



Compliance Policy Number 1

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**POLICY SUBJECT:**

**EFFECTIVE DATE: 5/31/2013**

*Corporate Compliance Plan*

*To be reviewed at least annually by  
the Ethics & Compliance Committee*

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**CORPORATE COMPLIANCE PLAN**

**OVERVIEW**

Sound Inpatient Physicians, Inc., through its subsidiaries and other affiliates (individually and collectively, “Sound”), contracts with acute care hospitals and post acute care facilities in various states to provide hospitalist and other physician services. Sound also contracts with existing hospitalist groups to provide physician practice management services to such groups.

Sound is committed to legal compliance, high ethical standards and integrity in all aspects of its operations and in its professional and business conduct. To promote this commitment, the Board of Directors of Sound (the “Sound Board”) has adopted this Corporate Compliance Plan (this “Compliance Plan”) upon the recommendation of the Sound Board’s Ethics & Compliance Committee. The Compliance Plan, along with the Code of Conduct and related policies, procedures and standards, is intended to provide compliance guidance for Sound and Covered Persons (as defined below). It is the personal responsibility of each Covered Person to honor the terms of Sound’s Compliance Plan.

**The Compliance Plan:**

1. Establishes a Code of Conduct to be followed by each Covered Person.
2. Establishes an administrative framework for conducting an effective and diligent compliance effort.
3. Creates effective communication channels to deliver Sound’s commitment to ethical business practices and to receive feedback regarding adherence to these practices.
4. Outlines a commitment to effective education and training of Covered Persons regarding compliance requirements and the manner in which their job activities should be conducted so that they comply with applicable federal and state law.

5. Implements monitoring and auditing functions to measure the effectiveness of the Compliance Plan and to address problems in an efficient and timely manner.
6. Employs enforcement and disciplinary standards that ensure that all Covered Persons take their compliance responsibilities seriously.
7. Identifies the significant operating and legal risks faced by Sound and develops a plan to minimize those risks.
8. Responds promptly to detected violations and implements effective corrective action.

## **DEFINITIONS**

The following terms shall have the following meanings when used in this Compliance Plan:

1. “Covered Persons” includes:
  - (a) All owners, officers, directors and employees of Sound; and
  - (b) All contractors, subcontractors, agents and other persons who provide patient care items or services or who perform billing or coding functions on behalf of Sound, excluding vendors whose sole connection with Sound is selling or otherwise providing medical supplies or equipment to Sound and who do not bill the Federal health care programs for such medical supplies or equipment.

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

Excludes contractors and subcontractors whose responsibilities with respect to Sound are limited to the ministerial tasks of data entry on claims to be submitted by Sound, and who are prohibited from altering any information or code selection furnished to it by Sound without Sound’s prior approval, and

Excludes vendors whose sole connection with Sound is selling or otherwise providing medical supplies or equipment to Sound and who do not bill the Federal health care programs for such medical supplies and equipment.

2. “Relevant Covered Persons” includes Covered Persons involved in the delivery of patient care items or services and/or in the preparation or submission of claims for reimbursement from any Federal health care program.

## **ADMINISTRATIVE STRUCTURE OF THE COMPLIANCE PLAN**

While the Board of Directors of Sound through its Ethics & Compliance Committee oversees Sound's compliance efforts, Sound's day-to-day management efforts are managed by a Compliance Officer and the Corporate Compliance Committee, each of which is more fully described below.

### **COMPLIANCE OFFICER**

The Compliance Officer shall have day-to-day responsibility for the operations and oversight of the Compliance Plan; the Compliance Officer shall be supported by the Corporate Compliance Committee. The Compliance Officer is responsible for directing and assuring the active functioning of Sound's compliance efforts. The Compliance Officer shall be a member of senior management of Sound, shall make at least quarterly reports regarding compliance matters directly to the Board of Directors and/or its Ethics & Compliance Committee, and shall be authorized to report directly on such matters to the Board and/or its Ethics & Compliance Committee at any time. As such, the Compliance Officer shall be responsible for developing and implementing policies, procedures and practices designed to ensure compliance with federal health care program requirements. General responsibilities of the Compliance Officer include the following:

1. Supervising prompt implementation of the Compliance Plan and coordinating all compliance efforts.
2. Ensuring that the Covered Persons receive a copy of the Compliance Plan, which includes the Code of Conduct and, depending on the Covered Person's particular job responsibilities, any other written compliance policies and guidelines that may be applicable to their duties.
3. Assisting in developing and approving compliance education and training materials, and documenting and implementing tracking mechanisms to document completion of required training, and overseeing annual attestations by Covered Persons regarding commitment to compliance.
4. Coordinating compliance personnel issues with Sound's People Support Department to ensure that compliance is an integral part of performance assessment and that the processes set forth in this Compliance Plan relating to the screening of Covered Persons are completed.
5. Developing communications (e-mails, newsletters, etc.) that encourage Covered Persons to report possible compliance issues.
6. Implementing and operating retaliation-free reporting channels, including the Compliance Helpline.
7. Ensuring that vendors who furnish items or services to Sound, third party billing companies, and health care and business partners are aware of this Compliance Plan and, where appropriate, agree to abide by this Compliance Plan.

8. Identifying and assessing areas of Sound's operations that present the greatest compliance risk, developing an annual auditing plan to assist in reducing such risks and otherwise prioritizing resources to address such risks.
9. Working with the Corporate Compliance Committee to identify risk areas warranting compliance audits and other monitoring methods.
10. Monitoring and evaluating the Compliance Plan's effectiveness through internal and external audits, overseeing internal or external resources conducting compliance audits, and assessing results and developing any necessary responses or corrective actions.
11. Overseeing and documenting any compliance investigations and working with legal counsel as the situation warrants.
12. Reporting on a regular basis to Sound's Chief Executive Officer, the Corporate Compliance Committee and the Sound Board and/or its Ethics & Compliance Committee regarding day-to-day compliance efforts (which may include, without limitation, a summary of current auditing and monitoring efforts, as well as statistical and trending information) and promptly reporting the results of material or significant investigations.
13. Keeping current with laws, regulations and policies applicable to compliance in order to provide the best possible advice and guidance and reviewing regulations, policies and other guidance released by applicable federal and state agencies to ensure that the Compliance Plan and other relevant policies address the items set forth by such guidance and updating policies as appropriate.
14. Periodically, but at least annually, with the Ethics & Compliance Committee, assessing the adequacy of the Compliance Plan (including, without limitation, the Code of Conduct and related policies and procedures) and revising as necessary.
15. Responding to potential violations and implementing effective corrective actions.

#### **CORPORATE COMPLIANCE COMMITTEE**

The Corporate Compliance Committee is responsible for supporting the Compliance Officer in implementing, monitoring and assessing the Compliance Plan. The Corporate Compliance Committee consists of those members who are appointed annually by the Sound Ethics & Compliance Committee and shall include the Compliance Officer and members of senior management of relevant departments, including billing, clinical, human resources, audit and operations. In addition, Sound management personnel from various departments who are not members of the committee may attend meetings at the request of the Corporate Compliance Committee. The Corporate Compliance Committee meets at least quarterly, or more frequently as necessary, and has the following duties and responsibilities:

1. Review and revise Sound's Compliance Plan and related ethics and compliance policies to assure compliance with the law, regulations and policies and procedures of government and private payors, as well as best practices for similar companies.
2. Analyze Sound's regulatory risk environment, as well as the legal requirements with which it must comply and specific risk areas, and encourage continuous improvement of, and foster adherence to, Sound's Compliance Plan and related ethics and compliance policies, procedures and practices.
3. Periodically meet with and advise Sound's Compliance Officer.
4. Take such actions as the Corporate Compliance Committee determines necessary to create a culture of open and transparent communication on ethics and compliance matters.
5. Assess and revise policies and programs to promote compliance and encourage reporting of suspected fraud and other improprieties without fear of retaliation and to ensure proper response to reports of noncompliance.
6. Obtain advice and assistance from internal or external legal, accounting or other advisors.
7. Recommend the commencement of special investigations deemed necessary for any reason and, if appropriate, recommend the engagement of special counsel or other experts to assist with respect to such investigations.
8. Assist the appropriate personnel in designing and coordinating internal and external compliance reviews, monitoring activities and auditing.
9. Direct the payment of fees and costs of counsel, experts and/or other advisors retained by Sound in relating to investigations of compliance matters.
10. Review the results of investigations and resulting corrective action plans for Sound or specific departments or business units within Sound.
11. Maintain minutes of Sound's meetings summarizing the items addressed and actions taken at each meeting.
12. Maintain the confidentiality of any sensitive or proprietary information learned by a member through the Corporate Compliance Committee process.
13. Perform such other functions and have such other powers as it shall deem necessary to the efficient discharge of the Compliance Plan.

## **CODE OF CONDUCT**

The Code of Conduct provides the guiding standards for Sound's decisions and actions as Covered Persons. The Code of Conduct sets forth the broad ethical standards that govern Sound's behavior

and our expectations as well as Sound's commitment to full compliance with all federal healthcare plan requirements. The Code of Conduct is not intended to provide a complete guide to all of the policies adopted by Sound or to all of Sound's expectations of the Covered Persons. However, it is intended to provide general guidelines to help Covered Persons resolve the ethical and legal issues they encounter in conducting business on behalf of Sound.

Covered Persons are expected to uphold the standards set forth in the Code of Conduct and to report violations by following the reporting procedures established by this Compliance Plan. Sound management personnel have a responsibility to adhere to the principles set forth in the Code of Conduct, to support other Covered Persons in their adherence to the Code of Conduct, to recognize and detect violations of the Code of Conduct, and to enforce the standards set forth in support of the Code. Adherence to the Code of Conduct shall be an element in evaluating the performance of all Sound employees.

## **COMMUNICATIONS**

### **REPORTING POTENTIAL NONCOMPLIANCE**

Sound has developed procedures to require Covered Persons and vendors to ask for clarification of a particular aspect of the Compliance Plan or to report or question any matter they suspect may be unprofessional, unethical, illegal or potentially noncompliant without fear of retaliation or retribution. As discussed in greater detail below, any such report may be made directly to the Compliance Officer, directly to a supervisor or through the Compliance Helpline.

Covered Persons may make reports of potential noncompliance on an anonymous basis. Where the identity of a reporting Covered Person is known, the Compliance Officer will keep the reporter's identity confidential and disclose the reporter's identity on a "need to know" basis, except as otherwise required by law. In general, "need to know" means that disclosure will be made only to the extent necessary to allow for a full investigation of reports of potential noncompliance and for the implementation of any appropriate corrective actions or disciplinary sanctions. All such reports must be truthful and made in good faith and not for any improper purpose.

Any Covered Person who suspects unprofessional, unethical, illegal or potentially noncompliant activity has a duty to report it to Sound as set forth herein. A Covered Person's failure to report such activity makes it difficult or impossible for Sound to review the activity and take corrective actions. In some circumstances, a failure to report such activity may be grounds for discipline under this Compliance Plan.

#### ***Reporting Issues Directly to the Compliance Officer***

Sound recognizes that an open line of communication between the Compliance Officer and Covered Persons is critical to the success of the Compliance Plan. Covered Persons must feel free to ask questions, seek advice and report concerns or potentially unprofessional, unethical, illegal or noncompliant conduct without fear of retaliation or retribution. To this end, Sound adopts a straightforward "open door" policy between the Compliance Officer and Covered Persons. All such Persons are encouraged to contact the Compliance Officer whenever they have a question regarding any activity or procedure relating to Sound or when they wish to report a concern or

potentially unprofessional, unethical, illegal or noncompliant conduct. The Compliance Officer may be contacted through telephone at Sound's main number of 855-768-6363 and ask for the Chief Compliance Officer or Compliance Team or through e-mail at [complianceofficer@soundphysicians.com](mailto:complianceofficer@soundphysicians.com).

### ***Reporting Issues Through a Supervisor***

As an alternative to reporting directly to the Compliance Officer, a Covered Person may report concerns or potentially unprofessional, unethical, illegal or noncompliant conduct to his or her supervisor or to any other person up the Covered Person's chain of command (e.g., Compliance Officer, Regional Chief Medical Officer, Regional Vice President, Site Chief, General Counsel or CEO). Supervisors will maintain an environment that encourages good faith reporting of such concerns or conduct, will respond appropriately and honestly when possible wrongdoing is brought to their attention and will relay reports of potential noncompliance to the Compliance Officer or, if the Compliance Officer is implicated by the report, directly to a member of the Corporate Compliance Committee or the Sound Board or its Ethics & Compliance Committee.

### ***Reporting Issues Through the Compliance Helpline***

Sound has established a toll-free Compliance Helpline to receive reports or questions about unprofessional, unethical, illegal or potentially noncompliant matters. The phone number for the Compliance Helpline is 1-866-898-2672. Such reports and questions may also be submitted through the following web address: [www.soundphysicians.ethicspoint.com](http://www.soundphysicians.ethicspoint.com).

The person who receives the report or other submission through the Helpline or website will inquire whether the person making the report or submission wants to remain anonymous. If so, the report will be assigned an identification number. The identification number can be used subsequently to obtain information about the status of the question or concern. The person receiving the report will document the report or submission and forward it to the Compliance Officer.

## **EXIT INTERVIEWS**

Covered Persons who are ending their employment with Sound are asked to participate in an exit interview. The exit interview will be conducted by Sound's People Support Department and/or its designees by phone or through completion of a form. One of the purposes of the exit interview is to determine if the departing Covered Person has knowledge of any potential unprofessional, unethical, illegal or noncompliant conduct so that Sound may evaluate the potential misconduct and take any necessary corrective action. The interview may also be used to obtain information about unsafe or unsound business practices. People Support will notify the Compliance Officer of any departing Covered Person who identifies compliance concerns and will encourage the Covered Person to contact the Compliance Officer directly. Compliance concerns identified through exit interviews will be processed in the same fashion as other identified compliance concerns. Departing Covered Persons may be required to sign a summary of any perceived misconduct reported.

## **NONRETALIATION**

Sound has adopted a strict policy of nonretaliation. Under no circumstance will a Covered Person, who in good faith reports a potential compliance issue, be retaliated against or otherwise disciplined solely for reporting the potential compliance issue. A report, even if later deemed to be inaccurate or not to involve actual misconduct, will be considered a “good faith” report as long as it is reasonable to believe that the reporting Covered Person acted in good faith at the time the report was made and had a good-faith factual basis for the report.

The Compliance Officer and Sound’s officers and managers are charged with the continuing responsibility to ensure that neither Sound nor any of its Covered Persons retaliate against or punish any Person who makes a good-faith report of potential noncompliance. Concerns about possible retaliation or harassment should be reported to the Compliance Officer. Upon receipt of such a report, the Compliance Officer will conduct an investigation of the report and, if the report is found true, will take immediate steps to stop the retaliatory or harassing conduct. Any Covered Person that is found to have retaliated against or harassed an individual for reporting in good faith a potential compliance issue will be subject to discipline under this Compliance Plan up to, and including, termination of the Covered Person’s relationship with Sound.

Where a Covered Person reports his or her own personal misconduct, he or she will not be discharged, demoted, suspended, harassed or discriminated against solely because the Covered Person reported his or her own personal misconduct. A Covered Person cannot avoid discipline by reporting his or her own personal misconduct; self-reporting may be considered as a mitigating factor in any disciplinary action. In evaluating such Covered Person’s misconduct, Sound also will consider whether the facts underlying the self-reporting were previously known to Sound, whether the discovery of the facts was imminent and whether the Covered Person’s self-reporting was complete and truthful.

## **COMMUNICATIONS TO COVERED PERSONS**

In addition to formal compliance training, Covered Persons will receive reminders of Sound’s commitment to compliance, the various avenues for reporting potential compliance issues, any updates and changes to the Compliance Plan, and Sound’s strict policy of nonretaliation for reporting such issues. Such communications may take the form of periodic memos from the Compliance Officer, compliance articles in newsletters, e-mails, inserts in paychecks or website and intranet postings.

## **RESPONDING TO REPORTS**

### **INITIAL ASSESSMENT AND INVESTIGATIONS AND CORRECTIVE ACTION**

When a potential compliance issue has been reported to the Compliance Officer, the Compliance Officer will follow the “Initial Assessment” and, if appropriate, “Investigation” provisions of the Sound policy entitled “Addressing Inquiries and Corrective Action”. If the reported compliance concern is found to be unsubstantiated or is not considered to be a compliance issue, this finding will be documented and the investigation will be closed. However, in the event that an allegation is substantiated, the Compliance Officer, in consultation as necessary with legal counsel, the Corporate Compliance Committee and/or the Sound Board or its Ethics & Compliance Committee,

shall follow the “Corrective Action” provisions of the Sound policy entitled “Addressing Inquiries and Corrective Action”.

## **DOCUMENTATION AND REPORTS**

Each potential compliance issue reported to the Compliance Officer will be documented on a log maintained by the Compliance Officer. The log will document the following: (a) the name of the person reporting the issue (or, if the person wishes to remain anonymous, the log will state that the report is “anonymous”); (b) the date the report is received; (c) a brief description of the issue; (d) the method used to report the issue; (e) whether a full investigation was conducted; and (f) the date the matter was resolved and the manner in which it was resolved.

For those matters where a full investigation is conducted, the Compliance Officer, or legal counsel on the Compliance Officer’s behalf, may also prepare an investigation report. The investigation report will include (a) documentation and background of the issue; (b) a description of the investigative process; (c) copies of interview notes and key documents; (d) a log of the witnesses interviewed and the documents reviewed; (e) the results of the investigation; and (f) a description of the corrective action plan taken (including any disciplinary action taken and the corrective action implemented to prevent recurrence).

Reports summarizing the potential compliance issues reported, as well as any investigations taken as a result of such reports, will be presented to the Corporate Compliance Committee on a quarterly basis, or more frequently as necessary. The Corporate Compliance Committee will include reports on such issues to the Sound Board and/or its Ethics & Compliance Committee.

The records and other documents generated under this Compliance Plan may be subject to the attorney-client privilege, the attorney work-product doctrine or other applicable privileges. The Compliance Officer will take measures necessary to ensure that any such privilege is not waived with respect to these documents.

## **RETENTION OF RECORDS GENERATED UNDER THIS COMPLIANCE PLAN**

Sound is committed to complying with the record and documentation requirements under applicable federal and state law, but not less than six (6) years, and to the maintenance and retention of records and documentation necessary to confirm the effectiveness of the Compliance Plan. Such documentation includes, but is not limited to, (a) the log summarizing the reporting of potential noncompliance issues; (b) investigative reports; (c) minutes of the Corporate Compliance Committee meetings; (d) educational presentation overviews; (e) handouts and attendance sheets; (f) documentation of ongoing auditing and monitoring efforts; (g) certificates that Covered Persons have reviewed the Compliance Plan; (h) corrective action policies; and (i) any other documentation generated under this Compliance Plan.

Any electronic or hard copies of any compliance records will be kept in a secure location by the Compliance Officer. Compliance records generally will be available upon request by any government official properly requesting review in accordance with applicable federal and state law. Government officials or other third parties are not entitled to review materials prepared by legal counsel or subject to the attorney-client privilege and work-product doctrine and other applicable privileges (such privileged documents shall be segregated in a separate location). The

Compliance Officer is responsible for maintaining the original copy of all compliance records. Any working copies distributed for review will be collected after review and disposed of in a secure and confidential manner.

Compliance records will be retained for the minimum retention period as required by applicable federal or state law. If applicable law does not mandate retention requirements for a compliance record, the record will be maintained for a retention period that ensures the availability of the records when required or in accordance with the standards of an accrediting body or good record-keeping practice.

## **EDUCATION AND TRAINING**

Sound is committed to providing education and training on its Code of Conduct and Compliance Plan, related health care laws, regulations and requirements and related Sound policies and procedures. As discussed in further detail below, Sound's Training Department, in consultation with the Compliance Officer, will provide such education and training to all Covered Persons and Relevant Covered Person's in accordance with Sound's policy entitled "Compliance Education Policy".

In addition to the training outlined in Sound's Compliance Education Policy, the Compliance Officer shall have the authority to conduct other training sessions that the Compliance Officer determines to be necessary either as part of a corrective action plan or as part of a regularly implemented training program. The Compliance Officer will work with Sound's Training Department with respect to the design, content and ongoing implementation of the Compliance Program.

All current Covered Persons will receive a copy of this Compliance Plan within thirty (30) days of the effective date of the Compliance Plan. Within four (4) weeks after receiving the copy, each Covered Person is required to carefully review, sign and return the certification form reprinted at the end of this Compliance Plan, attesting that the Covered Person has read and understands these provisions, among other things.

Newly hired or engaged Covered Persons will receive a copy of Sound's Compliance Plan and sign and return the certification form within thirty (30) days after beginning their employment or affiliation with Sound.

Any revisions to the Compliance Plan shall be distributed to Covered Persons within thirty (30) days after the revisions are finalized. Covered Persons must sign and return the certification form within thirty (30) days after distribution of the revised Compliance Plan.

## **AUDITING AND MONITORING COMPLIANCE EFFORTS**

Sound recognizes that an ongoing evaluation process is crucial to the success of the Compliance Plan. To that end, Sound will establish an ongoing integrated monitoring and evaluation process. This process will not only establish that standards and procedures are current and accurate, but will also assist in ensuring that the Compliance Plan is effective.

## AUDITING

### *Annual Audit Plan*

Each year the Compliance Officer, in consultation with the Corporate Compliance Committee, will develop a written audit plan that identifies the auditing priorities of Sound during the year and that puts processes in place to address those priorities. To determine Sound's annual auditing priorities, Sound will review:

1. The results of the current annual risk assessment performed by the Compliance Officer;
2. Publications issued by the Office of Inspector General of the U.S. Department of Health and Human Services ("OIG") in the form of compliance program guidance, work plans, special advisory bulletins, special fraud alerts and other publications;
3. Reports from Sound's Revenue Cycle Department and/or Sound's billing agents that identify common billing errors and/or denials;
4. Any systemic or other compliance issues identified by the Compliance Officer and/or the Corporate Compliance Committee through (a) matters reported under this Compliance Plan during the previous year, (b) audits conducted under this Compliance Plan or Sound's HIPAA Compliance Program during the previous year, (c) review and identification of the compliance risks faced by Sound in its operations as set forth in the policy entitled "Risk Identification, Analysis and Procedures", or (d) other activities conducted under this Compliance Plan during the previous year; and
5. Any other material determined to be relevant by either the Compliance Officer and/or the Corporate Compliance Committee for purposes of identifying Sound's annual auditing priorities.

The audits conducted under Sound's Provider Documentation and Coding Audit Program shall be incorporated into the annual audit plan. In addition, the audit plan may incorporate any auditing techniques and methodologies (e.g., concurrent audits, retrospective audits, etc.) that are determined necessary by the Compliance Officer and/or the Corporate Compliance Committee. Sound may conduct audits under its annual audit plan using either internal personnel or external personnel and may engage external counsel, auditors or consultants to conduct the audits.

### *Focused Audits*

In addition to the audits identified and implemented through Sound's annual audit plan, the Compliance Officer or designee may conduct focused audits as a result of a complaint, request or the results of other audits. The scope of these audits will be determined prior to initiating the audit and will be specific to the concerns of the particular issue being audited.

### ***Post-Audit or Follow-Up Monitoring***

The Compliance Officer may utilize post-audit or follow-up monitoring to assess the adequacy of a response, intervention or corrective action with respect to a particular issue. The scope of these audits will be specific to the particular issue which requires follow-up and will be documented in a corrective action plan prior to initiation of the audits.

### ***Reporting Audit Results***

The Compliance Officer shall include the results of any audits conducted under the annual audit plan in its reports to the Corporate Compliance Committee. The Corporate Compliance Committee shall include such results (or a summary of such results) in its reports to the Sound Board and/or its Ethics & Compliance Committee.

### **COMPLIANCE PLAN MONITORING**

Sound shall regularly review the implementation and execution of the Compliance Plan. The Compliance Plan will be reviewed at least annually, and each review shall include an assessment of each of the basic elements of the Compliance Plan individually, as well as the overall success of the Compliance Plan. In that regard, the Compliance Officer is authorized and required to take reasonable steps to achieve compliance with the standards of the Compliance Plan.

The Compliance Officer is authorized to engage outside consultants to verify that Compliance Plan tasks are being performed, that reports are timely filed, that standards are being adhered to, that allegations of misconduct are appropriately investigated and resolved, that corrective actions are taken where appropriate, that training sessions for Covered Persons are completed timely, that Covered Persons are actually attending training and that appropriate records are being created and maintained to document the effectiveness of the Compliance Plan.

### **ENFORCEMENT AND DISCIPLINE**

Adherence to the Compliance Plan is required of all Covered Persons and is a material condition of employment and will be taken into account in assessing the performance of Covered Persons. Any Covered Person who violates the Compliance Plan or health care laws or regulations or program requirements is subject to disciplinary measures in accordance with the personnel policies of Sound's People Support Department. The discipline could include any of the following disciplinary actions: verbal warning, written warning, written reprimand, suspension, termination or restitution (if necessary). Depending on the nature of the violation, a violation could also result in a report being made to an appropriate governmental agency or professional disciplinary action and could result in civil claims or criminal charges being brought against the Covered Person. Nothing in this Compliance Plan or Sound's personnel policies is intended to create an employment contract between Sound and any Covered Person.