EXHIBIT B

INTEGRITY AGREEMENT
BETWEEN THE
OFFICE OF INSPECTOR GENERAL
OF THE
DEPARTMENT OF HEALTH AND HUMAN SERVICES
AND
HUGO RIFFEL, M.D.

I. PREAMBLE

Hugo Riffel, M.D., Hugo Riffel, M.D., Inc., dba Perinatal Medical Group, and Hugo Riffel, M.D., a Professional Corporation (hereinafter collectively referred to as "Riffel") hereby enters into this Integrity Agreement ("Agreement") 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, program requirements, 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") by Riffel. This commitment to promote compliance applies to Dr. Riffel and any entity that Riffel owns or in which Riffel has a control interest (this term, as used throughout this Agreement is defined in 42 U.S.C. § 1320a-3(a)(3)) and Riffel's and any such entity's employees, agents, contractors and all third parties with whom Riffel or such entity may choose to engage to act as billing or coding consultants for purposes of claiming reimbursement from the Federal health care programs ("Covered Persons"). Contemporaneously with this Agreement, Riffel is entering into a Settlement Agreement with the United States, and this Agreement is incorporated by reference into the Settlement Agreement.

II. TERM OF THE AGREEMENT

Except as otherwise provided, the period of compliance obligations assumed by Riffel under this Agreement shall be five (5) years from the effective date of this Agreement. The effective date of this Agreement shall be the date on which the final signatory of this Agreement executes this Agreement.

Sections VII, VIII, IX, X and XI shall remain in effect until OIG has completed its review of the final annual report and any additional materials submitted by Riffel

pursuant to OIG's request.

III. INTEGRITY OBLIGATIONS

If, at any time during the term of this Agreement, Dr. Riffel begins or continues any entity in which Riffel has an ownership or control interest, then Riffel hereby agrees to establish a Compliance Program that, at a minimum, includes all the elements set forth in this Section III. Dr. Riffel shall notify the OIG, in writing, within 15 days of any event that would require Dr. Riffel to establish a Compliance Program in accordance with this Section III.

Any entity that Dr. Riffel currently owns or has a control interest in must implement a Compliance Program within the time frames set forth in this Section III. To the extent that Dr. Riffel begins a new entity during the pendency of this Agreement, then the requirements set forth in this Section III shall be implemented within the time frames set forth below, except that instead of the "effective date," the time shall begin to run from the date that Dr. Riffel, or any entity he has a ownership or control interest in, provides an item or service that is reimbursable under any Federal health care program. Nothing in this paragraph shall abrogate Dr. Riffel's personal obligations, as set forth in the following paragraph, which shall be completed within the time frames set forth in this Section III.

If Dr. Riffel is an employee or contractor of another entity that is responsible for submitting and preparing claims for any Federal health care program, and in which Dr. Riffel has no ownership or control interest, including a medical director or consultant position to perform services such as quality assurance, utilization review, peer review, or program development that does not involve: (1) the direct provision or supervision of patient care services; or (2) billing or coding for professional services by Dr. Riffel, then, with respect to Section III, Dr. Riffel shall only be responsible for completing the training and reporting requirements as set forth in Sections III.D, III.G, and III.H as they apply to him personally, within the time frames set forth herein. The remainder of this Agreement shall be in full force and effect during the entire term.

A. Compliance Contact

Within 30 days of the effective date of this Agreement, Riffel shall designate a person to be the Compliance Contact for purposes of developing and implementing policies, procedures and practices designed to ensure compliance with the obligations herein and with Federal health care program requirements. In addition, the Compliance Contact is responsible for responding to questions and concerns from Covered Persons

and the OIG regarding compliance with the Agreement's obligations. The name and phone number of the Compliance Contact shall be included in the Implementation Report. In the event a new Compliance Contact is appointed during the term of this Agreement, Riffel shall notify the OIG, in writing, within 15 days of such a change.

B. Posting of Notice

Within the first 30 days following the effective date of this Agreement, Riffel shall post in a prominent place accessible to all patients and Covered Persons a notice detailing his commitment to comply with all Federal health care program requirements in the conduct of his business. This notice shall include a means (i.e., telephone number, address, etc.) by which instances of misconduct may be reported anonymously. A copy of this notice shall be included in the Implementation Report.

C. Written Policies and Procedures

Within 90 days of the effective date of this Agreement, Riffel agrees to develop, implement, and make available to all Covered Persons written policies that address the following:

1. Riffel's commitment to operate his business in full compliance with all Federal health care program requirements;

2. The proper procedures for the honest and accurate submission of claims in accordance with Federal health care program requirements;

3. The proper documentation of services and billing information and the retention of such information in a readily retrievable form;

4. The requirement that all of Riffel's Covered Persons shall be expected to report to Riffel or the Compliance Contact suspected violations of any Federal health care program requirements or Riffel's own Policies and Procedures. Any Covered Person who makes an inquiry regarding compliance with Federal health care program requirements shall be able to do so without risk of retaliation or other adverse effect.

5. The requirement that Riffel not hire, employ or engage as contractors any Ineligible Person. For purposes of this Agreement, 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 that falls within the ambit of 42 U.S.C. § 1320a-7. To prevent hiring or contracting with any Ineligible Person, Riffel shall check all prospective employees and contractors prior to engaging their services against the HHS/OIG List of Excluded Individuals/Entities (available through the Internet at http://www.hhs.gov/oig) and the General Services Administration's List of Parties Excluded from Federal Programs (available through the Internet at http://epls.arnet.gov) and, as appropriate, the state list of exclusions from Medicaid or Medical Assistance programs (these lists will hereinafter be referred to as the "Exclusion Lists"). Thereafter, Riffel shall review the Exclusion Lists annually. In addition, Riffel shall require employees and contractors to disclose immediately any debarment, exclusion or other event that makes the employee an Ineligible Person.

If Riffel has notice that an employee or contractor has become an Ineligible Person, Riffel shall remove such person from responsibility for, or involvement with, Riffel's business operations related to the Federal health care programs and shall remove such person from any position for which the person's salary or the items or services rendered, ordered, or prescribed by the person are paid in whole or part, directly or indirectly, by Federal health care programs or otherwise with Federal funds at least until such time as the person is reinstated into participation in the Federal health care programs.

6. The commitment of Riffel to remain current with all Federal health care program requirements by obtaining and reviewing program memoranda, newsletters, and any other correspondence from the carrier related to Federal health care program requirements.

7. The commitment of Riffel to ensure that Medi-Cal or other Federal health care programs are only billed for services actually rendered, including, but not limited to, ensuring that when a physician bills for the delivery of a baby, the physician is actually present for the delivery, as required by the regulations.

At least annually (and more frequently if appropriate), Riffel shall assess and update as necessary the Policies and Procedures. Within 30 days of the effective date of any revisions, the relevant portions of any such revised Policies and Procedures shall be made available to all individuals whose job functions are related to those Policies and

Procedures.

Within 90 days of the effective date of the Agreement and annually thereafter, each Covered Person shall certify in writing that he or she has read, understood, and will abide by Riffel's Policies and Procedures. New Covered Persons shall review the Policies and Procedures and shall complete the required certification within two weeks after becoming a Covered Person or within 90 days of the effective date of the Agreement, whichever is later.

Copies of the written policies and procedures shall be included in the Implementation Report. Copies of any written policies and procedures that are subsequently revised shall be included in the Annual Report.

D. Training and Certification

Within 90 days following the effective date of this Agreement and at least once each year thereafter, Dr. Riffel and Covered Persons involved in the delivery of patient care items or services and/or in the preparation or submission of claims for reimbursement from any Federal health care program shall receive at least eight hours of training from an individual or entity, other than Dr. Riffel or another Covered Person. The training shall be conducted by individuals with expertise in the relevant subject areas, e.g., preparation or submission of claims to Federal health care programs for the types of services provided by Riffel.

New Covered Persons involved in the delivery of patient care items or services and/or in the preparation or submission of claims for reimbursement from any Federal health care program shall receive the training described above within 30 days after becoming a Covered Person or within 90 days of the effective date of this Agreement, whichever is later. The training for New Covered Persons may either be provided internally by Covered Persons who have completed the required annual training or externally by a qualified individual or entity. Until they have received the requisite training, such New Covered Persons shall work under the direct supervision of a Covered Person who has received such training.

At a minimum, the annual and new employee training sessions shall cover the following topics:

1. Federal health care program requirements related to the proper submission of accurate bills for services rendered and/or items provided to Federal health care program patients;

2. The written Polices and Procedures developed pursuant to Section III.C., above;

3. The legal sanctions for improper billing or other violations of the Federal health care program requirements;

4. Examples of proper and improper billing practices; and

5. The safeguards to ensure that Medi-Cal and other Federal health care programs are billed for the delivery of a baby only if the physician is actually present for the delivery.

Each Covered Person shall annually certify in writing that he or she has received the required training. The certification shall specify the type of training received and the date received. Riffel shall retain the certifications, along with the training course materials. The training course materials shall be provided in the Annual Report.

E. Third Party Billing

If Dr. Riffel, or any entity he owns or has a control interest in, contracts with a third party billing company to submit claims to the Federal health care programs, then this Section III.E shall apply and Riffel shall notify OIG 30 days prior to the effective date of any such contract. In this notification, Dr. Riffel shall indicate whether he has an ownership or control interest in the third party billing company or is employed by, or acts as a consultant to, the third party billing company.

To the extent applicable, Riffel shall obtain and include in the Implementation Report a certification from the third party billing company that: (i) it is presently in compliance with all Federal health care program requirements as they relate to submission of claims to the Federal health care programs; (ii) it has a policy of not knowingly employing any person who has been excluded, debarred or declared ineligible to participate in Medicare or other Federal health care programs, and who has not yet been reinstated to participate in those programs; and (iii) it provides the required training in accordance with Section III.D. of the Agreement for those employees involved in the preparation and submission of claims to Federal health care programs. If Riffel contracts with a new third party billing company during the term of this Agreement, Riffel shall, within 30 days of entering into such contract, obtain and send to OIG the certification described in this paragraph.

F. Annual Review Procedures

1. *Retention of Independent Review Organization.* Within 90 days of the effective date of this Agreement, Riffel shall retain a person or entity, such as a nurse reviewer, an accounting, auditing or consulting firm (hereinafter "Independent Review Organization" or "IRO"), to perform a billing review to assess Riffel's billing and coding practices ("Billing Engagement"). The Independent Review Organization retained by Riffel shall have expertise in the billing, coding, reporting and other requirements of the particular section of the health care industry pertaining to this Agreement and in the Federal health care program requirements. The IRO shall assess, along with Riffel, whether it can perform the IRO engagement in a professionally independent fashion, taking into account any other business relationships or other engagements that may exist.

2. *Frequency of the Billing Engagement.* The Billing Engagement shall be performed at least annually and shall cover each of the one-year periods beginning with the effective date of this Agreement. The IRO shall perform all components of each annual Billing Engagement and prepare the required reports in accordance with the procedures detailed in **Appendix A** to this Agreement, which is incorporated by reference into this Agreement.

3. *Retention of Records.* The IRO and Riffel shall retain and make available to the OIG upon request all work papers, supporting documentation, correspondence, and draft reports related to the engagements.

4. *Independence Certification.* The IRO shall include in its report to Riffel a certification or sworn affidavit that it has evaluated its professional independence with regard to the Billing Engagement and this it has concluded that it was, in fact, independent.

5. *Validation Review.* In the event the OIG has reason to believe that: (a) Riffel's Billing Engagement fails to conform to the requirements of this Agreement; or (b) the findings or Claims Review results are inaccurate, the OIG may, at its sole discretion, conduct its own review to determine whether the Billing Engagement complies with the requirements of the Agreement and/or the findings or Claims Review results are inaccurate. Riffel agrees to pay for the reasonable cost of any such review performed by the OIG or any of its designated agents so long as it is initiated before one year after the final submission is received by the OIG.

G. Reporting of Overpayments and Material Deficiencies

1. *Overpayments*

a. Definition of Overpayments. For purposes of this Agreement, an "overpayment" shall mean the amount of money Riffel has received in excess of the amount due and payable under any Federal health care program requirements. Riffel may not subtract any underpayments for purposes of determining the amount of relevant "overpayments" for purposes of reporting under this Agreement.

b. Reporting of Overpayments. If, at any time, Riffel identifies or learns of any overpayments, Riffel shall notify the payor within 30 days of identification of the overpayment and take remedial steps within 60 days of discovery (or such additional time as may be agreed to by the payor) to correct the problem, including preventing the underlying problem and the overpayments from recurring. Also, within 30 days of identification of the overpayment, Riffel shall repay the overpayment to the appropriate payor to the extent such overpayment has been quantified. If not yet quantified, within 30 days of identification, Riffel shall notify the payor of its efforts to quantify the overpayment amount along with a schedule of when such work is expected to be completed. Notification and repayment to the contractor should be done in accordance with the contractor policies, and for Medicare contractors, must include the information contained on the Overpayment Refund Form, provided as Appendix B to this Agreement.

2. *Material Deficiencies.*

a. Definition of Material Deficiency. For purposes of this Agreement, a "Material Deficiency" means anything that involves:

(i) a substantial overpayment;

(ii) a matter that a reasonable person would consider a potential violation of criminal, civil, or administrative laws applicable to any Federal health care program for which penalties or exclusion may be authorized; or

(iii) a violation of the obligation to provide items or services of a quality that meets professionally recognized standards of health care where such violation has occurred in one or more instances that present an imminent danger to the health, safety, or well-being of a Federal health care program beneficiary or places the beneficiary unnecessarily in high-risk situations.

A Material Deficiency may be the result of an isolated event or a series of occurrences.

b. Reporting of Material Deficiencies. If Riffel determines, by any means, that there is a Material Deficiency, Riffel shall notify OIG, in writing, within 30 days of making the determination that the Material Deficiency exists. The report to the OIG shall include the following information:

(i) If the Material Deficiency results in an overpayment, the report to the OIG shall be made at the same time as the notification to the payor required in Section III.G.1, and shall include all of the information on the Overpayment Refund Form, as well as:

(A) the payor's name, address, and contact person to whom the overpayment was sent; and

(B) the date of the check and identification number (or electronic transaction number) on which the overpayment was repaid/refunded;

(ii) a complete description of the Material Deficiency, including the relevant facts, persons involved, and legal and Federal health care program authorities implicated;

(iii) a description of Riffel's actions taken to correct the Material Deficiency; and

(iv) any further steps Riffel plans to take to address the Material Deficiency and prevent it from recurring.

H. Notification of Government Investigations or Legal Proceedings

Within 30 days of discovery, Riffel shall notify OIG, in writing, of any ongoing investigation or legal proceeding conducted or brought by a governmental entity or its agents involving an allegation that Riffel has committed a crime or has engaged in fraudulent activities. This notification shall include a description of the allegation, the identity of the investigating or prosecuting agency, and the status of such investigation or legal proceeding. Riffel shall also provide written notice to OIG within 30 days of the resolution of the matter, and shall provide OIG with a description of the findings and/or results of the proceedings, if any.

IV. NEW BUSINESS UNITS OR LOCATIONS

In the event that, after the effective date of this Agreement, Riffel changes locations or purchases or establishes a new business related to the furnishing of items or services that may be reimbursed by Federal health care programs, Riffel shall notify OIG of this fact as soon as possible, but no later than within 15 days of the date of change of location, purchase or establishment. This notification shall include the location of the new operation(s), phone number, fax number, Medicare provider or supplier number(s) (if any), and the corresponding contractor's name and address that has issued each Medicare provider number. Any new business shall be subject to the requirements of this Agreement. All Covered Persons at such locations shall be subject to the applicable requirements in this Agreement (e.g., completing certifications and undergoing training).

V. REPORTS

A. Implementation Report

Within 120 days after the effective date of this Agreement, Riffel shall submit a written report to OIG summarizing the status of his implementation of the requirements of this Agreement. This report, known as the "Implementation Report," shall include to the extent applicable as specified in Section III:

1. The name and phone number of Riffel's Compliance Contact;

2. A copy of the notice Riffel posted in his office as described in Section III.B and a description of where and when the notice has been posted;

3. A copy of the written policies and procedures required by Section III.C. of this Agreement;

4. A certification signed by Dr. Riffel attesting that the Policies and Procedures are being implemented and have been made available to all Covered Persons;

5. A description of the training required by Section III.D., including a summary of the topics covered and a schedule of when the training session(s) were held;

6. A certification signed by Dr. Riffel attesting that all employees have completed the initial training required by Section III.D. and have executed the required certifications;

7. A copy of the certification from the third party billing company required by Section III.E of this Agreement;

8. The name and qualifications of the IRO Riffel has retained to conduct the billing engagement and the proposed start and completion dates of the first annual review;

9. A certification from the IRO regarding its professional independence from Riffel;

10. A list of all Riffel's locations (including locations and mailing addresses), the corresponding name under which each location is doing business, the corresponding phone numbers and fax numbers, each location's Medicare provider identification number(s) and the contractor's name and address that issued each provider identification number; and

11. A certification from Dr. Riffel stating that he has reviewed the Implementation Report, he has made a reasonable inquiry regarding its content and believes that, upon such inquiry, the information is accurate and truthful.

B. Annual Reports

Riffel shall submit to OIG Annual Reports with respect to the status of and findings regarding Riffel's compliance activities for each of the five one-year periods beginning on the effective date of the Agreement. (The one-year period covered by each Annual Report shall be referred to as "the Reporting Period"). The first Annual Report shall be received by the OIG no later than one year and 60 days after the end of the first Reporting Period. Subsequent Annual Reports shall be received by OIG no later than the anniversary date of the due date of the first Annual Report.

Each Annual Report shall include, to the extent applicable as specified in Section III:

1. If revisions were made to the written policies and procedures developed pursuant to Section III.C. of this Agreement, a copy of any policies and procedures that were revised;

2. A certification by Dr. Riffel that all Covered Persons have executed the annual Policies and Procedures certification required by Section III.C.;

3. A schedule, topic outline and copies of the training materials for the training programs attended in accordance with Section III.D. of this Agreement;

4. A certification signed by Dr. Riffel certifying that he is maintaining written certifications from all Covered Persons that they received training pursuant to the requirements set forth in Section III.D. of this Agreement;

5. A complete copy of all reports prepared pursuant to the IRO's Billing Engagement, including the Claims Review Report and Process Review Report, along with a copy of the IRO's engagement letter;

6. Riffel's response and corrective action plan(s) related to any issues raised or recommendations made by the IRO;

7. A summary/description of all engagements between Riffel and the IRO, including, but not limited to, any outside financial audits, compliance program engagements, or reimbursement consulting;

8. A summary of any Material Deficiencies (as defined in III.G.) identified during the Reporting Period and the status of any corrective and preventative action relating to all such Material Deficiencies;

9 A summary describing any ongoing investigation or legal proceeding required to have been reported pursuant to Section III.H. The summary shall include a description of the allegation, the identity of the investigating or prosecuting agency, and the status of such investigation or legal proceeding;

10 A certification signed by Dr. Riffel certifying that all prospective employees and contractors are being screened against the Exclusion Lists (as defined by Section III.C.5); and

11. A certification signed by Dr. Riffel certifying that he has reviewed the Annual Report, he has made a reasonable inquiry regarding its content and believes that, upon such inquiry, the information is accurate and truthful. If Dr. Riffel is claiming that any of the requirements of Section III are inapplicable due to his employment circumstances as described in Section III, then Dr. Riffel shall provide proof of those employment circumstances, including a description of his duties and responsibilities.

VI. NOTIFICATIONS AND SUBMISSION OF REPORTS

Unless otherwise stated subsequent to the execution of this Agreement, all notifications and reports required under the terms of this Agreement shall be submitted to the following:

If to the 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
330 Independence Avenue, SW
Cohen Building, Room 5527
Washington, DC 20201
Ph. 202.619.2078
Fax 202.205.0604

If to Riffel: Hugo Riffel, M.D.
1310 East Ocean Boulevard #1702
Long Beach, California 90802
Phone: 562.435.6844

Unless otherwise specified, all notifications and reports required by this Agreement may be made by certified mail, overnight mail, hand delivery or other means, provided that there is proof that such notification was received. For purposes of this requirement, internal facsimile confirmation sheets do not constitute proof of receipt.

VII. OIG INSPECTION, AUDIT AND REVIEW RIGHTS

In addition to any other rights OIG may have by statute, regulation, or contract, OIG or its duly authorized representative(s) may examine or request copies of Riffel's books, records, and other documents and supporting materials and/or conduct on-site reviews of any of Riffel's locations for the purpose of verifying and evaluating: (a) Riffel's compliance with the terms of this Agreement; and (b) Riffel's compliance with the requirements of the Federal health care programs in which he participates. The documentation described above shall be made available by Riffel to OIG or its duly authorized representative(s) at all reasonable times for inspection, audit or reproduction. Furthermore, for purposes of this provision, OIG or its duly authorized representative(s) may interview any of Riffel's employees, contractors, or agents who consent to be interviewed at the individual's place of business during normal business hours or at such other place and time as may be mutually agreed upon between the individual and OIG. Riffel agrees to assist OIG or its duly authorized representative(s) in contacting and arranging interviews with such individuals upon OIG's request. Riffel's employees may elect to be interviewed with or without a representative of Riffel present.

VIII. DOCUMENT AND RECORD RETENTION

Riffel shall maintain for inspection all documents and records relating to reimbursement from the Federal health care programs, or to compliance with this Agreement, for six years (or longer if otherwise required).

IX. DISCLOSURES

Consistent with HHS's FOIA procedures, set forth in 45 C.F.R. Part 5, the OIG shall make a reasonable effort to notify Riffel prior to any release by OIG of information submitted by Riffel pursuant to its obligations under this Agreement and identified upon

submission by Riffel as trade secrets, or information that is commercial or financial and privileged or confidential, under the FOIA rules. With respect to such releases, Riffel shall have the rights set forth at 45 C.F.R. § 5.65(d). Riffel shall refrain from identifying any information as exempt from release if that information does not meet the criteria for exemption from disclosure under FOIA.

X. BREACH AND DEFAULT PROVISIONS

Full and timely compliance by Riffel shall be expected throughout the duration of this Agreement with respect to all of the obligations herein agreed to by Riffel.

A. Stipulated Penalties for Failure to Comply with Certain Obligations

As a contractual remedy, Riffel and OIG hereby agree that failure to comply with certain obligations set forth in this Agreement may lead to the imposition of the following monetary penalties (hereinafter referred to as "Stipulated Penalties") in accordance with the following provisions.

1. To the extent applicable as specified in Section III, a Stipulated Penalty of $1,000 (which shall begin to accrue on the day after the date the obligation became due) for each day Riffel:

a. Fails to have in place a Compliance Contact as required in Section III.A;

b. Fails to post the notice required in Section III.B;

c. Fails to have in place the Policies and Procedures required in Section III.C;

d. Or each applicable Covered Person fails to attend the training required by Section III.D. of the Agreement within the time frames required in that Section;

e. Fails to retain an IRO within the time frame required in Section III.F.1, or annually submit the IRO's Claims Review Report and Process Review Report as required in Section III.F and Appendix A; or

f. Fails to meet any of the deadlines for the submission of the

Implementation Report or the Annual Reports to OIG.

2. To the extent applicable as specified in Section III, a Stipulated Penalty of $750 (which shall begin to accrue on the date the failure to comply began) for each day Riffel employs or contracts with an Ineligible Person and that person: (i) has responsibility for, or involvement with, Riffel's business operations related to the Federal health care programs; or (ii) is in a position for which the person's salary or the items or services rendered, ordered, or prescribed by the person are paid in whole or part, directly or indirectly, by Federal health care programs or otherwise with Federal funds (the Stipulated Penalty described in this paragraph shall not be demanded for any time period during which Riffel can demonstrate that Riffel did not discover the person's exclusion or other ineligibility after making a reasonable inquiry (as described in Section III.C.5) as to the status of the person).

3. A Stipulated Penalty of $750 for each day Riffel fails to grant access to the information or documentation as required in Section VII of this Agreement. (This Stipulated Penalty shall begin to accrue on the date Riffel fails to grant access.)

4. A Stipulated Penalty of $750 for each day Riffel fails to comply fully and adequately with any obligation of this Agreement. In its notice to Riffel, OIG shall state the specific grounds for its determination that Riffel has failed to comply fully and adequately with the Agreement obligation(s) at issue and steps the Riffel must take to comply with the Agreement. (This Stipulated Penalty shall begin to accrue 10 days after the date that OIG provides notice to Riffel of the failure to comply.) A Stipulated Penalty as described in this paragraph shall not be demanded for any violation for which the OIG has sought a Stipulated Penalty under paragraphs 1-3 of this Section.

B. <u>Timely Written Requests for Extensions</u>

Riffel may, in advance of the due date, submit a timely written request for an extension of time to perform any act or file any notification or report required by this Agreement. 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 Riffel fails to meet the revised deadline set by OIG. 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 three business days after Riffel receives OIG's written denial of such request or the original due date, whichever is later. A "timely written request" is defined as a request in writing received by OIG at least five 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.

C. Payment of Stipulated Penalties.

1. *Demand Letter.* Upon a finding that Riffel has failed to comply with any of the obligations described in Section X.A and after determining that Stipulated Penalties are appropriate, OIG shall notify Riffel of: (a) Riffel's failure to comply; and (b) OIG's exercise of its contractual right to demand payment of the Stipulated Penalties (this notification is hereinafter referred to as the "Demand Letter").

2. *Response to Demand Letter.* Within 10 days of the receipt of the Demand Letter, Riffel shall respond by either: (a) curing the breach to OIG's satisfaction, notifying OIG of his corrective actions, and paying the applicable Stipulated Penalties; or (b) sending in writing to OIG a request for a hearing before an HHS administrative law judge ("ALJ") to dispute OIG's determination of noncompliance, pursuant to the agreed upon provisions set forth below in Section X.E. In the event Riffel elects to request an ALJ hearing, the Stipulated Penalties shall continue to accrue until Riffel cures, to OIG's satisfaction, the alleged breach in dispute. 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 Agreement and shall be grounds for exclusion under Section X.D.

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 VI.

4. *Independence from Material Breach Determination.* Except as set forth in Section X.D.1.c, these provisions for payment of Stipulated Penalties shall not affect or otherwise set a standard for OIG's decision that Riffel has materially breached this Agreement, which decision shall be made at OIG's discretion and shall be governed by the provisions in Section X.D, below.

D. Exclusion for Material Breach of this Agreement

1. *Definition of Material Breach.* A material breach of this Agreement means:

a. a failure by Riffel to report a material deficiency, take corrective action and make the appropriate refunds, as required in Section III.G;

b. to the extent applicable as specified in Section III, a repeated or flagrant violation of the obligations under this Agreement, including, but not limited to, the obligations addressed in Section X.A;

c. a failure to respond to a Demand Letter concerning the payment of Stipulated Penalties in accordance with Section X.C; or

d. To the extent applicable as specified in Section III, a failure to retain and use an IRO in accordance with Section III.F.

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

3. *Opportunity to Cure.* Riffel shall have 30 days from the date of receipt of the Notice of Material Breach and Intent to Exclude to demonstrate to OIG's satisfaction that:

a. Riffel is in compliance with the obligations of the Agreement cited by the OIG as being the basis for the material breach;

b. the alleged material breach has been cured; or

c. the alleged material breach cannot be cured within the 30-day period, but that: (i) Riffel has begun to take action to cure the material breach; (ii) Riffel is pursuing such action with due diligence; and (iii) Riffel has provided to OIG a reasonable timetable for curing the material breach.

4. *Exclusion Letter.* If at the conclusion of the 30-day period, Riffel fails to satisfy the requirements of Section X.D.3, OIG may exclude Riffel from participation in the Federal health care programs. OIG will notify Riffel in writing of its determination to exclude Riffel (this letter shall be referred to hereinafter as the "Exclusion Letter"). Subject to the Dispute Resolution provisions in Section X.E, below, the exclusion shall go into effect 30 days after the date of the Exclusion Letter. The exclusion shall have national effect and shall also apply to all other Federal procurement and non-procurement

programs. Reinstatement to program participation is not automatic. If at the end of the period of exclusion, Riffel wishes to apply for reinstatement, Riffel must submit a written request for reinstatement in accordance with the provisions at 42 C.F.R. §§ 1001.3001-.3004.

E. Dispute Resolution

1. *Review Rights*. Upon OIG's delivery to Riffel of its Demand Letter or of its Exclusion Letter, and as an agreed-upon contractual remedy for the resolution of disputes arising under this Agreement, Riffel 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. Part 1005 as if they applied to the Stipulated Penalties or exclusion sought pursuant to this Agreement. Specifically, OIG's determination to demand payment of Stipulated Penalties or to seek exclusion shall be subject to review by an HHS ALJ and, in the event of an appeal, the HHS Departmental Appeals Board ("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 10 days of the receipt of the Demand Letter and the request for a hearing involving exclusion shall be made within 25 days of 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 Agreement shall be: (a) whether Riffel was in full and timely compliance with the obligations of this Agreement for which OIG demands payment; and (b) the period of noncompliance. Riffel shall have the burden of proving its full and timely compliance and the steps taken to cure the noncompliance, if any. If the ALJ agrees with OIG with regard to a finding of a breach of this Agreement and orders Riffel to pay Stipulated Penalties, such Stipulated Penalties shall become due and payable 20 days after the ALJ issues such a decision unless Riffel requests review of the ALJ decision by the DAB. If the ALJ decision is properly appealed to the DAB and the DAB upholds the determination of OIG, the Stipulated Penalties shall become due and payable 20 days after the DAB issues its decision.

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 Agreement shall be:

a. whether Riffel was in material breach of this Agreement;

b. whether such breach was continuing on the date of the Exclusion

Letter; and

c. whether the alleged material breach could not have been cured within the 30 day period, but that:

(i) Riffel had begun to take action to cure the material breach within that period;

(ii) Riffel has pursued and is pursuing such action with due diligence; and

(iii) Riffel provided to OIG within that period a reasonable timetable for curing the material breach and Riffel has followed the timetable.

For purposes of the exclusion herein, exclusion shall take effect only after an ALJ decision favorable to OIG, or, if the ALJ rules for Riffel, only after a DAB decision in favor of OIG. Riffel's election of its contractual right to appeal to the DAB shall not abrogate OIG's authority to exclude Riffel upon the issuance of an ALJ's decision in favor of OIG. If the ALJ sustains the determination of OIG and determines that exclusion is authorized, such exclusion shall take effect 20 days after the ALJ issues such a decision, notwithstanding that Riffel may request review of the ALJ decision by the DAB. If the DAB finds in favor of OIG after an ALJ decision adverse to OIG, the exclusion shall take effect 20 days after the DAB decision. Riffel agrees to waive his right to any notice of such an exclusion if a decision upholding the exclusion is rendered by the ALJ

4. *Finality of Decision.* The review by an ALJ or DAB provided for above shall not be considered to be an appeal right arising under any statutes or regulations. Consequently, the parties to this Agreement agree that the DAB's decision (or the ALJ's decision if not appealed) shall be considered final for all purposes under this Agreement

XI. EFFECTIVE AND BINDING AGREEMENT

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

1. This Agreement shall be binding on the successors, assigns and transferees of Riffel;

2. This Agreement shall become final and binding on the date the final signature is obtained on the Agreement;

3. Any modifications to this Agreement shall be made with the prior written consent of the parties to this Agreement;

4. OIG may agree to a suspension of Riffel's obligations under this Agreement in the event of Riffel's cessation of participation in Federal health care programs. If Riffel withdraws from participation in Federal health care programs and is relieved from his Agreement obligations by the OIG, Riffel agrees to notify the OIG 30 days in advance of Riffel's intent to reapply as a participating provider or supplier with the Federal health care programs. Upon receipt of such notification, OIG will evaluate whether the CIA should be reactivated or modified.

5. The undersigned Riffel signatories represent and warrant that they are authorized to execute this Agreement. The undersigned OIG signatory represents that he is signing this Agreement in his official capacity and that he is authorized to execute this Agreement.

IN WITNESS WHEREOF, the parties hereto affix their signatures:

RIFFEL

01-19-01
Date

Hugo Riffel, M.D.
1310 East Ocean Boulevard #1702
Long Beach, California 90802
Phone: 562.435.6844

January 19, 2001
Date

Timothy P. Blanchard, Esq.
Counsel for Dr. Riffel
McDermott, Will & Emery
2049 Century Park East, Suite 3400
Los Angeles, California 90067-3208
Phone 310.551.9320
Fax 310.277.4730

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

1/25/01
Date

Lewis Morris, Esquire
Assistant Inspector General for Legal Affairs
Office of Counsel to the Inspector General
Office of Inspector General
U. S. Department of Health and Human Services

APPENDIX A

A. Billing Engagement

The Billing Engagement shall be composed of two separate reviews, a "Claims Review" and a "Process Review." The IRO shall prepare a Claims Review Report and a Process Review Report to communicate the findings of the reviews.

1. ***Claims Review.*** The IRO shall perform a Claims Review to identify any Overpayments through an appraisal of Paid Claims submitted by Riffel to the Medi-Cal or other Federal health care programs.

2. ***Claims Review Report.*** The IRO shall prepare a report based upon each Claims Review performed ("Claims Review Report"). The Claims Review Report shall be submitted to the OIG in the Annual Report.

3. ***Process Review.*** The IRO shall review Riffel's billing and coding systems and/or operations (the "Process Review"). This review shall examine the coding and claim submission process (e.g., reviewing the process, reviewing the systems edits, automated coding systems).

4. ***Process Review Report.*** The IRO shall prepare a report based upon the Process Review ("Process Review Report"). The Process Review Report shall include the IRO's findings and supporting rationale regarding the strengths and weaknesses in Riffel's coding systems and/or operations and claims submission process. This report shall also include any recommendations the IRO may have to improve any of these systems, operations, and processes, and a discussion of how Riffel can implement such recommendations. The Process Review Report shall be submitted to the OIG in the Annual Report.

B. Claims Review

1. ***Definitions***. For the purposes of the Claims Review, the following definitions shall be used:

a. Claims Review Sample: A statistically valid, randomly selected sample of items selected for appraisal in the Claims Review.

b. Item: Any discrete unit that can be sampled (e.g., code, line item, beneficiary, patient encounter, etc.).

c. Paid Claim: A code or line item submitted by Riffel and for which Riffel has received reimbursement from the Medi-Cal or other Federal health care programs

d. Population: All Items for which Riffel has submitted a code or line item and for which Riffel has received reimbursement from the Medi-Cal or other Federal health care programs (i.e., a Paid Claim) during the 12-month period covered by the Claims Review. To be included in the Population, an Item must have resulted in at least one Paid Claim.

e. RAT-STATS: OIG's Office of Audit Services Statistical Sampling Software. RAT-STATS is publicly available to download through the Internet at "www.hhs.gov/oig/oas/ratstat.html".

2. ***Description of Claims Review***. The Claims Review shall consist of an appraisal of a statistically valid sample of Items (the Claims Review Sample) that can be projected to the total Population.

a. Claims Review Sample. The Claims Review Sample shall consist of a minimum of 100 Items. The 100 Items shall be selected for appraisal through the use of RAT-STATS' "Random Numbers" function. All Paid Claims associated with these Items shall be reviewed and reported on in the Claims Review Report (See Section C, below).

b. Item Appraisal. For each Item appraised, only Paid Claims shall be evaluated. Every Paid Claim in the Claims Review Sample shall be evaluated by the IRO to determine whether the claim submitted was correctly coded, submitted, and reimbursed. In addition, the underlying medical record shall be reviewed to determine that the physician was

present as required by applicable regulations. Each appraisal must be sufficient to provide all information required under the Claims Review Report.

c. Paid Claims without Supporting Documentation. For the purpose of appraising Items included in the Claims Review Sample, any Paid Claim for which Riffel cannot produce documentation sufficient to support the Paid Claim shall be considered an error and the total reimbursement received by Riffel for such Paid Claim shall be deemed an Overpayment. Replacement sampling for Paid Claims with missing documentation is not permitted.

d. Use of First Samples Drawn. For the purposes of the Claims Review Sample discussed in this Appendix, the Paid Claims associated with the Items selected in the first sample (or first sample for each strata, if applicable) shall be used. In other words, it is not permissible to generate a number of random samples and then select one for use as the Claims Review Sample.

C. Claims Review Report. The following information shall be included in each Claims Review Report:

1. ***Claims Review Methodology***

a. Claims Review Objective: A clear statement of the objective intended to be achieved by the Claims Review.

b. Sampling Unit: A description of the Item as that term is utilized for the Claims Review. As noted in Section B.1.b above, for purposes of this Billing Engagement, the term "Item" may refer to any discrete unit that can be sampled (e.g., claim, line item, beneficiary, patient encounter, etc.).

c. Claims Review Population: A description of the Population subject to the Claims Review.

d. Sampling Frame: A description of the sampling frame, which is the totality of Items from which the Claims Review Sample has been selected and an explanation of the methodology used to identify the sampling frame. In most circumstances, the sampling frame will be identical to the Population.

e. Sources of Data: A description of the documentation relied upon by the IRO when performing the Claims Review (e.g., medical records, physician orders, certificates of medical necessity, requisition forms, local medical review policies, HCFA program memoranda, Medicare carrier or intermediary manual or bulletins, other policies, regulations, or directives).

f. Review Protocol: A narrative description of how the Claims Review was conducted and what was evaluated.

2. ***Statistical Sampling Documentation***

a. The number of Items appraised in the Claims Review Sample;

b. A copy of the RAT-STATS printout of the random numbers generated by the "Random Numbers" function for the Claims Review Sample; and

c. The Sampling Frame used in the Claims Review Sample shall be available to the OIG upon request.

3. ***Claims Review Results***

a. Total number and percentage of instances in which the IRO determined that the Paid Claim submitted by Riffel ("Claim Submitted") differed from what should have been the correct claim ("Correct Claim"), regardless of the effect on the payment;

b. Total number and percentage of instances in which the Claim Submitted differed from the Correct Claim and in which such difference resulted in an Overpayment to Riffel;

c. The total dollar amount of all Paid Claims in the Claims Review Sample and the total dollar amount of Overpayments associated with the Paid Claims identified by the Claims Review. (This is the total dollar amount of the Overpayments identified in Section C.3.b above.) The IRO may, in its report to Riffel, identify underpayments, but any underpayments identified during the Claims Review shall not be offset or "netted out" of the total dollar amount of Paid Claims or of the Overpayments when reporting these amounts in the Claims Review Report to the OIG; and

d. A spreadsheet of the Claims Review results that includes the following

information for each Paid Claim appraised: Federal health care program billed, beneficiary health insurance claim number, date of service, procedure code submitted, procedure code reimbursed, allowed amount reimbursed by payor, correct procedure code (as determined by the IRO), correct allowed amount (as determined by the IRO), dollar difference between allowed amount reimbursed by payor and the correct allowed amount.

4. ***Credentials.*** The names and credentials of the individuals who: (1) designed the statistical sampling procedures and the review methodology utilized for the Claims Review; and (2) performed the Claims Review.

EXHI

OVERPAYMENT REFUND

TO BE COMPLETED BY MEDICARE CONTRACTOR

Date:_____

Contractor Deposit Control #_____ Date of Deposit: _____

Contractor Contact Name:_____Phone #_____

Contractor Address:_____

Contractor Fax:_____

TO BE COMPLETED BY PROVIDER/PHYSICIAN/SUPPLIER

Please complete and forward to Medicare Contractor. This form, or a similar document containing the followi information, should accompany every voluntary refund so that receipt of check is properly recorded and applie

PROVIDER/PHYSICIAN/SUPPLIERNAME_____

ADDRESS_____

PROVIDER/PHYSICIAN/SUPPLIER #_____CHECK NUMBER#_____

CONTACT PERSON:_____PHONE #_____

AMOUNT OF CHECK $_____ CHECK DATE_____

REFUND INFORMATION

For each Claim, provide the following:

Patient Name_____HIC #_____

Medicare Claim Number_____Claim Amount Refunded $_____

Reason Code for Claim Adjustment:_____ (Select reason code from list below. Use one reason per claim)

(Please list all claim numbers involved. Attach separate sheet, if necessary)

*Note: If Specific Patient/HIC/Claim #/Claim Amount data not available for all claims due to Statistical Samplin please indicate methodology and formula used to determine amount and reason f overpayment:*_____

For Institutional Facilities Only:

Cost Report Year(s) _____

(If multiple cost report years are involved, provide a breakdown by amount and corresponding cost report year

For OIG Reporting Requirements:

Do you have a Corporate Integrity Agreement with OIG? Yes No

Reason Codes:

Billing/Clerical Error
01 - Corrected Date of Service
02 - Duplicate
03 - Corrected CPT Code
04 - Not Our Patient(s)
05 - Modifier Added/Removed
06 - Billed in Error
07 - Corrected CPT Code

MSP/Other Payer Involvement
08 - MSP Group Health Plan Insurance
09 - MSP No Fault Insurance
10 - MSP Liability Insurance
11 - MSP, Workers Comp.(Including Black Lung
12 - Veterans Administration

Miscellaneous
13 - Insufficient Documentation
14 - Patient Enrolled in an HMO
15 - Services Not Rendered
16 - Medical Necessity
17 - Other (Please Specify)
_____