

August, 2019

# ArnotHealth

## Corporate Compliance Plan

**For Hospitals and Physician Practices  
Comprising the Arnot Health System**

Arnot Ogden Medical Center  
Saint Joseph's Hospital  
Ira Davenport Memorial Hospital  
Arnot Medical Services  
Advantage Health Medical Services



# ArnotHealth

## CORPORATE COMPLIANCE PROGRAM

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## I. INTRODUCTION

The organizations comprising Arnot Health, Inc. (AHI) have a reputation for conducting themselves in accordance with the highest level of business and community ethics and in compliance with applicable governing laws. The health care system recognizes the problems that inappropriate business practices pose to society and is committed to ensuring that it continues to operate under the highest ethical and moral standards. To that end, the Board of Directors and Management have voluntarily adopted this Corporate Compliance Plan (CCP).

The purpose of the CCP is to establish a framework in accordance with applicable law to promote and assure ethical business practice and provide guidance to each employee for his or her conduct. The procedures and standards contained in the CCP are intended to define the scope of conduct covered within the CCP and are not to be considered as all inclusive.

No CCP can cover all circumstances or anticipate every situation. Neither can this CCP replace personal integrity, good judgment, and common sense. Consequently, individuals encountering situations not addressed specifically by the CCP should apply the overall philosophy and concepts of the CCP to the situation, along with the highest ethical standards observed by honorable people. If a question still exists after so doing, the particular circumstances should be reviewed with the immediate supervisor, the Compliance Officer, or any one of the identified contact people listed within this document. Concerns or questions may also be made to the Corporate Compliance Hotlines available at all three hospital sites:

Arnot Ogden Medical Center .....(607) 737-4347  
Ira Davenport Memorial Hospital .....(607) 776-8512  
Saint Joseph's Hospital ..... (607) 737-1534

Calls to the Hotline will be treated confidentially, and may, at the caller's request, be anonymous, as discussed in the Hotline Section of this Handbook.

The CCP is designed to prevent non-compliance whether accidental or intentional by establishing employee awareness, education, monitoring, and appropriate discipline.

It is important that all employees and individuals associated with AHI comply with the standards contained in the CCP by immediately reporting any suspected violations; and assist compliance personnel in investigating allegations of wrongdoing. Failure to observe the provisions of the CCP and the associated policies and procedures of AHI can result in serious consequences to both the employee and AHI in the form of termination, criminal charges, substantial monetary fines and the risk of losing the AHI's reputation for integrity and compliance.

It is the goal of AHI to prevent the occurrence of unethical or unlawful behavior, to halt such behavior as soon as reasonably possible after its discovery, and to discipline personnel and representatives who violate the standards contained in the CCP.

## II. BOARD OF DIRECTORS COMPLIANCE RESOLUTION

**WHEREAS**, AHI has a long tradition of integrity and responsible conduct, and of service to its community; and

**WHEREAS**, AHI is committed to conducting itself with the highest integrity and in compliance with all applicable laws and regulations, and help its trustees, faculty, employees, and students to understand the requirements of those applicable laws and regulations which apply to AHI; and

**WHEREAS**, AHI has been in the process of enhancing its efforts to ensure adherence to these principles and wishes to consolidate these efforts into one program; and

**NOW, THEREFORE, BE IT RESOLVED**, that it is the policy of AHI to be a model corporate citizen, to cooperate in government investigations of wrongdoing, to make appropriate voluntary self-disclosures of violations of applicable laws and regulations, as determined by the President with the advice of the Compliance Office and General Counsel, and to remedy any harm caused by such wrongdoing; and

**BE IT FURTHER RESOLVED**, that the Board hereby delegates to the Audit Committee of this Board responsibility for oversight of the Compliance Program, this Committee shall be given at least a quarterly report by the Compliance Officer on the progress of the Program and plans for further activities of Committee shall be communicated to this Board; and

**BE IT FURTHER RESOLVED**, that Cathleen E. Mathey is hereby appointed as the Compliance Officer for AHI, to serve in that position until a successor **is recommended by the President, and ratified by the Audit Committee of the Board of Directors**. The Compliance Officer shall have the authority and responsibility to take all appropriate steps deemed reasonably necessary for the establishment of the compliance plan approved by the Board of Directors thereof, including:

1. Working with a designated Compliance Committee and all members of AHI to establish a program that is diligent and meets industry practice, fosters ethical standards, is effective in deterring and detecting violations of applicable law, and regulations, and meets government standards including those set forth in the United States Sentencing Commission Organizational Sentencing Guidelines Manual.
2. Delegating to others in AHI's community responsibility for assisting in the implementation of the Compliance Program.
3. Providing a report on the Compliance Program not less than quarterly to the President and Audit Committee, covering such elements as training, discipline, development of standards and procedures, compliance auditing and monitoring, changes in compliance program personnel, reports of misconduct received through the reporting system, the handling of conflicts of interest, and any governmental investigation that may involve AHI.

### **III. HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT OF 1996 (HIPAA)**

AHI's HIPAA efforts will be organized as a number of distinct projects across functional boundaries and managed by a HIPAA Task Force that will work in collaboration with Corporate Compliance to govern the use and disclosure of protected health information (PHI). The Executive Officer will designate a HIPAA Compliance Officer for Security and for Privacy to oversee the task force and HIPAA governance activities. Compliance will include education, training and monitoring of systems and processes, as well as the investigation of any reported breach and the required notification in regards to the use and disclosure of PHI.

### **IV. CODE OF CONDUCT**

AHI prides itself on integrity and quality service to others. It is expected that all employees will adhere to certain standards of performance and professional conduct in supporting of the organization by:

- Practicing honesty and maintaining personal integrity.
- Fostering excellence in the organization and their personal area of expertise.
- Maintaining confidentiality of privileged information.
- Complying with all applicable laws and regulations governing the institution.
- Complying with all policies of AHI including the facility code of personal conduct.
- Reporting concerns or suspected violations. Concerns or suspected violations will first be reported to the appropriate department manager. If the employee does not feel comfortable with that line of communication or that the concern was not adequately addressed the employee should report the concern via the Hotline or to any member of the Corporate Compliance Committee. If the subject concerns the Corporate Compliance Officer or a member of the Corporate Compliance Committee, then the concerns should be sent to the President of AHI, or Chairpersons of the Audit Committee.
- Each employee shall affirm their understanding and acceptance of these standards by signing the AHI Code of Conduct for Employees, Compliance and Service Standards Acknowledgement.

## **V. ORGANIZATIONAL RESPONSIBILITIES**

It is recognized that the Board, Management, and employees of AHI have various roles and responsibilities for ensuring Corporate Compliance with applicable laws and standards. The level of involvement will vary based on individual responsibilities within the organization. Described below are some of the basic responsibilities for the identified individuals regarding Corporate Compliance.

### **Board of Directors**

As voluntary community leaders of AHI, the Board of Directors has oversight responsibility for insuring a functional and robust Corporate Compliance Program. The Board shall approve the CCP and selection of the Corporate Compliance Officer. To facilitate oversight responsibility, the Board has created an Audit Committee to work with and guide management in achievement of successful Corporate Compliance duties outlined in this plan.

### **Board Audit Committee**

#### **Composition of the Committee:**

The Board of Directors shall appoint not less than three (3) Independent Directors, including a Chairperson, to serve at the discretion of the Board on the Audit Committee. At least one of the Committee members must also serve on the Finance Committee and possess demonstrated financial expertise.

For purposes of determining eligibility to serve on the Audit Committee, an Independent Director is a Board member who (i) is not, and has not been within the last three (3) years, an employee of AHI or any of the Affiliates, and does not have a relative (as defined in the Conflict of Interest Policy of AHI) who is, or has been within the last three (3) years, a key employee of AHI or any of the Affiliates; (ii) has not received, and does not have a relative who has received, in any of the last three (3) fiscal years, more than \$10,000.00 in direct compensation from AHI or any of the Affiliates (other than reimbursement for expenses reasonably incurred as a director or reasonable compensation for service as a director); (iii) is not a current employee of or does not have a substantial financial interest in, and does not have a relative who is a current officer of or has a substantial financial interest in, any entity that has made payments to or received payments from AHI or any of the Affiliates for property or services in any amount which, in any of the last three (3) fiscal years, exceeds the lesser of \$25,000.00 or two percent (2%) of such entity's consolidated gross revenues; or (iv) is not and their relative is not an owner, officer or employee of the AHI's accounting firm or has worked on the AHI's audit in the prior three years.

Board Members determined to have a Conflict of Interest may appear and answer questions or provide information specific to issues if requested by the Board or a Board committee.

The principal tasks and oversight responsibilities of the committee are:

1. To oversee accounting and financial reporting processes of the Corporation.
2. To review the audited financial statements and management letter associated with the Corporation and to report thereon to the Board.
3. To oversee the work of the independent auditor and the Corporation's Chief Compliance Officer.
4. To select and establish compensation for an independent auditor.
5. To approve all financial auditing services provided by any independent auditor.
6. To oversee the corporate compliance activities of the Corporation and, in connection therewith, to review and approve procedures and complaints submitted by employees and others regarding questionable accounting, auditing or general compliance matters.
7. To receive and review reports from the Corporation's Chief Compliance Officer and report thereon to the Board.
8. To review and approve the Corporation's required filings with the federal Internal Revenue Service, Form 990.
9. To oversee such actions as may be necessary to preserve the tax exempt status of the organization and compliance with applicable IRS requirements.
10. To perform such other functions for the Corporation which the Board or Executive Committee may, from time to time, assign.

With regard to Corporate Compliance, the committee's duties include all of the following:

1. Review and recommendation of the CCP to the full AHI Board of Directors.
2. Ratification of the selection of the Corporate Compliance Officer.
3. Ensuring that the compliance program's objectives are consistent with the mission and vision of the organization.
4. Ensuring that the objectives of the Corporate Compliance Program are reflected in governance and operational activities.
5. Overseeing the adoption and implementation of, and compliance with, the Corporation's conflict of interest and whistleblower protection policies.
6. Monitoring the effectiveness of the Corporate Compliance Program through the review of the audit plans and reports.
7. Receiving reports from the Corporate Compliance Officer regarding the program elements.

### **President**

The Board appointed President of AHI has responsibility to:

1. Recommend to the Audit Committee the ratification of the individual selected as Corporate Compliance Officer.
2. Facilitate the evaluation of the performance of the Corporate Compliance Officer using input from the Audit Committee and other sources.

## **Corporate Compliance Officer**

The individual selected as the Compliance Officer must be an employee in a senior position with the ability, authority, and training to oversee the program elements defined in this CCP.

Specifically, he or she is responsible to:

1. Develop and maintain AHI's Corporate Compliance Program to achieve its stated objective.
2. Report to the President and Audit Committee regarding the program effectiveness and results.
3. Chair the Corporate Compliance Committee.
4. Facilitate an ongoing organizational risk assessment, advising the executive team and management regarding potential areas where a risk of non-compliance exists. It is the responsibility of management to consider and implement necessary corrective measures in regards to identified risk.
5. Respond to and investigate complaints and reported potential compliance problems.
6. Establish a monitoring process to review and track the effectiveness of the program through monitoring, audits, the employee hotlines, and other methods as deemed appropriate.
7. Promote management's due diligence when training, and educating staff.
8. Serve as a resource on compliance issues.

## **Corporate Compliance Committee**

The Corporate Compliance Committee appointed by the President in collaboration with the Corporate Compliance Officer will provide oversight responsibility to ensure the achievement of the program objectives. The committee will consist of the expertise necessary to carry out its task. At a minimum, membership will represent all affiliated organizations and include:

1. Hospital Presidents
2. Chief Financial Officer
3. Chief Operations Officers
4. Director of Management Information
5. Systems Director of Performance Management
6. Chief Medical Officers
7. Director of Human Resources
8. Director of Health Information Services
9. Director of Education
10. Senior Representatives from employed Physician Practices.
11. Specialized expertise will routinely be engaged through ad hoc committees in:
  - a. Reimbursement
  - b. Laboratory Services
  - c. Billing
  - d. Physician Services
  - e. Other areas as identified by the Compliance Committee



## **Department Management**

Department management has a pivotal role in achieving the objectives of the Corporate Compliance program. They will do this by:

1. Providing due diligence when hiring, training, and educating staff.
2. Remaining current, knowledgeable, and active with all regulations pertaining to their department responsibilities.
3. Providing guidance and oversight to their department in the form of Policy and Procedure.
4. Enforcing and supporting the guidelines and directives of the Corporate Compliance Program with procedures for monitoring the accuracy of workflow. This shall include spot checks, periodic audits, and corrective measures in response to areas of identified risk.
5. Reporting findings or concerns to the appropriate authority and/or the Corporate Compliance Officer.

## **Employee Responsibility**

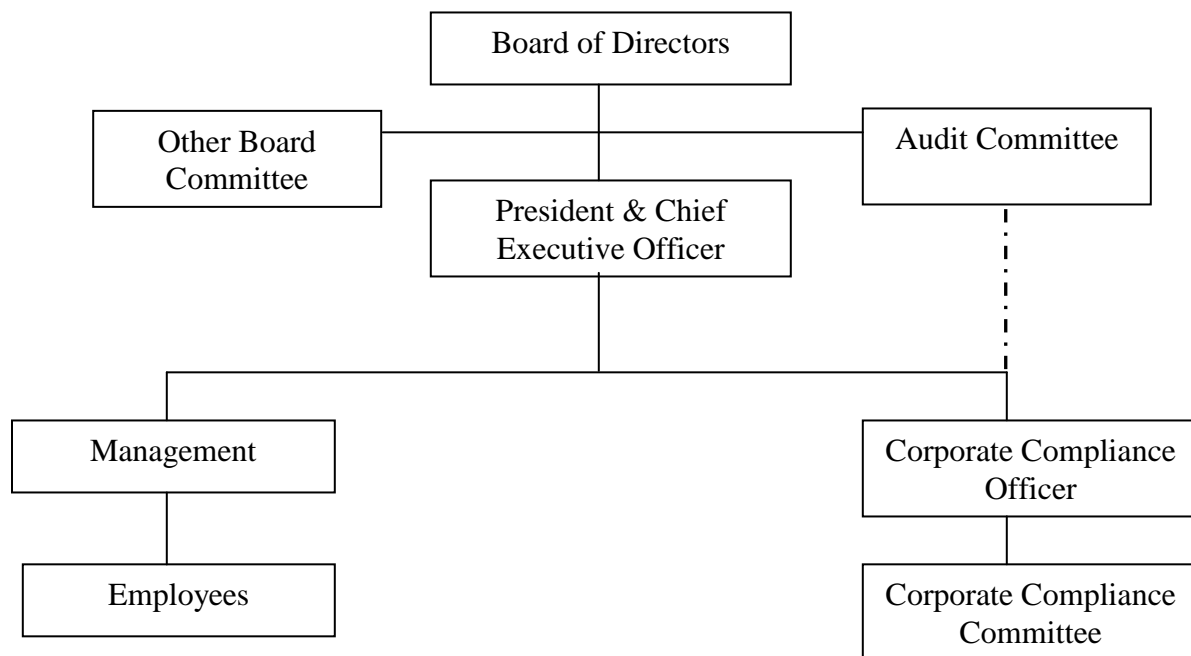
AHI employees are responsible for:

1. Carrying out their job responsibilities in an ethical, effective, and appropriate manner.
2. Reporting potential corporate compliance problems to management or the Corporate Compliance Hotline.
3. Complying with the AHI's Code of Conduct.
4. Reporting situations in which suspected wrongdoing may exist.

# ArnotHealth

## CORPORATE COMPLIANCE PROGRAM

### VI. ORGANIZATION CHART



## VII. FEDERAL AND STATE LAWS

### Overview

The body of federal and state laws and regulations applicable to AHI are both substantial and dynamic. It is constantly being added to and revised and is often subject to interpretation. The purpose of this section is to highlight the major laws and regulations covered by AHI's Compliance Program.

### Federal Laws

- False Claims Act, 31 USC §§ 3729-3733: The Federal False Claims Act imposes penalties and fines on individuals and entities that file false or fraudulent claims for payment from Medicare, Medicaid or other federal health programs. There are significant per claim penalties and recoverable damages for filing a false claim. The False Claims Act also allows private individuals to file lawsuits in federal court, just as if they were federal prosecutors and potentially recover a portion of the payment back to the government.
- Administrative Remedies for False Claims, 31 USC Chapter 38, §§ 3801-3812: This statute allows for administrative recoveries by federal agencies if a person submits a claim that the person knows is false or contains false information, or omits material information. Unlike the False Claims Act, a violation of this law occurs when a false claim is submitted, not when it is paid. Also, unlike the False Claims Act, the determination of whether a claim is false, and the imposition of fines and penalties is made by the administrative agency, not by prosecution in the federal court system.

### New York State Laws

- New York false claims laws fall into two categories: administrative and civil laws; and criminal laws. Many of them overlap. Some apply to recipient false claims and some apply to provider false claims, and while most are specific to healthcare or Medicaid, some of the “common law” crimes apply to all walks of life.

### Administrative and Civil Laws

- Social Services Law § 145-c: If any person applies for or receives public assistance, including Medicaid, by intentionally making a false or misleading statement, or intending to do so, the person's family's needs are not taken into account for 6 months if a first offense, 12 months if a second (or once if benefits received are \$1,000-\$2,900), 18 months if a third (or once if benefits received are over \$3,900) and five years if 4 or more offenses.
- Social Services Law § 145-b False Statements: It is a violation to knowingly obtain or attempt to obtain payment for items or services furnished under any Social Services program, including Medicaid, by use of a false statement, deliberate concealment or other fraudulent scheme or device. The State or the local Social Services district may cover three times the amount incorrectly paid and the Department of Health may impose a civil penalty per violation. Repeat violation occurring within 5 years may be imposed at higher penalties if they involve more serious violation of Medicaid rules, billing for services not rendered or providing excessive services.

## Criminal Laws

- Social Services Law § 145, Penalties: Any person, who submits false statement or deliberately conceals material information in order to receive public assistance, including Medicaid, is guilty of a misdemeanor.
- Social Services Law § 366-b Penalties for Fraudulent Practices:
  - Any person who obtains or attempts to obtain, for himself or others, medical assistance by means of a false statement, concealment of material facts, impersonation or other fraudulent means is guilty of a Class A misdemeanor.
  - Any person who, with intent to defraud, presents for payment any false or fraudulent claim for furnishing services, knowingly submits false information to obtain greater Medicaid compensation or knowingly submits false information in order to obtain authorization to provide items or services is guilty of a Class A Misdemeanor.
- Penal Law Article 155, Larceny: The crime of larceny applies to a person who, with intent to deprive another of his property, obtains, takes or withholds the property by means of trick, embezzlement, false pretense, false promise, including a scheme to defraud, or other similar behavior. It has been applied to Medicaid fraud cases. The degree of larceny and class of felony depend upon the property value.
- Penal Law Article 175, False Written Statements: Four crimes in this article relate to filing false information or claims and have been applied in Medicaid prosecutions.
  - § 175.05, falsifying business records involves entering false information, omitting material information or altering an enterprise's business records with intent to defraud. It is a Class A misdemeanor.
  - § 175.10, Falsifying business records in the first degree includes the elements of the §175.05 offense and includes the intent to commit another crime or conceal its commission. It is a Class E felony.
  - § 175.30, offering a false instrument for filing in the second degree involves presenting a written instrument (including a claim for payment) to a public office knowing that it contains false information. It is a Class A misdemeanor.
  - § 175.35, Offering a false instrument for filing in the first degree includes the elements of the second degree offense and must include intent to defraud the state or a political subdivision. It is a Class E felony.
- Penal Law Article 176, Insurance Fraud: Applies to claims for insurance payment, including Medicaid and other health insurance and contains six degrees and class of misdemeanor or felony depending upon the insurance claim amounts.
- Penal Law Article 177, Health Care Fraud: Applies to claims for health insurance payment, including Medicaid, (similar to Article 176 above).
- Whistleblower Protection
  - New York Labor Law § 740: An employer may not take any retaliatory action against an employee if the employee discloses information about the employer's policies, practices or activities to a regulatory , law enforcement or other similar agency or public official. Protected disclosures are those that assert that the employer is in violation of a law that creates a substantial and specific danger to the public health and safety. The employee's disclosure is protected only if the

employee first brought the matter to the attention of a supervisor or Corporate Compliance, and gave the employer a reasonable opportunity to correct the alleged violation. If an employer takes a retaliatory action against the employee, the employee may sue in state court for reinstatement to the same, or an equivalent position, any lost back wages, benefits and attorney's fees. If the employer is a health provider and the court finds that the employer's retaliatory action was in bad faith, it may impose a civil penalty on the employer.

- Federal False Claims Act (31 USC § 3730(h)): An employee who is "discharged, demoted, suspended, threatened, harassed or in any manner discriminated against" because of the employee's lawful acts under the False Claims Act is entitled to full compensation.

This section of the document is provided in compliance with the Deficit Reduction Act of 2015 Education Requirement (section 6032). Any questions or additional informational needs should be directed to the Corporate Compliance Department.

Employees, agents, and sub-contractors, to acting on behalf of AHI who knowingly and willfully violate applicable laws and regulations are subject to the disciplinary actions described elsewhere in this plan document.

## **VIII. POLICIES AND PROCEDURES**

### **Admissions and Treatment**

AHI's primary goal is to provide high quality, cost effective health care services in a safe and healing environment. To achieve this goal AHI seeks to provide the community with modern facilities, the latest technology and competent, caring staff.

To this end, AHI seeks to employ health care professionals with proper experience, integrity and expertise. Patients deserve to be treated with dignity and respect at all times which includes keeping their records strictly confidential as required by law. It is important that all employees understand the importance of bringing any such deficiencies or errors to the attention of those who can properly assess and address the problem.

Only a physician can admit an individual to an AHI inpatient facility. AHI has admission criteria based upon medical necessity so that the medical treatment of patients is based solely on clinical needs. Management and AHI's Board of Directors strive to make sure staff members never feel pressure to admit patients, and that patients are admitted only on the basis of clinical need.

AHI, through its employees, must comply with all federal and state mandates regarding emergency medical treatment. Medical examinations, triage, and treatment are provided to all persons presenting themselves without regard to race, creed, color, or ability to pay.

## **Anti-Kickback and Self-Referrals**

AHI attempts to assure compliance with the various federal and state anti-kickback and physician self-referral laws by having independent legal counsel review proposed contracts and agreements when appropriate. AHI shall **not** participate in financial arrangements with physicians that are designed solely to induce increased patient volume.

## **Antitrust Laws**

AHI understands the basic principle of the antitrust laws is to protect and preserve competition from unreasonable restraints. As such, AHI is committed to actively cooperating and communicating with federal, state, and local agencies and providers to achieve this goal. Communications with competitors that act to lessen competition are to be avoided. In no event shall any employee engage in discussions, agreements or understandings (explicit or implicit) with any competitor with regard to fixing prices, or product/service territory, or customer allocation without independent legal review.

Responding to requests for competitive information when the information is being gathered confidentially by a third party (i.e., DNV or a government entity or hospital association) may be appropriate where the information will be made available to others in a summary form so that no competitor is identifiable. Employees should not induce, through social relationship or otherwise, present or former employees of competitors to disclose any proprietary or confidential information.

## **Billings**

Beginning with the registration of a patient and the processing of a caregivers order, AHI employees are to comply with all pertinent laws and regulations after assuring the health and safety of the patient. The collection and reporting of accurate and adequate information and documentation is critical to assuring properly documented services are billed. AHI is committed to accurate and truthful billing to patients and/or third-party payors, and will not misrepresent charges to, or on behalf of, a patient and/or third-party payors. Employees are instructed to be truthful and exercise care in any written or oral statements made to government agencies or payors.

AHI will perform reviews to assure that outpatient services rendered in connection with a defined inpatient stay are billed as inpatient. Likewise, AHI will only bill for services after they are performed and only for tests ordered by a licensed provider. Given the critical role of medical coding in the billing process AHI has implemented special independent reviews to help assure compliance. Inpatient coding is performed by the Health Information Services department and outside independent vendors to validate the coding and DRG assignment. AHI's "Charge Master" is also reviewed at least bi-annually by an external expert to assure all codes (Current

Procedural Terminology (CPT) and Healthcare Common Procedural Coding System (HCPCS)) are accurate as well as validating that only approved “chargeable” items are being billed.

AHI will not waive co-payments and deductible payments, except in strict conformity with policies. Health System Management and legal counsel are to be consulted when waivers are considered outside of written policies.

Annually AHI engages an outside independent auditing firm to perform a “Bad Debt and Charity Care Review” to assure the reporting of bad debts to Medicare are in accordance with approved regulations, guidelines, and policies governing this activity. AHI does not waive Medicare beneficiary deductibles or co-payments or claims such as Medicare bad debts without following all appropriate collection efforts.

AHI’s patient accounting system provides timely and accurate reporting of credit balances. Billing staff responsible for processing a patient’s account are also responsible for processing and submitting a voucher for refunding a credit balance to their supervisor. The Director of Patient Accounting is responsible for tracking and reporting credit balances to the Medicare program and Controller monthly. The Controller will review reports to assure balances are within established criteria and refunds for overpayment and duplicate payments are being made in a timely manner.

AHI has a “Charity & Community Care Program” that provides free or discounted services to those meeting the criteria. This program is reviewed and updated regularly. The program utilization is reported in AHI’s annual “Report to the Community”, audited financial statements and various federal and state reports.

### **Employed Provider Practice Group—Coding and Billing of Evaluation and Management Services**

All Employed Provider Practice Groups will adhere to federal and state regulations and all health system policies in regards to coding and billing and required documentation. AHI will maintain a Physician Practice coding oversight group to define expectations and oversee education, audits, and reviews.

AHI personnel responsible for coding and billing will maintain a current and competent level of knowledge in regards to the guidelines for selecting CPT, HCPCS, and International Classification of Diseases codes. In choosing the correct code the coders will give careful attention to the type of service, the place of service, and the patient’s status based on the key components of the history, examination, and complexity of the medical decision making process.

New Providers: To assist with provider compliance, AHI will provide all new providers with education on coding and documentation and will perform initial reviews of coding and documentation within the first three months of their start date. Following the review, the new provider will meet with a coding reviewer to receive additional education based on the results of

the review. The provider will continue to have periodic coding and documentation reviews and re-education until established coding standards are met, and thereafter on an annual basis.

Established Providers: AHI will conduct reviews of all provider documentation and coding on an established cycle. Personalized feedback and re-education will be provided for those providers whose documentation does not meet established standards.

### **Conflict of Interest**

A “Conflict of Interest” exists where an individual’s actions or activities, on behalf of AHI or otherwise, involve obtaining an improper personal gain or advantage, or result in an adverse effect upon AHI. AHI employees must avoid situations that would create an actual or even an appearance of a conflict of interest, unless disclosed and approved in advance by Management and/or the Audit Committee of the Board.

Employees are expected to conduct business on behalf of AHI to the best of their ability and for the benefit of and in the best interests of AHI. No employee may become involved in any manner with competitors, contractors, customers, or suppliers if such involvement would result in improper personal gain.

No employee or employees’ family member may accept personal gifts or favors from any competitors, contractors, customer or suppliers, or anyone with whom that employee does business on behalf of AHI. Acceptance of perishable gifts, other gifts of a nominal value (less than \$100) or reasonable personal entertainment may be ethically accepted if the gift would not influence, or reasonably appear to others to be capable of influencing, the employee’s business judgment in conducting the affairs of AHI. If the value of the gift is over \$100 or there is any question regarding whether the gift meets this standard, the employee should refuse the gift or disclose it to their supervisor for prior approval.

AHI requires an annual submission of a conflict of interest statement from each manager and Board member. The Audit Committee reviews the annual submission and can make recommendations for further action. A copy of the form and the conflict of interest policy may be found in the exhibit section of this plan.

### **Cost Reports**

AHI has established Policies and Procedures for the proper accounting and reporting of authorized transactions. Transactions are reviewed and approved at the time of processing. Annually AHI will undergo an extensive external audit by a professional accounting firm to review and report on the accuracy of the financial statements as well as certain other required disclosures. It is also required that the accuracy of the annual Institutional Cost Report be certified by an independent accounting firm. These and other processes help to provide assurance the documents are in compliance with standard reporting requirements such as:



- Costs are based on appropriate and accurate documentation;
- Allocations of costs are accurately made and supportable by verifiable and auditable data;
- Any unallowable costs are specifically identified and segregated;
- Accounts containing both allowable and unallowable costs are analyzed to determine the unallowable amount that should not be claimed for reimbursement;
- Costs are properly classified;
- Prior year audit adjustments from the Fiscal Intermediary are implemented and are either not claimed for reimbursement or claimed for reimbursement and clearly identified as protested amounts on the cost report.
- Related parties are appropriately reported; and
- Reporting of bad debts on the cost report are in accordance with Federal statutes, regulations, guidelines and policies.

The ranking financial officer certifies to the accuracy and completeness of the report.

### **Document Retention**

AHI must comply with a variety of documentation retention regulations specific to the department and types of records. AHI has established Departmental Policy and Procedures in compliance with the regulations. No employee is to destroy or alter any documents in anticipation of those documents being requested as part of a government agency request or court order.

### **Employment of Subcontractors, Agencies, and Consultants**

AHI will not knowingly employ, with or without pay, or enter into a contract with any individual or business entity known to have been convicted of a criminal offense which would trigger exclusion from federal programs, or is listed by a Federal Agency as suspended, deprived, excluded, or otherwise ineligible for federal program participation (“sanctioned”). To comply with this objective AHI will perform exclusion checks and make reasonable inquiry into the status of any potential employee, agent, or contractor.

### **Environmental Laws**

A primary concern of AHI is maintaining the safety and well being of its patients, visitors and employees. Managers have the responsibility to develop programs to eliminate, or minimize to the extent reasonably feasible, any hazards to health and safety of patients, visitors, and employees, in accordance with applicable laws and regulations.

AHI is committed to promoting sound environmental practices that will prevent and eliminate damage to the environment, enhance human and community resources, and reduce or avoid exposure to environmental liabilities. Employees are also expected to use good judgment with

regard to environmental aspects of the assets of AHI in compliance with all applicable laws and regulations. Employees are to follow correct procedures for the discharge and disposal of medical waste and other hazardous materials. Employees working with outside organizations engaged in the handling and disposal of hazardous substances and infectious waste are to ensure that contractors hired to dispose of such materials do so in a proper manner.

Any employee who detects an existing or potential condition hazardous to human health or the environment or a violation of Health System policies, environmental practices, or regulations is to report the condition immediately to their supervisor. The Corporate Compliance Hotline is available to report situations not addressed or adequately addressed by departmental management. There are extensive written departmental policies and procedures for the use and disposal of hazardous materials.

### **Governmental Investigations**

It is the policy of AHI to comply fully with the law and cooperate with any governmental investigation. It is however, also essential that the legal rights of AHI and its employees be protected. Any employee receiving an inquiry, a subpoena, or other legal document regarding AHI, whether at home or in the workplace, from any governmental agency is to notify their supervisor and the Director of Risk Management. Should an individual be contacted at home by a governmental agency, concerning AHI the individual should ask the agent to come back later and immediately contact their Supervisor, Director of Risk Management or Health System Administrator.

If an agent of the government serves a search warrant to any AHI employee to search AHI offices, files, or other property owned or operated by AHI the following actions are to be followed:

- Immediately contact the Department Supervisor or Director of Risk Management;
- Verify the identity of the government agent(s) by requesting to see their badges and make notes as to their identity;
- Get a copy of the search warrant being executed; and
- Employees have the right to request the presence of AHI Management or legal counsel when speaking to investigators. AHI Policy prohibits obstruction of any government investigation and any files or records that are the subject of any subpoena or search warrant should be protected and not destroyed or disposed of, regardless of location.

### **Integrity of Business Practices**

AHI relies on the ability and professionalism of its employees to communicate effectively with patients, physicians and consumers, and expects them to use only legal business practices.

AHI expects that business will be conducted ethically and all employees are to strive for excellence in performing their duties. Therefore, employees must maintain a high level of integrity in business conduct and avoid any conduct that could reasonably be expected to reflect poorly on AHI. Employees are to perform their duties in good faith and with the best interests of AHI and the patients under their care in the same manner that a reasonable person in the same position would use under similar circumstances.

Employees must avoid illegal business conduct. No employee shall take any action that they believe is in violation of any statute, rule, or regulation. Employees should be open and honest in their business relationships.

Management must take reasonable action to ensure that financial transactions are accounted for properly in compliance with all tax and financial reporting requirements, generally accepted accounting principles, and established AHI accounting and financial policies, and no false or artificial records are made or assets unrecorded. All reports shall be accurate and all transactions executed in accordance with management's authorizations. Likewise, access to assets shall only be permitted in accordance with appropriate authorization.

Managers must monitor the commitment and expenditure of funds assuring that they are made for a valid business purpose, appropriately documented, approved, and recorded. Any employee who knows or has reason to believe that a transaction is not properly recorded is required to report this to appropriate AHI authorities or the Corporate Compliance Officer.

### **Marketing**

AHI will not make any unethical or illegal payments to anyone to induce the use of our services. Employees are never to make a payment which if publicly disclosed would cause embarrassment to the employee or AHI.

Advertising of AHI will be truthful and not misleading. Claims regarding AHI's services or quality must be supported by evidence to substantiate the claim. Advertising expenditures will be recorded separately between those allowable and disallowed for reporting on the Institutional Cost Report.

### **Patient Referrals**

AHI does **not** pay for referrals of patients. Payments are only made to people or entities that provide services to AHI and its patients. Similarly, AHI does not make payments or provide non-cash benefits to any physician or health professional providing services solely for the purpose of inducing greater volume. Any contracts with physicians must be documented with sufficient information and authorized by the appropriate AHI Management.

AHI policy prohibits payments or any financial benefit to patients in return for admissions or additional outpatient services. Where appropriate qualifying patients may receive financial assistance through the Community Care Program.

### **Personnel and Work Environment**

AHI is committed to reasonably protecting, supporting, and developing its employees to the fullest extent of their potential in a fair and respectful manner.

1. Employees are encouraged to take advantage of opportunities to develop their skills, talents, knowledge.
2. AHI prohibits the manufacture, possession, distribution, or use of illegal drugs by employees, as well as the performance of duties while impaired.
3. AHI sponsors a free confidential Employee Assistance Program for employees suffering from addiction or requiring counseling for other personal problems.
4. A drug testing policy exists and can be referenced in AHI's Policy and Procedure manual.
5. AHI is an equal opportunity employer without regard to an individual's sex, race, age, color, creed, sexual orientation, military status, marital status, citizenship status, national origin, or physical/mental disabilities. In determining suitability for employment, promotions, transfers, demotions, etc., the individual's ability to perform the job and seniority are the principal considerations.
6. Work environments are to be free from all forms of sexual harassment and intimidation.
7. Prospective employees will be subject to a criminal background check in accordance with state regulation and law. All Board members and managers will complete a Medicare exclusion questionnaire as part of their annual conflict of interest report.
8. Supervisors, Managers, and Administrators are responsible to create an environment where ethical concerns can be raised and discussed. Should such an environment not exist and employees have concerns the Corporate Compliance Officer or Hotline can be used to report these concerns.

### **Political Contributions and Communications**

Individuals are free to participate in the political process and stay informed on public issues and on the positions and qualification of candidates for public office. However, employees are to ensure their activities are not conducted at AHI.

AHI will not contribute anything of value to any political party or candidate for public office in violation of the law. Individuals acting on their own behalf may make such contributions; however, AHI will not reimburse any employee for such contributions. Contributions may be made to Political Action Committees to the extent permitted by applicable law, and such contributions may be designated in favor of specific candidates or issues if such designation is not prohibited by federal or state laws.

Communication of views to legislators, governmental agencies or the general public concerning legislation and governmental policies or practices affecting AHI and the health care of the community are not prohibited so long as such communication is made in accordance with applicable laws. Professionalism integrity and honesty should be used in such communications.

### **Compliance Reporting and Whistleblower Protection**

AHI is committed to protecting from retaliation individuals who report suspected improper conduct. Directors, officers, employees, and volunteers who in good faith report any action or suspected action taken by or within AHI that is illegal, fraudulent, or in violation of adopted policy shall not be subjected to intimidation, harassment, discrimination, or adverse employment consequences. AHI facilitates the reporting of compliance concerns through the maintenance of a confidential compliance hotline.

The Corporate Compliance Officer is responsible for the administration of AHI's compliance reporting and whistleblower protection programs, including the investigation of reports of improper conduct and the implementation of correction actions, if any. The Audit Committee reviews the activities of the Corporate Compliance Officer.

A copy of AHI's compliance reporting and whistleblower protection policy may be found on the Source.

## **IX. EDUCATION AND TRAINING**

The principal goal of the Corporate Compliance Program is to prevent acts of corporate misconduct. A central element in AHI's Program is the training and education of staff in their duties and responsibilities. This training falls under one of two categories: general training, or specific task training.

### **General Training**

Every new employee is to complete an orientation program. During the orientation period each new employee is acquainted with the salient aspects of the Corporate Compliance Program at AHI. The goals, responsibilities, and the Hotline number are provided to each employee.

Annually thereafter, each employee is to review a summary of the program and successfully pass a multiple-choice quiz testing their knowledge of the program. The Corporate Compliance Committee is responsible for providing the review materials and test questions each year.

### **Specific Task Training**

Job specific training is dependent upon the employees' assignments and is the responsibility of the department manager. Department managers are to stay abreast of changing regulations imposed by government agencies and to develop sufficient communication and education programs to assure staff compliance.

The Corporate Compliance Committee will assist in this function and may coordinate the acquisition of outside resources. All formal education programs are tracked by the Education Department detailing employee participation as well as training deficits.

## **X. DISCIPLINE**

Federal sentencing guidelines require an appropriate level of discipline for failure to detect errors and prevent fraud and abuse issues. Failure to comply with this plan, or the laws and/or regulations applicable to participants in Federal Health Care Programs will result in disciplinary action up to and including termination of employment.

The Corporate Compliance Officer will be charged with investigating each claim of suspected misconduct or malfeasance. Disciplinary action will be taken after receiving input from the employee in question, their manager and the Human Resources Department. The extent of the discipline is based upon the degree of malfeasance. The Corporate Compliance Officers shall seek to maintain consistency in application of discipline with a focus on the goals of the Corporate Compliance Program.

## **XI. MONITORING & AUDITING**

To be fully effective, the Corporate Compliance Program must establish systems to facilitate reporting of problems, follow-up on previously identified problems, and pro-active testing of high-risk areas to prevent problems.

### **Soliciting Input**

AHI recognizes the need to establish a mechanism for obtaining concerns related to potential compliance issues. The Compliance Program is committed to obtaining these concerns and following up on the issues in a timely manner. Employees are required to report concerns to their department manager for review. If the manager feels that the concern is valid, then the issue should be addressed at their level and reported in writing to the Corporate Compliance Committee. Concerns regarding either the AHI President or the Corporate Compliance Officer should be directed to the Chairperson of the Audit Committee.

### **Employee Hotline**

The purpose of the Employee Hotline is to give the employees the ability to report concerns and suspected violations of regulation not adequately addressed in discussion with their manager. The Hotline can be anonymous. AHI maintains three hotlines, one at each hospital facility. The Hotline numbers are:

Arnot Ogden Medical Center .....(607) 737-4347  
Ira Davenport Memorial Hospital .....(607) 776-8512  
Saint Joseph's Hospital ..... (607) 737-1534

It is important that concerns be adequately documented so that follow-up can be performed. When submitting a concern the following questions should be documented to the extent possible.

- The concern should be stated as specifically as possible.
- Dates if available should be provided.
- Names of violators (if applicable).
- Code, Regulation Law being violated should be provided.

All concerns will be logged in and investigations will begin within seven working days of receipt. If the caller wishes to be informed of the results of the review they would need to provide their name.

### **Written Concerns**

Some employees may feel more comfortable reporting concerns in writing. As with the Hotline these can be submitted anonymously or the individual can disclose their name. Written Concerns can be submitted to:

Corporate Compliance Officer  
Arnot Health, Inc.  
600 Roe Avenue  
Elmira, NY 14905

It is important to include the necessary information for follow-up that was outlined above. Employees who choose to give their name will be informed by the Compliance Committee of the progress of the investigation and the results when the investigation is completed.

### **Protection of Employees**

It is essential to ensure the success of any compliance plan that persons who identify areas of suspected inappropriate conduct by the organization, its employees or management, can make good faith reports or inquiries without fear. To that end, any AHI Employee who in good faith reports suspected misconduct shall not be retaliated against or otherwise disciplined for making such a report or inquiry. The Corporate Compliance Officer, if authorized by complainant, shall

review personnel records and information periodically to ensure that those who in good faith report suspected misconduct are not the victim of retaliation or other improper conduct. In addition, the Compliance Officer has the authority to withhold the names of employees who report information. The Compliance Officer does not, however, have the authority to unilaterally extend any protection or immunity from disciplinary action or prosecution to those employees who have engaged in misconduct.

### **Departing Employees**

The Human Resource department conducts an “exit interview” with employees terminating employment with AHI. This interview has various components and questions of which Corporate Compliance is a part. The following question is part of the “exit interview” process:

Are you aware of any instances or procedures that are not in compliance with applicable laws, regulations or AHI policies?

Should the individual answer “yes” then the interviewer is responsible to attempt to obtain the appropriate information in sufficient detail for submission to the department manager and/or Corporate Compliance Officer.

### **Responding to Concerns**

The Corporate Compliance Officer is responsible for initiating a review of any concerns within seven days of receipt. The review should then be monitored to assure it is progressing within a reasonable timeframe. If the individual reporting the concern has requested a response then the Corporate Compliance Officer will report the results of the review within a reasonable period of time to the employee. The Compliance Officer will also include the review in reports to the President and Audit Committee.

### **Monitoring Problem Areas**

After problem identification and correction it is important to periodically follow-up to ensure the selected solution is working appropriately. This is particularly true when the problem was identified by an outside agency.

The Corporate Compliance Committee will track previous problem areas and conduct random audits to test the adequacy of controls. Changes in procedure and personnel can leave AHI exposed to repeating errors. **A major focus of the Compliance Program is to prevent repeating past errors.** The Committee will continue to periodically audit past problem areas until there is consistent evidence of reliable compliance.

The self-audit schedules are prepared annually and the results are presented to the President and the Board of Directors through the Audit Committee. The Corporate Compliance Committee will



either directly perform the follow-up audits or delegate responsibility to the appropriate department. The committee will assist in establishing sample size, frequency, and audit objectives. Department managers will be apprised of the results and adequacy of their controls.

### **New Exposure Risk**

The Corporate Compliance Officer's annual work plan is comprised of issues raised by staff as they are identified, review of past problem areas, and new exposure risk.

New exposure risk attempt to identify OIG target issues and new regulations. The Corporate Compliance Officer scans federal concerns and fraud alerts to identify potential issues of national concern. The belief is that if the federal or state government has identified a national area of concern then AHI should be proactive in evaluating its compliance with this newly identified risk area.

Collectively, these three sources of input allow the Corporate Compliance Committee to focus efforts on achieving its stated goals of identifying and subsequently preventing errors and situations of non-compliance with Federal and State regulations and law.

## **XII. CORRECTIVE ACTION**

### **Overview**

The body and complexity of federal and state laws and regulations as well as the wide spectrum of issues covered makes a comprehensive discussion of corrective actions impractical. The common principles of compliance, integrity, safety and concern for providing quality care to the community must serve as the guiding structure for follow-up, correction and reporting.

### **Follow-Up**

Issues can be reported through a variety of mechanisms such as reports to supervisors/managers, Hotline, employee exit interviews, etc. Once an issue or concern is identified and reported it should be investigated and validated by the responding party in a timely manner. If intentional fraud or misconduct is suspected the Corporate Compliance Officer should be engaged in the lead investigation role.

### **Corrections**

When a potential problem is identified and subsequently validated, it must be analyzed to identify the root cause. The solution to the problem is selected from all potential options using the criteria of effectiveness, efficiency, and expedience. The primary concern is to take the necessary actions to prevent the situation from occurring.

Reviews that result in identification of an incident that violates compliance shall be reviewed by the Corporate Compliance Committee. This review will entail the development of a plan of correction by the appropriate parties. These plans will include any system modification determined to be necessary, required reporting, and returning funds to which the organization is not entitled.

The final phase of the plan of correction is to evaluate whether disciplinary action is warranted as discussed in the section on discipline.

### **Reporting**

The Corporate Compliance Committee may dictate record keeping sufficient to track problem resolution and subsequent compliance. The committee shall assume responsibility to report findings and actions to the President and the Board of Directors through the Audit Committee on a regular basis.

## **XIII. CONTACT LIST**

The following list sets out individuals, their titles and their telephone numbers who are involved in the Compliance function that is described in this Plan. If you wish to contact any of the following individuals in writing you may do so by directing your correspondence to them at the Arnot Health, 600 Roe Avenue, Elmira, NY 14905.

Chief Executive Officer	Jonathan Lawrence	(607) 737-4440
Chief Operating Officer		
Chief Corporate Compliance Officer	Cathleen Mathey	(607) 737-4469
Corporate Compliance Analyst	Robin Landolf	(607) 271-3721
<b>Compliance Committee:</b>		
Chief Financial Officer	Ronald Kintz	(607) 737-4235
Director Management Information Systems	Craig Wilhelm	(607) 737-4511
Director Human Resources	Steve Simmons	(607) 737-4189
Vice President Medical Affairs	Ken Herzl-Betz, M.D.	(607) 737-4490
Site Administrator St. Josephs Hospital	Joe Braunscheidel	(607)271-3819
Service Line Administrator	Mark Dworsky	(607)737-4234
Chief Quality Officer	Anu Banerjee	(607) 737-4301
Director Health Information Systems	Denise Perry	(607) 737-4208
Director of Physician Services	Cary Muggleton	(607)737-4500
Director of Coding Compliance AMS	Kim Panosian, M.D.	(607) 737-4364
Director of Education	Denise Talenti	(607) 737-4263
Chairperson Audit Committee	Robert McNamara	(607) 734-4357

## **Conclusions**

AHI's extensive Policy and Procedure manual is an integral part of the guidelines, which support the Corporate Compliance Program. Employees are reminded that they share in the responsibility of assuring compliance with AHI policies, State and Federal laws and applicable regulations that govern AHI. An electronic copy of the complete set of policies may be accessed on the "ArNet" from any workstation.