

VILLA MARIN

100 Thorndale Drive • San Rafael, California 94903

Villa Marin Corporate Compliance Plan

Overview of Villa Marin's Corporate Compliance program.

Villa Marin takes the issue of Corporate Compliance Seriously. We do not support paperwork compliance. The actual owners of Villa Marin are the very people who live here, receive medical care here and are ultimately responsible to each other as fiduciaries for the proper and ethical operation of the community, its clinic and its in & out outpatient services provided.

Villa Marin's pragmatic and operational Corporate Compliance system is overseen by seven independent members of our annually elected Board of Directors who are neither vendors or employees of Villa Marin. As owners, these individuals have every reason to see that we only do business with organizations that are upstanding, cleared to do business with the United States government and that our staff and vendors provide only services that are needed and delivered as paid for by all payer sources.

The Chair of our Corporate Compliance Committee is the elected, President of the Villa Marin Board of Directors. Our Committee and its Chair answer to no one as employees. Our Corporate Compliance function sits at the very top of this organization.

Villa Marin's Corporate Compliance Committee has all the resources it needs at anytime to timely investigate and correct any issue that it determines needs investigated, reported and corrected.

~~Villa Marin's Corporate Compliance Committee meets on a monthly basis but can meet at any time at the calling of its Chair.~~

Villa Marin's Corporate Compliance program is taught to every new staff member when hired and annually thereafter.

Villa Marin's Corporate compliance system utilizes both routinely scheduled as well as no notice, unscheduled audits of both care delivery and billing at the Committee's discretion. The system also integrates correspondence from outside sources as well as internal reporting opportunities.

Villa Marin's Corporate Compliance system also utilizes a number of governmental data bases to routinely audit for vendors and or personnel who may be disqualified for participating the Federal Medicare program.

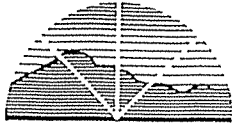
Villa Marin's Corporate Compliance system requires that all vendors who serve our Medicare part A or part B patients in in our building to agree in writing to follow all Federal laws as concerns Medicare fraud, waste and abuse regulations in force at the time. All Vendors must immediate notify us should they receive any notice of Medicare disqualification.

Villa Marin's Corporate Compliance system is publicized throughout the entire community of 275 residents, its MD offices and its inpatient areas.

Villa Marin has a number of ways in which suspected fraud, abuse or ethical concerns can anonymously be transmitted directly to the Chair of our Corporate Compliance Committee for investigation, action and system amendment. These include, personal contact, phone contact and e-mail contact. Our system absolutely forbids any retribution for the reporting of suspected behavior that needs to be investigated.

The bottom line is that Villa Marin's reputation and ethics over the last 28 years is at stake. We want every penny spent of the government's money to go for services that are delivered in a quality manner, in an ethical way and in full compliance with a constantly changing set of rules.

We are very proud of the Corporate Compliance system that we have created over our many years of operation.



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Required Component 1 of 8

Established Compliance Standards & Procedures at Villa Marin

Regulation Component #1: The Organization must have established compliance standards and procedures to be followed by its employees and other agents that are reasonably capable of reducing the prospect of criminal, civil and administrative violations under this Act.



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Required Component 2 of 8

**Specific Individuals Assigned at
Villa Marin**

Regulation Component #2: Specific individuals within high level personnel of the organization must have assigned overall responsibility to oversee compliance with such standards and procedures and have sufficient resources and authority to assure such compliance.



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Required Component 3 of 8

Use Due care in delegating decision making

Regulation Component #3: The organization must have used due care not to delegate substantial discretionary authority to individuals whom the organization knew, or should have known through the exercise of due diligence, had a propensity to engage in criminal, civil and administrative violations under this act.



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Required Component 4 of 8

Communicate

Regulation Component #4: The organization must have taken steps to communicate effectively its standards and procedures to all, participate in training programs, or by disseminating publications that explain in a practical manner what is required.



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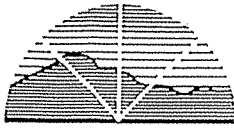
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Required Component 5 of 8

Monitoring and Auditing Systems

Regulation Component #5: The organization must have taken reasonable steps to achieve compliance with its standards, such as by using auditing and monitoring systems reasonable designed to detect criminal, civil and administrative violations under this act by its employees and other agents AND by having in place and publicizing a reporting system whereby employees and other agents could report violations by others within the organization without fear of retribution.



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Required Component 6 of 8

Internal Enforcement

Regulation Component #6: The standards must have been consistently enforced through appropriate disciplinary mechanisms, including, as appropriate, discipline of individuals responsible for the failure to detect an offense.



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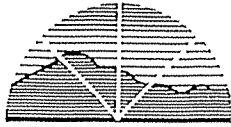
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Required Component 7 of 8

Respond & Prevent further issues

Regulation Component #7: After an offense has been detected, the organization must have taken all reasonable steps to respond appropriately to the offense AND to prevent further similar offenses including any necessary modification to its program to prevent and detect criminal, civil and administrative actions under this act.



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Required Component 8 of 8

**Corporate Compliance Program
Reassessment**

Regulation Component #8: The Organization must periodically undertake reassessment of its compliance program to identify changes necessary to reflect changes within the organization.



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**Minutes of the Corporate
compliance Committee**