

CVMC Administrative Policy & Procedure

| APPROVALS | |
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SUBJECT: CODE OF CONDUCT

CORP-3-I. POLICY

Catawba Valley Medical Center is committed to conducting its business lawfully and ethically. As the Medical Center's reputation is the sum of the reputations of its employees and licensed independent and dependent practitioners affiliated with this organization, it is critically important that each individual meet and maintain the highest standards of legal and ethical conduct. To aid in assuring uniformity in standards of conduct, the Medical Center has established this Code of Conduct as part of its Corporate Compliance Program.

CORP-3-II. POLICY DETAIL

This Code of Conduct details the fundamental principles, values, and framework for action within the Medical Center and articulates the Medical Center's commitment to comply with all federal and state standards, with an emphasis on preventing fraud and abuse. The obligations established by this code apply to the relationships of the Medical Center's employees with patients, affiliated practitioners, third party payors, subcontractors, independent contractors, vendors, consultants, and one another. Hence, this Code of Conduct establishes the general policies and procedures with which all employees (including Medical Center officers, managers, and all other employees, as well as affiliated practitioners) must comply as a condition of employment and/or medical staff appointment in order to ensure that their conduct conforms to the highest ethical standards, laws, rules, and regulations. This Code of Conduct likewise applies to the Medical Center's board licensed independent and dependent practitioners and, where appropriate, contractors and other agents. (All references hereinafter in the Code of Conduct to the Medical Center's employees are also deemed to be references to the Medical Center's board, licensed independent and dependent practitioners, contractors and other agents, except where the context requires otherwise; provided, however, that for all individuals who are subject to the Code of Conduct but who are not employed by the Medical Center, the Code of Conduct shall apply only to the extent that their conduct is connected with, concerns, or is on behalf of the Medical Center (or its affiliate)).

Every employee is required to understand and fully comply with this Code of Conduct. Any employee violating any provision of this Code of Conduct will be subject to disciplinary action, up to and including the termination of the employee's relationship with the Medical Center. In addition, promotion of and adherence to this Code of Conduct and to the Corporate Compliance Program will be a criterion used in evaluating the performance of all employees.

While all Medical Center employees are obligated to follow the Code of Conduct, the Medical Center expects its leaders to set the example, to be in every respect a model. They must ensure that those on their team have sufficient information to comply with law, regulation, and policy, as well as the resources to resolve ethical dilemmas. They must

help to create a culture within the Medical Center, which promotes the highest standards of professional ethics and compliance. This culture must encourage everyone in the organization to raise concerns when they arise and to seek any needed guidance and an appropriate resolution of the ethical issue. Adherence to applicable laws and regulations must never be sacrificed in the pursuit of business objectives.

The intent of the Medical Center's Corporate Compliance program is to safeguard the Medical Center's historic tradition of strong moral, ethical, and legal standards of conduct. To that end, a Compliance Officer has been appointed to ensure compliance with the Compliance Program, to serve as a contact to whom employees may report any suspected violations of laws, regulations, or the Compliance Program, and to take appropriate action against violators.

COMPLIANCE WITH ALL LAWS AND REGULATIONS

The Medical Center and all of the Medical Center's employees must fully comply with all federal, state, and local laws and regulations, including those concerning self-referrals, kickbacks, the billing of payors, patients' right to freedom of choice, access to treatment, consent to treatment, emergency treatment, medical records, patient confidentiality, terminal care decision-making, certificates of need, licenses, accreditations, medical staff membership, corporate practice of medicine, and the Medicare and Medicaid regulations. The Medical Center is subject to numerous other laws and regulation in addition to the foregoing. Medical Center employees must immediately report to the Medical Center's Compliance Officer any perceived violation of an applicable regulation or this Code of Conduct.

COMPLIANCE WITH ALL MEDICAL CENTER POLICIES AND PROCEDURES

All Medical Center employees must fully comply with Medical Center policies and procedures included in this Medical Center's Administrative Policy and Procedure manual.

COMPLIANCE WITH THE MEDICAL CENTER'S PATIENTS RIGHTS

**Standards and Policies*

All Medical Center employees must comply with all standards and policies set forth in the section dealing with the Medical Center's Patients' Rights and Organizational Ethics found in the Administrative Policy and Procedure Manual, as well as with all state and federal laws concerning patients' rights.

**Emergency Care*

The Medical Center will follow the Emergency Medical Treatment and Active Labor Act ("EMTALA") in providing emergency medical treatment to all patients, regardless of their ability to pay. To that end, the Medical Center will provide treatment within its capabilities to all individuals who have an emergency medical condition (defined as any medical condition which manifests itself by acute symptoms of sufficient severity, including pain and psychiatric disturbances, such that the absence of immediate medical attention could reasonably be expected to place the health of the individual or unborn child in jeopardy), and Medical Center employees may not delay the treatment or the provision of care in order to inquire about the individual's method of payment or

insurance coverage. Any transfer of such a patient to another facility will comply with EMTALA's transfer requirements.

**Advance Directives and Right to Die*

Employees shall comply with all Medical Center policies and procedures and federal and state laws and regulations governing advance directives and right to die issues and with the provisions of such advance directives. To that end, patients will be properly informed of their right to make advance directives, and patient advance directives will be honored in accordance with the foregoing policies, procedures, laws, and regulations.
(Administrative policies Patient Rights and Organization Ethics)

**Patient Information*

All patient records and the information contained in such records are confidential and must be protected by all employees. Medical Center employees shall not release or discuss patient information with others unless it is necessary to serve the patient or is required by law. No Medical Center employee has the right to any patient information other than that necessary to perform his or her job. Patients can expect that their privacy will be protected and that patient-specific information will be released only to persons authorized by law or by the patient's consent.

**Freedom of Choice*

Medical Center employees shall respect and honor, and comply with all laws concerning, a patient's freedom of choice concerning his or her health care treatment, including the patient's freedom of choice to select home health agencies, DME suppliers, long-term care providers, and rehabilitation providers.

CODE OF CONDUCT INVOLVING CUSTOMERS AND SUPPLIERS

**Quality of Service*

The Medical Center is committed to providing quality service that meets all Medical Center quality standards.

**Marketing and Advertising*

The Medical Center may use marketing and advertising activities to educate the public, provide information to the community, increase awareness of the Medical Center's services, and recruit employees. Medical Center employees shall present only truthful, fully informative, nondisparaging, and non-deceptive information in these materials and announcements.

**Competitive Analysis*

The federal and state anti-trust laws are designed to create a level playing field in the marketplace and to promote fair competition. Examples of conduct prohibited by these laws include: (1) an agreement with a competitor to fix prices; (2) an agreement with a competitor to boycott or refuse to deal with another entity; and (3) an agreement with a competitor to allocate markets among competitors. Consequently, these laws could be violated by discussing the Medical Center's business with a competitor (such as how prices are set), disclosing the terms of supplier relationships, allocating markets among competitors, or agreeing with a competitor to refuse to deal with a supplier. The Medical

Center's competitors are other health systems and facilities in markets where the Medical Center operates. Medical Center employees should not provide Medical Center business information to a competitor, should not obtain similar information from a competitor, and should not enter into agreements to fix prices or to otherwise impermissibly reduce competition. Medical Center employees should avoid discussing sensitive business topics with competitors or suppliers, unless proceeding with the advice of the Medical Center's counsel, and must not provide any information in response to oral or written inquiries concerning an anti-trust matter without first ensuring that legal counsel has been consulted.

**Anti-kickback*

Federal and state laws prohibit the Medical Center and its employees from either paying or receiving remuneration which is intended to induce the referral of patients to or by the Medical Center. Any business arrangement with a physician or any other person must be structured to ensure precise compliance with the legal requirements concerning referrals. In order to ethically and legally meet these requirements, the Medical Center shall strictly adhere to two primary rules. First, the Medical Center does not pay for referrals. The Medical Center accepts patient referrals and admissions based solely on the patient's clinical needs and the Medical Center's ability to render the needed services. No Medical Center employee or any other person acting on behalf of the Medical Center is permitted to offer or pay any remuneration, directly or indirectly, to anyone to induce the referral of patients. Second, the Medical Center does not seek or accept payment for referrals that the Medical Center makes. No Medical Center employee or any other person acting on behalf of the Medical Center is permitted to seek or accept remuneration, directly or indirectly, in exchange for the referral of patients. Consequently, when making patient referrals to another health care provider, we shall not take into account the volume or value of referrals that the provider has made (or may make) to the Medical Center. Examples of arrangements that may run afoul of the anti-kickback statute include excessive payments for medical directorships, free or below market rents or fees for administrative services, interest-free loans, excessive payments for intangible assets in physician practice acquisitions, and arrangements with Medical Center-based physicians that compensate physicians for less than the fair market value of the services they provide to the Medical Center or require physicians to pay more than market value for services provided by the Medical Center (such as token or no payment for Part A supervision and management services, requirements to donate equipment to the Medical Center, and excessive charges for billing services). Violation of this policy may have grave consequences for the organization and the individuals involved, including civil and criminal penalties, and possible exclusion from participation in federally funded health care programs.

**Physician Self-Referrals*

Federal law prohibits certain referrals by a physician to an entity with which the physician (or an immediate family member of the physician) has a "financial relationship," and similarly, state law prohibits certain referrals by a physician and certain other health care providers to an entity in which the provider is an "investor." Both the federal and state law provide exceptions under which referrals may be made. By way of example, under both laws, if a physician enters a lease for real property with a Medical Center, the

physician may not refer to the Medical Center unless the terms of the lease comply with an exception. All of the Medical Center's contracts and arrangements with physicians and the Medical Center's claims for payment shall comply with these laws. Violations of this policy may have grave consequences.

**Contingency Fee Contracts*

The Medical Center will not enter into contracts for coding support where compensation is based on a contingency fee.

**Providing Business Courtesies to Customers or Services of Customers*

The Medical Center's success in the marketplace results from providing quality services at competitive prices. No employee shall offer or provide business courtesies, such as entertainment, meals, transportation, or lodging, to the Medical Center's current or potential (1) customers, (2) referral sources, (3) purchasers of Medical Center services, or (4) other business associates, in order to gain an improper advantage or influence. No business courtesies shall be offered or provided by employees to such persons except to the extent permitted by applicable law, including the anti-kickback law and the laws prohibiting self-referrals. In no event shall any employee offer or provide a business courtesy that consists of cash or cash equivalents. Courtesies given which have a value in excess of \$100 must be reported to the Compliance Officer.

**Receiving Business Courtesies from Vendors*

Medical Center employees must never accept anything with more than a nominal value from someone doing business with the Medical Center or someone whose services are subject to the Medical Center's review if the gratuity is offered or appears to be offered in exchange for any type of favorable treatment or advantage. To avoid even the appearance of impropriety, Catawba Valley Medical Center employees should not accept gifts or promotional items of more than nominal value. Gifts received, which are valued in excess of \$100, must be reported to the Compliance Officer.

**Charging of Cost/Time Card Reporting*

Employees must utilize the time keeping system in a complete, accurate, and timely manner. Employees must be careful to ensure that hours worked and costs incurred are factual and accurate.

**Billing and Reimbursement*

The Medical Center is committed to ensuring that its billing and reimbursement practices comply with applicable federal and state laws, regulations, guidelines, and policies and that its bills are accurate. No Medical Center employee shall knowingly present or cause to be presented claims for payment which are false, fictitious, or fraudulent. As part of the Medical Center's documentation effort, all applicable personnel shall maintain current and accurate medical records. The Medical Center is committed to ensuring that all patients and customers receive timely, accurate bills and that all questions regarding billing are promptly answered.

**Cost Reports*

The Medical Center's business involves reimbursement through government programs, which requires the submission of certain reports of the Medical Center's costs of operation. The Medical Center shall comply with federal and state laws relating to all cost reports. These laws and regulations define what costs are allowable and outline the appropriate methodologies to claim reimbursement for the costs of services provided to program beneficiaries. Given their complexity, all issues related to the completion and settlement of cost reports must be communicated through, or coordinated with, the Finance Department.

CONDUCT FOR USING MEDICAL CENTER RESOURCES

**Making Political Contributions*

Employees may not contribute or donate any Medical Center funds, products, services or other resources to any political cause, party or candidate without the advance approval of the Compliance Officer, who shall ensure that any such contribution or donation complies with applicable law. Employees may make personal political contributions as long as the individual does not represent that the contribution came from the Medical Center.

**Accurate Books and Accounts*

All of the Medical Center's payments and other transactions must be properly authorized by management and be accurately and completely recorded on the Medical Center's records in accordance with accepted accounting principles and established corporate accounting policies. Medical Center employees are responsible for the integrity and accuracy of the Medical Center's documents and records, not only to ensure compliance with regulatory and legal requirements but also to ensure that records are available to defend the Medical Center's business practices and actions. No one may falsify or improperly alter information on any record or document. No one may remove or destroy any Medical Center record except as permitted by Medical Center policy and by law.

**Research Grants*

The Medical Center is committed to ensuring that each grant is administered in compliance with all regulations and with the grant agreement. The Medical Center will establish systems to assure that patients are not improperly billed for charges that are covered under a grant agreement.

CONDUCT FOR AVOIDING ABUSES OF TRUST

**Safeguarding the Medical Center's Restricted Information*

The Medical Center's proprietary information will not be disclosed to any outside party. This includes any non-public business, financial, personnel, commercial or technological information, plans, or data acquired during employment at the Medical Center.

**Confidential Information*

Employees must strictly safeguard all confidential information with which they are entrusted and must never discuss such information outside the normal and necessary course of the Medical Center's business. All patient records, personnel records and the information contained in such records are confidential and must be protected by all employees.

**Substance Abuse and Harassment*

It is the Medical Center's policy to provide employees with a working environment that is free from the issues associated with the abuse of controlled substances and of alcohol, and the issues associated with harassment (including sexual harassment and violence). (See Management of Resources Policy "Fitness for Duty")

**Employment and Contracting Decisions*

The Medical Center shall not employ, contract with, or grant privileges to, any individual or entity whom or which has been recently convicted of a criminal offense related to health care or is listed by a federal agency as debarred, excluded, or otherwise ineligible for participation in any federal health care program.

IMPLEMENTATION OF CODE OF CONDUCT STANDARDS

To assure proper understanding and dissemination of the Code of Conduct's standards, the following implementation plan will be followed:

*A copy of this Code of Conduct will be provided to each employee.

*Employees will furnish a signed Statement of Understanding of the Code of Conduct. New employees shall sign the Statement of Understanding within thirty (30) days of employment. All signed Statements of Understanding will be included in the employee's personnel file.

TRAINING

*The Compliance Officer or his designee shall ensure that all new employees, on their orientation, shall receive documented training including this Code of Conduct.

*The Compliance Officer shall establish other appropriate training or dissemination of information to all employees concerning the necessity, of complying with this Code of Conduct.

REPORTS VIOLATIONS AND DISCIPLINE

Strict adherence to this Code of Conduct is vital.

Employees are expected to report any suspected violation of the Code of Conduct or other irregularities to their supervisor or the Compliance Officer. If the employee wishes to remain anonymous, the employee may submit a report through the Corporate Compliance Hotline (888-398-2633). The Compliance Hotline vendor will forward the information to the Compliance Officer. All reports must contain sufficient information for the Compliance Officer to investigate the concern raised. No adverse action or retribution of any kind will be taken by the Medical Center against an employee who in good faith suspected and reported a violation of this Code of Conduct. The Medical Center will attempt to treat such reports as confidential and to protect the identity of the employee making the report.

Upon receipt of credible reports of suspected violations, the Corporate Compliance Officer will begin a detailed investigation and take corrective action where appropriate.

Disciplinary decisions will be made by Administration. The Administrative Policy “Disciplinary Action” will be followed.

RESERVATION OF RIGHTS

The Medical Center reserves the right to amend the Code of Conduct, in whole or in part, at any time and solely at its discretion.

Review Dates: 09/16/2015, 10/22/2012, 01/11/2010, 01/03/2007, 08/05/2004, 01/08/2002