EXHIBIT C

CORPORATE INTEGRITY AGREEMENT

BATES EAST CORPORATION
CYNTHIA M. BATES
DAVID BATES

I. PREAMBLE

A. The parties to this Corporate Integrity Agreement ("Agreement") are the United States Department of Health and Human Services, Office of the Inspector General ("HHS/OIG"), Bates East Corporation d/b/a Americair of King of Prussia, a franchise of Home Americair (hereinafter referred to as "Bates East"), Cynthia M. Bates, and David Bates.

B. Bates East, Cynthia M. Bates, and David Bates wish to demonstrate that they possess the high degree of business honesty and integrity required of Medicare and Medicaid suppliers.

II. TERMS

1. The parties agree that this Agreement is a supplement to the attached Corporate Integrity Agreement, incorporated by reference herein as Exhibit 1, entered into between HHS/OIG and Home Americair of California, Inc. and Home Americair, Inc. (hereinafter referred to as the "HAC/HA CIA"). This Agreement shall be for a term of five (5) years from the effective date, which shall be the date of the last signator hereto.

2. With respect to the HAC/HA CIA, Cynthia M. Bates and David Bates agree that section II as it applies to franchises, and the provisions of sections III through X, shall be applied to Bates East as well as any other franchises owned, purchased, or established during the term of this Agreement. In addition to the above, Cynthia M. Bates and David Bates agree that, which respect to all Americair franchises owned, purchased, or established during the term of the Agreement, they shall ensure that an annual audit, performed at their own cost, shall be performed and reported, in accordance with the terms and conditions set forth in paragraphs 22(a),(c),(d),(e)[1] and 23 of the HAC/HA CIA. Further, the provisions of paragraphs 24, 25, and 26 of the HAC/HA CIA shall apply in the same manner as they do to HAC/HA, including, but not limited to, the provisions that require refunds of any identified overpayment to the relevant program within a specified time.

3. Cynthia M. Bates agrees not to be involved in the day-to-day operations in any Americair franchise or any other entity that does business with the Medicare, Medicaid or Federal health care programs.[2] In addition to not being involved in the day-to-day operations, Cynthia and David Bates shall hire individuals to

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[1] As to paragraphs 22(c) and 22(d), the audit tasks shall apply only to the extent applicable to the franchises and not being reviewed in the audit of HAC/HA.

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

manage the day-to-day operations of any franchise or entity in which she has an ownership interest. They shall instruct those individuals in a manner consistent with the laws, policies, and procedures set forth by the HAC/HA CIA, the applicable compliance plan, Medicare, Medicaid, or any other health care programs. Cynthia Bates and David Bates shall ensure that there are sufficient funds to have a qualified individual as the Compliance Liaison and implement, as applicable, the HAC/HA CIA.

4. Any failure to implement the applicable requirements of the HAC/HA CIA, or any of the requirements of this Agreement, shall result in the Breach and Exclusion provisions set forth in sections V through VI in the HAC/HA CIA being applied, as appropriate, to Bates East, Cynthia M. Bates, and/or David Bates or any other franchise owned by Cynthia and/or David Bates.

5. Each party hereto agrees to provide HHS/OIG with any new address or supplier numbers obtained during the term of this Agreement. All notices shall be sent to:

Cynthia Bates
P.O. Box 8891
Rancho Sante Fe, Ca. 92067
(Federal Express to 6402 Via Dos Falles)

and

David Bates
1 North Alta Mira Road
South Laguna, Ca. 92677

Currently, David Bates and/or Cynthia Bates own the following Americair franchises:

Bates Central Corporation
dba Americair Central California
4337 N. Golden State Blvd., Suite 104
Fresno, California 93722
Supplier I.D. No.

Bates East Corporation
dba Americair of Philadelphia
397 E. Church Road
Kind of Prussia, PA 19406
Supplier I.D. No.

Bates Jersey Corporation
dba Americair South Jersey
129 D Gither Drive
Mt. Laurel, NJ 08654
Supplier I.D. No.

Bates Medical Corporation
dba Home Americair Riverside
9275 Orco Parkway
Riverside, CA 92509
Supplier I.D. No

6. The duties and obligations of this Agreement shall apply to all successors, transferees, and assigns, unless the sale of the entity is to an unrelated party who independently qualified for, and obtains, a new supplier number and is no longer a Home Americair Franchise.

7. This Agreement may not be changed, altered, or modified, except if in writing and signed by all parties hereto.

8. This Agreement may be executed in counterparts, each of which constitutes an original and all of which constitute one and the same agreement.

IN WITNESS WHEREOF, the parties hereto affix their signatures.

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Dated: 3/2/98

By: _____
Lewis Morris
Assistant Inspector
General for Legal Affairs

FOR BATES EAST CORPORATION
d/b/a Americair of King of Prussia

Dated: _____

By: _____
Cynthia M. Bates, as
owner of Americair of
King of Prussia
619) 759-8726
P.O. Box 8891
Rancho Sante Fe,
Ca. 92067

Dated: _____

By: _____
David Bates, as owner
of Americair of King of
Prussia
714)499-0083
1 North Alta Mira Road
South Laguna, Ca. 92677

CYNTHIA M. BATES INDIVIDUALLY

Dated: _____

By: _____
Cynthia M. Bates
619) 759-8726
P.O. Box 8891
Rancho Sante Fe,
Ca. 92067

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Dated: 3/5/98

By: _____
Lewis Morris
Assistant Inspector
General for Legal Affairs

FOR BATES EAST CORPORATION
d/b/a Americair of King of Prussia

Dated: 3/5/98

By: Cynthia M. Bates
Cynthia M. Bates, as
owner of Americair of
King of Prussia
619) 759-8726
P.O. Box 8891
Rancho Sante Fe,
Ca. 92067

Dated: _____

By: _____
David Bates, as owner
of Americair of King of
Prussia
714)499-0083
1 North Alta Mira Road
South Laguna, Ca. 92677

CYNTHIA M. BATES INDIVIDUALLY

Dated: 3/5/98

By: Cynthia M. Bates
Cynthia M. Bates
619) 759-8726
P.O. Box 8891
Rancho Sante Fe,
Ca. 92067

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Dated: _____ By: _____

Lewis Morris
Assistant Inspector
General for Legal Affairs

FOR BATES EAST CORPORATION
d/b/a Americair of King of Prussia

Dated: _____ By: _____

Cynthia M. Bates, as
owner of Americair of
King of Prussia
619) 759-8726
P.O. Box 8891
Rancho Sante Fe,
Ca. 92067

Dated: 3/5/98 By: _____

David Bates, as owner
of Americair of King of
Prussia
714)499-0083
1 North Alta Mira Road
South Laguna, Ca. 92677
WITNESSED by:

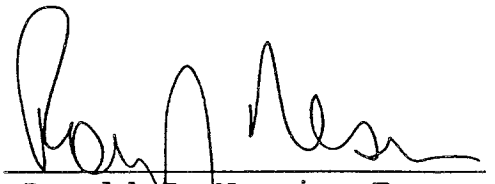
CYNTHIA M. BATES INDIVIDUALLY

Dated: _____ By: _____

Cynthia M. Bates
619) 759-8726
P.O. Box 8891
Rancho Sante Fe,
Ca. 92067

Approved as to form and content.

Dated: 3/5/98

By: 

Ronald J. Nessim, Esq.
Counsel for Americair of King of Prussia, David Bates & Cynthia Bates
Bird, Marella, Boxer, Wolpert & Matz
1875 Century Park East, 23rd Floor
Los Angeles, CA. 90067