

Lakeshore Medical Clinic, Ltd.

Corporate Compliance Plan

I. Introduction

Lakeshore Medical Clinic, Ltd. (“Lakeshore”) recognizes the problem fraud and other deliberate misconduct in the health care industry poses to society and seeks to prevent and detect unlawful and /or unethical conduct by its employees and agents. Lakeshore is committed to developing an effective Corporate Compliance Plan (“Compliance Plan”) in accordance with applicable laws and guidance from state and federal health care authorities. Through this Compliance Plan, Lakeshore wishes to promote full compliance with all legal duties applicable to Lakeshore. This Compliance Plan is designed to prevent misconduct, to detect misconduct if it occurs, to prevent future wrongdoings, and to create an atmosphere of awareness and accountability among Lakeshore’s physicians, other employees and consultants.

The Board of Directors of Lakeshore (the “Board”) has approved the Compliance Plan, and the Plan therefore constitutes official corporate policy.

II. Standards of Conduct

Above all else, Lakeshore is committed to the care and improvement of human life. In recognition of this commitment, Lakeshore will strive to deliver high quality, cost effective healthcare in the Southeastern Wisconsin area communities which it serves.

Consistent with the foregoing commitments, Lakeshore will conduct its business in a lawful and ethical manner. Accordingly, the physicians, other employees and consultants of Lakeshore are required to comply with all applicable laws and regulations affecting the operation of Lakeshore’s medical practice. Such laws and regulations include, but are not limited to, those described in the “Compliance Standards” set forth in Exhibit A attached to this Compliance Plan.

III. Compliance Program Positions

A. *Board of Directors*

The Compliance Plan and adherence to the Compliance Plan by Lakeshore physicians, other employees and consultants is ultimately the responsibility of the Board. The Board will delegate the responsibility of overseeing the Compliance Plan to the Compliance Officer and the Compliance Committee, and will direct the Compliance Officer and Compliance Committee to report to, and consult with, the President/Chief Executive Officer (“CEO”) of Lakeshore on an ongoing basis. The Compliance Officer will report the Compliance Plan’s status, effectiveness, and any necessary modifications to the Board on a semi-annual basis. The Board’s responsibility demonstrates its commitment to Lakeshore’s ethical standards and the implementation of an effective corporate compliance plan.

The Board's responsibilities include ensuring the compliance program's objectives are consistent with Lakeshore's corporate mission, monitoring the effectiveness of the Compliance Plan through reports from the Compliance Officer, and otherwise seeing that the compliance objectives are reflected in all governance, risk management, information management, and financial and operational activities.

B. *Compliance Officer*

This Compliance Plan shall be implemented under the guidance and supervision of the Compliance Officer. The Compliance Officer will be appointed by the Board and is the person responsible for leadership of the day to day operation of the Compliance Plan. The Compliance Officer must be an individual in a high-level position within Lakeshore, who has a substantial role in making Lakeshore's policies and has unimpeded access to all documents relevant to the monitoring and auditing of the Compliance Plan. The Compliance Officer will assume the managerial and administrative tasks involved in establishing this Compliance Plan and shall continue to act as the Compliance Officer until such time as he or she is replaced by the Board.

The Compliance Officer's duties shall include:

1. Establishing and supervising programs designed to detect misconduct;
2. Supervising the implementation of this Compliance Plan;
3. Notifying physicians, other employees and consultants of these compliance standards;
4. Supervising and evaluating monitoring and auditing procedures;
5. Implementing reporting mechanisms;
6. Investigating suspected misconduct;
7. Training and educating physicians, other employees and consultants about these compliance standards;
8. Working with the individual or individuals responsible for personnel decisions to ensure that appropriate credentials and references are checked for all employees and consultants;
9. Reporting the activities of the Compliance Plan to the CEO and Compliance Committee on an ongoing basis;
10. Carrying out corrective actions with the approval of the CEO and the Board; and
11. Preparing semi-annual reports on legal and ethical compliance for the Board.

All questions and concerns regarding compliance with the standards set forth in the Compliance Plan shall be directed to the Compliance Officer. All physicians, other employees and consultants of Lakeshore must fully cooperate and assist the Compliance Officer as required in the exercise of his or her duties.

The Board hereby appoints Timothy G. Buchanan, M.D. as the Compliance Officer for Lakeshore. The Board certifies that Dr. Buchanan occupies a high-level position within Lakeshore, has a substantial role in the formulation of Lakeshore's policy, and has access to all documents relevant to monitoring and auditing this Compliance Plan.

C. *Compliance Committee*

The Compliance Committee established under this Compliance Plan will be appointed by the Board and will be responsible for coordinating compliance efforts and advising the Compliance Officer and the CEO. The Compliance Committee should be comprised of high-level individuals with varying responsibilities in the organization, such as operations, finance, audit, human resources, utilization review, medicine, and coding, and should include representatives of satellite offices as well as Lakeshore's principal clinic facility in St. Francis, Wisconsin.

The Compliance Committee's duties shall include:

1. Analyzing the legal requirements with which Lakeshore must comply, and developing priorities for the Compliance Plan;
2. Assessing existing policies and procedures for possible incorporation into the Compliance Plan;
3. Working with appropriate departments to develop standards of conduct and policies and procedures to promote compliance;
4. Evaluating educational initiatives;
5. Developing systems to solicit, evaluate and respond to complaints and problems; and
6. Monitoring external and internal audits and investigations for the purpose of identifying troublesome issues and deficient areas experienced by Lakeshore, and implementing corrective and preventative action.

The Board hereby appoints Timothy G. Buchanan, M.D. and Elizabeth G. Ojeda as the initial members of the Compliance Committee for Lakeshore. The Board certifies that the foregoing individuals occupy high-level positions within Lakeshore and represent a variety of departmental responsibilities and geographic locations.

IV. *Effective Communications and Training Programs*

A. *Employee Handbooks*

All physicians and employees will receive this Compliance Plan and other information necessary to ensure compliance with these standards upon hire or in conjunction with orientation at the start of employment at LMC. The Compliance Plan may be included as part of the Provider Handbook distributed to all employed physicians and billing providers as well as in the Employee Handbook distributed to all other employees. Each physician and employee must sign and return an acknowledgement form to LMC Human Resources stating that the physician or employee has read and understands these provisions and her or his responsibilities with respect to the Compliance Plan as they occur. Physicians and other employees must sign and return an acknowledgement form after each material policy revision and again no less frequently than annually.

All collected and logged acknowledgement forms will be reported to the Compliance Officer on an annual basis. LMC's HR Department will collect, log and review the information against current employment lists to verify that all physicians and other employees have received

handbooks and returned acknowledgement forms. If a physician or other employee has questions regarding this Compliance Plan and his or her obligations, he or she should contact the Compliance Officer. If acknowledgement forms are not returned by physicians and/or employees timely, the Compliance Officer will address the matter in an attempt to determine whether the failure to submit the form is due to an outstanding compliance concern.

B. *Professional Education*

Lakeshore believes that continuing education for both its physicians and other employees promotes professional excellence and regulatory compliance. Medical licensure and clinical proficiency require that Lakeshore's physicians enroll in continuing medical education. Similarly, to keep current with changes in their own fields, Lakeshore encourages, and in some cases may require, its non-physician personnel (especially those in coding/billing, marketing, management and finance) to take advantage of appropriate educational opportunities.

C. *Regulatory Training*

The Compliance Officer with the assistance of the Compliance Committee shall oversee the development and implementation of training programs for physicians and other personnel, including new employee orientation coverage of ethics and legal compliance issues, and initial department-specific training and educational programs on compliance. Training will be geared to the level of responsibility and job function. Physicians, managers and billers/coders should receive more extensive compliance training than other personnel. In addition, training for physicians should focus on medical record documentation and improper referral and investment arrangements. By contrast, training for billing personnel should focus on inappropriate coding and billing practices (e.g., unbundling and upcoding).

All persons in supervisory positions are responsible for ensuring that each employee under them has attended the required training sessions.

D. *Physician/Employee Evaluations*

Physicians and other employees shall be informed that compliance with both the Compliance Standards set forth in Exhibit A to this Compliance Plan and the requirements of this Compliance Plan (including attendance and participation of training programs) is a condition of employment and an element in evaluating all physicians and employees for retention and promotion. Current physicians and other employees who are sanctioned for a violation of either the Standards of Conduct of the Compliance Plan may be subject to termination as determined pursuant to the disciplinary policies adopted from time to time by Lakeshore.

E. *Disclosure to Consultants*

The Compliance Officer will send or deliver a copy of Lakeshore's Compliance Plan to all independent contractor consultants of Lakeshore. All such consultants shall submit an acknowledgment form to the Compliance Officer indicating that the consultant has read and understands the Compliance Plan. This action will serve as notice to such consultants that Lakeshore is committed to the enforcement of this Compliance Plan and all consultants must

comply with these standards. A consultant's inability or unwillingness to comply with these standards will result in the termination of that consultant's service.

V. Reporting and Investigative Processes

All Lakeshore Personnel are required to report incidents of billing errors, violation of this Compliance Plan, unethical conduct, or incidents of potential fraud and abuse to the Compliance Officer. Such reports may be made in person, by telephone (299-9629), or by written communication to Dr. Timothy G. Buchanan, Compliance Officer, 100 15th Avenue Suite 180, South Milwaukee, Wisconsin, 53172 or fax to Confidential fax at 764-9279.

In some instances, the mere failure to report a suspected violation of this Compliance Plan may itself be a basis for disciplinary action against a physician or other employee.

Reports will be treated as confidential to the extent reasonably possible. There shall be no retaliation against physicians and other employees who submit good faith reports of misconduct.

Any reported matters that suggest substantial violations of compliance policies, regulations, or statutes should be documented and investigated promptly. These matters should be reported by the Compliance Officer to the CEO, and the Compliance Officer and the CEO should advise the Compliance Committee and the Board.

VI. Monitoring and Auditing Systems

A. General Requirements

Lakeshore is committed to ensuring that this Compliance Plan is properly implemented through a system of periodic monitoring and auditing of the business activities of the practice. The principal activities of concern include billing, coding, claims submission, documentation, marketing, referral arrangements, contracts, joint ventures and other investments. The Compliance Officer in consultation with the CEO and, if appropriate, legal counsel shall coordinate, or shall arrange for Lakeshore's legal counsel to coordinate, appropriate audits and surveys to verify adherence to and awareness of this Compliance Plan. The audits may be performed by external auditors with expertise in federal and state health care statutes, regulations, and policies. The auditors must be independent of Lakeshore's physicians and line management and have broad access to records and personnel. The Compliance Officer shall be responsible for investigating incidents or systemic errors or reports of suspected noncompliance. The results of the audit process must be communicated to and discussed with Lakeshore's CEO and legal counsel to determine whether any corrective action is required and whether the Compliance Committee should be convened to consider issues raised by the audit process.

B. Baseline Audit

Lakeshore or Lakeshore's legal counsel will arrange a comprehensive "baseline" audit of its claims submission process shortly after the establishment of this Compliance Plan. The purpose of this audit is to identify and subsequently correct any existing problems in Lakeshore's

billing, coding, and claims submission process. The auditor(s) should report all findings, including potential problems, to the Compliance Officer. The Compliance Officer in turn should notify the CEO of the auditor's findings, and the CEO and the Compliance Officer shall together advise the Compliance Committee and Board regarding findings.

C. *Periodic Audits*

Lakeshore or Lakeshore's legal counsel will arrange "spot-check" audits at regular intervals to ensure ongoing claims processing accuracy and compliance with any new rule or regulation implemented since the previous audit. These periodic audits also will focus on problems discovered in the baseline audit and previous audits. The manner in which the periodic audits will be conducted is comparable to that described for the baseline audit. Significant variations should be investigated to determine the cause. If there is a legitimate explanation and no systemic error, the Compliance Officer may not need to take any corrective action. If the deviation is due to improper procedures, misunderstanding of the rules, fraud, or systemic problems, then prompt corrective action should be taken.

The Compliance Officer or auditors also should review whether the requirements of the compliance program are being followed. For instance, the review should determine whether the program standards have been adequately disseminated, whether the appropriate training and education programs have been conducted, and whether the disciplinary process is working properly. The reviewers should also determine whether appropriate records are being kept and that other documentation requirements are being satisfied. Where it is determined that the Compliance Plan is not being followed, corrective action should be taken.

The audit methodology may include: on-site visits; interviews with administrative personnel and physicians; review of written materials, medical and financial records, and other documentation; trend analysis that spot deviations in specified areas over a given period; and analysis and report of results.

While the audit process should cover the entire practice, the following functions will be emphasized because of heightened government scrutiny under fraud and abuse laws and regulations: billing; coding; marketing; referrals; supplier, hospital, and other contracts; recordkeeping; compliance education; joint ventures; other physician and practice investments; and assignment of benefits. Special attention should be focused on new employees and existing employees in new positions.

D. *Disclosure of Audit Results*

The Compliance Officer and the CEO will ensure that the findings of the audit are reported to the Compliance Committee and the Board. If violations are discovered, thus necessitating corrective action, the advice of legal counsel may be sought. If consulted by the Compliance Officer and the CEO, legal counsel will advise on matters of attorney/client privilege, disclosure, and whether Lakeshore has any affirmative duties to report the violations and/or make restitution to health care payors.

E. *Contracts*

All contracts, settlements having system-wide implications, and other arrangements with physicians, laboratories, providers, referral sources and other agents, including settlement of government investigations or major litigation will be reviewed by Lakeshore's legal counsel to verify these compliance standards are not violated by those agreements.

F. *Documentation*

All efforts to comply with applicable statutes and regulations should be documented, including the fact that an audit has taken place and a description of the nature and results of the review. Any inquiries of third party payors or Medicare carriers should be documented if the practices intend to rely on the responses.

VII. *Responding to Detected Offenses*

A. *Internal Response*

If misconduct is detected, the Compliance Officer must inform the CEO and the Compliance Committee. The CEO, the Compliance Committee and the Compliance Officer will then determine the response Lakeshore considers appropriate in light of all the available information. Such a response may include reviewing and revising this Compliance Plan to prevent the occurrence of future misconduct, increasing auditing and monitoring procedures, and replacing supervisors who failed to adequately supervise or report the problem behavior. The CEO, the Compliance Committee and the Compliance Officer will access any physician or other employee misconduct and enforce an appropriate penalty under Lakeshore's disciplinary policies.

If the Compliance Officer and Compliance Committee discover credible evidence of misconduct and after a reasonable inquiry have reason to believe that the misconduct may violate criminal, civil or administrative law, they should consult with the CEO and should seek the advice and assistance of Lakeshore's legal counsel. Decisions whether to disclose the results of investigations or audits to appropriate governmental authority shall be made by the Board based upon recommendations of the CEO, the Compliance Officer and legal counsel.

B. *Governmental Investigations*

If any Lakeshore physician or other employee is contacted (e.g., inquiry, subpoena, personal visit) by a governmental agency regarding the business of Lakeshore, Lakeshore physicians and other employees should notify the Compliance Officer, Dr. Timothy G. Buchanan, immediately (telephone: 299-6929 and digital pager 222-3049). The Compliance Officer thereafter shall promptly notify the CEO and Lakeshore's legal counsel. While it is the policy of Lakeshore to cooperate with governmental agencies, Lakeshore's legal rights and those of its physicians and other employees must be protected. In the case where a governmental agent visits a Lakeshore physician or other employee, (whether at a Lakeshore site, at home, or elsewhere), the agent should be asked to contact the Compliance Officer to arrange an interview. The Compliance Officer, in turn, will notify the CEO and legal counsel to discuss the matter and Lakeshore's appropriate response.

Revised as to format 06/2006