

MEMORIAL HEALTHCARE
CORPORATE COMPLIANCE PROGRAM

I. PURPOSE

A. Objective

The objective of this Corporate Compliance Program (the “Program”) is to develop and implement a corporate compliance program on an ongoing basis to enable Memorial Healthcare (“Memorial”) to operate its businesses in compliance with federal, state and local laws and regulations and to avoid wrongdoing, whether by intent, mistake or inadvertence. The Program is not an exhaustive recitation of all compliance programs and activities of Memorial that are currently in effect. Memorial will continue to maintain various compliance practices in addition to those set forth in this plan as part of its overall legal compliance efforts.

B. Goal

The primary goal of this Program is compliance with federal, state and local laws and regulations related to licensure, Medicare and Medicaid certification and reimbursement by third party payors.

C. Attorney-Client Privilege

It is the intent of Memorial that, in implementing this Program, all compliance activities will be conducted in a manner which, to the maximum extent possible, preserves any attorney-client or peer review privilege which may exist with respect to the records, data and knowledge collected in conjunction with compliance activities initiated by the Memorial.

It also is the intent of Memorial that, in developing and implementing this Program with the assistance of legal counsel, Memorial shall preserve the confidentiality of all attorney-client work product to the full extent permitted by law.

II. CORPORATE COMPLIANCE COMMITTEE AND COMPLIANCE OFFICER

A. Members of the Corporate Compliance Committee

1. Membership

The Corporate Compliance Committee (referred to as the “Committee”) shall consist of the following members: Corporate Compliance Officer, CEO, CMO, Privacy Officer, Security Officer, Vice President of Finance, COO/Senior Vice President of Patient Care Services, Vice President of Performance Improvement and Quality, Legal Counsel, Director of MMA, Director of Revenue Cycle and one member of

Memorial's Board of Trustees. Vice President of HR, Risk Manager, and Director of Home Health & Hospice are added on as ad hoc members. Any and all required votes of the Committee shall be by a majority. A majority of Committee members shall constitute a quorum for purposes of Committee meetings.

2. **Functions of the Corporate Compliance Committee**

The Committee shall have the following responsibilities and functions:

- (a) Analyzing and identifying Memorial's legal requirements with which Memorial must comply, and identifying specific risk areas for Memorial's operations;
- (b) Assessing existing policies and procedures that address Memorial's environment, legal requirements and risk areas for possible inclusion into the Program;
- (c) Working with appropriate departments and management personnel to develop Codes of Conduct, policies and procedures to promote compliance with the Program requirements;
- (d) Recommending and monitoring, in conjunction with relevant departments, the development of internal systems and controls to carry out Memorial's policies and procedures;
- (e) Determining the appropriate approach to promote compliance with the Program requirements and detection of potential violations through hotlines and other fraud reporting mechanisms;
- (f) Developing a system to receive, evaluate and respond to corporate compliance complaints and problems;
- (g) Addressing such other functions as the Compliance Officer, Executive Team or Board of Trustees may deem appropriate to fully implement the Program;
- (h) Create the annual Memorial Corporate Compliance Work Plan utilizing information from the annual OIG Work Plan and applicable information for the Compliance Committee;
- (i) Complete the annual evaluation of effectiveness of the prior year's Work Plan; and
- (j) The Committee shall provide regular reports to the Board of Trustees of Memorial.
- (k) The Committee shall meet at least on a quarterly basis during a calendar year.

3. **Input from Corporate Affiliates and Hospital Departments.**

To address relevant compliance issues and implement an effective on-going compliance program, the Committee shall seek input, as appropriate, from individuals with varying responsibilities in Memorial, including operations, finance, audit, reimbursement, human resources, utilization review, discharge planning, and risk management, as well as managers of key operating units.

B. Designation of Compliance Officer

1. Identification of Compliance Officer

Designating a Compliance Officer with the appropriate authority is critical to the success of the Program. The Board of Trustees shall appoint a Compliance Officer for Memorial. The Compliance Officer shall report directly to the Chief Executive Officer and have direct access to Memorial's Board of Trustees and Chair.

2. Delegation of Authority to Compliance Officer by Board of Trustees

The Board of Trustees shall delegate primary responsibility for development and implementation of the Program to the Compliance Officer and may delegate any specific tasks and functions appropriate for implementation of the Program to the Compliance Officer from time to time by resolution of the Board.

3. Specific Responsibilities of Compliance Officer

Pursuant to a broad delegation of authority to the Compliance Officer for development and implementation of the Program, the Compliance Officer or his or her designee shall, without limitation:

- (a) Have overall responsibility for operating and overseeing implementation and effectiveness of the Program;
- (b) Serve as liaison between the Committee and the Board of Trustees and report at least on an annual basis to the Board of Trustees, on the continued implementation of the Program and assist in establishing methods to reduce Memorial's vulnerability to fraud, abuse and waste;
- (c) Respond to day-to-day questions regarding compliance and receive all complaints, grievances and inquiries regarding the Program and its compliance with federal and state laws;
- (d) Investigate matters related to compliance, including the design and coordination of internal investigations in response to reported problems and, in conjunction with the Committee, implement necessary corrective action;
- (e) Respond to all complaints, grievances and inquiries related to corporate compliance activities with the assistance of designated legal counsel and appropriate Memorial personnel;
- (f) Develop policies and programs that encourage managers and employees to report possible fraud and other improprieties without fear of retaliation;

- (g) Provide regular notice of any allegations of noncompliance to the Chief Executive Officer, Committee or the Chair of the Board of Trustees and to designated legal counsel;
- (h) Have authority to schedule, establish the agenda and conduct both regular and special meetings of the Committee as necessary;
- (i) Periodically with approval of the Committee, revise the Program and implement policies and procedures in light of changes at Memorial, changes in the law or policies of the government and, as applicable, private payor plans;
- (j) Develop and coordinate educational and training programs that focus on principal elements of the Program, and seek to assist appropriate employees to become knowledgeable and comply with, applicable federal and state requirements;
- (k) Coordinate personnel issues with Memorial's Human Resources Department requiring appropriate background checks are made with respect to all current and prospective employees and independent contractor staff, including licensure revocation/sanction reports issued by the Michigan Department of Consumer & Industry Services, National Practitioner Data Bank reports and Cumulative Sanction Reports regarding debarment or exclusion from the Medicare and Medicaid programs and with respect to physicians. The Compliance Officer may rely on the investigation performed by Memorial's medical staff office during credentialing. The Compliance Officer will also inform Memorial's Human Resources Department of any recommended disciplinary action that may arise out of corrective action procedures; and
- (m) Assist Memorial's financial management in coordinating internal compliance review and monitoring activities, including annual or periodic reviews of specific activities, as deemed appropriate by the Committee.

4. **Consultation with Chief Executive Officer, Chair and Board of Trustees**

The Compliance Officer shall be required to consult with the Chief Executive Officer or Chair of the Board of Trustees prior to taking action on the following:

- (a) Initiation of external audit of Memorial;
- (b) Notification or other correspondence to any third party payor, including Medicare and Medicaid, with respect to any alleged noncompliance with billing or reimbursement requirements and regulations; and
- (c) Initiation of any disciplinary action against an employee or independent contractor staff as a result of noncompliance, reporting or failure to report noncompliance with the Code of Conduct developed by Memorial.

5. **Compliance Officer Access to Memorial Records and Documents**

The Compliance Officer shall have the authority to review all documents and other information relevant to compliance activities of Memorial, including, but not limited to, patient records, billing records, contracts, marketing efforts, and Memorial's arrangements with other parties, including employees, independent contractors, Hospital medical staff, including Hospital-based physicians, billing companies, suppliers and other agents.

III. AUDITING AND MONITORING ACTIVITIES

A. General

Memorial has determined that an ongoing evaluation process is critical to the success of the Program. It is the intent of Memorial to implement and utilize effective monitoring techniques and regular reporting to Memorial management to fully effectuate the Program. Compliance reports created by this ongoing monitoring shall be maintained by the Compliance Officer or the Director of the involved department and shall be shared with appropriate individuals in Memorial management and the Committee. The auditing and monitoring activities described in this Section are designed to provide for one or more mechanisms for Memorial to obtain periodic information regarding the effectiveness of its compliance efforts.

Memorial has established a Billing, Coding & Auditing Task Force which meets monthly for ongoing monitoring and auditing activities relating to billing, documentation and coding practices and reports to Corporate Compliance. The task force reviews, assesses, documentation and coding matters. Membership includes the Director of HIM, Professional Coding, Corporate Compliance & Privacy Officer, Director of Revenue Cycle, Director of Memorial Medical Associates Primary Care, Memorial Medical Associates Coding & Compliance Supervisor, Coding Coordinator, Patient Financial Services Manager and General Counsel.

B. Periodic Evaluation of Compliance

1. Monitoring Ongoing Compliance

The Committee shall arrange for the performance of ongoing compliance monitoring techniques to evaluate compliance or progress in reducing potential or existing areas of noncompliance. To attain this objective, periodic compliance audits shall be performed by internal or external auditors with expertise in federal and state health care statutes, regulations and federal health care program requirements. Audits shall focus on Memorial programs, including external relationships with third party contractors, especially those with substantive exposure to government enforcement actions. Audits shall be designed to address Memorial's compliance with laws governing kickback arrangements, the physician self-referral prohibition, coding, claim development and submission, reimbursement, cost reporting and marketing and such other concerns as may be identified by the Committee, the Board of Trustees, or Memorial management.

The audits and reviews, also shall be designed to identify Memorial's compliance with specific rules and policies that have been the focus of particular attention by Medicare

fiscal intermediaries, the Office of the Inspector General (“OIG”) Special Fraud Alerts, OIG audits and evaluations, or other areas of concern that have been identified specific to Memorial. Sampling techniques may be used to monitor ongoing compliance. Significant deviations from any audit information shall require a reasonable inquiry to determine the cause of the deviation. If an inquiry determines that a deviation from the audit occurred for legitimate, explainable reasons, no corrective action may be required. However, if determined that a deviation from the audit information was caused by improper procedures, a misunderstanding of applicable policies, procedures or regulatory requirements, Memorial shall initiate prompt steps to correct the problem in accordance with the Corrective Action provisions of this document.

2. **Periodic Reviews of Program Elements**

Periodically, but no less than annually, the Committee shall review whether the elements of the Program have been satisfied by verifying actual compliance of various aspects of Memorial’s operations with Compliance Program requirements. Periodic reviews shall be conducted by the Compliance Officer and/or other members of the Committee, with the assistance as necessary of legal counsel, outside reviewers and consultants. Periodic reviews shall focus on all elements of the Program, with special emphasis on evaluating whether:

- (a) Effective efforts have been, and are being, made to disseminate appropriate information to employees and independent contractor staff of Memorial regarding compliance;
- (b) Effective efforts have been, and are being, made to educate and train employees and independent contractor staff to improve compliance with established standards of conduct;
- (c) Effective systems have been, or are being, established by Memorial for reporting noncompliance and whether systems in place have identified any incidents of noncompliance;
- (d) Disciplinary action taken with respect to noncomplying employees and independent contractor staff was appropriate and implemented in accordance with the requirements of Compliance guidelines; and
- (e) This review will be submitted to the Board of Trustees annually as the Effectiveness of the Corporate Compliance Work Plan report.

3. **Acceptable Techniques for Periodic Reviews**

Periodic reviews may utilize any of the following techniques which are included for purposes of example only:

- (a) Interviews with personnel involved in management, operations, coding, claim development and submission, patient care, and other related activities;

- (b) Questionnaires developed to solicit impressions of a cross-section of Memorial's employees and staff;
- (c) Reviews of medical and financial records and other source documents that support claims for reimbursement and Medicare cost reports;
- (d) Reviews of written materials and documentation prepared by various Memorial departments;
- (e) Sampling of claims for accuracy, appropriate documentation and correct coding; and
- (f) Trend analyses, or longitudinal studies, that seek deviations, positive or negative, in specific areas over a given period.

4. **Selection of Appropriate Reviewers/Auditors.**

The reviewers and auditors selected to periodically monitor Memorial's compliance efforts shall: (a) when appropriate, be independent of physicians and line management, (b) have access to existing audit and health care resources, relevant personnel and all relevant areas of operation, (c) present written evaluative reports on compliance activities, when appropriate, to the Compliance Officer, and (d) specifically identify areas where corrective actions are needed.

5. **Evaluative Reports and Follow-up**

After each periodic review, the Compliance Officer shall prepare and present to the Committee evaluative reports on compliance activities. The written reports shall specifically identify areas where corrective action is needed. Written reports may be prepared with the assistance of legal counsel. The Compliance Officer and/or Committee shall establish a corrective action plan for areas of noncompliance and shall establish a system for subsequent reviews or studies of problem areas to ascertain whether compliance efforts have been effective in remediating identified problems. If, following a periodic review of compliance activities, Memorial determines that deviations for appropriate standards of conduct occurred and were not detected in a timely manner due to deficiencies in the Program or its method of implementation, Memorial shall make appropriate modifications to the compliance program elements, including specific policies and procedures, as necessary.

C. **Documentation of Compliance Efforts**

Memorial shall document its efforts to comply with applicable statutes, regulations and federal health care program requirements. Oral requests for clarification of Medicare and Medicaid payment policies and similar regulatory advice shall be documented in a log established for that purpose. Similarly, all written requests for clarification or other regulatory advice shall be maintained in a regulatory correspondence file established for that purpose. Records shall be maintained which demonstrate efforts by Memorial to implement advice obtained from regulatory agencies.

IV. WRITTEN POLICIES AND PROCEDURES

A. Intent

It is the intent of Memorial that, in implementing this Program, written compliance policies shall be developed and distributed to identify specific areas of risk to Memorial. All policies and procedures shall be developed under the direction and supervision of the Compliance Officer and the Committee. Policies and procedures shall be distributed, as appropriate, to individuals affected by a particular policy or procedure. The Compliance Officer, in conjunction with the Committee, shall make determinations as to the distribution of policies and procedures, including distribution of such policies and procedures to new employees and independent contractors and/or agents of Memorial.

B. Development of Written Code of Conduct

Memorial, through the efforts of the Committee, shall develop a code of conduct for all governing members, officers, management and employees of Memorial, including affiliated providers operating under Memorial's control, Hospital-based physicians and other health care professionals ("Code of Conduct"). The Code of Conduct shall include a clear commitment to compliance with all applicable federal, state, and local laws and regulations, particularly federal and state anti-fraud and abuse laws and shall be incorporated in and be a part of this Program. The Code of Conduct also shall be included in the Employee Handbook and, as appropriate, Board member orientation packets for Memorial and shall be periodically reviewed and updated as necessary to reflect applicable statutes, regulations and state and federal health care program requirements. The Employee Handbook shall contain a signature block for the employee to acknowledge receipt and review by the employee of the handbook. Such acknowledgement shall be retained by the human resources department as part of the employee's file. The current version of the Code of Conduct is attached hereto as Addendum A.

C. New Employee Policy

For all new employees, or independent contractor staff who have discretionary authority to make decisions that may involve compliance with the law or compliance oversight, Memorial shall perform reasonable and prudent background investigations, including a reference check, as part of every employment application or contracting arrangement. As part of the employment application or contracting arrangement, all prospective employees and independent contractor staff shall be required to disclose any criminal convictions, as defined by 42 U.S.C. §1320a-7(i), debarment, or exclusion actions. It is the express policy of Memorial to prohibit the employment of, or contracting with, individuals who have been recently convicted of a criminal offense related to health care or who are listed as debarred, excluded or otherwise ineligible for participation in federal health care programs, as defined by 42 U.S.C. §1320a-7b(f). If any such actions or charges are pending at the time an application for employment or request to contract is submitted to Memorial, Memorial shall not make an affirmative determination to employ or contract with the affected individuals or entities until such actions or charges have been resolved.

V. **AREAS OF COMPLIANCE**

A. **Quality of Care**

Memorial is fully committed to providing the highest quality of medical care in accordance with all applicable laws, rules and regulations. As part of this commitment, Memorial will ensure that necessary quality assurance systems are in place and functioning effectively. All patients will receive treatment without discrimination as to race, color, religion, sex, national origin, disability, sexual orientation, source of payment, or age. When clinically feasible, all patients will receive information that is necessary to give informed consent for any proposed procedure or treatment. This information shall include the possible risks and benefits of the procedure or treatment. Memorial will conduct background checks pursuant to federal and state law (which includes, but is not limited to, criminal convictions and/or exclusion from participation in any federal health care program) on all personnel involved in patient care, or who have access to patients' possessions. All individuals employed by Memorial will have the proper credentials, experience and expertise required to discharge their responsibilities. Memorial will continuously strive toward a culture of patient safety and providing quality medical care to its patients.

B. **Patient Rights**

Memorial will protect and promote the rights of each patient, including, but not limited to, the patient's right to respect, privacy, a dignified existence, self-determination, and the right to participate in all decisions about their own care, treatment and discharge. All patients will receive considerate and respectful care in a clean and safe environment free of unnecessary restraints. See Patient/Resident Bill of Rights policy #002.18H.

C. **Anti-Kickback Act**

Copies of pertinent statutory provisions, regulations, safe harbors, special fraud alerts and advisory opinions regarding the Medicare and Medicaid anti-kickback statute and Civil Monetary Penalties Law shall be included in applicable educational material. Written policies and procedures developed for compliance with anti-kickback law requirements also shall be included in applicable educational material. Statutory provisions, regulations, and other relevant published information on the anti-kickback act, as well as policies and procedures developed by Memorial for compliance, shall be distributed to all employees and independent contractor staff, as appropriate, based on the position and areas of responsibility of such individuals.

D. **Stark Law**

Copies of pertinent statutory provisions, regulations, and advisory opinions regarding the Stark physician self-referral law shall be included in applicable educational material. Written policies and procedures developed for compliance with Stark physician self-referral law requirements also shall be included in applicable educational material. Statutory provisions, regulations, and other relevant published information on the Stark physician self-referral law, as well as policies and procedures developed by Memorial for compliance, shall be distributed to all employees and independent contractor staff, as appropriate, based on the position and areas of responsibility of such individuals.

E. Reimbursement and Billing Regulations

Copies of pertinent statutory provisions, regulations and other guidance which address specific identified areas of concern for Medicare and Medicaid reimbursement and billing shall be included in applicable educational material, and shall be distributed to all employees and independent contractor staff, as appropriate based on the position and areas of responsibility of such individuals.

F. Identity Theft Prevention

Copies of pertinent statutory provisions, regulations, and other guidance which address the concern for patient identity theft shall be included in applicable educational material, and shall be distributed to all employees and independent contractor staff, as appropriate based on the position and areas of responsibility of such individuals. See Privacy Protection – Identity Theft Red Flags Rule policy #001.60.

G. Retention of Records

The Corporate Compliance Program may utilize as appropriate the Memorial record retention policies regarding the distribution, retention, and destruction of documents for all records and documentation, e.g., clinical and medical records and claims documentation, required either by federal or state law for participation in federal health care programs; and all records necessary to protect the Compliance of Memorial's compliance process and confirm the effectiveness of the Program. See Records Management and Record Retention policy #440.07B.

VI. LINES OF COMMUNICATION AND REPORTING

A. Access to the Compliance Officer

It is the intent of Memorial in establishing this Program that there is an open line of communication between the Compliance Officer and Memorial personnel. All Memorial personnel, employees and independent contractor health professionals, may seek clarification from the Compliance Officer or any other member of the Committee in the event any confusion or question exists with respect to Memorial policies and procedures, anti-kickback statute issues, Stark physician self-referral issues, or billing and reimbursement requirements. Questions and responses shall be documented when possible, including the date of the inquiry. Prior to issuing a response to an inquiry, the Compliance Officer may consult with legal counsel or other consultants. If appropriate, questions and responses may be shared with all appropriate personnel, including independent contractor staff, so that standards, policies and procedures can be updated and improved to reflect any necessary changes or clarifications. Memorial shall develop written confidentiality and non-retaliation policies which shall be distributed to all employees to encourage communication and the reporting of incidents of potential fraud.

B. Hotlines and Other Forms of Communication

Corporate Compliance Hotline: (989-729-6397), ext. 2468

Memorial shall establish an employee/personnel hotline which may be utilized by employees/personnel on an anonymous basis. The telephone number of the hotline shall be made readily available to all employees and independent contractors and posted in a common work area. Matters reported through the hotline or other communication sources that suggest substantial violations of compliance policies or established standards of conduct shall be documented and investigated promptly to determine the veracity of the hotline information. The Compliance Officer shall maintain a log that records all hotline calls, including the nature of any investigation and its results. The Compliance Officer shall report all appropriate hotline calls received to the Compliance Committee on an employee/personnel anonymous basis, if possible, until the veracity of the hotline information can be ascertained. All employees and personnel of Memorial, including independent contractor staff, should be aware that although Memorial will strive to maintain the confidentiality of the identity of a reporting employee or contractor, there may be a point where the identity of the employee or contractor may become known or may have to be revealed in certain instances when governmental authorities become involved. Legal counsel should be consulted on all hotline reports which allege a substantial violation of compliance policies or established standards of conduct. In addition to the hotline, Memorial shall encourage the use of e-mail, written memoranda, newsletters and the other forms of information exchanged to maintain open lines of communication.

VII. EDUCATION AND TRAINING

A. Participation in Education and Training Sessions

Memorial shall provide all employees and independent contractor staff of Memorial with specific training and educational sessions on a periodic basis, including appropriate training in state and federal statutes, regulations and guidelines, which emphasize Memorial's commitment to compliance with applicable legal requirements and policies. Each employee and independent contractor staff of Memorial shall be required to meet the minimum number of educational hours per year specified for that level of employee. Periodic retraining sessions will occur to update prior information. An initial compliance session(s) will be provided to new employees as part of the orientation process for such individuals. Memorial shall maintain records of training and educational sessions offered to employees, including attendance logs and materials distributed at training sessions. Periodic professional education courses also may be required for certain Memorial personnel pursuant to continuing education requirements imposed by state or federal law or accrediting bodies.

Attendance and participation in training programs shall be a condition of employment for employees. The obligation to attend and participate in training programs shall be included in each new employment contract after the date this Compliance Program is implemented. All employees shall be informed in writing that failure to comply with training requirements will result in disciplinary action, including possible termination, when such failure is serious. Additionally, adherence to the provisions of the Compliance Program, including training and educational requirements, will be a factor in the annual evaluation of each employee.

B. Specific Requirements for Training and Educational Sessions

Training programs offered by Memorial shall include sessions which highlight the Corporate Compliance Program, including those specific risk areas identified. Training programs shall include fraud and abuse laws, coding requirements, claims development and submission practices, and documentation requirements for Medicare and Medicaid reimbursement, provided that, sessions shall be offered to various levels of employees and independent contractor staff as appropriate to that individual's job position and responsibilities. Memorial shall make every effort to fill positions within Memorial only with individuals who have received appropriate educational background and training. Individuals in positions of key responsibility within Memorial shall periodically assist the Compliance Officer or the Compliance Committee in identifying areas that require training and in carrying out such training. Training instructors may come from inside or outside Memorial.

C. Targeted Training and Educational Sessions

Targeted training and educational sessions shall be provided to corporate officers, managers, physicians and other employees/independent contractor staff whose actions affect the accuracy of the claims submitted to third party payors, including employees/independent contractor staff involved in the coding, billing, and marketing processes for Memorial. Memorial financial and marketing personnel also shall be targeted for specific relevant training and education with respect to prohibited procedures. Specific training and education sessions designed to address identified risk areas may also be implemented as deemed necessary by the Committee or as directed by the Board of Trustees.

VIII. INVESTIGATION OF REPORTS OR REASONABLE INDICATIONS OF SUSPECTED NONCOMPLIANCE

A. Prompt Investigation

Memorial's Board of Trustees has determined that violations of the Program, failures to comply with applicable federal or state law and other types of misconduct threaten Memorial's status as a reliable, honest and trustworthy provider capable of participating in federal health care programs. Detected but uncorrected misconduct can seriously endanger the mission, reputation and legal status of Memorial. Consequently, upon reports or reasonable indications of suspected noncompliance, the Compliance Officer or other management officials shall initiate prompt steps to investigate the conduct in question to determine whether a violation of applicable law or the requirements of the Program has occurred. If it is determined that a violation has occurred, corrective action shall be taken in accordance with Section IX of this document.

B. Case-by Case Determination

Whether a violation of applicable law or the requirements of the Program has occurred must be determined on a case-by-case basis. The existence, or amount, of a monetary loss

to a health care program shall not be solely determinative of whether or not conduct should be investigated and corrective action should be taken. The Compliance Officer and/or other members of management or the Committee may seek the advice of legal counsel to assist in determining whether a material violation of law or the Program occurred.

C. Internal Investigation

Depending on the nature of the alleged violations, an internal investigation will probably include interviews and a review of relevant documents. Legal counsel may be retained, as appropriate, to assist with any internal investigation. Upon the recommendation of legal counsel, auditors and other health care advisors may be retained by legal counsel to assist in the investigation. Legal counsel may prepare or assist in preparation of all internal investigation documentation. Records of the investigation, prepared with the assistance of legal counsel, shall include:

- (1) Documentation of the alleged violation;
- (2) Description of the investigative process;
- (3) Copies of interview notes and key documents;
- (4) Log of witnesses interviewed and the documents reviewed;
- (5) Results of the investigation, including any recommended disciplinary action to be taken and any corrective action to be implemented; and
- (6) Corrective action actually implemented.

D. Preserving the Compliance of the Internal Investigation Process

If an investigation of an alleged violation is undertaken and the Compliance Officer believes the Compliance of the investigation may be at risk because of the presence of employees or independent contractor staff under investigation, those individuals may be temporarily removed from their assigned work activity until the investigation is completed or until a final determination has been made. Additionally, the Compliance Officer should take appropriate steps to secure or prevent the destruction of documents or other evidence relevant to the investigation.

IX. CORRECTIVE ACTION

A. Reporting to Government Authorities

If the Compliance Officer, Committee or other management officer discovers credible evidence of misconduct from any source and, after a reasonable inquiry and internal investigation, Memorial has reason to believe that the misconduct constitutes a violation of criminal, civil, or administrative law, then Memorial shall report the existence of the misconduct to the appropriate governmental authority within a reasonable period of time, but not more than sixty (60) days after determining that there is credible evidence of a violation. Legal counsel shall be consulted prior to reporting any alleged misconduct to governmental authorities. It is Memorial's belief that prompt reporting will demonstrate

Memorial's good faith and willingness to work with governmental authorities to correct and remedy the noncompliance problems. The OIG also has publicly stated that reporting misconduct will be considered a mitigating factor by the OIG in determining administrative sanctions if the reporting entity becomes the target of an OIG investigation. Any reports of misconduct to governmental authorities shall be prepared and submitted in a manner which preserves patient privacy and the confidentiality of patient medical records and information as required under state or federal law. When reporting misconduct to government authorities, Memorial shall provide evidence of the alleged violations as reasonable and appropriate and as determined by legal counsel. Memorial also shall provide an assessment of potential cost impact, if reasonable and appropriate under the circumstances.

B. Request for Advisory Opinion

If the Compliance Officer discovers or others furnish the Compliance Officer with evidence of activity which suggests possible misconduct, but the consequences of such conduct are not clear under the relevant statutes, regulations, policies and procedures and other guidance available to the Compliance Officer, the Compliance Officer may seek an advisory opinion from legal counsel. Legal counsel may suggest that Memorial seek an advisory opinion from the OIG or other pertinent authority with respect to the issues in questions. All efforts to seek clarifying advisory opinions as described in this Section shall be viewed as compliance efforts and as part of the corrective action process by Memorial.

C. Corrective Action Policies and Procedures

Upon a determination that activities have occurred, which do not comply with requirements of the Program, developed by Memorial, or applicable laws, regulations and policies, the Compliance Officer shall identify an individual within Memorial who shall have primary responsibility for correction of the noncompliance. In many cases, the individual with such responsibility shall be the Compliance Officer, or the Compliance Officer in combination with appropriate Memorial management who are familiar with the specific responsibilities of the noncomplying employee or independent contractor staff person. Memorial shall establish specific corrective action policies and procedures for specific types of noncompliance. Copies of specific corrective action policies and procedures shall be included in applicable educational material. Appropriate corrective action may include the prompt identification and restitution of any overpayment to the affected payor and the imposition of proper disciplinary action. Memorial recognizes the need to identify and promptly correct overpayment situations and that failure to repay an overpayment within a reasonable time period could be interpreted as an intentional attempt to conceal the overpayment, which may be the basis of criminal violations. However, as a general rule, overpayments shall be addressed using the normal repayment channels described in Centers for Medicare & Medicaid Services' manuals and other published guidance. In the event Memorial identifies an overpayment situation, Memorial shall consult, as appropriate, with its fiscal intermediary and legal counsel.

D. Discipline of Responsible Party

1. Written Disciplinary Policies

Disciplinary policies shall be developed by Memorial which set forth the degrees of disciplinary action which may be imposed upon corporate officers, managers, employees and physicians for failing to comply with Memorial's standards and policies and applicable statutes and regulations. Intentional or reckless noncompliance shall subject transgressors to significant sanctions, including possible termination of employment or contract status. Disciplinary action also may be imposed, if appropriate, where a responsible employee fails to detect a violation and Memorial determines that such failure constituted negligent or reckless conduct. Any current employee or independent contractor staff who is convicted of a criminal offense related to health care, or who is debarred or excluded or otherwise ineligible for participation in a federal health care program, as defined in 42 U.S.C. §1320a-7b(f), shall be terminated from employment or as a contractor with Memorial.

2. **Consistent Application of Disciplinary Policies**

Memorial shall use all reasonable efforts to apply Memorial disciplinary policies and procedures on a fair and equitable basis. Management individuals and supervisory staff shall be instructed as to their responsibilities to undertake disciplinary actions in an appropriate and consistent manner with respect to all employees and independent contractor staff. The consequences of noncompliance shall be consistently applied and enforced with the intent that such action by Memorial will deter employees and independent contractor staff from being involved in noncomplying activities. All levels of employees shall be subject to the same disciplinary action for the commission of similar offenses. Human Resources must be consulted and review the Compliance Officer or Compliance Committee's recommendation involving discipline to employees.

3. **Notice of Written Disciplinary Policies**

Upon implementation of this Program and periodically thereafter, all employees and independent contractor staff shall receive express written notice that individuals who fail to comply with Memorial's Code of Conduct, policies and procedures, and federal and state law, will be disciplined in accordance with policies established by Memorial. All disciplinary policies shall be published in written format and disseminated to all trustees, officers, managers, supervisors and employees, as appropriate based on position and areas of responsibility, on a regular basis.

ADDENDUM A
MEMORIAL HEALTHCARE
CODE OF CONDUCT

A. VALUES STATEMENT OF MEMORIAL

Memorial Healthcare (“Memorial”) believes that dedication to high ethical standards and compliance with all applicable laws and regulations is essential to its mission. Our Code of Conduct provides guidance to our colleagues and assists us in carrying out our daily activities within appropriate ethical and legal standards. These obligations apply to our relationship with patients, affiliated physicians, third-party payors, subcontractors, independent contractors, vendors and one another.

The Code of Conduct is a critical component of our overall Compliance Program. We have developed the Code as an ongoing process to ensure that we meet our ethical standards and comply with all applicable laws and regulations.

B. QUALITY OF PATIENT CARE

Memorial has standards of patient care that reflect federal and state laws and regulations, respective medical, professional and clinical practice guidelines, professional standards and accrediting body standards. These standards include specific policies pertaining to the appropriate credentialing and privileging of licensed independent practitioners. The standards are approved by Memorial’s Board of Trustees.

Memorial’s patients deserve care with concern for their personal dignity and independence, and Memorial views these as important factors in the healing and wellness process. It is the responsibility of the Memorial professional and nonprofessional staff to respect and preserve these rights for those who come to Memorial for health care. The confidentiality of patient records will be maintained as required by law.

C. FRAUD AND ABUSE, ANTI-KICKBACK, AND SELF-REFERRAL

Memorial, along with the entire health care industry, is subject to numerous federal and state laws regulating practices and relationships within the health care industry. These laws are designed to prevent fraud in the Medicare and Medicaid programs and abuse of the public funds supporting the programs, to regulate patient referrals, and to prohibit false statements to the government. Memorial is committed to compliance with the Medicare and Medicaid laws and rules. All employees should be aware of these laws and rules and notify the Compliance Officer of any potential or actual violations within Memorial.

D. CONTRACTING FOR SERVICES

All business relations with vendors, contractors and other third parties, including physicians and other clinicians, are to be conducted at arm’s length. Memorial shall not participate in “gain-sharing” arrangements with hospitals, whereby a Memorial physician would receive direct or indirect compensation as an inducement to reduce or limit services to federal program beneficiaries under their care.

E. FINANCIAL ACCOUNTING RECORDS, INTEGRITY, AND ACCURACY

All financial reports, cost reports, accounting records, research reports, expense accounts, time sheets, and other financial documents including tax records shall accurately represent the performance of operations. Memorial's employees shall be trained and their work shall be monitored to assure proper maintenance of information to comply with Memorial's policy, accreditation standards, and any other such laws or regulations.

Memorial shall establish procedures to assure a system of internal controls which provides reasonable assurance that financial records are executed and retained consistent with local, state, and federal regulatory requirement and accounting industry guidelines, and Memorial shall ensure that all records are prepared timely and are properly supported.

F. CLAIMS DEVELOPMENT AND SUBMISSION: BILLING AND COLLECTIONS

Memorial has an obligation to its patients, third party payors, and federal and state governments to exercise diligence and care when submitting claims for payment for services rendered. To uphold this obligation, Memorial shall maintain honest and accurate billing practices. All individuals involved in the billing functions of Memorial shall have experience and knowledge and shall be trained to perform all billing functions in accordance with federal, state, and local law.

Memorial shall develop and maintain written billing policies and procedures manuals to provide guidance to billing and coding staff under the direction of the appropriate manager. These should include job descriptions of the duties and minimum experience and educational requirements for each position in the billing department. With respect to reimbursement claims, Memorial's written policies and procedures should reflect current federal and state statutes and regulations regarding the submission of claims. These policies must create a mechanism for the billing or reimbursement staff to communicate effectively and accurately with the clinical staff.

To avoid potential liability, Memorial's billing policies and procedures shall particularly emphasize the following:

- 1) Bill third-party payors only for those services provided as supported by medical record documentation;
- 2) Avoid any duplicate billing;
- 3) Provide for proper and timely documentation of the services of health care providers;
- 4) Emphasize that claims should be submitted only when appropriate documentation supports the claims and only when such documentation is maintained and available for review;
- 5) Provide that the compensation for any employee or contractors including the billing coders shall not provide any financial incentive to improperly up code claims; and

6) Provide written policies and procedures concerning proper coding that shall reflect the current reimbursement principles set forth in the applicable regulations. Particular attention should be paid to issues of medical necessity and appropriate diagnosis.

7) Bill for services of resident physicians only where permissible and in accordance with applicable regulations pertaining to such.

G. MEDICAL NECESSITY: REASONABLE AND NECESSARY SERVICES ONLY

Physicians and other licensed health care professionals have the ability to order any services that are appropriate for the treatment of their patients; however Medicare and other government and private health care plans will only pay for those services that meet appropriate medical necessity standards (as in the case of Medicare, “reasonable and necessary services”). Providers may not bill for services that do not meet the applicable standards.

Memorial should ensure that claims are submitted only for services that Memorial believes are medically necessary and that were ordered by a physician or other appropriately licensed individual. Upon request, Memorial should be able to provide documentation to support the medical necessity of a service that Memorial has provided.

H. CONFLICTS OF INTEREST TO BE AVOIDED

Memorial recognizes that conflicts of interest often arise in the course of normal business activities; however employees of Memorial should make every effort to avoid all potential conflicts of interest. To maintain the integrity of Memorial’s business, any individual associated with Memorial who can potentially benefit from a contract or other arrangement shall not participate in Memorial’s decision-making process relative to that contract or arrangement. Employees of Memorial in leadership positions shall not be employed by, act as consultants to, or have independent business relationships with any of Memorial’s physicians or other health care service providers, competitors, third party payors, or hospitals where any physician employed by Memorial maintains medical staff or similar privileges, nor may the employees invest in any of the above entities without first obtaining written permission from the Compliance Committee.

1) Conflict of Interest Disclosure Statement.

All Memorial employees in leadership positions including employed physicians in professional or executive positions shall complete conflict of interest disclosure statements as part of the initial employment application. These forms shall be updated on a regular basis.

2) Gifts, Bribes, and Gratuities Forbidden.

Acceptance of gifts, gratuities, or other benefits from persons or entities that do business with Memorial or to whom Memorial or its physicians make referrals shall not be permitted. Solicitation of such gifts or other benefits, regardless of value, shall also be prohibited. However, the acceptance of common business hospitality such as occasional meals, entertainment, or nominal gifts to an individual would be permissible.

3) Kickbacks and Rebates.

Improper payments and practices of kickbacks or rebates are unethical and in many cases illegal. Memorial physicians and other Memorial health care providers and their families are prohibited from receiving personal gains or remuneration from any person or entity that might receive a patient referral from Memorial. Kickbacks and/or rebates can take many forms and are not limited to direct cash payment or credit.

I. ANTITRUST AND TRADE REGULATION

It is the policy of Memorial to avoid any activities that unfairly or illegally reduce or eliminate competition, control prices or exclude competitors.

1) All Memorial employees or contractors shall comply with the spirit of all federal and state antitrust laws. No Memorial employee or contractor shall have authority to engage in conduct that does not comply with this policy or to authorize or approve such conduct by any other person.

2) Employees or contractors shall not enter into understandings or agreements (whether written or oral) that could unfairly or illegally reduce or eliminate competition, control prices, or exclude competitors. This includes agreements or information sharing with other practices or carriers that affect prices, charges and service or supplier selection.

3) Employees or contractors who negotiate or enter into contracts with competitors, potential competitors, contractors or suppliers shall do so on a competitive basis based upon such factors as price, quality, and service.

4) Employees who attend association meetings or who otherwise come in contact with competitors should avoid discussions at those meetings regarding pricing or any other topic which could be interpreted as collusion between competitors.

5) Any employee or contractor who suspects that a violation of the antitrust and trade regulation laws has occurred shall disclose such information to the Compliance Officer.

J. ADMINISTRATIVE CONSIDERATIONS

It is the intent of Memorial to comply with all other laws and regulations pertaining to employers as well as specific Memorial guidelines. These include, but are not limited to, the areas of employment practice, lobbying, and marketing/public relations.

Revised: October, 2017

Board Approved October 23, 2017