

CORPORATE INTEGRITY AGREEMENT
BETWEEN THE
OFFICE OF INSPECTOR GENERAL
OF THE
DEPARTMENT OF HEALTH AND HUMAN SERVICES
AND
THE HAWAII REGION OF KAISER FOUNDATION HEALTH PLAN, INC., THE HAWAII
REGION OF KAISER FOUNDATION HOSPITALS, AND
HAWAII PERMANENTE MEDICAL GROUP, INC.

I. PREAMBLE

The Hawaii Region of Kaiser Foundation Health Plan, Inc. (KFHP-Hawaii), the Hawaii Region of Kaiser Foundation Hospitals (KFH)¹, and Hawaii Permanente Medical Group, Inc. (HPMG) (collectively, Kaiser-Hawaii) hereby enter into this Corporate Integrity Agreement (CIA) with the Office of Inspector General (OIG) of the United States Department of Health and Human Services (HHS) to promote compliance with the statutes, regulations, and written directives of Medicare, Medicaid, and all other Federal health care programs (as defined in 42 U.S.C. § 1320a-7b(f)) (Federal health care program requirements). Contemporaneously with this CIA, Kaiser-Hawaii is entering into a Settlement Agreement with the United States, and this CIA is incorporated by reference into the Settlement Agreement.

II. TERM AND SCOPE OF THE CIA

A. The period of the compliance obligations assumed by Kaiser-Hawaii under this CIA shall be five (5) years from the effective date of this CIA, unless otherwise specified. The effective date shall be the date on which the final signatory of this CIA executes this CIA (Effective Date). 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 after OIG's receipt of: (1) Kaiser-Hawaii's final annual report; or (2) any additional materials submitted by Kaiser-Hawaii pursuant to OIG's request, whichever is later.

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

¹ This Corporate Integrity Agreement applies only to Kaiser Foundation Health Plan, Inc. operations and Kaiser Foundation Hospitals doing business in Hawaii.

1. "Covered Persons" includes:
 - a. all owners, officers, directors, and employees of Kaiser-Hawaii; and
 - b. all contractors, subcontractors, agents, vendors, and other persons who provide direct patient care items or services on behalf of Kaiser-Hawaii or who perform billing or coding functions on behalf of Kaiser-Hawaii for more than 160 hours per year in a facility that is owned, rented, managed, or leased by Kaiser-Hawaii;
 - c. all physicians employed by, contracted with, or who own shares of HPMG;.
 - d. all physicians with staff privileges at Kaiser-Hawaii; and
 - e. all members of the Kaiser Foundation Hospital's Quality Council and Professional Staff/Hospital Executive Committee.

Notwithstanding the above, this term does not include part-time or per diem employees, contractors, subcontractors, agents, vendors and other persons who are not reasonably expected to work more than 160 hours per year on behalf of Kaiser-Hawaii, except that any such individuals shall become "Covered Persons" at the point when they work more than 160 hours on behalf of Kaiser-Hawaii during the calendar year.

2. "Relevant Covered Persons" includes all Covered Persons involved directly or in a supervisory role in the delivery of patient care items or services on behalf of Kaiser-Hawaii and/or directly or in a supervisory role in the preparation or submission of claims for reimbursement of items or services provided on behalf of Kaiser-Hawaii from any Federal health care program.

III. CORPORATE INTEGRITY OBLIGATIONS

Kaiser-Hawaii shall maintain a Compliance Program that includes the following elements during the term of this CIA:

A. Compliance Officer and Committee

1. Compliance Officer. Kaiser-Hawaii shall maintain a Hawaii Regional Compliance Officer. The Hawaii Regional Compliance Officer shall be

responsible for developing and implementing policies, procedures, and practices designed to ensure compliance with the requirements set forth in this CIA and with Federal health care program requirements. The Hawaii Regional Compliance Officer shall be a member of senior management of Kaiser-Hawaii. The Hawaii Regional Compliance Officer shall report directly to the President of KFHP-Hawaii, the President of HPMG, and the Chief Compliance Officer of KFHP and KFH (CCO). The CCO shall report directly to the Boards of Directors and Chief Executive Officer of KFHP and KFH. The Hawaii Regional Compliance Officer shall make periodic (at least quarterly) reports regarding compliance matters directly to the CCO, the President of the KFHP-Hawaii, and the President of HPMG and shall be authorized to report on such matters to the CCO, the President of the KFHP-Hawaii, and the President of HPMG at any time. The Hawaii Regional Compliance Officer is not currently, and shall not be subordinate to, the Vice President/Regional Counsel of Kaiser-Hawaii or the Vice President of Finance of Kaiser-Hawaii. The Hawaii Regional Compliance Officer shall be responsible for monitoring the day-to-day compliance activities engaged in by Kaiser-Hawaii as well as for any reporting obligations created under this CIA.

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

2. Compliance Committee. Within 90 days after the Effective Date, Kaiser-Hawaii shall appoint a Compliance Committee. The Compliance Committee shall, at a minimum, include the Hawaii Regional Compliance Officer and other members of senior management necessary to meet the requirements of this CIA (e.g., senior executives of relevant departments, such as billing, clinical, human resources, audit, and operations). The Hawaii Regional Compliance Officer shall chair the Compliance Committee and the Committee shall support the Hawaii Regional Compliance Officer in fulfilling his/her responsibilities (e.g., shall assist in the analysis of the organization's risk areas and shall oversee monitoring of internal and external audits and investigations).

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

B. Written Standards

1. Principles of Responsibility. Within 90 days after the Effective Date, Kaiser-Hawaii shall distribute its Principles of Responsibility (POR) to all Covered Persons. Kaiser-Hawaii shall make the promotion of, and adherence to, the POR an

element in evaluating the performance of all employees. The POR or the policies and procedures referenced therein shall, at a minimum, set forth:

- a. Kaiser-Hawaii's commitment to full compliance with all Federal health care program requirements, including its commitment to prepare and submit accurate claims consistent with such requirements;
- b. Kaiser-Hawaii's requirement that all of its Covered Persons shall be expected to comply with all Federal health care program requirements and with Kaiser-Hawaii's own Policies and Procedures as implemented pursuant to this Section (including the requirements of this CIA);
- c. that all of Kaiser-Hawaii's Covered Persons shall be strongly encouraged to report to the Hawaii Regional Compliance Officer or other appropriate individual designated by Kaiser-Hawaii suspected violations of any Federal health care program requirements or of Kaiser-Hawaii's own Policies and Procedures;
- d. the possible consequences to both Kaiser-Hawaii and Covered Persons of failure to comply with Federal health care program requirements and with Kaiser-Hawaii's own Policies and Procedures and the failure to report such noncompliance; and
- e. the right of all individuals to use the Disclosure Process described in Section III.E, and Kaiser-Hawaii's commitment to nonretaliation and to maintain, as appropriate, confidentiality and anonymity with respect to such disclosures.

Within 90 days after the Effective Date, each Covered Person shall certify, in writing, that he or she (1) has received, read, understood, and shall abide by Kaiser-Hawaii's POR and (2) understands that he or she is required to report any suspected compliance or ethics concerns of which he or she becomes aware. New Covered Persons shall receive the POR 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.

To the extent that any Covered Persons within the eight months prior to the Effective Date received a copy of the most recent version of the POR (that is, the March 2004 version of the POR) and certified that he or she (1) received, read, understood, and

shall abide by Kaiser-Hawaii's POR and (2) understands that he or she is required to report any suspected compliance or ethics concerns of which he or she becomes aware, such Covered Persons shall not be required to receive another copy of the March 2004 version of the POR or execute another certification except as otherwise provided in Section III.B.

Kaiser-Hawaii shall periodically review the POR to determine if revisions are appropriate and shall make any necessary revisions based on such review. Any revised POR shall be distributed within 30 days after any revisions are finalized. Within 30 days after the distribution of the revised Principles of Responsibility, each Covered Person shall certify, in writing, that he or she (1) has received, read, understood, and shall abide by the revised POR and (2) understands that he or she is required to report any suspected compliance or ethics concerns of which he or she becomes aware.

2. Policies and Procedures. Within 90 days after the Effective Date, Kaiser-Hawaii shall implement written Policies and Procedures, which may include standards, job descriptions, and competencies, regarding the operation of Kaiser-Hawaii's compliance program and its compliance with Federal health care program requirements. At a minimum, the Policies and Procedures shall address:

- a. the subjects relating to the Principles of Responsibility identified in Section III.B.1;
- b. appropriate billing, coding and submission of claims to Federal health care programs; and
- c. applicable licensing and credentialing requirements for all individuals providing health care items or services to Kaiser-Hawaii's patients.

Within 90 days after the Effective Date, the relevant portions of the Policies and Procedures shall be made available to all individuals whose job functions relate to those Policies and Procedures. Appropriate and knowledgeable staff shall be available to explain the Policies and Procedures.

At least annually (and more frequently, if appropriate), Kaiser-Hawaii 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 individuals whose job functions relate to those Policies and Procedures.

C. Training and Education

1. General Training. Within 120 days after the Effective Date, Kaiser-

Hawaii shall provide at least two hours of General Training to each Covered Person. This training, at a minimum, shall explain Kaiser-Hawaii's:

- a. CIA requirements; and
- b. Kaiser-Hawaii's Compliance Program (including the POR and Policies and Procedures as they pertain to general compliance issues).

To the extent that any Covered Persons received at least one hour of General Training on Kaiser-Hawaii's Compliance Program (including the POR and Policies and Procedures as they pertain to general compliance issues) within the eight months prior to the Effective Date, such Covered Persons shall be required to receive only one hour of General Training on Kaiser-Hawaii's CIA requirements within 120 days after the Effective Date.

New Covered Persons shall receive the General Training within 30 days after becoming a Covered Person or within 120 days after the Effective Date, whichever is later. After receiving the initial General Training described above, each Covered Person shall receive at least one hour of General Training annually.

2. Specific Training. Within 120 days after the Effective Date, each Relevant Covered Person shall receive at least 4 hours of Specific Training in addition to the General Training required above. This Specific Training shall include a discussion of the following:

- a. the Federal health care program requirements regarding the accurate coding and submission of claims;
- b. policies, procedures, and other requirements applicable to the documentation of medical records;
- c. the personal obligation of each individual involved in the claims submission process to ensure that such claims are accurate;
- d. applicable reimbursement statutes, regulations, and program requirements and directives;
- e. the legal sanctions for violations of the Federal health care program requirements;
- f. examples of proper and improper claims submission

practices; and

- g. applicable licensing and credentialing requirements for all Relevant Covered Persons providing health care items or services to Kaiser-Hawaii's patients.

New Relevant Covered Persons shall receive this Specific Training within 30 days after the beginning of their employment or becoming Relevant Covered Persons, or within 120 days after the Effective Date, whichever is later. A Kaiser-Hawaii employee who has completed the Specific Training shall review a New Relevant Covered Person's work, 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 Relevant Covered Person completes his or her Specific Training consistent with categories of work that trigger training in this Section.

After receiving the initial Specific Training described in this Section, each Relevant Covered Person shall receive at least 2 hours of Specific Training annually concerning the subjects identified in Section III.C.2.

3. Certification. Each individual who is required to attend training shall certify, in writing, or in electronic form, if applicable, that he or she has received the required training. The certification shall specify the type of training received and the date received. The Hawaii Regional Compliance Officer (or designee) shall retain the certifications, along with all course materials. These shall be made available to OIG, upon request.

4. Qualifications of Trainer. Persons providing the training shall be knowledgeable about the subject areas.

5. Update of Training. Kaiser-Hawaii shall annually review the training, and, where appropriate, update the training to reflect changes in Federal health care program requirements, any issues discovered during internal audits or the Independent Review Organization's Claims Review, Unallowable Cost review, and any other relevant information.

6. Computer-based/Video Training. Kaiser-Hawaii may provide the training required under this CIA through appropriate computer-based and video training approaches. If Kaiser-Hawaii chooses to provide computer-based or video 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.

D. Review Procedures

1. General Description

- a. Engagement of Independent Review Organization. Within 120 days after the Effective Date, Kaiser-Hawaii shall engage an entity (or entities), such as an accounting, auditing, or consulting firm (hereinafter "Independent Review Organization" or "IRO"), to perform reviews to assist Kaiser-Hawaii in assessing and evaluating its billing and coding practices and certain other obligations pursuant to this Agreement and the Settlement Agreement. The applicable requirements relating to the IRO are outlined in Appendix A to this Agreement, which is incorporated by reference.

Each IRO engaged by Kaiser-Hawaii shall have expertise in the billing, coding, reporting, and in the general requirements of the Federal health care program(s) from which Kaiser-Hawaii seeks reimbursement. Each IRO shall assess, along with Kaiser-Hawaii, whether it can perform the IRO review in a professionally independent and/or objective fashion, as appropriate to the nature of the engagement, taking into account any other business relationships or other engagements that may exist.

The IRO's review shall evaluate and analyze Kaiser-Hawaii's professional fee-for-service coding, billing, and claims submission to the Federal health care programs and the reimbursement received (Claims Review), and shall analyze, whether Kaiser-Hawaii sought payment for certain unallowable costs (Unallowable Cost Review).

- b. Frequency of Claims Review. The Claims Review shall be performed annually and shall cover each of the Reporting Periods. The IRO shall perform all components of each annual Claims Review.
- c. Frequency of Unallowable Cost Review. If applicable, the IRO shall perform the Unallowable Cost Review for the first Reporting Period.
- d. Retention of Records. The IRO and Kaiser-Hawaii shall retain and make available to OIG, upon request, all work

papers, supporting documentation, correspondence, and draft reports (those exchanged between the IRO and Kaiser-Hawaii) related to the reviews.

2. Claims Review. The Claims Review shall include a Discovery Sample and, if necessary, a Full Sample. The applicable definitions, procedures, and reporting requirements are outlined in Appendix B to this Agreement, which is incorporated by reference.

- a. Discovery Sample. The IRO shall randomly select and review a sample of 50 Paid Claims submitted by or on behalf of Kaiser-Hawaii (Discovery Sample).

The Paid Claims shall be reviewed based on the supporting documentation available at Kaiser-Hawaii's office or under Kaiser-Hawaii's control and applicable billing and coding regulations and guidance to determine whether the claim was correctly coded, submitted, and reimbursed.

- i. If the Error Rate (as defined in Appendix B) for the Discovery Sample is less than 5%, no additional sampling is required, nor is the Systems Review required. (Note: The guidelines listed above do not imply that this is an acceptable error rate. Accordingly, Kaiser-Hawaii should, as appropriate, further analyze any errors identified in the Discovery Sample. Kaiser-Hawaii recognizes that OIG or other HHS component, in its discretion and as authorized by statute, regulation, or other appropriate authority may also analyze or review Paid Claims included, or errors identified, in the Discovery Sample or any other segment of the universe.)
 - ii. If the Discovery Sample indicates that the Error Rate is 5% or greater, the IRO shall perform a Full Sample and a Systems Review, as described below.
- b. Full Sample. If necessary, as determined by procedures set forth in Section III.D.2.a, the IRO shall perform an additional sample of Paid Claims using commonly accepted sampling methods and in accordance with Appendix B. The Full Sample shall be designed to: (i) estimate the actual Overpayment in the population with a 90% confidence level

