

Business Systems Infrastructure

Billing Controls

Billing Controls

Internal Audit Layer

Enterprise Risk Management Layer

Corporate

- (1) Annual Billing Compliance Testing
- (5) Risk Forecasting Methodologies
- (8) Automated Daily Billing Operational Indicators
- (10) Zero Tolerance Billing Procedures

Agency

- (6) Direct Line Supervisor Billing Audits
- (9) Operational Turnaround Teams

Clinician

- (2) Companywide Legal Billing Attestations
- (3) System lockdown for Billing Procedures
- (7) Weekly Operational Meetings

External

- (4) Sarbanes Oxley Independent Audit

Billing Controls (continued)

Investors should note the organization's emphasis on recurrent proactive processes. It is the company's belief that in order to remain successful in an environment of growth, a proactive recurrent infrastructure should be in place to provide a proper control environment. That control environment should also include multiple resources to inspect, oversee and ensure regulatory compliance on an ongoing basis.

1. Companywide annual billing compliance testing

There are select positions identified within the company that should always have to complete billing compliance testing. On an annual basis companywide, all agency Directors-the individuals who lead our offices, Business Office Managers (BOMs)-the individuals who run the operations within the agencies, and Schedulers go through billing compliance testing. These are the key positions within our organization that potentially touch the local billing process. New hires into these positions are also required to complete this training prior to 90 days of employment and annually thereafter. A score of 100 percent is required on this test.

2. Legal billing attestations company wide

The organization requires that all agency Directors, BOMs, and Schedulers sign a legal attestation related to the billing procedures. It delineates clearly our zero tolerance policy and clearly defines that any individual found to be violating billing procedures is subject to termination.

3. System lock down for billing individuals

Only those holding key positions involved in the billing process in each location are allowed access to billing systems. Each individual who has access to our billing system has to go through billing compliance testing, pass the post test successfully and sign the legal attestation.

4. Sarbanes Oxley outside auditing

The intent of Sarbanes Oxley is to ensure the internal controls that touch a company's revenue stream are adequate and without material weaknesses. Our independent accounting firm has audited both the clinical and the billing internal control procedures since Sox inception in 2004. No material weaknesses have been reported in the companies billing internal controls.

Billing Controls (continued)

5. Risk forecasting methodologies

The Clinical Oversight Division conducts forecast extrapolations every six (6) months to determine both clinical and billing survey risk.

6. Direct line supervisor billing audits

Vice Presidents and Area Vice Presidents conduct billing audits every six (6) months, on our agencies that we determine to have higher risk. If warranted, improvement plans are required. We believe that the combination of outside clinical audits and direct supervisor audits has been successful in reducing clinical risk and improving our state survey results.

7. Weekly operational meetings

It's important for homecare agencies to have sound operational processes to ensure all agency functions run smoothly. In homecare, operational risk and subsequent state survey risk is created when an agency's clinical side and operational side do not work in sync.

For this reason, we conduct standardized operations meetings. Agencies review the operational metrics and address/resolve any outstanding paperwork or credentialing. We have found these meetings to be extremely beneficial to promote sound agency operations.

8. Automated Daily Billing Operational Indicators

All locations are connected via a Wide Area Network. This connection provides many compliance advantages. Through remote monitoring we are able to better understand the efficiencies and/or inefficiencies in all of our locations. For example, we can determine if any agency has a lot of outstanding paperwork which is often a good indication that operations personnel are not working in sync with clinical personnel.

We have isolated eight (8) operational indicators that we believe are a good reflection of an efficiently operating agency. We believe there is a direct correlation between sound homecare operational processes and reduced survey and regulatory risk.

Billing Controls (continued)

Each week, the system automatically generates a report inclusive of all agencies and lists each of the 8 indicators. This information is published weekly for the agency Directors and BOM's to review. Once a month, at a minimum, the Vice President of Office Operations reviews the data and identifies any agencies that have elevated trends. Those agencies are required to submit a plan of action to the Vice President of Office Operations and to their Area Vice President.

Daily Billing Indicators

- 1. SYSDC'S/SYS60'S** – System generated holds for billing that are evaluated thru Daily Billing to look at SYS holds greater than 3 days old that have a “frequency” or “absent data only” issue.
- 2. Logging** – Daily Billing evaluates logging for the prior week to monitor timely logging of visits/supplies.
- 3. Late Oasis** – Daily Billing evaluates locked Oasis Assessments for the prior week to monitor the number of assessments locked late (greater than 7 days).
- 4. Outstanding Orders** – Daily Billing evaluates the number of unsigned orders that are due to be resubmitted to MD that have not been resubmitted.
- 5. Timely D/C's** – Daily Billing evaluates the number of potential D/C's that have not been entered/processed thru the system.
- 6. Past Due Recerts** – Daily Billing evaluates the number of potential Recerts that have not been entered/processed thru the system.
- 7. SYSAU's** - System generated holds for billing where visits were logged and payor required an authorization that wasn't in the system. Daily Billing evaluates SYSAU's greater than 5 days old.
- 8. Weekly Frequency** – Daily Billing evaluates the number of patients for the prior week that had a discrepancy between what was logged and what was scheduled.

Billing Controls (continued)

Through continued monitoring and evaluation, if at any time the Vice President of Office Operations is concerned with an agency's indicators, a conference call is scheduled to discuss the status of the agency and to formulate an action plan. The attendees on the call include, but are not limited to, the Vice President of Office Operations, Vice President of Clinical Operations, the SVP, VP, and AVP of the agency. Subsequent conference calls are scheduled as needed until all parties are satisfied with the performance of the agency.

This process is one of the company's agency billing key controls for Sarbanes Oxley. It has been tested annually and found to be free of any significant deficiencies or material weaknesses.

9. Operational turn around teams

Each SVP and Vice President has a clinical and operational team. The SVP/VP will send an operational "Turn Around Team" to locations with poor operational indicator scores. This team will focus on improving processes, ensuring any backlog of paperwork is processed, and interviewing/hiring/orienting new employees.

If a turnaround team has been dispatched to an agency, that site's leadership is closely evaluated. Statistical evaluations reveal that staffing shortages in the clinical side and office positions have the potential to create risk. The company also tracks this indicator in conjunction with other operational indicators to understand where best to allocate resources.

10. Zero Tolerance Billing Policy

In July, 2006, Amedisys adopted a Zero Tolerance Policy regarding billing compliance. This policy states that if at any time an employee is found not following proper billing procedures, he or she will be terminated immediately. This Zero Tolerance Policy is strictly enforced.