

## Summary of Cape Fear Valley Health System's Corporate Compliance Policy

The Corporate Compliance Policy is a nine-page document that covers compliance topics and is a guide for all Health System employees/contracted companies to continue to conduct good legal and ethical business practices. It became effective in October 1998.

The following is a summary of the topics included in the compliance policy:

- A. **General Principles** - It is the policy of the Health System to comply with applicable federal, state, and local laws and regulations, both civil and criminal. Health System employees have a duty to act in a manner consistent with the law and are responsible for reporting any Health System activities that they feel may violate the law or ethical business practices. The Health System, in turn, has a duty to follow-up on any questions that have been raised in a confidential manner without any reprisal towards the employee.
- B. **Commitments** - Cape Fear Valley Health System is committed to the promotion of the public's health, implementation and maintenance of employment practices that comply with applicable federal and state laws, providing appropriate quality of care, and maintenance of its accreditation by the Joint Commission. The Health System is also committed to providing accurate billing of charges to both public and private third-party payors, and to use a competitive bidding process.
- C. **Responsibility** - The Health System views participation in federal and state medical assistance programs to be an integral part of the Health System's mission of the promotion of health to the community. Employees are expected to participate in education classes to promote correct billing of patient claims as well as to report any known or suspected violations of Medicare/Medicaid billing rules or regulations to the Corporate Compliance Officer at 609-6140. The Health System will protect the confidentiality of any employee who makes such a report and the employee will not experience retribution by the Health System.
- D. **Patient Care Practices** - The Health System will respond promptly and courteously to patient inquiries and requests, accurately represent our services that are available, and will treat patient information with confidentiality. The Health System is committed to staying in compliance with federal/state rules and regulations, and requires its employees to report when there is knowledge/belief that a claim has been, or may be, submitted with actual knowledge of its falsity, deliberate ignorance of its falsity or with reckless disregard of existing state or federal laws.
- E. **Bidding, Negotiation, and Performance of Contracts** - The Health System will observe the laws, rules and regulations which govern acquisition of goods and services that are paid for in whole or in part by the state or federal government or by

private third-party payors. Employees or agents will not directly pay any form of remuneration with the intent of obtaining a service or the referral of business that is paid for by Medicare, Medicaid, or by any other third-party payor. The Health System requires its employees to submit cost or pricing data that the employee feels is current, accurate and complete. Supervisors are not to place pressure on subordinates that could cause them to deviate from acceptable norms of conduct.

- F. **Conflicts of Interest** - Board members and employees have a duty to avoid financial, business, or other relationships, which might be against the interests of the Health System or might cause a conflict with the performance of their duties.
- G. **Reasonableness of Compensation** - The Board has delegated to the Health System's Chief Executive Officer (CEO) the authority to hire, fire and establish salaries of Health System employees and agents. The Health System will make a good faith effort to benchmark the amount paid to any individual providing goods or services to the Health System against regional or national standards, where available.
- H. **Contracting with Excluded Individuals** - The Health System shall not employ or contract with any individual in any capacity who the Health System knows is excluded from participation in the Medicare or Medicaid programs. The Health System will make a good faith attempt to determine whether the potential employee is or was ever excluded from participation in the Medicare/Medicaid program.
- I. **Time Card Reporting** - Health System employees and independent contractors are to report only the true and actual number of hours worked. Shifting of costs to inaccurate departments is prohibited.
- J. **Relations with Government Employees** - Health System employees may not give, or offer to give, entertainment, meals, or gifts that the employee knows are in violation of governmental regulations and/or Health System policy, whichever may apply.
- K. **Complete and Accurate Books, Records and Communications** - The Health System's financial statements, cost reports, and books and records, on which they are based, must reflect the transaction in an accurate fashion. Disbursements of funds and receipts must be properly and promptly recorded. Undisclosed or unrecorded funds are not to be established for any purpose. Claims for payment are to be prepared according to procedure and are to be based on documentation the Health System determines is reasonably necessary to substantiate the claim.
- L. **Consultants and Agents** - Where legally required, independent contractors are to execute a written agreement that requires the consultants or agents to be obligated to comply with the Health System's policies and procedures.
- M. **Compliance with Antitrust Laws** - The antitrust laws of the United States prohibit agreements that unlawfully restrain trade in interstate commerce, as well as certain

monopolistic practices. It is imperative that legal advice be sought when questions arise regarding this subject.

- N. **Federal and State Tax-Exempt Status** - The Health System is a not-for-profit entity that is exempt from federal taxation pursuant to Section 501 (c) (3) of the Internal Revenue Code. The Health System is exempt from federal taxation, in part, because it participates in the Medicare and Medicaid programs and it operates an acute care hospital that provides emergency medical services 24 hours a day. Political contributions and activities may jeopardize the Health System's federal tax-exempt status. The Health System is also exempt from certain state and local taxes.
- O. **Health System Resources** - Health System employees are not to make improper use of Health System resources or permit others to do so nor seek any payment, gift or other thing of value from any subcontractor, vendor or supplier for the purpose of obtaining/acknowledging favorable treatment. Each Health System employee is also responsible for guarding the Health System's confidential information against unauthorized disclosure.
- P. **Security and Privacy of Confidential Information** - Each Health System employee is responsible for managing the security of Health System confidential and proprietary information, regardless of whether the employee works directly with such information.
- Q. **Director of Corporate Compliance/Internal Audit/HIPAA (Corporate Compliance Officer)** - When the Corporate Compliance Officer is made aware of a potential violation of standards, the Corporate Compliance Officer will contact the Health System's CEO and, when necessary, the Corporate Compliance Officer is authorized to secure the opinions of outside legal counsel, consultants or experts in compliance issues. The Compliance Officer is to review and, when deemed necessary, disseminate such information appropriate or necessary for adherence with the Corporate Compliance policy, such as the Office of the Inspector General's and Department of Health and Human Services exclusion list. The Corporate Compliance Officer is also to monitor the Health System's continued compliance with the terms and conditions set forth in any settlement agreement that may be executed by the Health System with the federal or state government.
- R. **Duty to Report Violations of These Standards** - It is the duty of each Health System employee/agent to report any suspected violation of these standards to the Corporate Compliance Officer. Alternatively, suspected violations of these standards may be reported to the Health System's CEO or Chief Financial Officer.
- S. **Conclusion** - This Policy is intended to communicate the Health System's Compliance Policy. The CEO reserves the right to change, modify, or waive all provisions in the Policy. If any employee has a question regarding this Policy, he/she should confer with the Corporate Compliance Officer, Health System's CEO, or the Health System's Chief Financial Officer.