

**INTEGRITY AGREEMENT
BETWEEN THE
OFFICE OF INSPECTOR GENERAL
OF THE
DEPARTMENT OF HEALTH AND HUMAN SERVICES
AND
TRI-STATE RADIOLOGY, P.C.**

I. PREAMBLE

Tri-State Radiology, P.C. (Tri-State) 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 by Tri-State's shareholders, officers, directors, associates, employees, contractors, and agents 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"). This commitment to promote compliance applies to any entity that Tri-State owns or in which Tri-State has a control interest, as defined in 42 U.S.C. § 1320a-3(a)(3), and Tri-State's and any such entity's Covered Persons as defined in Section II.C. Contemporaneously with this Agreement, Tri-State 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

A. The date on which the final signatory of this Agreement executes this Agreement shall be known as the Effective Date. The period of compliance obligations assumed by Tri-State under this Agreement shall be three (3) years from the Effective Date of this Agreement. Each one-year period beginning with the one-year period following the Effective Date, shall be referred to as a "Reporting Period."

B. Sections VII, VIII, IX, X, and XI shall expire no later than 120 days from OIG's receipt of: (1) Tri-State's final Annual Report; or (2) any additional materials submitted by Tri-State pursuant to OIG's request, whichever is later.

C. The scope of this Agreement shall be governed by the following definitions:

1. "Covered Persons" includes:

- a. all shareholders, officers, directors, associates, and employees of Tri-State; and
- b. all contractors, agents, and other persons who provide patient care items or services or who perform billing or coding functions on behalf of Tri-State.

III. INTEGRITY OBLIGATIONS

Tri-State shall establish and maintain a Compliance Program that includes the following elements:

A. Compliance Contact

Within 30 days after the Effective Date, Tri-State shall designate a person to be responsible for compliance activities (Compliance Contact). The Compliance Contact shall be responsible for: (1) developing and implementing policies, procedures, and practices designed to ensure compliance with the requirements set forth in this Agreement and with Federal health care program requirements; (2) monitoring Tri-State's day-to-day compliance activities; and (3) meeting all reporting obligations created under this Agreement.

Tri-State shall report to OIG, in writing, any changes in the identity or job responsibilities of the Compliance Contact, or any actions or changes that would affect the Compliance Contact's ability to perform the duties necessary to meet the obligations in this Agreement, within 15 days after such change. The name, address, phone number, and a description of any other job responsibilities performed by the Compliance Contact shall be included in the Implementation Report.

B. Posting of Notice

Within the 90 days after the Effective Date, Tri-State shall post in a prominent place accessible to all patients and Covered Persons a notice detailing its commitment to comply with all Federal health care program requirements in the conduct of its business.

This notice shall also include the following information: (i) a means (e.g., telephone number or address) by which instances of misconduct may be reported anonymously; (ii) Tri-State's commitment to maintain the confidentiality of the report; and (iii) notification that reporting a suspected violation will not result in

retribution or retaliation by Tri-State. A copy of this notice shall be included in the Implementation Report.

C. Written Policies and Procedures

Within 90 days after the Effective Date, Tri-State shall develop, implement, and distribute written Policies and Procedures to all Covered Persons. In addition, Tri-State shall make the promotion of, and adherence to, the written Policies and Procedures an element in evaluating the performance of all employees. The written Policies and Procedures shall, at a minimum, set forth:

1. Tri-State's commitment to full compliance with all Federal health care program requirements, including its commitment to prepare and submit accurate claims consistent with such requirements;
2. the expectation that all of Tri-State's Covered Persons shall be expected to comply with all Federal health care program requirements and with Tri-State's own written Policies and Procedures as implemented pursuant to this Section III.C (including the requirements of this Agreement);
3. the responsibility and requirement that all Covered Persons report suspected violations of any Federal health care program requirements or of Tri-State's own Policies and Procedures to the Compliance Contact and Tri-State's commitment to maintain confidentiality and anonymity, as appropriate, and not to retaliate with respect to such disclosures;
4. the possible consequences to both Tri-State and Covered Persons of failure to comply with Federal health care program requirements or with Tri-State's written Policies and Procedures and the failure to report such noncompliance;
5. Tri-State's commitment 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;
6. the proper procedures for the accurate preparation and submission of claims in accordance with Federal health care program requirements; and
7. the proper documentation of services and billing information.

Within 90 days after the Effective Date, each Covered Person shall certify in writing that he or she has received, read, understood, and shall abide by Tri-State's written Policies and Procedures. New Covered Persons shall receive and review the written Policies and Procedures and shall complete the required certification within 30 days after becoming a Covered Person or within 90 days after the Effective Date, whichever is later.

At least annually (and more frequently if appropriate), Tri-State shall assess and update, as necessary, the Policies and Procedures. Within 30 days after the effective date of any revisions, the relevant portions of any such revised Policies and Procedures shall be made available to all Covered Persons. Appropriate and knowledgeable staff shall be available to explain the Policies and Procedures.

Copies of the written Policies and Procedures shall be included in the first Annual Report. Copies of any written Policies and Procedures that are subsequently revised shall be included in the subsequent Annual Reports along with a summary of any change or amendment to each Policy and Procedure required by this Section and the reason for each change.

D. Training and Certification

Within 90 days after the Effective Date and at least once each year thereafter, Tri-State and Covered Persons shall receive at least three hours of training from an individual or entity, other than Tri-State or another Covered Person. Persons providing the training shall be knowledgeable about the subject area and may be received from a variety of sources (e.g., CME classes, hospitals, associations, carriers).

New Covered Persons shall receive the training described above within 30 days after becoming a Covered Person or within 90 days after the Effective Date, whichever is later. The training for new Covered Persons may either be provided internally by a Covered Person who has completed the required annual training or externally by a qualified individual or entity. A new Covered Person shall work under the direct supervision of a Covered Person who has received such training, to the extent that the work relates to the delivery of patient care items or services and/or the preparation or submission of claims for reimbursement from any Federal health care program, until such time as the new Covered Person completes the training.

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

1. the requirements of Tri-State's Agreement;
2. an overview of Tri-State's compliance program;
3. the accurate coding and submission of claims for services rendered and/or items provided to Federal health care program beneficiaries;
4. applicable reimbursement statutes, regulations, and program requirements and directives;
5. the written Policies and Procedures developed pursuant to Section III.C, above;
6. the policies, procedures, and other requirements applicable to the documentation of medical records;
7. the personal obligation of each individual involved in the coding and claims submission process to ensure that such claims are accurate;
8. the legal sanctions for the submission of improper claims or violations of the Federal health care program requirements; and
9. examples of proper and improper coding and claim submission practices.

Each Covered Person shall annually certify, in writing or in electronic format if the training is computerized, that he or she has received the required training. The certification shall specify the date the training was received. The Compliance Contact shall retain the certifications, along with all training materials. Tri-State shall annually review the training, and, where appropriate, update the training to reflect changes in Federal health care program requirements, any issues discovered during any claims review, and any other relevant information.

Tri-State may provide the training required under this Agreement through appropriate computer-based training approaches. If Tri-State chooses to provide computer-based training, it shall make available appropriately qualified and knowledgeable staff or trainers to answer questions or provide additional information to the individuals receiving such training.

The training materials shall be provided in the first Annual Report, and to the extent the training is revised, shall also be included in subsequent Annual Reports. The certifications shall be made available to OIG upon request.

All physicians who fall within the definition of Covered Persons under this Agreement and who have staff privileges at either Sacred Heart Hospital of the Sisters of Charity or Memorial Hospital and Medical Center of Cumberland shall also participate in physician training programs offered by those hospitals as part of their Corporate Integrity Agreements. Participation in such hospital training may count towards meeting the physicians' three-hour training obligations to the extent it covers the subject matters and meets the other training requirements set forth above.

Notwithstanding the requirements of this section III.D, the training requirements with respect to Third Party Billers shall be those specified in section III.E below.

E. Third Party Billing

1. Current Contract with Third Party Biller. If Tri-State presently contracts with a third party billing company to submit claims to the Federal health care programs, Tri-State represents that it does not have an ownership or control interest (as defined in 42 U.S.C. § 1320a-3(a)(3)) in the third party billing company and is not employed by, and does not act as a consultant to, the third party billing company. If Tri-State intends to obtain an ownership or control interest (as defined in 42 U.S.C. § 1320a-3(a)(3)) in, or become employed by, or become a consultant to, any third party billing company during the term of this Agreement, Tri-State shall notify OIG 30 days prior to any such proposed involvement.

Within 90 days after the Effective Date, Tri-State shall obtain (and provide to OIG in the Implementation Report) a certification from the third party billing company that the company: (i) is presently in compliance with all Federal health care program requirements as they relate to the submission of claims to Federal health care programs; (ii) has a policy of not employing any person who is excluded, debarred, suspended or otherwise ineligible to participate in Medicare or other Federal health care programs to perform any duties related directly or indirectly to the preparation or submission of claims to Federal health care programs; (iii) 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 Tri-State contracts with a new third party billing company during the term of this Agreement, Tri-State shall, within 30 days of entering into such contract, obtain and send to OIG the certification described in this Section III.E.1.

2. Future Contract with Third Party Biller. If, at any time during the term of this Agreement, Tri-State contracts with a third party billing company to submit claims to the Federal health care programs, at least 30 days prior to executing the contract, Tri-State shall submit a certification indicating whether it has an ownership or control interest (as defined in 42 U.S.C. § 1320a-3(a)(3)) in the third party billing company and whether it is employed by or acts as a consultant to the third party billing company.

Within 30 days after Tri-State contracts with the third party billing company, Tri-State shall obtain a certification from the third party billing company that the company: (i) is presently in compliance with all Federal health care program requirements as they relate to the submission of claims to Federal health care programs; (ii) has a policy of not employing any person who is excluded, debarred, suspended or otherwise ineligible to participate in Medicare or other Federal health care programs to perform any duties related directly or indirectly to the preparation or submission of claims to Federal health care programs; and (iii) 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 Tri-State contracts with a new third party billing company during the term of this Agreement, Tri-State shall, within 30 days of entering into such contract, obtain and send to OIG the certification described in this Section III.E.2.

F. Ineligible Persons

1. Definitions. For purposes of this Agreement:

a. An “Ineligible Person” shall include an individual or entity who: (i) is currently excluded, debarred, suspended, or otherwise ineligible to participate in the Federal health care programs or in Federal procurement or nonprocurement programs; or (ii) has been convicted of a criminal offense that falls within the ambit of 42 U.S.C. § 1320a-7(a), but has not yet been excluded, debarred, suspended, or otherwise declared ineligible.

b. “Exclusion Lists” include: (i) the HHS/OIG List of Excluded Individuals/Entities (available through the Internet at <http://oig.hhs.gov>); and (ii) the General Services Administration’s List of Parties Excluded

from Federal Programs (available through the Internet at <http://www.epls.arnet.gov>)

2. Screening Requirements. Tri-State shall ensure that all prospective and current shareholders, officers, directors, associates, employees, contractors, and agents of Tri-State are not Ineligible Persons. To ensure that such persons are not Ineligible Persons, Tri-State shall require such persons to disclose immediately any debarment, exclusion, suspension, or other event that makes such person an Ineligible Person. Prior to engaging the services of such persons, Tri-State shall screen such persons against the Exclusion Lists. In addition, Tri-State shall:

- a. Within 90 days after the Effective Date, review its list of the persons identified in Section III.G.2 against the Exclusion Lists; and
- b. Review its list of persons identified in Section III.G.2 against the Exclusion Lists annually.

Nothing in this Section affects the responsibility of (or liability for) Tri-State to refrain from billing Federal health care programs for services of the Ineligible Person.

3. Removal Requirement. If Tri-State has notice that any person in one of the positions identified in Section III.G.2 has become an Ineligible Person, Tri-State shall remove such person from responsibility for, or involvement with, Tri-State's business operations related to the Federal health care programs and shall remove such person from any position for which the person's compensation 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.

4. Pending Charges and Proposed Exclusions. If Tri-State has notice that a person identified in Section III.G.2 is charged with a criminal offense that falls within the ambit of 42 U.S.C. § 1320a-7(a) or is proposed for exclusion during his or her employment, involvement or contract term, Tri-State shall take all appropriate actions to ensure that the responsibilities of that person have not and shall not adversely affect the quality of care rendered to any beneficiary, patient, or resident, or the accuracy of any claims submitted to any Federal health care program.

G. Notification of Government Investigation or Legal Proceedings

Within 30 days after discovery, Tri-State shall notify OIG, in writing, of any ongoing investigation or legal proceeding known to Tri-State conducted or brought by a governmental entity or its agents involving an allegation that Tri-State 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. Tri-State shall also provide written notice to OIG within 30 days after the resolution of the matter, and shall provide OIG with a description of the findings and/or results of the proceedings, if any.

H. Reporting

1. Overpayments

a. *Definition of Overpayments.* For purposes of this Agreement, an “Overpayment” shall mean the amount of money Tri-State has received in excess of the amount due and payable under any Federal health care program requirements.

b. *Reporting of Overpayments.* If, at any time, Tri-State identifies or learns of any Overpayment, Tri-State shall notify the payor (e.g., Medicare fiscal intermediary or carrier) within 30 days after identification of the Overpayment and take remedial steps within 60 days after identification (or such additional time as may be agreed to by the payor) to correct the problem, including preventing the underlying problem and the Overpayment from recurring. Also, within 30 days after identification of the Overpayment, Tri-State shall repay the Overpayment to the appropriate payor to the extent such Overpayment has been quantified, unless otherwise instructed by the payor. If not yet quantified within 30 days after identification, Tri-State shall notify the payor at that time 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 payor shall be done in accordance with the payor’s policies, and for Medicare contractors shall include the information contained on the Overpayment Refund Form, provided as Attachment 1 to Appendix B to this Agreement. Notwithstanding the above, notification and repayment of any Overpayment amount that routinely is reconciled or adjusted pursuant to policies and procedures established by the payor should be handled in accordance with such policies and procedures.

2. Reportable Events.

a. *Definition of Reportable Event.* For purposes of this Agreement, a “Reportable Event” means anything that involves:

- i. a substantial Overpayment; or
- ii. a matter that a reasonable person would consider a probable violation of criminal, civil, or administrative laws applicable to any Federal health care program for which penalties or exclusion may be authorized.

A Reportable Event may be the result of an isolated event or a series of occurrences.

b. *Reporting of Reportable Event.* If Tri-State determines (after a reasonable opportunity to conduct an appropriate review or investigation of the allegations) through any means that there is a Reportable Event, Tri-State shall notify OIG, in writing, within 30 days after making the determination that the Reportable Event exists. The report to OIG shall include the following information:

i. If the Reportable Event results in an Overpayment, the report to OIG shall be made at the same time as the notification to the payor required in Section III.I.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) by which the Overpayment was repaid/refunded;

ii. a complete description of the Reportable Event, including the relevant facts, persons involved, and legal and Federal health care program authorities implicated;

iii. a description of Tri-State’s actions taken to correct the Reportable Event; and

- iv. any further steps Tri-State plans to take to address the Reportable Event and prevent it from recurring.

IV. NEW BUSINESS UNITS OR LOCATIONS

In the event that, after the Effective Date, Tri-State changes locations or sells, closes, purchases, or establishes a new business unit or location related to the furnishing of items or services that may be reimbursed by Federal health care programs, Tri-State shall notify OIG of this fact as soon as possible, but no later than 30 days after the date of change of location, sale, closure, purchase, or establishment. This notification shall include the address of the new business unit or location, phone number, fax number, Medicare Provider number, provider identification number, and/or supplier number, and the corresponding contractor's name and address that issued each number. Each new business unit or location and all Covered Persons at each new business unit or location shall be subject to the applicable requirements in this Agreement.

Prior to Tri-State becoming an employee or contractor with another party related to the furnishing of items or services that may be reimbursed by Federal health care programs, Tri-State shall notify that party of this Agreement. This notification shall include a copy of the Agreement, a statement indicating the remaining term of the Agreement, and a summary of Tri-State's obligations under the Agreement. In addition, Tri-State shall notify OIG of such relationship in its next Annual Report.

V. REPORTS

A. Annual Reports

Tri-State shall submit to OIG Annual Reports with respect to the status of, and findings regarding, Tri-State's compliance activities for each of the three Reporting Periods (Annual Report).

Each Annual Report shall, at a minimum, include:

1. the Compliance Contact's name, address, and phone number, a description of any other job responsibilities performed by the Compliance Contact, and the date the Compliance Contact was appointed;
2. a copy of the notice Tri-State posted in its office as required by Section III.B, a description of where the notice is posted, and the date the notice was posted;
3. a copy of the written Policies and Procedures required by Section III.C of this Agreement and the date these Policies and Procedures were implemented and

distributed (subsequent Annual Reports should include a copy of any new compliance-related Policies and Procedures and a summary of any changes or amendments to the written Policies and Procedures and the reason(s) for such changes (e.g., change in contractor policies);

4. a copy of all training materials used for the training session(s) required by Section III.D, a description of the training, including a summary of the topics covered, the length of each session, and a schedule of when the training session(s) were held;

5. a copy of the certification from the third party billing company required by Section III.E of the Agreement;

6. a copy of the certification from the third party billing company required by Section III.E of the Agreement, if applicable;

7. a description of Tri-State's process to screen Covered Persons to determine if they are ineligible (to the extent it has changed from the Implementation Report);

8. a summary of personnel actions/other than hiring taken pursuant to Section III.G; the name, titles and responsibilities of any person who is determined to be an Ineligible Person under Section III.G; and Tri-State's actions taken in response to the obligations set forth in Section III.G;

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 summary of Reportable Events (as defined in Section III.I) identified during the Reporting Period and the status of any corrective and preventative action relating to all such Reportable Events;

11. a report of the aggregate Overpayments that have been returned to the Federal health care programs. Overpayment amounts shall be broken down into the following categories: Medicare, Medicaid, and other Federal health care programs;

12. a description of all changes to the most recently provided list of Tri-State's locations (including addresses) as required by Section IV. Include the corresponding phone numbers, fax numbers, each location's Medicare Provider

Number(s), provider identification number(s), and/or supplier number(s), and the name and address of the contractor that issued each number;

13. if Tri-State became an employee or contractor with another party related to the furnishing of items or services that may be reimbursed by Federal health care programs, Tri-State shall inform OIG of the name, location, relationship, and its responsibilities with respect to Tri-State's employment or contract;

14. A certification, where appropriate, by the Compliance Contact that certifies that:

a. the written Policies and Procedures have been reviewed during the Reporting Period, as required by Section III.B of this Agreement, and that all Covered Persons have executed the written Policies and Procedures certification in accordance with the timeframe required by Section III.C of this Agreement;

b. all Covered Persons have completed the applicable training required by Section III.D of this Agreement and that all Covered Persons have executed the applicable training certification(s) in accordance with the timeframe required by Section III.D of this Agreement;

c. all shareholders, officers, directors, associates, employees, contractors, and agents that were hired, engaged or otherwise involved with Tri-State during the Reporting Period have been screened against the Exclusion Lists and asked to disclose if they are excluded, debarred, suspended, or are otherwise considered an Ineligible Person, prior to entering into their relationship with Tri-State, as required by Section III.G of this Agreement;

d. all shareholders, officers, directors, associates, employees, contractors, and agents (employed, engaged or otherwise involved with Tri-State for the entire Reporting Period) were screened against the Exclusion Lists during the Reporting Period, in accordance with Section III.G of this Agreement and the date(s) they were screened;

e. (include in certification if Settlement Agreement included an Unallowable Cost provision) Tri-State has complied with its obligations under the Settlement Agreement: (i) not to resubmit to any Federal health care program payors any previously denied claims related to the Covered Conduct addressed in the Settlement Agreement, and not to appeal any such denials of claims; (ii) not to charge to or otherwise seek payment

from Federal or State payors for unallowable costs (as defined in the Settlement Agreement); and (iii) to identify and adjust any past charges or claims for unallowable costs.

15. a certification signed by Tri-State certifying that (a) to the best of its knowledge, except as otherwise described in the applicable Report, Tri-State is in compliance with all of the requirements of this Agreement and (b) Tri-State has reviewed the Annual Report and has made a reasonable inquiry regarding its content and believes that the information is accurate and truthful.

The first Annual Report shall be received by OIG no later than 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.

C. Designation of Information

Tri-State shall clearly identify any portions of its submissions that it believes are trade secrets, or information that is commercial or financial and privileged or confidential, and therefore potentially exempt from disclosure under the Freedom of Information Act (FOIA), 5 U.S.C. § 552. Tri-State shall refrain from identifying any information as exempt from disclosure if that information does not meet the criteria for exemption from disclosure under FOIA.

VI. NOTIFICATIONS AND SUBMISSION OF REPORTS

Unless otherwise stated in writing after the Effective Date, all notifications and Reports required under this Agreement shall be submitted to the following entities:

OIG: Administrative and Civil Remedies Branch
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, DC 20201
Telephone: (202) 619-2078
Facsimile: (202) 205-0604

Tri-State: James K. Benjamin, M.D.,
Western Maryland Health System
Memorial Campus
600 Memorial Avenue
Cumberland, MD 21502
Telephone: 301-723-3751
Fax: 301-723-3844

Unless otherwise specified, all notifications and reports required by this Agreement shall 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 Tri-State's books, records, and other documents and supporting materials and/or conduct on-site reviews of any of Tri-State's locations for the purpose of verifying and evaluating: (a) Tri-State's compliance with the terms of this CIA; and (b) Tri-State's compliance with the requirements of the Federal health care programs in which it participates. The documentation described above shall be made available by Tri-State 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 Tri-State's shareholders, 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. Tri-State shall assist OIG or its duly authorized representative(s) in contacting and arranging interviews with such individuals upon OIG's request. Tri-State's employees may elect to be interviewed with or without a representative of Tri-State present.

VIII. DOCUMENT AND RECORD RETENTION

Tri-State shall maintain for inspection all documents and records relating to reimbursement from the Federal health care programs, or to compliance with this Agreement, for four years (or longer if otherwise required by law).

IX. DISCLOSURES

Consistent with HHS's FOIA procedures, set forth in 45 C.F.R. Part 5, OIG shall make a reasonable effort to notify Tri-State prior to any release by OIG of information

submitted by Tri-State pursuant to its obligations under this Agreement and identified upon submission by Tri-State as trade secrets, or information that is commercial or financial and privileged or confidential, under the FOIA rules. With respect to such releases, Tri-State shall have the rights set forth at 45 C.F.R. § 5.65(d).

X. BREACH AND DEFAULT PROVISIONS

Tri-State is expected to fully and timely comply with all of its Agreement obligations.

A. Stipulated Penalties for Failure to Comply with Certain Obligations

As a contractual remedy, Tri-State 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. A Stipulated Penalty of \$1,000 (which shall begin to accrue on the day after the date the obligation became due) for each day Tri-State fails to:

- a. have in place a Compliance Contact as required in Section III.A;
- b. establish and/or post the notice that meets the requirements of Section III.B;
- c. implement and make available the Policies and Procedures required in Section III.C; or
- d. establish a training program that meets the requirements of Section III.D of the Agreement and provide the applicable training to Covered Persons (unless a reasonable request for an extension of time has previously been submitted to and approved by OIG pursuant to Section X.B of this CIA) within the timeframe required by Section III.D.

2. A Stipulated Penalty of \$750 (which shall begin to accrue on the date the failure to comply began) for each day Tri-State employs or contracts with an Ineligible Person and that person: (i) has responsibility for, or involvement with, Tri-State’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 Tri-State can demonstrate that Tri-State 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).

3. A Stipulated Penalty of \$750 for each day Tri-State 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 Tri-State fails to grant access.)

4. A Stipulated Penalty of \$5,000 for each false certification submitted by or on behalf of Tri-State as part of its Annual Report, additional documentation to a Report (as requested by OIG), or otherwise required by this Agreement.

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

B. Timely Written Requests for Extensions

Tri-State 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 Tri-State 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 Tri-State 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 Tri-State 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 Tri-State of: (a) Tri-State's failure to comply; and (b) OIG's exercise of its contractual right to demand payment of the Stipulated Penalties (this notification is referred to as the "Demand Letter").

2. Response to Demand Letter. Within 10 days of the receipt of the Demand Letter, Tri-State shall either: (a) cure the breach to OIG's satisfaction and pay the applicable Stipulated Penalties; or (b) send 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 Tri-State elects to request an ALJ hearing, the Stipulated Penalties shall continue to accrue until Tri-State 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 Tri-State 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 Tri-State to report a Reportable Event, take corrective action and make the appropriate refunds, as required in Section III.I;

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

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

2. Notice of Material Breach and Intent to Exclude. The parties agree that a material breach of this Agreement by Tri-State constitutes an independent basis for Tri-State's exclusion from participation in the Federal health care programs. Upon a determination by OIG that Tri-State has materially breached this Agreement and that exclusion is the appropriate remedy, OIG shall notify Tri-State of: (a) Tri-State'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. Tri-State 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. Tri-State is in compliance with the obligations of the Agreement cited by 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) Tri-State has begun to take action to cure the material breach; (ii) Tri-State is pursuing such action with due diligence; and (iii) Tri-State has provided to OIG a reasonable timetable for curing the material breach.

4. Exclusion Letter. If at the conclusion of the 30-day period, Tri-State fails to satisfy the requirements of Section X.D.3, OIG may exclude Tri-State from participation in the Federal health care programs. OIG shall notify Tri-State in writing of its determination to exclude Tri-State (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 Tri-State's receipt 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. After the end of the period of exclusion, Tri-State may apply for reinstatement, by submitting 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 Tri-State 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, Tri-State 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 after the receipt of the Demand Letter and the request for a hearing involving exclusion shall be made within 25 days after 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 Tri-State was in full and timely compliance with the obligations of this Agreement for which OIG demands payment; and (b) the period of noncompliance. Tri-State shall have the burden of proving its full and timely compliance and the steps taken to cure the noncompliance, if any. OIG shall not have the right to appeal to the DAB an adverse ALJ decision related to Stipulated Penalties. If the ALJ agrees with OIG with regard to a finding of a breach of this Agreement and orders Tri-State to pay Stipulated Penalties, such Stipulated Penalties shall become due and payable 20 days after the ALJ issues such a decision unless Tri-State 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 Tri-State 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. Tri-State had begun to take action to cure the material breach within that period; ii. Tri-State has pursued and is pursuing such action with due diligence; and iii. Tri-State provided to OIG within that period a reasonable timetable for curing the material breach and Tri-State 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 Tri-State, only after a DAB decision in favor of OIG. Tri-State's election of its contractual right to appeal to the DAB shall not abrogate OIG's authority to exclude Tri-State 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 Tri-State 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. Tri-State shall waive its right to any notice of such an exclusion if a decision upholding the exclusion is rendered by the ALJ or DAB. If the DAB finds in favor of Tri-State, Tri-State shall be reinstated effective on the date of the original exclusion.

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, Tri-State and OIG agree as follows:

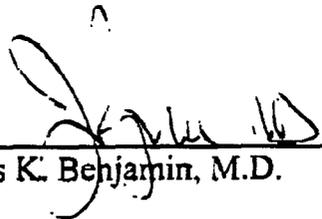
- A. This Agreement shall be binding on the successors, assigns, and transferees of Tri-State;
- B. This Agreement shall become final and binding on the date the final signature is obtained on the Agreement;
- C. Any modifications to this Agreement shall be made with the prior written consent of the parties to this Agreement;

D. OIG may agree to a suspension of Tri-State's obligations under this Agreement in the event of Tri-State's cessation of participation in Federal health care programs. If Tri-State withdraws from participation in Federal health care programs and is relieved of its Agreement obligations by OIG, Tri-State shall notify OIG 30 days in advance of Tri-State's intent to reapply as a participating provider or supplier with any Federal health care program. Upon receipt of such notification, OIG shall evaluate whether the Agreement shall be reactivated or modified.

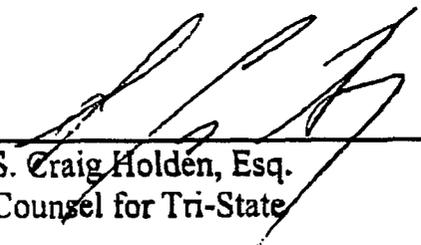
E. The undersigned Tri-State signatory represents and warrants that he is authorized to execute this Agreement. The undersigned OIG signatory represents that he is signing this Agreement in his official capacity and that he is authorized to execute this Agreement.

IN WITNESS WHEREOF, the parties hereto affix their signatures:

TRI-STATE RADIOLOGY, P.C.:

BY: 
James K. Benjamin, M.D.

11-10-03
Date


S. Craig Holden, Esq.
Counsel for Tri-State

11/10/03
Date

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

Larry J. Goldberg

Larry J. Goldberg
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

10/29/03

Date