

# **U.S. Physical Therapy, Inc.**

## **Compliance Committee Charter**

AS AMENDED December 9, 2014

### **Purpose**

The purpose of the Compliance Committee (the “Committee”) of the Board of Directors (the “Board”) of U.S. Physical Therapy, Inc. (the “Company”) is to assist the Board in discharging its oversight responsibilities with respect to compliance with federal and state laws and regulations relating to healthcare. The Committee has responsibility for overseeing and evaluating the Company’s compliance program providing for adherence to healthcare related laws and regulations.

### **Membership**

The Committee shall consist of at least three members of the Board of Directors. A majority of the members of the Committee shall be independent of the Company’s management. The members of the Committee shall be appointed by the Board and may be replaced by the Board at any time. The Board shall designate one of the members of the Committee as its Chair.

### **Responsibilities and Authority**

The Committee shall provide general oversight of the Company’s compliance processes and procedures and monitor its performance with respect to the legal and regulatory requirements of its healthcare business operations. This shall not include monitoring compliance with securities laws and regulations, including the Company’s financial reporting and disclosure requirements, which shall be the responsibility of the Company’s Audit Committee. While the Committee has the responsibilities and powers set forth in this Charter, the Committee and the Board must rely on the expertise and knowledge of management, including the Company’s healthcare compliance personnel. Accordingly, it is the responsibility of management of the Company to raise and address issues with the Committee that impact upon compliance with applicable laws, rules and regulations. The Committee may initiate such compliance investigations as it deems appropriate, but it is not the Committee’s responsibility to conduct compliance audits in the ordinary course of the Company’s business.

In exercising its authority and carrying out its responsibilities, the Committee shall:

1. Review and provide broad oversight of the Company’s processes and procedures designed to achieve and monitor compliance with federal, state and local healthcare program requirements that impact the Company’s operations;
2. Meet to review and assess the Company’s compliance program at least quarterly and recommend to the Company any improvements and changes to the compliance program;

3. Meet regularly with the Compliance Officer of the Company to assess the Company's healthcare compliance policies and procedures and recommend any improvements or changes to such policies and procedures;
4. Review reports of specific material non-compliance issues and approve corrective actions proposed by management, including monitoring the Company's processes, procedures and periodic reporting designed to comply with the requirements of any Corporate Integrity Agreement;
5. Review and assess the activities and findings of internal compliance audits;
6. Review and assess the development of internal systems and controls to carry out the Company's compliance programs and related policies and procedures as part of its daily operations;
7. Review and assess strategies to promote compliance with the compliance program and the detection of any possible violations, such as through hotlines and other reporting mechanisms;
8. Review and assess the development of systems to solicit, evaluate and respond to compliance complaints and problems;
9. Meet regularly with the Compliance Officer and General Counsel to review and assess the Company's pending third party claims, as well as management's strategy and process for resolution of such claims; and
10. Have such other responsibilities as may be delegated from time to time by the Board.

The Committee shall have the authority to conduct or authorize investigations into any matters within the scope of its responsibilities as it shall deem appropriate, including the authority to request any officer, employee or advisor of the Company to meet with the Committee or any advisors engaged by the Committee. The designated Compliance Officer shall report directly to the Company Chief Executive Officer and shall further have unencumbered access to and dotted line reporting to the Compliance Committee and Chair thereof, with day to day input and interaction with members of Company management.

### **Procedures and Administration**

1. The Committee shall meet at least quarterly, or more frequently as necessary to carry out its responsibilities.
2. The Committee may form and delegate authority to one or more ad hoc groups of the Committee (including a subcommittee consisting of a single member), as it deems appropriate from time to time under the circumstances for purposes of specialized review, fact findings, etc.

3. The Committee shall cause to be made and shall retain minutes of its meetings and shall regularly submit the minutes of all meetings of the Committee to, or discuss the significant matters covered at each Committee meeting with, the Board of Directors.

4. The Committee shall annually review and reassess the adequacy of this Charter and recommend any proposed changes to the Board for approval.