

GRAHAM HEALTH SYSTEM CORPORATE COMPLIANCE PROGRAM

Introduction

This document sets forth Graham Hospital Association's (DBA Graham Medical Group, Graham Hospital, Graham Health System) Corporate Compliance Program. Compliance with rules and regulations has always been an integral part of the Health System's operating philosophy and culture. This Corporate Compliance Plan (the Plan) works in tandem with the organizations Code of Conduct (the Code) which specifically addresses the conduct expected from Board members, Licensed Practitioners, employees of the Health System, contract staff, volunteers, students, vendors and affected independent contractors. Together, they represent a formalization of the Health System key policies and procedures surrounding the compliance environment.

The purpose of the Plan is intended to assist in achieving excellence in the workplace and to provide the overall framework of the Health System's Corporate Compliance Program.

The key components of a Corporate Compliance Program are:

- Leadership and Oversight
 - Graham provides support from leadership, a Corporate Compliance Committee and access to the Corporate Compliance Officer.
- Written Policies and Procedures
 - Graham provides a Code of Conduct including areas of conflict such as bribery/gifts, conflicts of interest and data privacy.
- Risk Assessment
 - Graham's Corporate Compliance Committee regularly identifies and analyzes potential compliance risks and coordinates with the Office of Inspector General's (OIG) workplan
- Training and Education
 - Graham provides ongoing communication, education and training through policies and HealthStream courses
- Communication Channels
 - Graham provides accessible and confidential reporting mechanisms with whistleblower protection
- Monitoring and Auditing
 - Graham completes internal and external audits and peer reviews
- Enforcement and Discipline
 - Graham consistently applies discipline for violations
- Corrective Action
 - Graham provides prompt investigation of issues with remediation to fix issues and prevent reoccurrence

The Health System recognizes that corporate compliance is an evolving process that will require modification and expansion over time. While it is the clear intention of the Health System to comply with all rules and regulations, the Health System also recognizes that implementation of the steps contained in the Plan will not ensure the elimination of all situations of mistakes and waste. However, it is felt that the formalization and coordination of compliance efforts will assist in minimizing instances of non-compliance.

This Program sets forth the mechanism by which the Health System will ensure compliance with the law and the Health System's ethical standards. It will be distributed to those persons necessary to implement the Program and will be made available to all Board members, Licensed Practitioners, employees of the Health System, contract staff, volunteers, students, vendors and affected independent contractors. The term "affected independent contractors and vendors" means those independent contractors and vendors which, in the judgment of the Corporate Compliance Officer (Compliance Officer / CCO), are associated with healthcare and have a relationship with the Health System which directly and substantially relates to the subject matter of the Code.

I. Approval of the Program by the Board of Trustees

The Board of Trustees has approved this Plan. The Board of Trustees recognizes the importance of a formal compliance program for adherence to Medicare/Medicaid Conditions of Participation. The Board of Trustees approved the appointment of a Compliance Officer and the establishment of a Board approved Compliance Committee to administer the Plan. The Board shall receive updates from the Compliance Officer regarding matters reported through Compliance, and the results of audits and investigations completed through this Program.

II. Corporate Compliance Officer

The Plan shall be implemented and monitored under the guidance and supervision of the Health System's Corporate Compliance Officer. The Health System's Board of Trustees has empowered the President & CEO to appoint a Compliance Officer, subject to the Board's approval. The responsibilities of the Compliance Officer may include other leadership functions within the Health System.

The Compliance Officer shall be a member of administration and have a direct reporting line to the President & CEO of the Health System. Additionally, the Compliance Officer will have direct access to the Board of Trustees. The Compliance Officer shall solely represent the Health System and not any member of the Board of Trustees, officer or employee. The Compliance Officer has discretion to fully investigate possible instances of non-compliance and to initiate corrective actions when instances of non-compliance are discovered. Where there exists a conflict of interest with the Compliance Officer, President & CEO or any Trustee, then they shall engage outside counsel to investigate and advise the full Board. A representative from the Board will chair the Corporate Compliance Committee, in their absence the Compliance Officer shall chair. The Compliance Officer will oversee the activities of the Compliance Committee and report the status of the committee to the Board.

III. Corporate Compliance Committee

A. Corporate Compliance Committee

The Health System shall establish a Corporate Compliance Committee (Committee) to assist in the implementation and ongoing maintenance of the Program. The committee shall consist of:

- Corporate Compliance Officer
- President & Chief Executive Officer

- Chief Financial Officer
- Chief Nursing Executive
- Vice President of Quality or designee
- Representative(s) from Graham Medical Group Operations
- HIPAA Security Officer or designee
- HIPAA Privacy Officer or designee
- At least two members of the Board of Trustees, with one being the Chair

Other appointments may be made by the President & CEO, upon recommendation of the Compliance Officer. The Corporate Compliance Director shall lead the meeting. The Committee shall include ad-hoc representation from a cross section of Health System departments. Upon request of the Compliance Officer, the Compliance Committee shall hold Executive Compliance Committee meetings as needed. The Executive Compliance Committee members shall consist of all or part of those members listed above and ad-hoc members as deemed appropriate.

The Committee's primary responsibility shall be to advise the Compliance Officer and assist in the implementation of the Program. The Committee shall meet at least quarterly.

IV. Communications

The Compliance Officer and Compliance Committee shall establish and maintain a line of communication with all employees within the Health System. The Health System encourages employees to ask questions if they have uncertainties. The communications avenue should be conducive to working with employees to follow-up on questions which arise.

The Health System also recognizes the importance of developing a communications avenue whereby all employees can easily and confidentially report incidents of potential fraud or wrongdoing. Recognition is given to the fact that anonymity may be important in some situations. The communications system will allow for employees to remain anonymous, if they so desire. Additionally, it should be made clear that there will be no retribution or retaliatory actions taken against any employee who reports an incident in good faith.

The Compliance Officer will be responsible for establishing and maintaining a system to record all reported instances related to compliance issues.

V. Standards of Conduct

The Health System's business operations as a provider of health care are subject to a number of legal, regulatory and ethical requirements and considerations. It is the fundamental policy of the Health System that all of its business and other practices be conducted at all times in compliance with all applicable laws and regulations.

The Compliance Officer shall be responsible for developing a Code of Conduct. Consideration should be given to the conduct requirements of the Federal Sentencing Guidelines in developing the Code of Conduct. The Code of Conduct will delineate, among other things, the responsibilities of all employees and agents to report any known or suspected instances of non-compliance with the rules and regulations to which the Health System is subject. Especially those that deal with

financial fraud and abuse, patient privacy or any of the key components of the compliance plan listed above. All persons bound by the Code, shall receive a copy of the Code of Conduct or receive electronic access, and on an annual basis, shall acknowledge, in writing that they have reviewed, understand, agree to abide by, and are in compliance with the Code. Each person will be required to sign a Corporate Compliance Program & Code of Conduct Attestation form indicating that they have received a copy or have been granted electronic access to the Corporate Compliance Plan and the Code of Conduct and understand their responsibilities.

The Code will be reviewed at least annually by the Compliance Officer to determine if any revisions are necessary due to change in law or regulation or issues encountered in administering the Program. Any such revised Code shall be distributed within 30 days of Board approval of the changes or before the first day of March each year.

The Compliance Officer and Compliance Committee shall also have responsibilities for assisting and overseeing the departmental compliance related policies and procedures. Specific standards of conduct should be developed for certain high-risk departments and areas. This would include, but not be limited to, the policies regarding the charging, coding and billing functions for patient services and the protection of Patient Health Information (PHI).

VI. Reporting

Board members, Licensed Practitioners, employees of the Health System, contract staff, volunteers, students, vendors and affected independent contractors have the responsibility to comply with applicable laws, regulations, standards, policies and procedures, and to report any acts of non-compliance through the compliance process outlined in the Code of Conduct.

The Compliance Officer (and outside counsel when necessary), and the other members of the Compliance Committee as needed, will decide when to report the existence of misconduct to the appropriate governmental authority. If the Compliance Committee has sufficient evidence to believe that misconduct may have violated criminal, civil or administrative law, and a decision is made to report, every effort will be made to assure that the reporting will take place no more than sixty (60) days after determining that credible evidence of a violation exists.

VII. Investigation, Discipline and Corrective Action

The Compliance Officer shall be responsible for coordinating the follow-up of all reported incidences. The Compliance Officer may use the necessary resources (e.g., Compliance Committee, President & CEO and outside Legal Counsel where necessary due to a conflict) as deemed appropriate to investigate reported incidences.

The Compliance Officer shall adopt and maintain a reporting mechanism to ensure that:

- All reported incidents are logged
- All reported incidents are investigated to a resolution
- All resolutions are documented

Investigations may include interviews with relevant personnel and a review of pertinent documents. Auditors may be engaged as part of the investigation to assist in determining the extent of any potential financial violations. The Corporate Compliance Officer will take appropriate steps to secure or prevent the destruction of documents or other evidence relevant to the investigation.

The Compliance Officer, in coordination with the Human Resources Department, shall adopt and maintain disciplinary guidelines to be followed when employees are involved in fraudulent or other inappropriate activities. Any disciplinary action warranted will be imposed promptly and in accordance with the Health Systems policies. The President & CEO and appropriate leaders of the administrative team will be promptly notified of any disciplinary procedures recommended against any Health System employee for violations of any laws or regulations.

The Compliance Officer shall also be responsible for recommending and implementing any corrective actions, which may be deemed necessary to prevent future similar problems.

The Compliance Officer will report compliance activities to the Board of Trustees including a summary of reported incidences and the related follow-up and resolution of all significant issues.

VIII. Training and Education

Training is recognized as a critical part of a compliance program. In addition to the rules and regulations specific to each Health System department and employee position, training in general corporate ethics is also deemed to be a key element to be addressed by Health System training programs.

The Compliance Officer and the Compliance Committee will be responsible for developing and/or monitoring ongoing education relative to corporate ethics and the Corporate Compliance Workplan. Initial educational sessions will focus on introducing the Health System's formal Code of Conduct to all current Health System employees emphasizing their responsibilities. Current employee's complete compliance training at least once a year through on-line learning unless expressly excused for unavoidable reasons such as an extended absence for illness or military service. Additional training during the year shall be conducted as the Compliance Officer determines necessary to update employees on the development of compliance issues affecting their duties.

Some employees may receive specialized training as a result of the areas in which they are employed. Education may be provided in a variety of ways, including, but not limited to, orientation, written and posted materials, e-mail, staff meetings and through formal internal and external education. This specialized training may focus on complex areas or on areas in which the Compliance Officer or Compliance Committee have deemed as high-risk.

The Health System shall maintain updated resources and make them available to all Participants involved in the billing process, including but not limited to: Internal Classification of Diseases (ICD), Healthcare Common Procedure Coding (HCPCS) and

Current Procedure Terminology (CPT).

The Compliance Officer and compliance team will work with the various Health System departments to establish and maintain a mechanism to monitor continuing education specific to the individual employee's position and responsibilities.

Attendance and participation in those sessions designated as mandatory training are conditions of employment consistent with the above exception pertaining to unavoidable reasons. Attendance, participation and/or completion records shall be maintained by the Human Resources Department.

The Health System will, at least annually review its training procedures to ensure that all training sessions and educational materials reflect the most recent developments in the law. Updates are made as warranted.

The Compliance Officer shall report the status of education and training at least annually to the Board and keep the Board apprised of all developments in the field of compliance that effect their duties and responsibilities.

IX. Ongoing Monitoring and Auditing

A. Purpose

The Health System recognizes that ongoing monitoring and auditing are important factors to ensuring that the Plan is properly implemented and that the Plan continues to function as prescribed into the future. The Compliance Officer will be responsible for establishing and maintaining an ongoing monitoring and auditing system. As part of the monitoring and auditing process, the Compliance Officer and compliance team will oversee the process of periodic reviews within certain departments or areas. The Health System recognizes the importance and benefit of utilizing internal and/or external audits to review high-risk areas. The reviews could include such techniques as specific transaction testing, interviews with personnel involved in the process, review of departmental written documentation and trend analysis studies.

If problems are noted during the monitoring or auditing process, the Compliance Committee or Executive Committee should review the overall compliance program and specific policies and procedures to determine if revisions should be made to prevent future problems. When applicable, the Compliance Officer shall periodically provide the Board of Trustees an overview of the auditing processes being utilized and the results.

Identified areas of focus shall be integrated into the Health Systems annual compliance work plan. Areas of focus that are not incorporated into the annual compliance work plan shall be documented, along with the reasons for which it was determined that the focus area was not included.

B. Scope and Methods

Under the direction of the Corporate Compliance Officer, the Compliance Director will periodically conduct Departmental interviews with Department heads to assist in

determining the effectiveness of the Corporate Compliance Program. An annual review of Corporate Compliance issues will be completed and presented to the Compliance Committee. This review will specifically identify areas where corrective actions are needed.

Audits and reviews should inquire into Health System compliance with specific rules and policies that have been the focus of particular attention on the part of the Medicare fiscal intermediaries, Medicaid, appropriate state entities, third party payors and law enforcement (as evidenced by OIG Special Fraud Alerts, OIG and OMIG audits and evaluations, and law enforcement initiatives).

Audit techniques may include, but are not limited to:

- On-site visits;
- Personnel interviews;
- General questionnaires submitted to Employees and/or Contractors;
- Review of medical records that support claims for reimbursement; and
- Reviews of written materials and documentation prepared by the Health System.

As part of the monitoring process, the Compliance Officer shall establish procedures for ensuring that appropriate personnel are notified of changes in laws, regulations or policies, and that additional training is provided as necessary to assure continued compliance.

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