

## ATTACHMENT F

**CORPORATE INTEGRITY AGREEMENT**  
**BETWEEN THE**  
**OFFICE OF INSPECTOR GENERAL**  
**OF THE**  
**DEPARTMENT OF HEALTH AND HUMAN SERVICES**  
**AND**  
**HEALTHSOUTH CORPORATION**

### **I. PREAMBLE**

HealthSouth (as that term is defined herein) 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, HealthSouth is entering into a Settlement Agreement with the United States, and this CIA is incorporated by reference into the Settlement Agreement.

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

- A. The period of the compliance obligations assumed by HealthSouth under this CIA shall be five years from the effective date of this CIA, unless otherwise specified. The effective date shall be January 1, 2005 (Effective Date). Each one-year period, beginning with the one-year period following the Effective Date, shall be referred to as a "Reporting Period" or an "Audit Year."
- B. Sections VII, VIII, IX, X, and XI shall expire no later than 120 days after OIG's receipt of: (1) HealthSouth's final annual report; or (2) any additional materials submitted by HealthSouth pursuant to OIG's request, whichever is later.
- C. The scope of this CIA shall be governed by the following definitions:

1. “HealthSouth” or the “Company” includes: (i) HealthSouth Corporation and its wholly-owned subsidiaries; and (ii) any other corporation, limited liability company, partnership or any other legal entity or organization that is engaged in furnishing health care items or services to beneficiaries of Federal health care programs through a rehabilitation hospital, an outpatient rehabilitation facility, or the outpatient department of a rehabilitation hospital in which HealthSouth owns a direct or indirect equity interest of 5% or more and has the ability to control the day-to-day operations of the entity.

2. “Covered Persons” includes all natural persons who are: (i) owners, officers, directors, and employees (including employed physicians) of HealthSouth; and (ii) agents, physicians serving as medical directors, physicians with staff privileges at HealthSouth facilities, and other persons who furnish health care items or services to any Federal health care program beneficiary at a HealthSouth facility for which HealthSouth claims reimbursement from any Federal health care program. Notwithstanding the above, this term does not include part-time or per diem employees or 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. HealthSouth employees working in lines of business which do not provide, support, or relate to the provision of healthcare services shall not be considered “Covered Persons.”

3. “Relevant Covered Persons” includes all Covered Persons engaged directly or in a supervisory role in the preparation or submission of claims for reimbursement from any Federal health care program on behalf of HealthSouth for items or services furnished in a rehabilitation hospital, an outpatient rehabilitation facility, or the outpatient department of a rehabilitation hospital.

4. “Covered Contractors” includes any independent contractor or subcontractor (who is not a Covered Person) and their employees that is engaged by HealthSouth on or after the Effective Date to provide direct patient care services or that perform billing or coding functions on behalf of HealthSouth for more than 160 hours per year. Should HealthSouth at any time after the Effective Date renegotiate, modify, or renew a contract entered into prior to the Effective Date for the functions described in this Paragraph, the contractor shall become a Covered Contractor as that term is used for purposes of this CIA.

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

HealthSouth shall establish and maintain a Compliance Program that includes the following elements:

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

1. *Compliance Officer.* To the extent not completed prior to the Effective Date, not later than 90 days after the Effective Date, HealthSouth shall appoint an individual to serve as its Compliance Officer and shall maintain a Compliance Officer for the term of the CIA. The Compliance Officer shall be responsible for developing and implementing policies, procedures, and practices designed to ensure compliance with the requirements set forth in this CIA and with Federal health care program requirements. The Compliance Officer shall report to the Chief Executive Officer and to the Compliance Committee of the Board of Directors. The Compliance Officer shall be a member of senior management of HealthSouth, shall make periodic (at least quarterly) reports regarding compliance matters directly to the Board of Directors of HealthSouth (i.e., to the Compliance Committee of the Board of Directors or to the full Board of Directors, as appropriate), and shall be authorized to report on such matters to the Compliance Committee of the Board of Directors or to the full 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 HealthSouth as well as for any reporting obligations created under this CIA.

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

2. *Compliance Office.* To the extent not completed prior to the Effective Date, not later than 90 days after the Effective Date, HealthSouth shall establish and maintain a Compliance Office under the direction of the Compliance Officer that is responsible for developing and implementing policies, procedures, and practices designed to promote compliance with Federal health care program requirements and the requirements set forth in this CIA. The Compliance Office shall also conduct audits of facilities and programs based upon an internal risk assessment process taking into account an evaluation of the integrity of internal management and control systems, Federal health

care program requirements, OIG's annual work plan, issues identified through the Company's Disclosure Program, as set forth in Section III.E below, and issues identified through the reviews described in Section III.D below.

3. *Executive Compliance Committee.* To the extent not completed prior to the Effective Date, not later than 90 days after the Effective Date, HealthSouth shall appoint and maintain an Executive Compliance Committee (Executive Compliance Committee). The Executive Compliance Committee shall, at a minimum, include the Compliance Officer and other members of senior corporate management necessary to meet the requirements of this CIA (e.g., senior executives of relevant departments and heads of HealthSouth's principal operating divisions). The Compliance Officer shall chair the Executive Compliance Committee. The Executive Compliance Committee shall participate in the formulation and implementation of HealthSouth's compliance program and 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).

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

4. *Compliance Committee of the Board of Directors.* To the extent not completed prior to the Effective Date, not later than 90 days after the Effective Date, HealthSouth shall establish and maintain a Compliance Committee of its Board of Directors (Board Compliance Committee). The Board Compliance Committee shall include no less than three (3) independent members of the Board of Directors. The Board Compliance Committee shall oversee HealthSouth's compliance program and shall evaluate the effectiveness of its operation. The Compliance Officer shall make periodic reports to the Board Compliance Committee (not less than quarterly) on issues relating to the performance of the HealthSouth compliance program, including compliance with the requirements of this CIA.

#### B. Written Standards.

1. *Code of Conduct.* To the extent not completed prior to the Effective Date, within 90 days of the Effective Date, HealthSouth shall adopt and distribute a Code of Conduct to all Covered Persons. HealthSouth 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. HealthSouth'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. HealthSouth's requirement that all of its Covered Persons shall be expected to comply with all Federal health care program requirements and with HealthSouth's internal policies and procedures (including the requirements of this CIA);
- c. the requirement that all of HealthSouth's Covered Persons shall be expected to report to the Compliance Officer or other appropriate individual designated by HealthSouth suspected violations of any Federal health care program requirements or of HealthSouth's own policies and procedures;
- d. the possible consequences to both HealthSouth and Covered Persons of failure to comply with Federal health care program requirements and with HealthSouth'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 HealthSouth's commitment to nonretaliation and to maintain, as appropriate, confidentiality and anonymity with respect to such disclosures.

Within 90 days after the Effective Date, to the extent not already completed, each Covered Person shall certify, in writing, that he or she has received, read, understood, and shall abide by HealthSouth's Code of Conduct. New Covered Persons shall receive the Code of Conduct and shall complete the required certification within 30 days after becoming a Covered Person or within 90 days after the Effective Date, whichever is later.

HealthSouth shall periodically review the Code of Conduct to determine if revisions are appropriate and shall make any necessary revisions based on such review.

Any revisions to the Code of Conduct shall be communicated to Covered Persons and Covered Contractors within 30 days after the effective date of any revisions. In the case of a significant change to the Code of Conduct, 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. Distribution may include publishing the Code of Conduct on HealthSouth's intranet or other internal web site available to all employees. If HealthSouth uses such an electronic method of distribution, it must notify the individuals receiving the Code of Conduct that the Code of Conduct will be distributed in such a manner and it must monitor the distribution to ensure that all appropriate individuals received the Code of Conduct.

## *2. Covered Contractor Requirements.*

a. If the Covered Contractor is an organization, HealthSouth shall require a Covered Contractor to:

(1) agree to abide by HealthSouth's Code of Conduct or adopt its own Code of Conduct addressing substantially all of the requirements of Section III.B.1;

(2) distribute the following materials to its employees and subcontractors working on HealthSouth matters: (i) HealthSouth's Code of Conduct or its own Code of Conduct; (ii) copies of relevant HealthSouth policies and procedures relating to the work of the Covered Contractor; and (iii) information about HealthSouth's Disclosure Program (including the hotline number);

(3) provide, either directly or through HealthSouth, Specific Training (as described in Section III.C.3 of this CIA) to employees or subcontractors engaged directly or indirectly or in a supervisory role in the preparation or submission of claims for reimbursement from any Federal health care program on behalf of HealthSouth for items or services furnished in a rehabilitation hospital, an outpatient rehabilitation facility, or the outpatient department of a rehabilitation hospital; and

(4) certify to HealthSouth that all employees and subcontractors working on HealthSouth matters have: (i) been screened to exclude Ineligible Persons in accordance with the requirements of Section III.F of this CIA; (ii) received a copy of HealthSouth's Code of Conduct or its own Code of Conduct, copies of relevant HealthSouth policies and procedures, and information about HealthSouth's

Disclosure Program (including the hotline number); and (iii) received Specific Training where required.

b. If the Covered Contractor is an individual, HealthSouth shall treat the contractor as a Covered Person for purposes of this CIA.

3. *Policies and Procedures.* To the extent not completed prior to the Effective Date, not later than 90 days after the Effective Date, HealthSouth shall implement written policies and procedures regarding the operation of HealthSouth's compliance program and its compliance with Federal health care program requirements. At a minimum, the policies and procedures shall address:

- a. Federal health care program requirements regarding physician certification or recertification of outpatient therapy plans of care for Medicare beneficiaries receiving care in outpatient rehabilitation facilities or outpatient departments of HealthSouth rehabilitation hospitals;
- b. the proper use of group therapy and individual therapy codes for rehabilitation services furnished to Medicare beneficiaries in outpatient rehabilitation facilities or outpatient departments of HealthSouth rehabilitation hospitals;
- c. compliance with Medicare coding rules applicable to outpatient therapy services including, but not limited to rules for timed therapy services;
- d. the use of licensed personnel to furnish services to Federal health care program beneficiaries; and
- e. the preparation and filing of Medicare and Medicaid cost reports for HealthSouth rehabilitation hospitals and accurately calculating any separate Medicare or Medicaid payments to such facilities (in addition to PPS payments) including payments for outlier claims, bad debt, indirect medical education (IME), and low income patients.

Not later than 90 days after the Effective Date, the relevant portions of the policies and procedures described in Paragraphs III.B.3.a through III.B.3.e above shall be distributed to all individuals whose job functions relate to those policies and procedures. Distribution may include publishing such policies and procedures on HealthSouth's intranet or other internal web site available to all employees. If HealthSouth uses such an electronic method of distribution, it must notify the individuals receiving the policies and procedures that the policies and procedures will be distributed in such a manner and it must monitor the distribution to ensure that all appropriate individuals received the policies and procedures. Appropriate and knowledgeable staff shall be available to explain the policies and procedures.

At least annually (and more frequently, if appropriate), HealthSouth shall assess and update as necessary all of the policies and procedures required by this Paragraph III.B.3, including but not limited to the policies and procedures described in Paragraphs III.B.3.a through III.B.3.e. The relevant portions of any such revised policies and procedures shall be posted on the HealthSouth intranet and/or distributed to all Covered Persons and Covered Contractors whose job functions relate to those policies and procedures within 90 days of such revisions.

### C. Training and Education.

1. *General Training.* To the extent not already completed, within 90 days after the Effective Date, HealthSouth shall provide reasonable and appropriate general training to each Covered Person (General Training). This General Training, at a minimum, shall include:

- a. a description of HealthSouth's regulatory compliance programs;
- b. a summary of HealthSouth's Code of Conduct and internal policies and procedures as they pertain to general compliance issues);
- c. a description of the Disclosure Program, including the availability of a Compliance Hotline;
- d. a discussion of HealthSouth's principal CIA requirements;

- e. an overview of the principal federal laws and regulations applicable to HealthSouth's business operations; and
- f. a review of sanctions that may be applied to HealthSouth and individual Covered Persons for failure to comply with applicable statutes, regulations, and other Federal health care program requirements.

New Covered Persons shall receive the General Training described above within 30 days after becoming a Covered Person or within 90 days after the Effective Date, whichever is later.

2. *Refresher Training.* After receiving the initial General Training described above, each Covered Person shall receive reasonable and appropriate General Training annually (Refresher Training). Such Refresher Training shall reinforce the importance of the Company's Compliance Program and shall address material changes in Federal health care program requirements, changes in HealthSouth compliance policies and procedures, and other relevant compliance-related topics.

3. *Specific Training.* Within 90 days after the Effective Date, each Relevant Covered Person shall receive at least four hours of Specific Training in addition to the General Training required above. 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;

