self-Referrals

It is the policy of the Center that staff will behave honestly and maintain accurate records concerning the provision of behavioral health care services. Staff will never offer, pay, solicit or receive any money, gifts, premiums or services in return for the referral of consumers or to induce the purchase of items or services.

The following are policies and procedures of the Center with respect to compliance with Federal and State anti-kickback statutes, as well as the Stark Physician Self-referral Law.

- a. All of the Center's contracts and arrangements with referral sources comply with all applicable statutes and regulations.
- b. The Center does not submit or cause to be submitted to the Federal health care programs claims for clients who were referred to the Center pursuant to contracts and financial arrangements that were designed to induce such referrals in violation of the anti-kickback statute, Stark physician self-referral law, or similar Federal or State statute or regulation.
- c. The Center does not enter into financial arrangements with Center-based physicians that are designed to provide inappropriate remuneration to the Center in return for the physician's ability to provide services to Federal health care program beneficiaries at that Center.
- d. The following specific activities are prohibited by law and are not to be engaged in by any Party of the Center. No Party shall:
 - i. Make any statement of any kind in any claim or application for benefits which are known or should have been known to be false;
 - ii. Retain funds from any program for services not eligible or appropriately provided;
 - iii. Submit any claims for a behavioral health care provider's services based on false qualifications;
 - iv. Submit any claim for services that he/she has reason to believe were not medically necessary;
 - v. Pay or offer to pay for referrals of individuals for services;

- vi. Receive any payment for referrals of individuals for services;
- vii. Make any false representations regarding service delivery or coverage of any consumer services;
- viii. Conspire to defraud a health care entitlement program, governmental agency or any other responsible employee or contractor;
- ix. Steal any funds or other assets;
- x. In any way prevent or delay the communication of information or records related to a health care offense to the CO or DCO.

3. Contracting for Business Relations

All business relations with vendors, contractors and other third parties, including physicians and other clinicians, are conducted at arms' length.

a. Gifts, Entertainment, and Favors

Employees must not accept entertainment, gifts, or personal favors that could, in any way, influence, or appear to influence, business decisions in favor of any person or organization with whom or with which the Center has, or is likely to have, business dealings. Similarly, employees must not accept any other preferential treatment under these circumstances because their position with the Center might be inclined to, or be perceived to, place them under obligation.

b. Kickbacks and Secret Commissions

Regarding Center business activities, employees may not receive payment or compensation of any kind, except as authorized under Center remuneration policies. In particular, the Center strictly prohibits the acceptance of kickbacks and secret commissions from suppliers or others. Any breach of this rule will result in immediate termination and prosecution to the fullest extent of the law.

4. Financial Accounting Records – Integrity and Accuracy

All financial reports, accounting records, research reports, expense accounts, time sheets and other financial documents shall accurately represent performance of operations.

The Center shall preserve and protect its assets.

- a. The Center shall establish procedures to assure a system of internal controls that provides reasonable assurance that financial records are maintained in a manner consistent with Federal and State regulations and in compliance with accounting industry standards.
- b. All employees shall be trained to ensure asset accountability regarding the need to account for all financial transactions.

- c. The Center shall cause an outside audit to be performed annually.
- d. The accounting staff shall provide documents and other records of original entry to support asset acquisitions and disposals.
- e. Asset documentation and other such records shall be regularly maintained in accordance with the Center's policy, but no less frequently than monthly, to include, but not be limited to, Cash, Accounts Receivable, Fixed Assets, etc.
- f. Financial statements shall be provided to the Board of Directors on a periodic basis determined by the Board.
- g. The Center will establish a system of accountability for all assets. Employees, contractors or any person doing business with the Center shall not use assets in an unauthorized manner.

5. Accuracy of Books and Records

The Center's employees shall be trained and their work shall be monitored to assure maintenance of information to comply with the Center's policy, accreditation standards, and any other such laws, statutes, or regulations.

- a. The Center shall assure that all records are timely, accurate, and properly supported.
- b. The Center shall follow its policies and procedures in recording all its assets as well as those acquired through donations, wills or bequests.
- c. Books and records shall fairly and accurately reflect in reasonable detail the Center's business transactions, assets, acquisitions and deposits as well as all other financial activity.
- d. The Center shall protect and secure financial data from potential destruction, except as in accordance with approved document destruction policies and procedures.
- e. The Center shall maintain confidential access to sensitive data such as financial records, consumer data and personnel records.

6. Claims Development & Submission Processing Incl. Billing and Collections

The Center shall maintain honest, fair and accurate billing practices. Individuals involved in the billing functions of the Center shall have experience and knowledge and shall be trained to perform all the billing functions in accordance with Federal, State and local law.

The Center shall develop and maintain detailed written billing policies and procedure manuals to provide guidance to billing and coding staff. With respect to reimbursement claims, the Center's written policies and procedures will reflect and reinforce current Federal and State statutes and regulations regarding the submission of claims. The

policies serve as a mechanism for the billing or reimbursement staff to communicate effectively and accurately with the clinical staff.

Billing policies shall include the following:

- a. Billing consumers or appropriate third-party payers for only those services provided, as supported by medical record documentation.
- b. Avoiding duplicate billing.
- c. Collecting those amounts not covered by a third-party payer such as deductibles, coinsurance and other noncovered items and as it relates to ability to pay guidelines.
- d. Abiding by the terms of all consumer or third-party payer agreements that include benefit assignments.
- e. Providing for proper and timely documentation of the services of staff.
- f. Ensuring that the diagnosis and procedures reported on the reimbursement claim are based on the medical record and other documentation.
- g. Ensuring that the written policies and procedures concerning proper coding reflect the current reimbursement principles set forth in applicable regulations and are developed in tandem with private payer and organizational standards. Particular attention should be paid to issues of medical necessity and use of appropriate diagnosis codes.
- h. Installing and maintaining computer software that will identify those outpatient services that are billed.
- i. Conducting periodic pre- and post-submission random testing to examine or re-examine previously submitted claims for accuracy.

Employees should advise the CO of any incorrectly submitted or paid claims. The CO, or their designee, will direct advisement to the fiscal intermediary or any other appropriate government fiscal agents in accordance with current regulation or program instructions. If appropriate, prompt reimbursement of the fiscal intermediary or the beneficiary in the amount of the claim paid by the government payer and/or any applicable deductibles or co-payments will be made as appropriate.

7. Medicaid Contracts and Reports

The Center shall prepare or cause to have prepared annual unit cost reports and the Colorado Mental Health Services, Medicaid Capitation Program reports as necessary. The unit cost report and/or the Colorado Mental Health Services, Medicaid Capitation Program reports shall be prepared based on the *Accounting and Auditing Guidelines* issued by the Colorado Department of Human Services, Mental Health Services.

The Center shall use the accounting standards summarized in the *Accounting and Auditing Guidelines* including specific recording guidelines and expense classifications.

The Center will use the unit of service definitions, client's utilization summary and encounter data system as outlined in the *Accounting and Auditing Guidelines* in developing the statistical information necessary to complete the units of service for the unit cost report.

8. Allocation of Department Costs

The Center's employees shall maintain adequate data to support cost allocations to other departments. Cost allocations will be based on actual cost.

9. Medical Necessity – Reasonable and Necessary Services

The Center will ensure that claims are submitted only for services that the Center has reason to believe are medically necessary as determined by a physician or other appropriately licensed individual.

While licensed health care professionals are able to order any services that are appropriate for the treatment of their consumers, Medicare and other government and private health plans will only pay for those services that meet appropriate medical necessity standards (as in the case of Medicare, "reasonable and necessary services"). Providers may not bill for services that do not meet applicable standards. Upon request, the Center will be able to provide appropriate documentation, such as a consumer's medical record and physician orders, to support the medical necessity of a service that the Center has provided. The CO, with the assistance of management staff, will ensure an understanding of medical necessity by clinical staff.

10. Credit Balances

The Center shall maintain procedures to provide for the timely and accurate reporting of Medicare and other federal health care program credit balances.

In addition, the Center will designate at least one person to assume the responsibility for the tracking, reporting, and recording of credit balances. The Vice President of Financial Services will review reports of credit balances and reimbursements or adjustments on a quarterly basis as an additional safeguard.

11. Tax Responsibility and Compliance

The Center is exempt from Federal income tax pursuant to Section 501(c)(3) of the Internal Revenue Code and engages only in those activities in furtherance of its charitable purpose. The Center must ensure that its resources are used in a manner which furthers the public good rather than the private or personal interest of any individual. The Center shall file or cause to have filed accurate reports and returns required by taxing authority.

12. Antitrust and Trade Regulation

It is the policy of the Center to avoid any activities that unfairly or illegally reduce or eliminate competition, control prices, allocate markets or exclude competitors.

All Center employees or contractors shall comply with the letter and the spirit of all antitrust laws of the United States and the State of Colorado. No employee or contractor shall have any authority to engage in conduct that does not comply.

13. Record Retention

All records of the Center shall be retained according to Medicare, Medicaid and all Federal, State and local regulatory guidelines.

The Center will institute a document retention policy with which all employees will comply. Document retention and destruction must take place in accordance with established written policy.

The Center shall retain all potentially responsive documents if it has been served with a government subpoena. If the Center has reason to believe that there is an impending government review, it must retain all documents that may pertain to that review.

IV. Administration of the Plan

The Plan is directed by the Corporate Compliance Officer (CO) with the assistance of the Deputy Corporate Compliance Officer (DCO). The CO shall be an employee appointed by the Chief Executive Officer (CEO) with the approval of the Board of Directors. The CO shall be a high level employee of the Center. The CO shall report directly and be responsible to the CEO. The CO and the DCO shall have direct access to report to the Board of Directors in any instance where the CEO does not keep the Board of Directors informed of compliance issues brought to his/her attention in an appropriate or timely manner. In addition, any change in the personnel responsible for administering this Plan shall be approved by the Board of Directors.

The Corporate Compliance Officer's duties shall include:

1. Overseeing and directing the Compliance Program with assistance of the DCO.
2. Overseeing and monitoring the Center's compliance activities.
3. Reporting on a periodic basis to the CEO on the progress of implementation.
4. Assisting the CEO in establishing methods to improve the Center's efficiency and quality of services, and to reduce the Center's vulnerability to fraud, abuse, and waste.
5. Ensuring that the plan is being implemented and evaluating or directing evaluation of its progress.

6. Periodically reviewing the Plan and recommending revisions as necessary to meet changes in the business and regulatory environment.
7. Coordinating internal auditing and monitoring activities within the Center.
8. Receipt and direct independent review of reports of possible illegal conduct or other conduct that violates the Code of Conduct.
9. Directing action on matters related to compliance, including the flexibility to design and coordinate internal reviews (e.g., responding to reports or suspected violations) and any resulting corrective action plan.

The Deputy Corporate Compliance Officer's duties shall include:

1. Developing, coordinating, and participating in a multifaceted educational and training program that focuses on the elements of the compliance program and seeks to ensure that all appropriate employees and management are knowledgeable regarding the Plan and comply with pertinent Federal and State requirements.
2. Ensuring that independent contractors and agents who furnish medical services to the Center are aware of the requirements of the Center's compliance program.
3. Ensuring that the National Practitioner Data Bank and Medicare Cumulative Sanction Report have been checked with respect to all employees and contractors.
4. Receiving and investigating reports of possible illegal conduct or other conduct that violates the Code of Conduct. To independently investigate and act on matters related to compliance, including the authority to design and coordinate internal reviews (e.g., responding to reports or suspected violations) and any resulting corrective action plan.

Jointly the Corporate Compliance Officer and the Deputy Compliance Officer duties will include:

1. Developing policies and procedures to ensure managers, employees and clinical staff report suspected fraud and other improprieties.
2. Ensuring that the plan has been effectively communicated to all employees and contractors of the Center.

Essential to the success of the Plan is its integration in the Center's operations. Accordingly, the CO shall be a member of the QISC, which is staffed by representatives of various Center programs. Through the CO, the QISC shall monitor compliance with the Plan and coordinate quality improvement initiatives in conjunction with the Plan's values, directives and initiatives.

The QISC's functions may include, but are not limited to:

1. Analyzing the Center's business, industry environment and legal requirements with which it must comply, including specific risk areas.
2. Assessing existing policies and procedures that address these areas for possible incorporation into the compliance plan.
3. Working with appropriate Center programs to develop standards of conduct, policies and procedures to promote compliance with the Center's policies.
4. Recommending and monitoring, in conjunction with the relevant programs, the development of internal systems of controls to carry out the Center's standards, policies and procedures as part of its daily operations.

A. Education and Training

Effective implementation and functioning of the Plan requires training and education for all employees so that each has a clear understanding of his or her responsibilities and rights under the Plan. Education and training emphasize the Center's commitment to compliance with all laws, regulations and guidelines.

It is not essential that every employee be educated concerning every aspect of the Plan. Accordingly, each employee shall receive a compliance handout or manual that contains material appropriate for his or her position.

1. Compliance Materials

Each employee shall receive compliance materials which contain the Code of Conduct as well as the issues-specific and or office-specific standards of conduct and policies that are pertinent to their position. In addition, the materials provided shall include procedures for reporting of possible noncompliance and information regarding possible corrective action and/or sanctions which might result from non-compliance.

2. Other Training and Education

In addition to the distribution of compliance material, the CO shall facilitate the provision of additional training in the form of seminars, presentations, video presentations, or more detailed written material in specific sites or departments with respect to targeted issues.

3. Mandatory Attendance and Record Keeping

Attendance at scheduled training sessions shall be mandatory and only the CO has the authority to excuse absences from such sessions. A written record of attendance shall be made and retained by the DCO. Attendance and participation in training programs is a condition of employment. Failure to comply with training requirements shall result in disciplinary action, up to and including termination.

4. Fraud and Abuse Education Policy

A special policy regarding the education of employees involved in the Medicare and/or Medicaid claim development and submission process or in business activities which may be subject to fraud and abuse laws is set forth in Exhibit A.

B. Auditing and Monitoring

In order to detect noncompliance and improve quality of work, an ongoing evaluation process is critical to the success of the Center's compliance program.

1. There shall be periodic audits of compliance with procedures and the Code of Conduct established by this document.
2. Whenever possible, the audits will be conducted by in-house personnel; however, in appropriate circumstances, outside auditors may be engaged.
3. A special audit policy regarding Medicare and Medicaid claim development is set forth in Exhibit B.
4. If an audit reveals noncompliant conduct or the reasonable possibility of noncompliant conduct, the procedures set forth in Exhibit C of this Plan shall be followed.

C. Developing Lines of Communication

An open line of communication between the CO and the DCO with all employees or contractors subject to this Plan is critical to the successful implementation and operation of the Plan.

1. See Exhibit F for Reporting Form
2. See Attachment 2 for Fraud Contact Reporting

D. Enforcing Standards - Well-Publicized Disciplinary Guidelines

Disciplinary action for employees who have failed to comply with the Center's policies and procedures, including Federal and State laws, or those who have otherwise engaged in wrongdoing that has the potential of impairing the Center's status as a reliable, honest and trustworthy health care provider, is an important part of this Plan.

The policies reflected in this plan are important to the Center, and therefore violations shall subject the offender to some manner of discipline or corporate action. See Exhibit C.

1. Management Responsible for Discipline

Under the direction of the CEO, the CO and Deputy CO shall ensure that procedures are established for the discipline of employees for violation of the Plan and the Code of Conduct contained in the Plan.

2. Persons Involved with Improper Activities

Any person who violates the Plan or the Code of Conduct contained in this Plan shall be appropriately disciplined in accordance with the Center's policies and procedures. Violations include the failure to report suspected improper activity or the attempt to prevent the reporting of such activity.

3. Record and Reporting of Disciplinary Action

The Deputy CO shall maintain a record of all disciplinary actions involving the Plan and the CO will report annually to the CEO regarding such actions. The CEO will report to the Board of Directors annually with the CO.

E. Responding to Detected Offenses & Developing Corrective Action Initiatives

1. Review

Upon the receipt of audit results or a report or other information suggesting a possible compliance issue in which the laws, rules or standards of the Medicare or Medicaid programs may not have been followed, the Medicare and Medicaid Review and Corrective Action Policy as set forth herein in Exhibit C shall be followed.

Upon the receipt of audit results or a report or other information suggesting a possible compliance issue in which the laws, rules or standards of other third parties or entities may not have been followed, the CO or Deputy CO shall investigate as necessary.

2. Corrective Action

Corrective Action for issues involving the Medicare or Medicaid programs is set forth in the Medicare and Medicaid Review and Corrective Action Policy (Exhibit C). If there is an identified compliance concern with an issue other than Medicare or Medicaid, then the CO shall immediately investigate, formulate and implement a corrective action plan (if necessary).

1. If the review reveals possible criminal activity (conduct that is intentional, willfully indifferent, or with reckless disregard for the law), the Center shall:
 - Immediately stop the activity related to the problem until the offending practice is corrected;
 - Initiate appropriate disciplinary action;
 - Make such notice to any regulatory authorities as legal counsel advises;
 - Promptly undertake an appropriate program of education.

2. If the review reveals noncompliant conduct which does not appear to be criminal, the Center shall:
 - Immediately stop the activity related to the problem until the offending practice is stopped;
 - Initiate such disciplinary action as is appropriate;
 - Promptly undertake an appropriate program of education.