

<b>LHC GROUP, INC.</b>	<b>COMPLIANCE AUDITING AND MONITORING</b>
EFFECTIVE DATE: JULY 2007	DIVISION: LHC ADMINISTRATIVE
REVISED DATE: 10/01/09, 10/01/13, 11/01/15, 8/1/19	CHAPTER: CORPORATE COMPLIANCE
APPROVED BY: POLICY COMMITTEE	POLICY NUMBER: 6.1.009
	PAGE 1 OF 3

**PURPOSE:**

To ensure that LHC Group Inc.'s ("LHC") Corporate Compliance Program is tested by regular auditing and monitoring.

**PREFACE:**

The Department of Health and Human Services Office of Inspector General ("OIG") recommends ongoing monitoring of an organization's risks to determine compliance with all internal policies and procedures, as well as state and federal laws and regulations. Additionally, the Federal Sentencing Guidelines require monitoring to ensure the Corporate Compliance Program is "effective" in preventing conditions of non-compliance and to identify and correct any potential noncompliance.

**DEFINITIONS:**

**Monitoring:** To test on an ongoing basis with the objective of collecting information for compliance with policies, procedures and applicable laws and regulations. Monitoring is done as part of the day-to-day process.

**Auditing:** To methodically review and examine information for verification. There are two ways to approach auditing – either concurrently or retrospectively.

**POLICY:**

1. LHC shall maintain an ongoing auditing and monitoring program which will evaluate adherence to LHC's compliance policies and procedures, as well as applicable state and federal laws and regulations, including laws governing kickback arrangements, claim development and submission, reimbursement, eligibility and marketing.
2. Periodic audits of identified organizational risks and other appropriate evaluation techniques shall be used to monitor compliance.

**PROCEDURE:**

1. The Chief Compliance Officer ("CCO") will develop, in consultation with the Corporate Compliance and Audit Committee, an annual compliance auditing and monitoring work plan addressing the compliance risks to be audited and monitored based upon a risk assessment which is conducted every 12-24 months. The risk areas will be determined based on any new updates to state and federal laws and regulations, OIG Special Fraud Alerts, OIG audits and evaluations, items identified in the annual OIG work plan and any areas of concern specific to LHC.
2. The Compliance Audit Team will conduct the identified auditing and monitoring as assigned. A report of the findings and recommendations of these audits will be provided to the CCO.

<b>LHC GROUP, INC.</b>	<b>COMPLIANCE AUDITING AND MONITORING</b>
EFFECTIVE DATE: JULY 2007	DIVISION: LHC ADMINISTRATIVE
REVISED DATE: 10/01/09, 10/01/13, 11/01/15, 8/1/19	CHAPTER: CORPORATE COMPLIANCE
APPROVED BY: POLICY COMMITTEE	POLICY NUMBER: 6.1.009
	PAGE 2 OF 3

3. The CCO will provide the results of the auditing and monitoring provided, as well as any follow-up or corrective action implemented, to the Corporate Compliance Committee and the Audit Committee, if material, on at least a semi-annual basis.
4. The Internal Audit Department and/or LHC's external auditors will conduct periodic reviews of the Corporate Compliance Program to determine whether the elements of the Corporate Compliance Program have been fulfilled.
5. The CCO will assure compliance with compliance policies and procedures through ongoing education and training, monitoring and the administration of a compliance hotline.
6. The Compliance Audit Team and the CCO will identify causes of noncompliance and will report the findings to the Corporate Compliance Committee, and the Audit Committee, if material, on a regular basis, which will ensure appropriate action is taken.
7. In collaboration with the Internal Audit Department and the Quality and Performance Improvement Department, the Corporate Compliance Department will conduct audits as determined appropriate based on annual reporting results and other risk factors. The CCO will report the results to the Corporate Compliance Committee and the Audit Committee, if material, on a regular basis.
8. The CCO will oversee the development of appropriate action plans to resolve the issues (correction of problems, disciplinary action, repayment of overpayments by the government) and report resolutions to the Corporate Compliance Committee and the Audit Committee, if material, on a regular basis. These audits may address:
  - a. Monitoring
  - b. Ad hoc audits or investigations; and
  - c. Hotline investigations, special request audits or investigations, and litigation support audits.
9. The Compliance Audit Team will complete a compliance auditing and monitoring report as developed by the Corporate Compliance Department. Upon completion, the Compliance Audit Team will submit a report to the CCO. The report will address:
  - a. Purpose of the audit and locations selected for audit;
  - b. Audit methodology;
  - c. Summary of audit findings; and
  - d. Recommendations
10. Clinical Billing Compliance (CBC) audits will include face-to-face, end of episode/pre-bill, HCHB post-implement action, and stratified audits to identify potential risk in an agency. Results of these audits will be shared with agency leadership and if needed, a root-cause analysis (RCA) and action plan will be implemented.
11. Billing compliance will be monitored through various avenues as established by the Corporate Compliance Department and Internal Audit Department with responsibility shared by the Revenue Cycle Department and members of senior management.

<b>LHC GROUP, INC.</b>	<b>COMPLIANCE AUDITING AND MONITORING</b>
EFFECTIVE DATE: JULY 2007	DIVISION: LHC ADMINISTRATIVE
REVISED DATE: 10/01/09, 10/01/13, 11/01/15, 8/1/19	CHAPTER: CORPORATE COMPLIANCE
APPROVED BY: POLICY COMMITTEE	POLICY NUMBER: 6.1.009
	PAGE 3 OF 3

12. The Revenue Cycle Department management will continually monitor billing compliance through the use of billing edits (e.g. denial reports, LMRPs, daily edits) available in the billing systems. Issues noted will be communicated to management for appropriate action.
13. The Revenue Cycle Department management and/or Governmental Audit team of the Compliance department will continually review denials from payors, including categorizing the denials based on reason for denial and identifying areas for additional education.
14. The Revenue Cycle Department management will report its findings to the CCO and the Director of Internal Auditor for further analysis, review and reporting to the Corporate Compliance Committee or the Audit Committee, if material, on a semi-annual basis.