



Introduction to the Corporate Integrity Agreement (“CIA”)

Goals of Presentation

- Describe the settlement agreement & reason for the CIA
- Describe the required compliance elements of the CIA
- Explain the training requirements imposed by the CIA
- Define a “Reportable Event”
- Explain requirement to notify of government investigations
- Explain certifying employee requirements
- Describe the IRO and claims review

Who is Covered by the CIA?

- Covered Persons - Includes: (1) all owners, officers, directors, and employees of Diversicare; (2) all contractors, subcontractors, agents, and other persons who furnish patient care items or services or who perform billing or coding functions on behalf of Diversicare, excluding vendors whose sole connection with Diversicare is selling or otherwise providing medical supplies or equipment to Diversicare; and (3) all physicians and other non-physician practitioners who are members of Diversicare's active medical staff.
- Individuals working less than 160 hours in a given year are excluded from this definition.

General Compliance Program Requirements

- Chief Compliance Officer
 - Report directly to the CEO
 - Not subordinate to the General Counsel or Chief Financial Officer
 - Reports routinely to the Board of Directors
- Regional Compliance Directors
 - Report directly to the Chief Compliance Officer
 - Responsible for implementing policies, procedures, and practices to ensure compliance with the CIA and Federal health care programs
 - Responsible for monitoring the day-to-day compliance activities for their assigned region
- Corporate Compliance Committee
 - Chaired by the Compliance Officer and includes senior leadership at the corporate office
 - Meets at least quarterly
 - Responsible for oversight of the compliance program
- Confidential Disclosure Program – CareLine
- Independent Review of Compliance Program
 - In years 1 and 3
 - Report to go to the Diversicare Board and the OIG

Training Requirements

- Covered Persons Training – within 90 days of hire and annually thereafter
 - General compliance training – includes code of conduct, confidential disclosure program, policy of non-retaliation, false claims act, Stark law, and anti-kickback statute
 - CIA Training – covers all key requirements of the corporate integrity agreement
- Board Training – within 90 days of the effective date of the CIA
 - Governance responsibilities of the board
 - OIG guidance to healthcare boards

Reportable Events

Reportable Event – Anything that involves:

- A substantial Overpayment;
- 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;
- The employment of or contracting with or having as a member of the active medical staff a Covered Person who is an Ineligible Person;

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

Reportable Events

- If any employee or contractor of Diversicare discovers a potential Reportable Event, it must be reported to the Center Administrator and Chief Compliance Officer immediately.
- The Chief Compliance Officer will initiate an investigation into the potential Reportable Event by working with the Chief Legal Officer, Center Administrator, and others as applicable.
- If it is determined that the potential Reportable Event is substantiated, the Chief Compliance Officer will make the required notifications to the Office of Inspector General (“OIG”).

Notification of Governmental Investigations

- Any employee or contractor who discovers an ongoing investigation or legal proceeding being conducted or brought by a governmental entity or its agents must immediately notify the Center Administrator, Chief Compliance Officer, and Chief Legal Officer.
- The Chief Compliance Officer, in coordination with the Chief Legal Officer, will ensure that all relevant information is obtained and will provide written notice to the OIG of the investigation or legal proceeding within 30 days of initial discovery, if necessary.

Certifying Employee Requirements

- The following employees are required to certify to the OIG annually that their department is in compliance with Federal health care program requirements and the obligations of the CIA:

Chief Executive Officer	SVP, Chief Information Officer
Chief Operating Officer	SVP, Clinical Services
Chief Financial Officer	SVP, Human Resources
SVP, Finance	SVP, Legal and Risk
VP, Revenue Cycle	

- These certifying employees will ask for sub-certifications from certain individuals in their departments.
- If any employee becomes aware of an issue that might not allow their department head to complete the annual certification, it should be immediately reported to their supervisor, Center Administrator and Chief Compliance Officer so that corrective actions can be taken.

Independent Review Organization & Claims Reviews

- Diversicare shall engage an Independent Review Organization (such as an accounting or consulting firm) to conduct annual Medicare Part A skilled nursing claims reviews at 8% or at least 5 facilities.
- The OIG will select the facilities based on:
 - PEPPER reports
 - Geographic location
 - Patient census
 - Medicare revenues
 - Other data at the OIG's discretion
- The IRO will randomly select 30 claims for review at each facility selected by the OIG.

Conclusion

- Diversicare is committed to complying with all aspects of the CIA as well as all Federal health care program requirements.
- We are relying on all team members to do their part in promoting this commitment to compliance.
- Any issues or concerns must be reported as explained in this presentation so that they can be addressed in a timely manner.
- Thank you for your help in this important time for our company.