CORPORATE INTEGRITY AGREEMENT
BETWEEN THE
DEPARTMENT OF HEALTH AND HUMAN SERVICES
AND
CONNECTICUT GENERAL LIFE INSURANCE COMPANY

I. PREAMBLE

Connecticut General Life Insurance Company ("CGLIC") hereby enters into this Corporate Integrity Agreement ("CIA") with the Office of Inspector General ("OIG") and the Health Care Financing Administration ("HCFA") of the United States Department of Health and Human Services ("HHS") to ensure compliance with the requirements contained in its Medicare Part B contract and its Durable Medical Equipment Regional Carrier (DMERC) contract (hereinafter, collectively referred to as the "HCFA Contracts"). CGLIC agrees to abide by, and comply with, the rules, terms and procedures set forth in the HCFA Contracts, and with all other applicable Federal and state statutes, regulations and general instructions in carrying out its obligations under this CIA. CGLIC's compliance with the terms and conditions of this CIA shall constitute an element of CGLIC's present responsibility with regard to contracting with, and participating in, the Federal health care programs.[1] This CIA is designed to ensure

[1] This term, as used throughout this CIA, is defined at 42 U.S.C. § 1320a-7b(f).

compliance by those responsible for administering CGLIC's HCFA Contracts, including CGLIC's officers, directors, employees, agents and subcontractors, and those individuals otherwise responsible for drafting, implementing, or overseeing the practices, policies or procedures for or on behalf of CGLIC that relate to the HCFA Contracts (hereinafter, collectively referred to as "Covered Individuals"). CGLIC affirms that it has instituted compliance plans for its Medicare+Choice contracts as required by 42 C.F.R. § 422.501(b)(3)(vi) on or before January 1, 2000. Contemporaneously with this CIA, CGLIC is entering into a Settlement Agreement with the United States, and this CIA is incorporated by reference into that Settlement Agreement.

II. TERM OF THE CIA

The period of the compliance obligations assumed by CGLIC under this CIA shall be three (3) years from the effective date of this CIA (unless otherwise specified herein). The effective date of this CIA will be the date on which the final signatory of this CIA executes this CIA (the "effective date"). If during the term of this CIA, CGLIC proposes to enter into any new contract with HCFA, CGLIC agrees to enter into a separate CIA with OIG and HCFA for the new contract that is acceptable to CGLIC, OIG and HCFA, prior to entering into any such HCFA contract. The period of the compliance obligations assumed by CGLIC under any new CIA shall be co-extensive with the term of this CIA.

III. CORPORATE INTEGRITY OBLIGATIONS

CGLIC has established a Medicare Administration Compliance Program prior to entering into this CIA. To the extent CGLIC has already implemented the requirements set forth in this CIA as part of its compliance program, CGLIC shall maintain those elements at least for the duration of this CIA. To the extent such requirements have not been implemented, CGLIC shall establish those elements within the time frames set forth in this CIA.

A. Compliance Officer and Compliance Committee. CGLIC shall appoint within thirty (30) days a Medicare Administration Compliance Officer. This individual 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 the requirements of the HCFA Contracts. The Compliance Officer shall be a member of senior management of CGLIC's Medicare Administration, shall make regular (at least quarterly) reports regarding compliance matters directly to the CEO and to the Board of Directors of CGLIC and shall be authorized to report to the Board of Directors at any time. The Compliance Officer shall be responsible for monitoring the day-to-day activities of CGLIC in furtherance of its compliance objectives. The Compliance Officer is also required to comply with any reporting obligations created under this CIA. In the event a new Compliance Officer is appointed during the term of this CIA, CGLIC shall notify OIG and HCFA, in writing, within fifteen (15) days of such a change.

CGLIC shall also appoint a Medicare Administration Compliance Committee ("Compliance Committee") within one hundred and twenty (120) days after the effective date of this CIA. The Compliance Committee shall, at a minimum, include the Compliance Officer and any other appropriate officers within CGLIC's corporate structure (*e.g.*, senior executives responsible for each contract, executives responsible for setting policies and procedures and individuals responsible for maintaining communications with governmental entities) in order to meet the requirements of this CIA. The Compliance Officer shall chair the Compliance Committee and the Committee shall support the Compliance Officer in fulfilling his/her responsibilities.

B. Written Standards.

1. *Medicare Administration Code of Conduct.* Prior to the execution of this CIA, CGLIC established a business code of ethics. Within ninety (90) days of the effective date of this CIA, CGLIC shall develop a written Medicare Administration code of conduct ("Medicare Administration Code of Conduct") that meets the requirements of this CIA. The Medicare Administration Code of Conduct shall be distributed to all Covered Individuals within one hundred and twenty (120) days of the effective date of this CIA. CGLIC shall make the promotion of, and adherence to, the Medicare Administration Code of Conduct an element in evaluating the performance of managers, supervisors and all other Covered Individuals. The Medicare Administration Code of Conduct shall, at a minimum, set forth:

a. CGLIC's commitment to full compliance with all terms, statutes, regulations and HCFA general instructions applicable to the HCFA Contracts;

b. CGLIC's requirement that all of its Covered Individuals shall be expected to comply with all terms, statutes, regulations and general instructions applicable to the HCFA Contracts and with CGLIC's own Medicare Administration policies and procedures (including the requirements of this CIA);

c. the requirement that all of CGLIC's Covered Individuals shall be expected to report suspected violations of any contract term, statute, regulation or general instructions applicable to the HCFA Contracts or of CGLIC's own Medicare Administration policies and procedures to the Compliance Officer or CGLIC management;

d. the possible consequences to both CGLIC and to any Covered Individual for failure to comply with all contract terms, statutes, regulations and general instructions and with CGLIC's own Medicare Administration Compliance Policies and Procedures; and

e. the right of all Covered Individuals to use the Confidential Disclosure Program (as described in section III. E. of this CIA), as well as CGLIC's

commitment to confidentiality and non-retaliation with respect to reports or disclosures.

Within one hundred and twenty (120) days of the effective date of this CIA, each Covered Individual shall certify, in writing, that he or she has received, read, understood and will abide by CGLIC's Medicare Administration Code of Conduct. New Covered Individuals shall receive the Medicare Administration Code of Conduct and shall complete the required certification within thirty (30) days after the commencement of their employment or contract, or within one hundred and twenty (120) days of the effective date of the CIA, whichever is later.

CGLIC will annually review the Medicare Administration Code of Conduct and will make any necessary revisions. These revisions shall be distributed to all Covered Individuals within thirty (30) days of making such a change. All Covered Individuals shall certify on an annual basis that they have received, read, understood and will abide by the Medicare Administration Code of Conduct.

2. *Medicare Administration Compliance Policies and Procedures*. Within one hundred and twenty (120) days of the effective date of this CIA, CGLIC shall develop and initiate implementation of written Medicare Administration Compliance Policies and Procedures regarding the operation of CGLIC's Medicare Administration Compliance Program and its compliance with the terms and conditions of the HCFA Contracts, all Federal and state health care statutes, regulations or general instructions. At a minimum,

the Medicare Administration Compliance Policies and Procedures shall specifically address the ongoing responsibilities to disclose information to HCFA and OIG concerning any suspected misconduct relating to the HCFA Contracts and, when required, to accurately report CGLIC's performance to HCFA, OIG or other governmental entities. In addition, the Medicare Administration Compliance Policies and Procedures shall include disciplinary guidelines for failure to report any suspected misconduct to the Compliance Officer or CGLIC management, and methods for employees to make disclosures or otherwise report on Medicare Administration compliance issues to CGLIC management through the Confidential Disclosure Program required by section III.E. of this CIA. Unless more frequent updates are required, CGLIC shall assess the Medicare Administration Compliance Policies and Procedures at least annually, and, if necessary, update them. A summary of the Medicare Administration Compliance Policies and Procedures will be provided to OIG and HCFA in the Implementation Report. The Medicare Administration Compliance Policies and Procedures will be available to OIG and HCFA, upon request.

Within one hundred and fifty (150) days of the effective date of the CIA, the Medicare Administration Compliance Policies and Procedures shall be distributed to all Covered Individuals. Compliance staff or supervisors should be available to explain all Medicare Administration Compliance Policies and Procedures. Covered Individuals shall

certify that they have read, understood and will abide by the Compliance Policies and Procedures. These certifications will be made available to OIG and HCFA, upon request.

C. Training and Education.

1. *Training.* Within one hundred and fifty (150) days of the effective date of this CIA, CGLIC shall provide at least two (2) hours of training to each Covered Individual. This general training shall explain CGLIC's:

a. Corporate Integrity Agreement requirements;

b. Medicare Administration Compliance Program;

c. Medicare Administration Code of Conduct; and

d. Medicare Administration Compliance Policies and Procedures.

The training material shall be made available to OIG and HCFA, upon request.

New Covered Individuals shall receive the general training described above within forty-five (45) days of the beginning of their employment or within one hundred and fifty (150) days after the effective date of this CIA, whichever is later. Until they have had the requisite training, such new personnel will work under the direct supervision of a person who has received such training. Every Covered Individual shall receive such general training on an annual basis.

2. *Specific Training.* Each Covered Individual who is involved, directly or indirectly, in the preparation and submission of Supplemental Budget Requests ("SBRs"), Final Administrative Cost Proposals ("FACPs") or other budgetary submissions to

HCFA, shall receive at least three (3) hours of specific training in each of the following areas:

a. Distinguishing between allowable and unallowable costs;

b. Proper allocation of costs under the HCFA Contracts; and

c. All relevant portions of the Federal Acquisition Regulations.

3. *Certification.* Each Covered Individual shall certify, in writing, that he or she has attended the required training. The certification shall specify the type of training received and the date received. The Compliance Officer shall retain the certifications, along with specific course materials. These shall be made available to OIG and HCFA upon request.

D. Review Procedures. CGLIC shall retain an entity, such as an accounting, auditing or consulting firm (hereinafter "Independent Review Organization"), to perform review procedures to assist CGLIC in assessing the adequacy of its compliance practices pursuant to this CIA and the HCFA Contracts. This shall be an annual requirement and shall cover a twelve (12) month period. The Independent Review Organization must have expertise in the requirements of the CGLIC HCFA Contracts. The Independent Review Organization must be retained within one hundred and twenty (120) days of the effective date of this CIA to conduct the audit of the first year.

The Independent Review Organization will conduct two separate engagements. One will be an analysis of CGLIC's compliance with the HCFA Contracts to assist CGLIC,

OIG and HCFA in determining CGLIC's compliance with all applicable contract terms, statutes, regulations and HCFA general instructions ("Contract Engagement"). The second engagement will determine whether CGLIC is in compliance with this CIA ("Compliance Engagement").

1. *Contract Engagement.* The contract engagement shall consist of a review of:

   a. the internal controls over claims processing with findings as to whether claims are paid timely and accurately;

   b. the timeliness of responses to inquiries from beneficiaries, recipients, members or any individual associated with a governmental entity, with findings of whether correspondence and other inquiries are responded to in a timely fashion, and to the extent applicable, within the time frames set forth in any of the HCFA Contracts and general instructions;

   c. internal system controls designed to avoid manipulation of underlying data files used by the government in evaluating CGLIC's administration of HCFA Contracts with findings concerning whether the controls adequately prevent such manipulation;

   d. the practices, policies and procedures for disclosing misconduct to the government with findings concerning whether they effectively promote disclosure; and

e. the accuracy of all items charged to HCFA on CGLIC's FACP submissions for FY 2000 and each fiscal year thereafter. The review shall commence immediately following CGLIC's submission of its final Interim Expense Report ("IER") for the fiscal year and shall be performed expeditiously.

The contract engagement shall also provide findings regarding the steps CGLIC is taking to bring its operations into compliance or to correct problems identified by the audit. This engagement will specify the reviewing methods used, such as the Generally Accepted Accounting Principles, and include the methods for any statistical sampling. Any statistical sampling shall be done in accordance with RAT-STATS, which is available through the Internet at "www.hhs.gov/progorg/oas/ratstat.html."

2. *Compliance Engagement.* An Independent Review Organization shall also conduct a compliance engagement, which shall provide findings regarding whether CGLIC's Medicare Administration compliance program, policies, procedures and operations comply with the terms of this CIA. This engagement shall include section by section findings regarding the requirements of this CIA.

A complete copy of the Independent Review Organization's Contract and Compliance engagements shall be included in each of CGLIC's Annual Reports to OIG. Nothing in this CIA shall be construed to abrogate any existing reporting requirements by CGLIC to HCFA or OIG.

3. *Verification/Validation.* In the event that the OIG or HCFA determines that it is necessary to conduct an independent review or engagement to determine whether, or the extent to which, CGLIC is complying with its obligations under this CIA, CGLIC agrees to pay for the reasonable cost of any such review or engagement by OIG, HCFA or their designated agent(s). CGLIC agrees to pay for no more than one such review or engagement in any twelve (12) month period.

E. Confidential Disclosure Program. Within one hundred and twenty (120) days of the effective date of this CIA, CGLIC shall establish a Confidential Disclosure Program, which must include measures (*e.g.*, a toll-free compliance telephone line) to enable Covered Individuals and other persons to disclose to the Compliance Officer or some other person who is not in the reporting individual's chain of command, any identified issues or questions associated with CGLIC's Medicare Administration policies, practices, or procedures with respect to the HCFA Contracts or the Federal health care programs, believed by the Covered Individual or other person to be inappropriate. CGLIC shall publicize the existence of the Confidential Disclosure Program (*e.g.*, e-mail to Covered Individuals or posting of a hotline number in prominent common areas).

The Confidential Disclosure Program shall emphasize a non-retribution, non-retaliation policy, and shall include a reporting mechanism for anonymous, confidential communication. Upon receipt of a complaint, the Compliance Officer (or designee) shall gather the information in such a way as to elicit all relevant information from the

individual reporting the alleged misconduct. 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, CGLIC shall conduct an internal review of the allegations set forth in such a disclosure and ensure that proper follow-up is conducted.

The Compliance Officer shall maintain a confidential disclosure log, which shall include a record and summary of each allegation received, the status of the respective investigations and any corrective action taken in response to the investigation. The confidential disclosure log shall be made available to OIG or HCFA upon request.

F. Ineligible Persons.

1. *Definition.* For purposes of this CIA, an "Ineligible Person" shall be any individual or entity who: (i) is currently excluded, debarred or otherwise ineligible to participate in the Federal health care programs or in federal procurement or non-procurement programs; or (ii) has been convicted of a criminal offense related to the provision of health care items or services but has not yet been excluded, debarred or otherwise declared ineligible.

2. *Screening Requirements.* CGLIC shall not knowingly hire as an employee or engage as a contractor any Ineligible Person, if that Ineligible Person's salary or the items or services rendered, ordered or prescribed by the Ineligible Person would be paid in whole or in part, directly or indirectly, by the Federal health care programs or otherwise with Federal funds. To prevent hiring or contracting with any Ineligible Person, CGLIC shall screen all Covered Individual applicants prior to engaging their services by: (i) requiring Covered Individual applicants to disclose whether they are Ineligible Persons; and (ii) reviewing the General Services Administration's List of Parties Excluded from Federal Programs (available through the Internet at http://www.arnet.gov/epls) and the HHS/OIG List of Excluded Individuals/Entities (available through the Internet at http://www.hhs.gov/oig) (these lists will hereinafter be referred to as the "Exclusion Lists").

3. *Review and Removal Requirement.* Within one hundred and twenty (120) days of the effective date of this CIA, CGLIC will review its list of Covered Individuals against the Exclusion Lists. Thereafter, CGLIC will review the Exclusion Lists annually. If CGLIC has notice that a Covered Individual has become an Ineligible Person, CGLIC will remove such person from responsibility for, or involvement with, CGLIC's business operations related to the HCFA Contracts or Federal health care programs and shall remove such person from any position for which the person's salary or the items or services rendered or ordered by the person are paid in whole or in part, directly or

indirectly, by Federal health care programs or otherwise with Federal funds, at least until such time as the person is reinstated to participate in the Federal health care programs.

4. *Pending Charges and Proposed Exclusions*. If CGLIC has notice that a Covered Individual is charged with a criminal offense related to any Federal contract or Federal health care program, or is debarred, suspended or proposed for exclusion during his or her employment or contract with CGLIC, CGLIC shall, within ten (10) days of receiving such notice, take all appropriate actions to ensure that the responsibilities of that Covered Individual do not adversely affect the accuracy of any FACPs, budgetary submissions, claims, reports or certifications submitted to any Federal health care program and CGLIC's business operations related to the HCFA Contracts until resolution of the criminal action, suspension, or proposed exclusion.

G. Notification of Investigation or Legal Proceedings. Within thirty (30) days of reasonably concluding that an investigation or legal proceeding is on-going and that such investigation or legal proceeding is being conducted by a governmental entity or its agents and involves an allegation that CGLIC, or any Covered Individual, has committed a crime or has engaged in fraudulent activities relating to the HCFA Contracts, CGLIC shall notify OIG in writing of the existence of such investigation or legal proceeding. CGLIC's notification to OIG shall include a description of the allegation, the identity of the investigating or prosecuting agency and the status of such investigation or legal proceeding. CGLIC shall also provide written notice to OIG within thirty (30) days of the

resolution of the matter, and shall provide OIG with a description of the findings and/or results of the proceedings.

H. Reporting.

1. *Reporting of Overpayments.* If, at any time, CGLIC identifies or learns of any policies, procedures and/or practices that result in an overpayment, as defined in section III.H.3 of this CIA, CGLIC shall notify HCFA and OIG and repay any identified overpayment within thirty (30) days of discovering the overpayment and take remedial steps within sixty (60) days of discovery (or such additional time as may be agreed to by HCFA and the OIG) to correct the problem, including steps to prevent the underlying problem and the overpayments from recurring.

2. *Reporting of Material Deficiencies.* If, at any time, CGLIC determines that there is a material deficiency, CGLIC shall notify HCFA and OIG within thirty (30) days of discovering the material deficiency and shall take remedial steps within sixty (60) days (or such additional time as may be agreed to by HCFA and the OIG) to correct the problem, including steps to prevent the deficiency from recurring.

CGLIC's notification to HCFA and OIG shall include the following information; however, if the material deficiency does not involve an overpayment, the requirement of subsection III.H.2.a. below does not apply:

a. all of the information provided to HCFA in returning the overpayment;

b. a complete description of the material deficiency, including the relevant facts, persons involved and legal and program authorities;

c. CGLIC's actions to correct such material deficiency; and

d. any further steps CGLIC plans to take to address such material deficiency and prevent it from recurring.

3. *Definition of "Overpayment."* For purposes of this CIA, an "overpayment" shall mean an amount of money that CGLIC has received from HCFA in excess of the amount due and payable (except for amounts subject to routine adjustments made in the course of administering the HCFA Contracts) under any contract term, statute, regulation or general instructions.

4. *Definition of "Material Deficiency."* For purposes of this CIA, a "material deficiency" means anything that involves: (i) a substantial overpayment relating to the HCFA Contracts, or (ii) a violation by CGLIC or any Covered Individual of any HCFA Contract term, statute, regulation or general instructions related to the HCFA Contracts (such a violation would be established by credible evidence of misconduct from any source that CGLIC, after reasonable inquiry, has reason to believe may violate criminal, civil or administrative law related to the HCFA Contracts.) A material deficiency may be the result of an isolated event or a series of occurrences.

IV. IMPLEMENTATION AND ANNUAL REPORTS

A. Implementation Report. Within one hundred and fifty (150) days after the effective date of this CIA, CGLIC shall submit a written report to OIG and HCFA summarizing the status of its implementation of the requirements of this CIA. This Implementation Report shall include:

1. the name, address, phone number and position description of the Compliance Officer required by section III.A;
2. the names and positions of the members of the Compliance Committee required by section III.A;
3. a copy of CGLIC's Medicare Administration Code of Conduct required by section III.B.1;
4. the summary of the Medicare Administration Compliance Policies and Procedures required by section III.B.2;
5. a description of the training programs required by section III.C. including a description of the targeted audiences and a schedule of when the training sessions were held;
6. a certification by the Compliance Officer that:
    a. the Medicare Administration Compliance Policies and Procedures required by section III.B.2. have been developed, are being implemented, and have been distributed to all pertinent Covered Individuals;

b. all Covered Individuals have completed the Medicare Administration Code of Conduct certification required by section III.B.1; and

c. all Covered Individuals have completed the training and executed the certification required by section III.C.

7. a description of the Confidential Disclosure Program required by section III.E;

8. the identity of the Independent Review Organization(s) and the proposed start and completion date of the first annual audit; and

9. a summary of personnel actions taken pursuant to section III.F.

B. Annual Reports. CGLIC shall submit to OIG and HCFA an Annual Report with respect to the status and findings of CGLIC's compliance activities.

The Annual Reports shall include:

1. any change in the identity or position description of the Compliance Officer and/or members of the Compliance Committee described in section III.A;

2. a certification by the Compliance Officer that:

a. all Covered Individuals have completed the annual Medicare Administration Code of Conduct certification required by section III.B.1; and

b. all Covered Individuals have completed the required annual training and executed the certification required by section III.C;

3. notification of any changes or amendments to the Medicare Administration Code of Conduct or the Medicare Administration Compliance Policies and Procedures required by section III.B and the reasons for such changes;

4. a complete copy of the report prepared pursuant to the Independent Review Organization's Contract and Compliance Engagements, including a copy of the methodology used;

5. CGLIC's response/corrective action plan related to any issues raised by the Independent Review Organization;

6. a summary of any reported overpayments or material deficiencies during the previous twelve (12) months and any corrective action taken pursuant to III.H;

7. a summary of the confidential disclosure log required by section III.E;

8. a description of any personnel action (other than hiring) taken by CGLIC as a result of the obligations in section III.F;

9. a summary describing any ongoing investigation or legal proceeding conducted or brought by a governmental entity involving an allegation that CGLIC has committed a crime, or has engaged in fraudulent activities, which have been reported pursuant to section III.G. The statement shall include a description of the allegation, the identity of the investigating or prosecuting agency and the status of such investigation or legal proceeding; and

10. a listing of all of CGLIC's HCFA Contracts.

The first Annual Report shall be received by OIG and HCFA no later than one year and thirty (30) days after the effective date of this CIA. Subsequent Annual Reports shall be submitted 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, under penalty of perjury, that: (1) to the best of his or her knowledge, CGLIC is in compliance with all of the requirements of this CIA; and (2) the Compliance Officer has reviewed the Report and has made reasonable inquiry regarding its content and believes that, upon such inquiry, the information is accurate and truthful. There shall also be a statement by the Chairman of the Board that the Board of Directors has verified that, to the best of its knowledge, the requirements of this CIA have been met and that supporting documentation is available for inspection.

V. NOTIFICATIONS AND SUBMISSION OF REPORTS

Unless otherwise stated in writing subsequent to the effective date of this CIA, notifications and reports required under this CIA shall be submitted, as applicable, to the entities listed below:

OIG: Civil Recoveries Branch - Compliance Unit
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, SW
Washington, D.C. 20201
Phone: 202.619.2078
Fax: 202.205.0604

HCFA: Deputy Director, Medicare Contractor Management
Center for Beneficiary Services
Health Care Financing Administration
Mail Stop: C5-16-03
7500 Security Boulevard
Baltimore, Maryland
Phone: 410.786.6686
Fax: 410.786.5487

CGLIC: Brian Setzer
Compliance Officer
CIGNA HealthCare Medicare Administration
Two Vantage Way
Nashville, TN 37228
Phone: 615.782.4618
Fax: 615.782.4622

Unless otherwise specified, all notifications and reports required by this CIA shall be in writing and may be made by certified mail, overnight mail, hand delivery or other means, provided that there is proof that such notification was received. Notices delivered in accordance with this section shall be effective as of the date of delivery indicated on the return receipt. For purposes of this requirement, internal facsimile confirmation sheets do not constitute proof of receipt.

VI. OIG INSPECTION, AUDIT AND REVIEW RIGHTS

In addition to any other rights OIG may have by statute, regulation or contract, and subject to the privileges and protections described in Section VIII hereof, upon written notice to the Compliance Officer, OIG, HCFA, or their duly authorized representative(s), may examine and photocopy CGLIC's books, records and other documents and

supporting materials and conduct on-site visits for the purpose of verifying and evaluating: (a) CGLIC's compliance with the terms of this CIA; and (b) CGLIC's compliance with the requirements of the HCFA Contracts it administers. The documentation described above shall be made available by CGLIC to OIG, HCFA or their duly authorized representative(s) at all reasonable times for inspection, audit or reproduction. Furthermore, for purposes of this provision, OIG, HCFA or their duly authorized representative(s) may interview any of the Covered Individuals who consent to be interviewed at the Covered Individuals' place of business during normal business hours or at such other place and time as may be mutually agreed upon between the Covered Individual and OIG or HCFA. CGLIC agrees to assist OIG and HCFA in contacting and arranging interviews with such Covered Individuals upon OIG's or HCFA's request. CGLIC's Covered Individuals may elect to be interviewed with or without a representative of CGLIC present.

VII. DOCUMENT AND RECORD RETENTION

CGLIC shall maintain for inspection all documents and records relating to compliance with this CIA one year longer than the term of this CIA (or longer if otherwise required by law).

VIII. DISCLOSURES

Subject to HHS's Freedom of Information Act ("FOIA") procedures, set forth in 45 C.F.R. Part 5, the OIG and HCFA shall make a reasonable effort to notify CGLIC prior to

any release by OIG or HCFA of information submitted by CGLIC pursuant to its obligations under this CIA and identified upon submission by CGLIC as trade secrets, commercial or financial information and therefore privileged and confidential under the FOIA rules. CGLIC shall refrain from identifying any information as trade secrets, commercial or financial information and therefore privileged and confidential, that does not meet the criteria for exemption from disclosure under FOIA.

IX. BREACH AND DEFAULT PROVISIONS

CGLIC is expected to fully and timely comply with all of the obligations herein throughout the term of this CIA or other time frames herein agreed to.

A. Stipulated Penalties for Failure to Comply with Certain Obligations. As a contractual remedy, CGLIC and OIG hereby agree that failure to comply with certain obligations 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, beginning the day after the date the obligation becomes due and concluding at the end of the term of this CIA, CGLIC fails to have in place any of the following:

a. a compliance officer;

b. a compliance committee;

c. a written Medicare Administration Code of Conduct;

d. written Medicare Administration Compliance Policies and Procedures;

e. a training program; and

f. a Confidential Disclosure Program.

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 CGLIC fails meet any of the deadlines to submit the Implementation Report or the Annual Reports to OIG and HCFA.

3. A Stipulated Penalty of $2,000 (which shall begin to accrue on the date the failure to comply began) for each day CGLIC:

a. hires or enters into a contract with an Ineligible Person after that person has been listed by a federal agency as excluded, debarred, suspended or otherwise ineligible for the award of a Federal government contract or for participation in the Medicare, Medicaid or any other Federal health care program (this Stipulated Penalty shall not be demanded for any time period during which CGLIC can demonstrate that it did not discover the person's exclusion or other ineligibility after making a reasonable inquiry [as described in section III.F] as to the status of the person); or

b. knowingly employs or contracts with an Ineligible Person and that person: (i) has responsibility for, or involvement with, CGLIC's business operations related to the HCFA Contracts; or (ii) is in a position for which the person's salary or the items or services rendered are paid in whole or in part, directly or indirectly, by HCFA

Contracts or otherwise with Federal funds (this Stipulated Penalty shall not be demanded for any time period during which CGLIC can demonstrate that it did not discover the person's exclusion or other ineligibility after making a reasonable inquiry [as described in section III.F] as to the status of the person).

4. A Stipulated Penalty of $1,500 (which shall begin to accrue on the date that CGLIC fails to grant access) for each day CGLIC fails to grant access to the information or documentation as required in section VI of this CIA.

5. A Stipulated Penalty of $1,000 (which shall begin to accrue ten (10) days after the date that OIG provides notice to CGLIC of the failure to comply) for each day CGLIC fails to comply fully and adequately with any obligation of this CIA where the failure to comply does not form the basis for the OIG to seek Stipulated Penalties under the provisions of Sections IX.A.1 through IX.A.4 above. In its notice to CGLIC, OIG shall state the specific grounds for its determination that CGLIC has failed to comply fully and adequately with the CIA obligation(s) at issue. The OIG shall not seek a Stipulated Penalty under this Section IX.A.5 if CGLIC can demonstrate that the alleged failure to comply could not be cured within the 10-day period, but that CGLIC i) has begun to take action to cure the failure to comply; ii) is pursuing such action with due diligence; and iii) has provided the OIG with a reasonable timetable for curing the failure to comply.

B. Payment of Stipulated Penalties.

1. *Demand Letter*. Upon a finding that CGLIC has failed to comply with any of the obligations described in section IX.A and determined that Stipulated Penalties are appropriate, OIG shall notify CGLIC by personal service or certified mail of: (a) CGLIC's failure to comply; and (b) the OIG's exercise of its contractual right to demand payment of the Stipulated Penalties (this notification is hereinafter referred to as the "Demand Letter").

Within thirty (30) days of the receipt of the date of the Demand Letter, CGLIC shall either: (a) cure the breach to the OIG's satisfaction and pay the applicable stipulated penalties; or (b) request a hearing before an HHS Administrative Law Judge ("ALJ") to dispute the OIG's determination of noncompliance, pursuant to the agreed upon provisions set forth below in section IX.D. of this CIA. In the event CGLIC elects to request an ALJ hearing, the Stipulated Penalties shall continue to accrue until CGLIC cures, to the OIG's satisfaction, the alleged breach in dispute. In the event the ALJ (or, if appealed, the HHS Departmental Appeals Board ["DAB"]) determines CGLIC was not in breach of this CIA, or has cured any breach, no Stipulated Penalties shall be due for any period of time when CGLIC was in compliance with the CIA. 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 IX. C. of this CIA.

2. *Timely Written Requests for Extensions*. CGLIC may 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 CGLIC fails to meet the revised deadline as agreed to by the OIG-approved extension. 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 two (2) business days after CGLIC receives OIG's written denial of such request or the original deadline, whichever is later. A "timely written request" is defined as a request in writing received by OIG at least five (5) 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.

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 V of this CIA.

4. *Independence from Material Breach Determination*. Except as otherwise noted, these provisions for payment of Stipulated Penalties shall not affect or otherwise set a standard for the OIG's determination that CGLIC has materially breached this CIA,

which decision shall be made at the OIG's discretion and governed by the provisions in section IX.C, below.

C. Exclusion for Material Breach of this CIA

1. *Notice of Material Breach and Intent to Exclude*. The parties agree that a material breach of this CIA by CGLIC constitutes an independent basis for CGLIC's exclusion from participation in the Federal health care programs. Upon a determination by OIG that CGLIC has materially breached this CIA and that exclusion should be imposed, OIG shall notify CGLIC by certified mail of: (a) CGLIC'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").

2. *Opportunity to cure*. CGLIC shall have thirty five (35) days from the date of receipt of the Notice of Material Breach and Intent to Exclude to demonstrate to the OIG's satisfaction that:

a. CGLIC is in full compliance with this CIA;

b. the alleged material breach has been cured; or

c. the alleged material breach cannot be cured within the 35-day period, but that: (i) CGLIC has begun to take action to cure the material breach; (ii) CGLIC is pursuing such action with due diligence; and (iii) CGLIC has provided to OIG a reasonable timetable for curing the material breach.

3. *Exclusion Letter*. If at the conclusion of the thirty five (35) day period, CGLIC fails to satisfy the requirements of section IX.C.2, OIG may exclude CGLIC from participation in the Federal health care programs. OIG will notify CGLIC in writing of its determination to exclude CGLIC (this letter shall be referred to hereinafter as the "Exclusion Letter"). Subject to the Dispute Resolution provisions in section IX.D. of this CIA below, the exclusion shall go into effect thirty (30) days after the date of receipt by CGLIC of the Exclusion Letter. The exclusion shall have national effect and will also apply to all other Federal procurement and non-procurement programs. If CGLIC is excluded under the provisions of this CIA, CGLIC may seek reinstatement pursuant to the provisions at 42 C.F.R. §§ 1001.3001-.3004.

4. *Material Breach*. A material breach of this CIA means:

a. a failure by CGLIC to report any material deficiency, take corrective action and pay the appropriate refunds, as provided in section III.H;

b. repeated or flagrant violations of the obligations under this CIA, including, but not limited to, the obligations addressed in section IX.A of this CIA;

c. a failure to respond to a Demand letter concerning the payment of Stipulated Penalties in accordance with section IX.B above;

d. a failure to retain and use an Independent Review Organization for review purposes in accordance with section III.D; or

e. a failure to meet an obligation under this CIA that has a material impact on CGLIC's performance under the HCFA Contracts.

D. Dispute Resolution

1. *Review Rights*. Upon OIG's delivery to CGLIC of its Demand Letter or of its Exclusion Letter, and as an agreed-upon contractual remedy for the resolution of disputes arising under the obligation of this CIA, CGLIC 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. § 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 ALJ and, in the event of an appeal, the 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 fifteen (15) days of the date of the Demand Letter and the request for a hearing involving exclusion shall be made within thirty (30) days of the date of CGLIC's receipt of the Exclusion Letter.

2. *Stipulated Penalties Review*. Notwithstanding any provision of Title 42 of the United States Code or Chapter 42 of the Code of Federal Regulations, the only issues in a proceeding for Stipulated Penalties under this CIA shall be (a) whether CGLIC was in full and timely compliance with the obligations of this CIA for which the OIG demands payment; (b) the period of noncompliance; and (c) with respect to a Stipulated Penalty

authorized under section IX.A.5 only, whether the failure to comply could not be cured within the 10-day period, but that by the end of that period (i) CGLIC had begun to take action to cure the failure to comply; (ii) CGLIC was and is pursuing such action with due diligence; and (iii) CGLIC had provided to OIG a reasonable timetable for curing the material breach which was and is being followed. CGLIC shall have the burden of proving its full and timely compliance and the steps taken to cure the noncompliance, if any. If the ALJ finds for OIG with regard to a finding of a breach of this CIA and orders CGLIC to pay Stipulated Penalties, such Stipulated Penalties shall become due and payable twenty (20) days after the ALJ issues such a decision, notwithstanding that CGLIC may request review of the ALJ decision by the DAB.

3. *Exclusion Review.* Notwithstanding any provision of Title 42 of the United States Code or Chapter 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 CGLIC was in material breach of this CIA; (b) whether such breach was continuing on the date of the Exclusion Letter; and (c) whether in those instances in which the alleged material breach could not be cured within the 35 day period, but that: (i) CGLIC had begun to take action to cure the material breach; (ii) CGLIC pursued such action with due diligence; and (iii) CGLIC had provided to OIG a reasonable timetable for curing the material breach.

For purposes of the exclusion herein, exclusion shall take effect only after an ALJ decision that is favorable to OIG. CGLIC's election of its contractual right to appeal to the DAB shall not abrogate OIG's authority to exclude CGLIC upon the issuance of the ALJ's decision. If the ALJ sustains the determination of OIG and determines that exclusion is authorized, such exclusion shall take effect twenty (20) days after the ALJ issues such a decision, notwithstanding that CGLIC may request review of the ALJ decision by the DAB.

X. EFFECTIVE AND BINDING AGREEMENT

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

A. This CIA shall be binding on the successors, assigns and transferees of CGLIC, including any entities involved in a merger, acquisition, or partnership;

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; and

D. The undersigned CGLIC signatories represent and warrant that they are authorized to execute this CIA. The undersigned OIG and HCFA signatories represent

that they are signing this CIA in their official capacity and that they are authorized to execute this CIA.

ON BEHALF OF CONNECTICUT GENERAL LIFE INSURANCE COMPANY

MICHAEL R. HALFORD
Regional Vice President
Claim/Medicare
Connecticut General Life Insurance Co.

3/6/00
DATE

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

LEWIS MORRIS
Assistant Inspector General for Legal Affairs
Office of Inspector General
U. S. Department of Health and Human Services

3/7/00
DATE

ON BEHALF OF THE HEALTH CARE FINANCING ADMINISTRATION
OF THE DEPARTMENT OF HEALTH AND HUMAN SERVICES

Marjorie Kanof

MARJORIE KANOF, M.D.
Deputy Director for Medicare Contractor Management
Center for Beneficiary Services
Health Care Financing Administration

7 March 2000
DATE

A. Michelle Snyder

A. MICHELLE SNYDER
Chief Financial Officer
Health Care Financing Administration

March 7 2000
DATE