

# **BAPTIST HEALTH SYSTEM**

## **Compliance Manual**

Rev. 12/09, 6/10, 7/11, 7/13, 9/13, 10/13, 12/13, 6/14

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## INTRODUCTION

Facility<sup>1</sup> ("Facility") is dedicated and committed to meeting high ethical standards and compliance with all applicable laws in all activities regarding the operation of Facility. This commitment and dedication is essential to Facility meeting its mission and is critically important because a significant portion of Facility's services are reimbursed through governmental programs which require that Facility's business be conducted with complete integrity.

To assure that Facility's operations are being conducted in compliance with applicable law and the highest ethical standards, Facility has established a Compliance Program ("Program") under the direction of a Compliance Officer. A Compliance Committee has been established to oversee the implementation and operation of the Program.

<sup>1</sup> "Facility" as it is referred to throughout this document refers to all the entities affiliated with Baptist Health System including: Baptist Health Nursing and Rehabilitation Center, Inc.; Nurse Connection, Inc., Baptist Health System Foundation, and Baptist Health Enriched Housing Program, Inc.

## Corporate Compliance Committee and Compliance Officer

Corporate Compliance Officer (Interim): Carol Steiger

Please contact the Corporate Compliance Officer for any questions/concerns:

Telephone - 370-4700 extension 172

Fax - 518-881-4644

E-mail - [steigerc@bapthealth.com](mailto:steigerc@bapthealth.com).

Anonymously - Corporate Compliance Drop Box located at each entity

### Committee Members:

President/CEO

Administrator

Medical Director

Director of Nursing

Executive Director (Baptist Health Enriched Housing Program, Inc.)

Director of Operations (The Nurse Connection Staffing, Inc.)

Director of Finance

Director of Social Services

In-service Coordinator

Director of Human Resources

Director of Dietary Services

Director of Activities

Director of Rehabilitation

Director of Marketing, Public Relations and Fund Development

Board Member

## CODE OF CONDUCT

It is the policy of Facility to provide services in compliance with all state and federal laws governing its operation and consistent with the highest standards of business and professional ethics. This policy is a solemn commitment to our residents, our community, to those governmental agencies that regulate Facility and to ourselves.

All Facility employees, as well as those professionals who enjoy professional staff privileges, must carry out their duties for Facility in accordance with this policy. To assist employees and professional staff with their obligation to comply with this policy, this Manual includes standards of conduct in a number of specific areas. Conduct that does not comply with these standards is not authorized by Facility and is outside the scope of employment or professional staff membership at Facility.

Any violation of applicable law, the standards contained in this Manual, or deviation from appropriate ethical standards, will subject an employee or independent professional to disciplinary action, which may include oral or written warning, disciplinary probation, suspension, demotion, dismissal from employment or revocation of privileges. These disciplinary actions also may apply to an employee's supervisor who directs or approves the employee's improper actions, or is aware of those actions but does not act appropriately to correct them or who otherwise fails to exercise appropriate supervision.

If, at any time, an employee or professional staff member becomes aware of any apparent violation of Facility's policies, he or she must report it in accordance with the reporting requirements of this Manual. All persons making such reports are assured that such reports will be treated as confidential to the extent permissible and that such reports will be shared only on a bona fide need to know basis. Facility will take no adverse action against persons making such reports in good faith and without malicious intent whether or not the report ultimately proves to be well founded. If an employee or professional staff member does not report conduct violating Facility's policies, the employee or professional staff member may be subject to disciplinary action up to and including termination of employment or revocation of privileges.

The laws affecting the operation of Facility's activities are complex and many. In addition, this Manual addresses, in general terms, only several of the more important legal and ethical principles affecting Facility's activities. Their mention in this Manual is not intended to minimize the importance of other applicable laws, professional standards, or ethical principles. It is not expected that each employee will be fully versed in all laws of permissible activities involved in their work. Therefore, if an employee has a question regarding the legality or propriety of a course of action, the employee should seek guidance from his or her supervisor or from the Compliance Officer before taking any action.

## STANDARDS OF CONDUCT

### **A. Baptist Health Nursing and Rehabilitation Center, Inc. (BHNRC) – Resident Care and Rights**

It is BHNRC's policy to provide the highest quality of care to its residents. BHNRC believes that state and federal regulations governing BHNRC's operation provide a minimum baseline of care standards which BHNRC strives to exceed in the provision of care and services to BHNRC's residents.

BHNRC will receive services in accordance with a comprehensive plan of care developed by an interdisciplinary care team based on periodic comprehensive assessments of the resident's condition. Each plan of care is designed to ensure that BHNRC provides the necessary care and services to attain or maintain a resident's highest practicable physical, mental and psychosocial well-being.

Each resident is entitled to a dignified existence, self-determination and the provision of care and services in a manner and in an environment that promotes the maintenance or enhancement of a resident's quality of life. It is BHNRC's policy to protect, promote and foster for each resident his/her rights as a resident of the BHNRC.

BHNRC has developed policies and procedures to ensure quality of care and the protection and promotion of resident rights that are to be adhered to by BHNRC's staff. It is not the intent of this Manual to set forth all such policies and procedures but to identify several of the more significant ones which are:

1. Comprehensive assessments for each resident will be conducted in accordance with applicable federal and state laws and regulations
2. All resident plans of care will be developed by an interdisciplinary care team based upon the periodic comprehensive assessment of the resident's condition which shall include measurable objectives and timetables to meet the resident's medical, nursing, mental and psychosocial needs
3. All services and care required by a resident's plan of care will be provided to the resident by qualified staff
4. Residents are free from verbal, mental, sexual or physical abuse, corporal punishment or involuntary seclusion. **Note:** Emergency or short term monitored separation from other residents will not be considered involuntary seclusion and may be permitted for a limited period of time as a therapeutic intervention to reduce agitation.

BHNRC's policies and procedures with regard to resident rights and resident care are available from the Compliance Officer, the Administrator's office, the Director of Social Services or the Director of Nursing.

### **Baptist Health Enriched Housing Program (BHEHP) - Resident Care and Rights**

It is Baptist Health Enriched Housing Program Inc.'s policy to provide the highest quality of care to its residents. Baptist Health Enriched Housing Program Inc. believes that state and federal regulations governing Baptist Health Enriched Housing Program Inc. operation provide a minimum baseline of care standards which Baptist Health Enriched Housing Program strives to exceed in the provision of care and services to Baptist Health Enriched Housing Program residents.

Baptist Health Enriched Housing Program Inc. will receive services in accordance with a comprehensive plan of care developed by an interdisciplinary care team based on periodic comprehensive assessments of the resident's condition. Each plan of care is designed to ensure that Baptist Health Enriched Housing Program Inc. provides the necessary care and services to attain or maintain a resident's highest practicable physical, mental, and psychosocial well-being.

Each resident is entitled to a dignified existence, self-determination and the provision of care and services in a manner and in an environment that promotes the maintenance or enhancement of a resident's quality of life. It is the policy of Baptist Health Enriched Housing Program Inc. to protect, promote and foster his/her rights as a resident of Baptist Health Enriched Housing Program Inc.

Baptist Health Enriched Housing Program Inc. has developed policies and procedures to ensure quality of care and protection and promotion of resident rights that are to be adhered to by Baptist Health Enriched Housing Program Inc.'s staff. It is not the intent of this Manual to set forth all such policies and procedures but to identify several of the more significant ones which are:

1. Comprehensive assessments for each resident will be conducted in accordance with applicable federal and state laws and regulations
2. All services and care required by a resident's plan of care will be provided to the resident by qualified, trained staff
3. Residents are free from verbal, mental, sexual, or physical abuse, corporal punishment or involuntary seclusion

Baptist Health Enriched Housing Program Inc. policies and procedures with regard to resident rights and resident care are available from the Director of Nursing, Executive Director, or the Corporate Compliance Officer.

## **B. Referrals**

Federal and state law prohibit Facility and its employees from (1) soliciting or accepting or (2) offering or paying remuneration in exchange for referrals of patients eligible for Medicare, Medicaid or another federal health care program. Federal and state law also prohibit (1) the offering or payment or (2) the soliciting or receipt of remuneration in return for directly purchasing, leasing, ordering, or recommending the purchase, lease or ordering of any goods, facilities, services or items covered under the benefits of Medicare, Medicaid or other federal health programs. The term "remuneration" broadly covers the transferring of anything of value in any form or manner whatsoever. Remuneration is not limited to bribes, kickbacks and rebates. These federal and state laws are broadly written to prohibit Facility and its employees from knowingly and willfully offering, paying, asking or receiving any money or other benefit, directly or indirectly, overtly or covertly, in cash or in kind. These laws are violated even if only one purpose of a payment arrangement is to influence referrals or the procuring of goods or services.

There are many transactions that may violate these laws. It is impossible to list each and every potential violation of these laws. For your benefit, the following examples are illustrative of prohibitive activity under these laws:

1. Receiving free goods or services from a vendor in exchange for the purchase of other goods and services;
2. The routine waiver of co-insurance payments and deductibles;
3. The offering or making of gifts, loans, rebates, services or payments of any kind to an individual or entity that is an actual or prospective referral source;
4. Entering into a professional service, management service or consulting service agreement where payment is based on other than fair market value or is based on the volume of referrals, i.e., percentage of revenue generated.

Federal regulations known as the "Safe Harbor" regulations provide that certain payment practices will not violate these laws if the regulatory requirements for such payment practices are adhered to. The "Safe Harbor" regulations are intended to help providers protect against abusive payment practices while permitting legitimate ones. If an arrangement fits within a "Safe Harbor" it will not create a risk of criminal penalties and exclusion from the Medicare, Medicaid or other federal health care programs. "Safe Harbor" protection is available for certain payment practices, including the following:

1. Investment income;
2. Space rental;



3. Equipment rental;
4. Personal service and management contracts;
5. Sale of practice;
6. Referral services;
7. Warranties;
8. Discounts;
9. Payments to employees;
10. Group purchasing organizations;
11. Certain waivers of beneficiary co-insurance and deductible amounts by hospital;
12. Increased coverage, reduced cost sharing amounts or reduced premium amounts offered by health plans;
13. Price reductions offered to health plans.

Analysis of payment practices under these laws and the "Safe Harbor" regulations is complex and depends on the specific facts and circumstances of each transaction. Employees should not make unilateral judgments on the availability of a "Safe Harbor" for a payment practice, investment, discount or other arrangement. These situations should be brought to the attention of the Compliance Officer for review with legal counsel.

As a result of the foregoing, **all contracts and arrangements with actual or potential referral sources and all contracts and arrangements with vendors must comply with applicable state and federal laws and regulations. All personal service, management service and consulting service agreements must comply with applicable state and federal laws and regulations. Moreover, any other financial or other business arrangement between Facility and other health care professionals or providers must be structured to comply with all applicable state and federal laws and regulations.**

If questions arise regarding whether a proposed business arrangement, financial arrangement, or contract is in compliance with federal or state law, an employee is required to seek guidance from the Compliance Officer who in turn may seek appropriate guidance from legal counsel.

### **C. Billing and Claims; Cost Reports**

Facility has an obligation to its residents/patients, third party payors and the state and federal

government to exercise diligence, care and integrity when submitting claims for payment. The right to bill the Medicare and Medicaid programs carries a responsibility that may not be abused. Facility is committed to maintaining the accuracy of every claim it processes and submits. Many employees have responsibility for entering charges and procedure codes. Each of these individuals is expected to monitor compliance with applicable billing rules. Any false, inaccurate, or questionable claims should be reported immediately to the employee's supervisor or the Compliance Officer.

False billing is a serious offense. Medicare and Medicaid rules prohibit knowingly and willfully making or causing to be made any false statement or representation of the material fact in an application for benefits or payment. It is also unlawful to conceal or fail to disclose the occurrence of an event affecting the right to payment with the intent to secure payment that is not due. Examples of false claims include:

1. Claiming reimbursement for services that have not been rendered;
2. Filing duplicate claims;
3. "Upcoding" a resident's condition to a higher RUGs category;
4. Including inappropriate or inaccurate costs on cost reports to be submitted under the Medicare or Medicaid programs;
5. Billing for services or items that are not medically necessary;
6. Failing to provide medically necessary services or items;
7. Billing excessive charges.

With respect to the submission of claims to the Medicare or Medicaid program, it is Facility's policy that claims must: (1) be accurate and timely submitted; and (2) be only for items or services that (a) are medically necessary, (b) fall within the coverage guidelines contained in applicable laws, rules and regulations, and (c) are documented in the resident/patient medical record. In this regard:

1. Prior to submitting a claim for payment, it is necessary to verify that all documentation for services reflected on the claim, such as physician orders and certificates of medical necessity, are available in a proper and timely manner;
2. Claims may only be submitted when appropriate documentation supports the claim and only when such documentation is maintained and available for audit and review;
3. Documentation which serves as the basis for a claim must be appropriately organized in legible form so that such documentation may be audited and reviewed;
4. Diagnosis and procedures reported on reimbursement claims must be based on the

medical record and other documentation;

5. Documentation necessary for accurate code assignment must be made available to all employees with coding responsibility; and
6. Compensation for billing department coders and billing consultants shall not provide for any financial incentive to improperly upcode claims.

With regard to the filing of cost reports, it is Facility's policy that all Medicare and Medicaid cost reports must be prepared utilizing generally accepted accounting principles based upon documents and reports that are maintained in Facility's day to day business. Cost reports must document only those costs which Facility's employees and/or agents believe in good faith are allowable. Employees and agents must provide accurate and complete documentation and reports to the business office in connection with the preparation of cost reports.

With regard to claim submissions and cost reporting, the following conduct is specifically prohibited:

1. Claims for payment or reimbursement of any kind that are false, fraudulent, inaccurate or fictitious;
2. Falsified medical records, time cards or other records used as the basis for submitting claims;
3. For services that must be coded, use of a code that does not accurately describe the documented service when there is a more accurate code that could have been used. This includes post-dating orders or signatures. Late entries should include an explanation of reason for delay in entry;
4. Bills submitted to Medicare, Medicaid or applicable insurance plan for items or services which are known are not covered by Medicaid, Medicare or applicable insurance plan;
5. Filing claims for the same item or service to more than one payor source whereby Facility will receive duplicate or double payments;
6. Submission of claims without the availability of adequate documentation;
7. Falsification of any report or document used to document the cost of utilization of services by payor source;
8. Failure to report a known error or inaccuracy in any cost report or underlying document used to prepare a cost report; and
9. Recording inappropriate, inaccurate, or non-allowable costs on a cost report.

Any employee or professional staff member who discovers an error or inaccuracy in any claim for payment for health care services that has been submitted or will be submitted should alert his or her supervisor, the Chief Fiscal Officer or the Compliance Officer. Any employee who discovers an error or inaccuracy in any cost report that has been submitted or will be submitted should alert his or her supervisor, the Chief Financial Officer or the Compliance Officer.

**D. Non-Discrimination in Resident/Patient Services and Charges**

It is Facility's policy, as required by state and federal law, not to discriminate in the admission, retention and care of residents/patients because of race, color, blindness, national origin, sex, sexual preference, religion, sponsorship or source of payment. Each resident/patient will receive medically necessary items and services that, in the opinion of the medical professional(s) and as set forth in the resident's/patient's plan of care, are required to assure the resident/patient attains or maintains the highest practicable physical, psychosocial and mental well-being.

Such medically necessary items and services shall be offered to the resident/patient regardless of the resident's/patient's source of payment. Charges for all items and services provided shall be based upon Facility's usual and customary charges. Nothing of value, including but not limited to the offer of free of services, shall be offered to residents/patients or prospective residents/patients to induce them to utilize Facility's services.

Under appropriate circumstances, Facility may provide financial accommodation (such as allowing monthly payments over time) or may waive resident/patient co-insurance payments or deductible amounts based on an assessment of the individual resident's/patient's financial condition and a determination that the payment of such co-insurance payment or deductible amount would cause a financial hardship for the resident/patient. Any such financial accommodation must be based on financial hardship, documented in writing and approved by Facility's Chief Financial Officer and the Compliance Officer. Any approved waiver of resident/patient co-insurance payment or deductible amounts must be appropriately disclosed to all third party payors responsible for the resident's/patient's bill.

In addition, it is Facility's policy, as required by state and federal law, not to charge, for any service provided to a resident/patient under Medicaid, money or other consideration at a rate in excess of Facility's established Medicaid reimbursement rate. Moreover, it is Facility's policy not to charge, solicit, accept or receive in addition to any amount otherwise required to be paid under Medicaid any gift, money, donation or other consideration (other than a charitable, religious, or philanthropic contribution from an organization or from a person unrelated to the resident/patient) - (a) as a precondition of admitting a resident/patient or (b) as a requirement for the resident's/patient's continued stay at Facility.

The following activities are specifically prohibited under this Standard of Conduct:

1. Failure to provide services that are either (a) ordered by the resident's/patient's

physician; (b) indicated as necessary by the resident's most recent MDS assessment; and/or (c) contained in the resident's/patient's plan of care.

2. Rendering care based upon the resident's/patient's payor source without regard for the resident's needs and/or state of preferences;
3. Waiver of resident/patient deductibles and/or co-insurance payments without advanced written approval of the Compliance Officer;
4. The offering or payment of anything of value, including but not limited to free services, to any resident/patient or prospective resident/patient to induce such individual to utilize Facility's services;
5. Discounts, credits, charity care or other arrangements that have not been approved in writing by the Compliance Officer;
6. Discriminating in the admission, retention and care of residents/patient's on the basis of race, color, blindness, national origin, sex, sexual preference, religion, sponsorship or source of payment;
7. Charge a Medicaid resident/patient for Medicaid covered services provided by Facility any money or consideration at a rate in excess of Facility's established Medicaid rate; and
8. Charge, solicit, accept or receive any gift, money, donation or other consideration as: (a) a precondition of admitting a resident to Facility or (b) as a requirement for a resident's stay at Facility, except for charitable, religious or philanthropic contributions from an organization or a person unrelated to the resident.

## **E. Confidentiality**

Employees and professional staff members possess sensitive, privileged information about residents/patients and their care. Residents/patients properly expect that this information will be kept confidential. Facility takes very seriously any violation of a resident's/patient's confidentiality. Discussing a resident's/patient's medical condition or providing any information about a resident/patient to anyone other than Facility personnel who need the information or other authorized persons will result in disciplinary action. Employees and professional staff should not discuss residents/patients outside Facility or with their families.

Facility is required to maintain the confidentiality of each resident's/patient's medical record. In this regard, medical records may not be released except with the

authorization of the resident/patient, unless otherwise required or permitted by law. Special confidentiality requirements apply with regard to medical records relating to HIV infection and AIDS. Medical records should not be physically removed from Facility, altered or destroyed. Employees who have access to medical records must exercise their best efforts to preserve their confidentiality and integrity and no employee is permitted access to the medical record of any resident/patient without a legitimate reason for doing so. If a question arises as to the permissibility of the release of a resident's/patient's medical record or any information contained therein, the employee should seek guidance from the employee's supervisor or the Compliance Officer.

Additionally, employees are to treat as confidential Facility's proprietary business assets including: valuable ideas, business plans, and other information about Facility's business. Facility's employees should respect Facility's assets as they would their own. No employee shall divulge to unauthorized persons, either during or after their employment, any information of a confidential nature connected with the business of Facility. Examples of confidential business information include: personnel information, such as job title, level, duties, skill or salary; or any information disclosure of which could adversely affect the business interests of Facility.

#### **F. Business Entertainment or Gifts**

Facility recognizes that business dealings may include shared meals or other similar social occasions which may be proper business expenses and activities. More extensive entertainment, however, only rarely will be consistent with Facility's policy and should be reviewed and approved in advance by the Compliance Officer before the employee may partake of or offer such entertainment.

Employees may not receive any gift under circumstances that could be construed as an improper attempt to influence Facility's decisions or actions. Moreover, employees may not receive any gift from any vendor who provides services to Facility or is seeking to provide services to Facility or from any actual or potential patient referral sources. When an employee receives a gift that violates this policy, the gift should be returned to the donor and reported to the Compliance Officer. Gifts may be received by employees when they are of such nominal value that they would not reasonably be perceived by anyone as an attempt to affect the judgment of the recipient, for example, token promotional gratuities from suppliers, such as advertising novelties marked with the donor's name, are not prohibited under this policy.

No employee may make a cash gift or non-cash gift of more than nominal value to any officer, director or employee of a firm or entity or any individual that is an actual or prospective vendor of Facility or an actual or potential source of referrals.

Under no circumstances may an employee of Facility pay for the meals, refreshment, travel, lodging expenses or give anything of value to a government employee (state, federal or local) who in the course of his or her official conduct may investigate, survey or otherwise deal with Facility.

Moreover, no employee may charge, solicit, accept or receive in addition to any amount otherwise required to be paid by third party payors, any gift, money, or other consideration from a

resident/patient or organization or person related to a resident/patient as a pre-condition of admission or as a requirement for continued stay at the Facility.

Further, no employee may request and/or accept any remuneration, tip or gratuity in any form from a resident/patient, resident's/patient's family or sponsor for any services provided or arranged for or for denial of services by the Facility other than specified fees ordinarily paid for care excluding donations, gifts and legacies given in behalf of the Facility.

If an employee has any question as to whether (1) the receipt of a gift or offering of a gift or (2) the participation in an entertainment event or the offering to another the opportunity to participate in an entertainment event violates this policy, the employee is required to seek guidance from the Compliance Officer.

### **G. Conflicts of Interest**

No employee should place himself or herself or allow himself or herself to be placed in a situation where the employee's personal interests might conflict with the interests of Facility. Facility recognizes and respects an individual employee's right to invest or participate in activities outside of his/her employment provided that these in no way conflict with Facility's interests or welfare and do not interfere with the employee's responsibilities to Facility or the effectiveness of the employee's job performance.

Although it is difficult to set forth all possible situations which might be considered as conflicting with Facility's interests, the following are examples of situations which employees, including members of their immediate families, must avoid:

1. No employee should perform any outside employment or engage in any outside activities which interfere with the effective performance of the employee's duties as a Facility employee;
2. No employee shall have a financial interest in a firm or entity which is doing, or seeking to do, business with Facility or which is a competitor of Facility. However, ownership of less than 1% of the securities of a publicly traded company shall not be considered significant or contrary to this policy;
3. No employee should render services in any capacity, such as a director, officer, employee or consultant to any person or firm that is competitive with Facility, provides services to Facility or is a third-party payor with regard to services provided at Facility;
4. No employee should use their position at Facility for personal gain such as by soliciting or accepting for personal benefit business opportunities that might otherwise accrue to the benefit of Facility;
5. No employee should use for his or her personal benefit, or disclose to unauthorized persons, any confidential or proprietary information about Facility or its operation;

6. No employee should borrow money from individuals or firms (other than banks and/or lending institutions) doing, or seeking to do, business with Facility;
7. No employee should compete with Facility by selling or leasing or offering to sell or lease services or products similar to those services or products offered by Facility;
8. No employee should purchase services or products for Facility from their family members or from business organizations with which they or their family members are associated, without first obtaining written permission from the Compliance Officer;
9. No employee or member of their immediately family should accept significant gifts, discounts or other preferred personal treatment from any person associated with a present or prospective customer, competitor or supplier of Facility;
10. No employee should have outside employment or business interests that place the employee in a position of appearing to represent Facility; and
11. No employee may use Facility's assets for personal benefit or personal business purposes.

Any personal or business activities by an employee that may raise concerns along these lines must be reviewed with and approved in advance and in writing by the Compliance Officer.

## **H. Governance**

Facility is committed to being compliant with applicable laws pertaining to its governance, including, but not limited to, the New York Not-for-Profit Corporation Law, the New York Public Health Law, the rules and regulations of the New York State Department of Health, the Internal Revenue Code and the pertinent regulations of the Internal Revenue Service. Facility's directors and officers will to adhere to conduct which is compliant with such laws and regulations. Moreover, Facility's directors and officers will adhere to and comply with all applicable Facility policies pertaining to governance, including the Facility's conflict of interest policy pertaining to its directors and officers.

## **I. Credentialing**

Professional staff subject to Facility's credentialing requirements will comply with Facility's credentialing policies and procedures, including, but not limited to, the timely submission of all documentation, information, waivers and releases required for the credentialing/recredentialing of professional staff members. Professional staff members shall comply with all applicable laws pertaining to the practice of their profession, including, but not limited to, the New York Education Law and the Department of Education's regulations, and will avoid any actions or omissions that would constitute an unacceptable practice under either the



New York Education Law or the Department of Education's regulations. Professional staff members will immediately notify Facility's medical director of any events or circumstances that would adversely impact upon the member's professional privileges or professional practice, including, but not limited to, the initiation of any professional disciplinary action by, as the case may be, the Office of Professional Medical Conduct or the New York Education Department.

## **J. Prohibition of Political Contributions/Activities**

Facility is prohibited from directly or indirectly making political contributions or otherwise intervening in any political campaign on behalf of or in opposition to any candidate for public office. Prohibited political contributions include contributions to a political candidate, political party or political action committee whether the contribution is monetary or in-kind. Engaging in any such prohibited political activity jeopardizes the tax-exempt status of the Facility.

A copy of the complete "Prohibition of Political Contributions/Activities" policy can be obtained from the Corporate Compliance Officer.

## **EDUCATION AND TRAINING**

To ensure that all employees, professional staff members, executives and directors are familiar with their responsibilities under Facility's Compliance Program, Facility will implement an ongoing educational and training program. All employees, professional staff members, executives and directors will be required to participate in initial and annual training sessions. Additionally, periodic training sessions will be required, as determined by the Compliance Committee, for employees of certain departments with responsibilities for purchasing, billing and coding or any other responsibilities that the Compliance Committee determines appropriate for periodic training.

### **A. Initial and Annual Training**

Initial and annual training sessions will focus on the requirements of Facility's Compliance Program as set forth in this Manual and the legal and ethical standards generally required of all employees, professional staff members, executives and directors. Each employee, professional staff member, executive and director will be required to sign a certification acknowledging attendance at the initial and each annual Compliance Training Session which certification will be maintained by the Compliance Officer, with a copy maintained in the employee's personnel file, and as to employees, a copy being maintained in the employee's personnel file.

### **B. Periodic Training**

Periodic Training Sessions will highlight federal and state laws that affect the employees' area of responsibility. For example, periodic training will be held in areas involving: federal and state anti-kickback statutes; current billing requirements; and current coding requirements. Employees required to attend periodic training sessions will be required to sign a certification of attendance which will be maintained by the Compliance Officer, with a copy to be maintained in the employee's personnel file.

### **C. Failure to Attend Required Training**

Any employee or professional staff member or executive who fails to attend a training session for which the employee or professional staff member or executive is required to attend, will result in disciplinary action. Repeated failures to attend required training sessions will result in termination of employment and/or loss of professional privileges. Directors who fail to attend required training sessions may be subject to removal from the Board of Directors.

### **D. Ongoing Communication and Changes in Compliance Manual**

The Compliance Officer will distribute in writing and/or post in conspicuous places, any modifications of or amendments to the Compliance Manual. The Compliance Officer will also provide employees, professional staff members, executives and directors with written explanations of any substantial changes in the Compliance Manual or, if the Compliance Officer determines that written materials are insufficient, interim training sessions will be conducted.

Employees, professional staff, executives and directors will be provided periodic information about Facility's Compliance Program, changes in applicable laws or ethical standards that may affect their respective responsibilities through written memoranda, newsletters, periodic training sessions or other appropriate forms of communication.

## **REPORTING REQUIREMENTS**

### **A. Reporting**

It is the responsibility of every employee, professional staff members, executives and directors to report any known instances of or reasonable suspicions of any violation of applicable state or federal law, ethical standards or Facility's policies, including the code of conduct and standards of conduct contained in this Manual. To report a suspected violation, an individual is required to notify, either verbally or in writing, the Compliance Officer or the individual's immediate supervisor, if an employee or professional staff member. Any supervisory staff personnel receiving a report of a suspected violation is required to immediately notify the Compliance Officer. If the suspected violation involves the employee's immediate supervisor, the employee should make the report directly to the Compliance Officer. If the suspected violation involves the Compliance Officer, the report should be made directly to Facility's administrator or a member of the Compliance Committee. An individual may make a report of a suspected violation anonymously. Failure to report a suspected violation may result in disciplinary action.

### **B. Examples of Activities to be Reported**

The following list of activities that should be reported is not an all-inclusive list but is designed to illustrate the types of conduct that should be reported:

- (1) the acquisition of any information that gives an individual reason to believe that an employee, professional staff member or contractor is engaged in or plans to engage in any conduct prohibited by applicable law, ethical standards or the policies of Facility, including the Standards of Conduct contained herein (hereinafter collectively "Standards");
- (2) the acquisition of any information indicating that any other person or entity associated with Facility plans to violate any of the foregoing Standards; and
- (3) an employee is instructed, directed or requested to engage in conduct which violates any of the foregoing Standards.

### **C. Confidentiality**

To the extent permissible, Facility shall treat all reports of suspected violations of Standards as confidential. However, it must be recognized that under certain circumstances the name of the individual making the report will be communicated to the Compliance Officer, if the report is made originally to the employee's supervisor, to an individual responsible for conducting an investigation of the suspected violation or to a governmental agency investigating any such suspected violation. Any such disclosure will only be made on a bona fide need to know basis.

### **D. Investigations**

It is important to the integrity of Facility's operation that all suspected violations of Standards be thoroughly reviewed and investigated so that appropriate action can be taken as necessary. Facility will promptly and thoroughly investigate any suspected violation and take appropriate disciplinary action if warranted. Investigations may be conducted internally by the Compliance Officer or externally by either accountants or lawyers engaged by Facility. Employees, professional staff members, executives and directors are required to cooperate with the individual or individuals conducting an investigation of a suspected violation. Such cooperation may involve being interviewed by the individual or individuals conducting the investigation or supplying such individual or individuals with requested documentation. Failure to cooperate in an investigation of a suspected violation may result in disciplinary action being taken.

### **E. Non-Intimidation/Non-Retaliation**

To ensure employee cooperation, neither Facility nor its respective employees, professional staff members, executives and directors shall take any intimidating/retaliatory action or retribution against any individual who has submitted a report of a suspected violation or who has participated in an investigation of a suspected violation. Any employee, professional staff members, executives and directors who takes intimidating/retaliatory action or retribution against another employee who has either reported a suspected violation or participated in an investigation of a suspected violation will be subject to disciplinary action or, as to a director, removal from the Board of Directors.

## **DISCIPLINARY PROCEDURES**

All employees, professional staff members, executives and directors are required to comply with applicable state and federal law, ethical standards and Facility's policies, including the standards of conduct contained in this Manual (hereinafter collectively "Standards"). Any employee or professional staff member or executive who violates any of the foregoing Standards will be subject to disciplinary action, up to and including termination of employment or termination of professional staff privileges. Any director who violates any of the foregoing Standards may be subject to removal from the Board of Directors.

Disciplinary action will be taken against an employee or professional staff member who:

- A. Authorizes or participates directly in a violation of a Standard;
- B. Deliberately fails to report a violation of a Standard;
- C. Deliberately withholds relevant and material information concerning a violation of a Standard;
- D. Deliberately fails to cooperate in an investigation of a suspected violation of a Standard;
- E. Retaliates or seeks or causes retribution against any individual who has either reported a suspected violation of a Standard or participated in an investigation of a suspected violation of a Standard;
- F. Encourages, directs, facilitates or permits either actively or passively non-compliant behavior; and
- G. Fails to participate in required training programs.

Disciplinary action may also be taken against any supervisory personnel who direct or approve an employee's actions which result in a violation of a Standard, is aware that an employee's actions which violate a Standard but fails to take appropriate corrective action or who otherwise fails to exercise appropriate supervision.

Disciplinary action may include oral or written warning, probation, suspension, demotion, termination from employment or suspension or termination of staff privileges. Disciplinary action will be taken in accordance with Facility's personnel policies and procedures. Disciplinary action will be taken on a fair, equitable and consistent basis. Disciplinary action will be appropriate to the level of the employee's culpable conduct, that is, the more serious the level of culpable conduct (intentional conduct or reckless non-compliance) will result in more significant disciplinary action. Notwithstanding the foregoing, this statement is not a guaranty of progressive discipline and Facility reserves the right to terminate an employee at any time for any lawful reason.

## **MONITORING AND AUDITING**

Facility will have in place a system for routinely identifying compliance risk areas and for self-evaluation including internal and external audits as needed. It is intended that this process will result in continuous improvement in professional, business and operational practices of Facility.

The Centers for Medicare and Medicaid Services, the Office of the Inspector of General, the New York State Department of Health and the New York State Office of the Medicaid Inspector General, have made information on the Medicare and Medicaid programs available on their respective websites and Facility will utilize such resources in operating its compliance program and continuing to monitor the progress of its compliance program.

Employees, professional staff members executives, directors, and, to the extent applicable, vendors and agents will be required to cooperate with the compliance responsibilities and activities of Facility.

## APPENDIX A

### FEDERAL FALSE CLAIMS ACT

#### A. False Claims and Penalties

The Federal False Claims Act (“Act”) imposes civil liability upon any person (individual or entity) for knowingly making a false claim to the United States government (“Government”). Specifically, the Act sets forth seven circumstances for which civil liability will be imposed for false claims. These seven circumstances are:

1. To knowingly present, or cause to be presented, to the Government a false or fraudulent claim for payment or approval;
2. To knowingly make, use, or cause to be made or used, a false record or statement to get a false or fraudulent claim paid or approved by the Government;
3. To conspire to defraud the Government by getting a false or fraudulent claim allowed or paid;
4. To have possession, custody or control of property or money used, or to be used, by the Government and, intending to defraud the Government or to willfully conceal the property, to deliver or cause to be delivered, less property than the amount for which the person receives a certificate or receipt;
5. To authorize the making or delivery of a document certifying receipt of property used, or to be used, by the Government and, intending to defraud the Government, to make or deliver the receipt without completely knowing that the information on the receipt is true;
6. To knowingly buy, or receive as a pledge of an obligation or debt, public property from an

officer or employee of the Government who lawfully may not sell or pledge the property;  
or

7. To knowingly make, use, or cause to be made or used, a false record or statement to conceal, avoid, or decrease an obligation to pay or transmit money or property to the Government.

The civil monetary penalty that can be imposed for a false claim under the Act is not less than \$5,000.00 and not more than \$10,000.00, **PLUS** three times the amount of damages which the Government sustained because of the false claim. A Court may impose a lesser penalty of not less than two times the amount of damages sustained by the Government where the Court finds the following:

1. The person committing the violation furnished governmental officials responsible for investigating false claims with all information known to the person about the violation within thirty (30) days after the date on which the person first obtained the information;
2. The person fully cooperated with any governmental investigation of the violation; and
3. At the time the person furnished the Government with the information about the violation, no criminal prosecution, civil action, or administrative action had been commenced with respect to the violation and the person did not have actual knowledge of the existence of an investigation into the violation.

The Act defines the term “Claim” and the terms “Knowing” and “Knowingly”. A Claim is defined for purposes of the Act as follows:

Claim includes any request or demand, whether under a contract or otherwise, for money or property which is made to a contractor, grantee, or other recipient if the United States government provides any portion of the money or property which is requested or demanded or if the

Government will reimburse such contractor, grantee or other recipient of any portion of the money or property which is requested or demanded.

The terms “Knowing” and “Knowingly” are defined as:

That a person, with respect to information:

1. has actual knowledge of the information;
2. acts in deliberate ignorance of the truth or falsity of the information;  
or
3. acts in reckless disregard of the truth or falsity of the information,  
and no proof of specific intent to defraud is required.

In essence, civil monetary penalties may be imposed upon a person for making a false claim to the Government where the individual knows the information in the claim is false, or acts in deliberate ignorance of the truth or falsity of the information in the claim or acts in reckless disregard of the truth or falsity of the information in the claim. Civil monetary penalties are imposed even where there is no specific intent to defraud the Government.

The Act applies to claims submitted under Medicare, Medicaid, other federal health care programs and other state health care programs funded, in whole or in part, by the federal government. Examples of false claims include, but are not limited to:

1. Filing a claim for payment knowing that the services were not provided or were medically unnecessary;
2. Submitting a claim for payment knowing that excessive charges are being billed;
3. Submitting a claim for payment knowing that a higher billing code which does not reflect the services provided is used;
4. Filing a claim knowing that the claim is for duplicate services.

The Act has been used as a basis to impose civil monetary penalties upon nursing homes in



situations involving egregious substandard quality of care, that is, the resident's condition is so bad that the services billed for could not have been provided.

B. Civil Actions Under the Act

Enforcement of the Act is the responsibility of the United States Attorney General. However, private individuals have the ability to bring a civil action for a violation of the Act. These private actions are known as "Qui Tam" actions.

Qui Tam actions are brought by private individuals in the name of the Government. When the complaint in an action brought by a private individual is filed with the Court, it remains under seal for a period of sixty days and cannot to be served upon the defendants named therein until ordered by the Court. Under seal means that the action remains confidential and is not subject to disclosure. The private individual must serve a copy of the complaint and written disclosures of substantially all material evidence and information the individual possesses on the Government. Within sixty days of the Government's receipt of the complaint and written disclosures, the Government shall either intervene and proceed with the action, in which case, the action shall be conducted by the Government, or notify the Court that it declines to take over the action, in which case, the private individual bringing the action shall have the right to proceed with the action.

If the Government elects to proceed with the action brought by a private individual, the private individual shall receive at least 15% but not more than 25% of the proceeds of the action or settlement of the claim, depending upon the extent to which the private individual contributed to the prosecution of the action. If the Government does not proceed with the action, and the private individual is successful in the action or settles the action, the private individual is entitled

to an amount not less than 25% and not more than 30% of the proceeds of the action or settlement which shall be paid out of the proceeds of the action or settlement. In addition, the private individual is entitled to receive an amount for reasonable expenses necessarily incurred in the action plus reasonable attorneys' fees and costs. On the other hand, if the private individual is unsuccessful in prosecuting the action, the Court, upon a finding that the action was clearly frivolous, clearly vexatious or brought primarily for purposes of harassment, may award the defendant in the action its reasonable attorneys' fees and expenses. If the private individual in the action is a person who planned or initiated the violation of the Act, the Court, where appropriate, may reduce the amount of the award to the private individual. Moreover, if such private individual is convicted of a crime arising from his or her role in the violation, the person will not receive any share of the proceeds of the action.

A civil action under the Act may not be brought:

1. More than six years after the date on which the violation of the Act is committed; or
2. More than three years after the date when facts material to the right of action are known or reasonably should have been known by an official of the Government charged with responsibility to act in the circumstances but in no event more than 10 years after the date on which the violation is committed, whichever occurs last.

31 U.S.C. §3801 Et. Seq.

31 U.S.C. §3801 imposes additional civil penalties for the filing of false claims or statements with the federal government. The term "Claim" is defined as:

Any request, demand or submission - -

- (A) made to [the Government] for property, services or money (including money representing grants, loans, insurance or benefits);

- (B) made to a recipient of property, services or money from [the Government] or to a party to a contract with [the Government] - -
  - (i) for property or services if the United States - -
    - (I) provided such property or services;
    - (II) provided any portion of the funds for the purchase of such property or services; or
    - (III) will reimburse such recipient or party for the purchase of such property or services; or
  - (ii) for the payment of money (including money representing grants, loans, insurance or benefits), if the United States - -
    - (I) provided any portion of the money requested or demanded; or
    - (II) will reimburse such recipient or party for any portion of the money paid on such request or demand; or
- (C) made to [the Government] which has the effect of decreasing an obligation to pay or account for property, services or money,

except that such term does not include any claim made in any return of tax imposed by the Internal Revenue Code of 1986.

The term "Statement" is defined as:

Any representation, certification, affirmation, document, record or accounting or bookkeeping entry made - -

- (A) with respect to a claim or to obtain the approval or payment of a claim (including relating to eligibility to make a claim); or
- (B) with respect to (including relating to eligibility for - -
  - (i) A contract with, or a bid or proposal for a contract with; or
  - (ii) A grant, loan or benefit from,  
an authority, or any State, political subdivision of a State, or other

party, if the United States Government provides any portion of the money or property under such contract or for such grant, loan or benefit, or if the Government will reimburse such State, political subdivision or party for any portion of the money or property under such contract or for such grant, loan or benefit,

except that such term does not include any statement made in any return of tax imposed by the Internal Revenue Code of 1986.

Specifically, civil monetary penalties under 31 U.S.C. §3801 et. seq. will be imposed against:

1. Any person (individual or entity) who makes, presents, or submits, or causes to be made, presented or submitted, a claim that the person knows or has reason to know:
  - (A) is false, fictitious or fraudulent;
  - (B) includes or is supported by any written statement which asserts a material fact which is false, fictitious or fraudulent;
  - (C) includes or is supported by any written statement that:
    - (i) omits a material fact;
    - (ii) is false, fictitious or fraudulent as a result of such omission; and
    - (iii) is a statement in which the person making, presenting or submitting such statement has a duty to include such material facts; or
  - (D) Is for payment for the provision of property or services which the person has not provided as claimed; or
2. Any person who makes, presents or submits, or causes to be made, presented or submitted, a written statement that:
  - (A) The person knows or has reason to know:
    - (i) asserts a material fact which is false, fictitious or fraudulent; or

- (ii) is false, fictitious or fraudulent as a result of such omission;
- (B) in the case of a statement described in clause (ii) of subparagraph (A) is a statement in which the person making, presenting, or submitting such statement has a duty to include such material fact; and
- (C) contains or is accompanied by an express certification or affirmation of the truthfulness or accuracy of the contents of the statement.

The term “knows or has reason to know” means that:

A person, with respect to a claim or statement - -

- (A) has actual knowledge that the claim or statement is false, fictitious or fraudulent; or
- (B) acts in deliberate ignorance of the truth or falsity of the claim or statement; or
- (C) acts in reckless disregard of the truth or falsity of the claim or statement,

and no proof of specific intent to defraud is required.

Civil monetary penalties under 31 U.S.C. §3801 et. seq. are not more than \$5,000 for each false claim or statement. Also, in lieu of damages sustained by the federal government, an assessment of not more than twice the amount of such claim(s) may be imposed. An individual or entity against whom civil monetary penalties are sought under 31 U.S.C. §3801 et. seq. is entitled to notice, an opportunity for a hearing and judicial review.

#### ADDITIONAL CIVIL AND CRIMINAL PENALTIES AND EXCLUSIONS FOR FALSE CLAIMS

In addition to the Act and 31 U.S.C. §3801 et. seq., the federal government may, pursuant to 42 U.S.C. §1320a-7a, impose civil monetary penalties for false claims. Such

additional civil monetary penalties may be up to but not exceed \$10,000 for each item or service which is the subject of a false claim.

In addition to civil monetary penalties, the federal government may, pursuant to 42 U.S.C. §1320a-7, exclude an individual or entity from participation in federal and state health care programs (including Medicare and Medicaid) for certain false claims or actions. Generally, exclusion is mandatory in cases where the individual is convicted of a felony relating to health care fraud, otherwise, exclusion is permissive, that is, subject to the discretion of the Government.

Pursuant to 42 U.S.C. §1320a-7b, criminal sanctions may be imposed against an individual or entity for making or causing to be made false statements or representations. Specifically, criminal sanctions will be imposed against an individual or entity who:

1. Knowingly and willfully makes or causes to be made any false statement or representation of a material fact in any application for any benefit or payment under a federal health care program;
2. At any time knowingly and willfully makes or causes to be made any false statement or representation of a material fact for use in determining rights to such benefits or payments;
3. Having knowledge of the occurrence of any event affecting (1) his/her initial or continued right to any such benefit, or (2) the initial or continued right to any such benefit or payment of any other individual in whose behalf he/she has applied for or is receiving such benefit or payment, conceals or fails to disclose such event with an intent fraudulently to secure such benefit or payment either in a greater amount or quantity than is due or when no such benefit or payment is authorized;
4. Having made application to receive any such benefit or payment for the use and benefit of

another and having received it, knowingly and willfully converts such benefit or payment or any part thereof to a use other than for the use and benefit of such other person;

5. Presents or causes to be presented a claim for a physician's service for which payment may be made under a federal health care program and knows that the individual who furnishes the services was not licensed as a physician; or
6. For a fee knowingly and willfully counsels or assistants an individual to dispose of assets (including by any transfer in trust) in order for the individual to become eligible for medical assistance under [Medicaid] if disposing of the assets results in the imposition of a period of ineligibility for such assistance.

In addition, criminal sanctions will be imposed against any individual or entity who knowingly and willfully makes or causes to be made, or induces or seeks to induce the making of, any false statement or representation of a material fact with respect to the conditions or operations of any institution, facility or entity in order that such institution, facility or entity may qualify (either upon initial certification or upon recertification) as a hospital, critical access hospital, skilled nursing facility, nursing facility, intermediate care facility for the mentally retarded, home health agency, or other entity for which certification is required under Medicare or a state health care program or with respect to information required to be provided under 42 U.S.C. §1320a-3a (disclosure requirements for other providers under Medicare Part B).

## NEW YORK STATE FALSE CLAIMS LAWS AND RELATED LAWS

### A. NY False Claims Act (State Finance Law §§187-194)

The NY False Claims Act closely tracks the federal False Claims Act. It imposes penalties and fines on individuals and entities that file false or fraudulent claims for payment from any state or local government, including health care programs such as Medicaid. The penalty for filing a false claim is \$6,000-\$12,000 per claim and the recoverable damages are between two and three times the value of the amount falsely received. In addition, the false claim filer may have to pay the government's legal fees.

The Act allows private individuals to file lawsuits in state court, just as if they were state or local government parties. If the suit eventually concludes with payments back to the government, the person who started the case can recover 25-30% of the proceeds if the government did not participate in the suit or 15-25% if the government did participate in the suit.

### B. Social Services Law, Section 366-b

Section 366-b of the Social Services Law makes it a Class A misdemeanor for any person who, with intent to defraud, does any of the following:

1. presents for allowance or payment any false or fraudulent claim for furnishing services or merchandise;
2. knowingly submits false information for the purpose of obtaining greater compensation than that to which he/she is legally entitled for furnishing services or merchandise; or
3. knowingly submits false information for the purpose of obtaining authorization for furnishing services or merchandise under the Medicaid program.



C. Article 177 of the Penal Law

Article 177 of the Penal Law became effective November 1, 2006. Article 177 of the Penal Law establishes the crime of health care fraud. The crime of health care fraud in the fifth degree is a Class A misdemeanor and a person is guilty of this crime when:

With intent to defraud a health plan, [includes the State Medicaid program], he or she knowingly and willfully provides materially false information or omits material information for the purpose of requesting payment from a health plan for a health care item or service and, as a result of such information or omission, he or she or another person receives payment in an amount that he, she or such other person is not entitled to under the circumstances.

Health care fraud in the fourth degree is a Class E felony. A person is guilty of health care fraud in the fourth degree when the person commits the crime of health care fraud in the fifth degree on one or more occasions and the payment or portion of payment wrongfully received from a single health plan [including Medicaid] in a period of not more than one year, exceeds \$3,000 in the aggregate.

Health care fraud in the third degree is a Class D felony. Health care fraud in the third degree is committed where the wrongful payments exceed \$10,000 in the aggregate in a one-year period. Health care fraud in the second degree is a Class C felony and is committed where the wrongful payments exceed \$50,000 in the aggregate in a one-year period. Health care fraud in the first degree is a Class B felony and is committed where the wrongful payments exceed more than \$1,000,000 in the aggregate one year period.

Article 177 of the Penal Law provides for an affirmative defense for individuals serving as a clerk, bookkeeper, or other employee of a health care provider who, without personal benefit, was merely executing the orders of his or her employer or a superior employee generally

authorized to direct his or her activities. The affirmative defense is not available to any employee charged with the active management and control, in an executive capacity, of the affairs of the corporation.

D. Social Services Law Section 363-d and 18 NYCRR Part 521

Section 363-d of the Social Services Law and 18 NYCRR Part 521 require certain providers, such as nursing homes and diagnostic and treatment centers, to adopt and implement an effective compliance program covering areas such as (1) billing, (2) payment, (3) medical necessity and quality of care, (4) governance, (5) mandatory reporting, (6) credentialing, and (7) other areas of risk as identified by the provider.

The statute and the regulations identify eight required components for a compliance program. These components are:

1. Written policies and procedures that (a) describe compliance expectations for the provider, its employees, agents and vendors, (b) implement the compliance program, (c) provide guidance to employees and others dealing with potential compliance issues, (d) identify how to communicate compliance issues to appropriate compliance personnel, and (e) describe how potential compliance problems are investigated and resolved;
2. Designate a compliance officer with responsibility for the day-to-day operation of the compliance program;
3. Training and education of all affected employees and persons associated with the provider, including executives and governing body members, on compliance issues and compliance expectations;
4. Lines of communication to the compliance officer that are accessible to all employees and

persons associated with the provider;

5. Disciplinary policies to encourage good faith participation in the compliance program by employees and other persons associated with the provider;
6. A system for routine identification of compliance risk areas specific to the provider's business;
7. A system for (a) responding to compliance issues as they are raised, (b) investigating potential compliance problems, (c) responding to compliance problems as identified in the course of self-evaluation and audits, (d) correcting such problems promptly and thoroughly, (e) implementing procedures, policies and systems as necessary to reduce the potential for reoccurrence, and (f) identifying and reporting compliance issues to the Department of Health, the Office of the Medicaid Inspector General, the federal Office of the Inspector General of the U.S. Department of Health and Human Services or others, as applicable, and refunding any overpayments identified; and
8. A policy of non-intimidation and non-retaliation for good faith participation in the compliance program.

In addition to state law, federal law enacted as part of the Health Care Reform Law requires nursing home providers to adopt and implement a compliance program which contains the same basic elements identified above.

E. 18 NYCRR Section 515.2

It is an unacceptable practice under the Medicaid program for an individual or entity to submit false claims or false statements to Medicaid. False claims include:

1. Submitting, or causing to be submitted, a claim or claims for:

- (i) unfurnished medical care, services or supplies;
  - (ii) an amount in excess of established rates or fees;
  - (iii) medical care, services or supplies provided at a frequency or in amount not medically necessary; or
  - (iv) amount substantially in excess of the customary charges or costs to the general public; or
2. Inducing, or seeking to induce, any person to submit a false claim.

False statements are:

- 1. Making, or causing to be made, any false, fictitious or fraudulent statement or misrepresentation of material fact in claiming a medical assistance payment, or for use in determining the right to payment; or
- 2. Inducing or seeking to induce the making of any false, fictitious or fraudulent statement or misrepresentation of a material fact.

Individuals who have engaged in unacceptable practices under the Medicaid program are subject to one or more of the following sanctions:

- 1. Exclusion from the program for a reasonable time;
- 2. Censure;
- 3. Conditional or limited participation, such as requiring pre-audit or prior authorization of claims for all medical care, services or supplies, prior authorization of specific medical care, services or supplies, or other similar conditions or limitations.

In addition, the Department of Health may require the repayment of overpayments determined to have been made as a result of the unacceptable practice.

## **WHISTLEBLOWER PROTECTION**

### A. Federal False Claims Act

No employee because of lawful acts done by the employee in furtherance of a civil action under the Act, whether brought by the Government or a private individual, including investigation for, initiation of, testimony for, or assistance in any such action maybe discharged, demoted, suspended, threatened, harassed, or in any other manner discriminated against in the terms and conditions of employment because of such actions. Any employee who has been discharged, demoted, suspended, threatened, harassed or in any other manner discriminated against in the terms and conditions of employment because of such lawful acts shall be entitled relief necessary to make the employee whole, including, reinstatement with the same seniority status such employee would have had but for the discrimination, two times the amount of back pay, interest on the back pay, and compensation for any special damages sustained as a result of the discrimination, including litigation costs and reasonable attorneys' fees.

### B. State Laws

Article 20-C of the New York Labor Law prohibits retaliatory action by employers. Section 740 of Article 20-C applies to all employers. Section 741 of Article 20-C applies to health care employers, including, but not limited to, providers licensed under Article 28 (i.e., hospitals, nursing homes and diagnostic and treatment centers) and Article 36 (i.e., long term home health care programs, certified home health care agencies, and licensed home care service agencies) of the Public Health Law. In addition, the New York False Claims Act provides additional protection to employees.

#### I. Section 740

Under Section 740 an employer is prohibited from taking any retaliatory personnel action (discharge, suspension, demotion or other adverse employment action taken against an employee in terms and conditions of employment) against an employee because the employee does any of the following:

- (i) discloses, or threatens to disclose to a supervisor or to a public body an activity, policy or practice of the employer that is in violation of law, rule or regulation which violation creates and presents a substantial and specific danger to the public health or safety or which constitutes health care fraud;
- (ii) provides information to, or testifies before, any public body conducting an investigation, hearing or inquiry into any such violation of a law, rule or regulation by the employer; or
- (iii) objects to, or refuses to participate in any such activity, policy or practice in violation of a law, rule or regulation.

With respect to disclosures to a public body only, protection against retaliatory personnel actions is unavailable unless the employee has first brought the activity, policy or practice in violation of law, rule or regulation, to the attention of a supervisor of the employer and afforded the employer a reasonable opportunity to correct the activity, policy or practice.

An employee who has been subject to a retaliatory personnel action may institute a civil action for the following relief within one year after the alleged retaliatory personnel action was taken:

- (i) An injunction to restrain continued violation of Section 740;
- (ii) Reinstatement of the employee to the same position held before the

retaliatory personnel action, or to an equivalent position;

- (iii) Reinstatement of full fringe benefits and seniority rights;
- (iv) Compensation for lost wages, benefits and other remuneration; and
- (v) Payment by the employer of reasonable costs, disbursements and attorneys' fees.

If the Court determines that a civil action under Section 740 was without basis in law or fact, the Court, in its discretion, may award reasonable attorneys' fees and court costs and disbursements to the employer.

## II. Section 741

Under Section 741, an employer is prohibited from taking retaliatory action (discharge, suspension, demotion, penalization or discrimination against an employee, or other adverse employment action taken against an employee in terms and conditions of employment) against an employee because the employee does any of the following:

- (i) discloses or threatens to disclose to a supervisor, or to a public body an activity, policy or practice of the employer or agent that the employee, in good faith, reasonable believes constitutes improper quality of patient care (“improper quality of patient care” means any practice, procedure, action or failure to act of an employer which violates any law, rule, regulation or declaratory ruling adopted pursuant to law, where such violation relates to matters which may present a substantial and specific danger to public health or safety or a significant threat to the health of a specific patient); or
- (ii) objects to, or refuses to participate in any activity, policy or practice of the

employer or agent that the employee, in good faith, reasonably believes constitutes improper quality of patient care.

The protections under Section 741 are not available to an employee unless the employee has brought the improper quality of patient care to the attention of a supervisor and has afforded the employer a reasonable opportunity to correct such activity, policy or practice. However, the inapplicability of Section 741 for failure to provide an employer an opportunity to correct does not apply to disclosures or threatened disclosures to a supervisor or public body where the improper quality of patient care presents an imminent threat to public health or safety or to the health of a specific patient and the employee reasonably believes in good faith that reporting to a supervisor would not result in corrective action.

An employee may bring a civil action under Section 740 for the relief identified in Section 740. However, instead of the one-year period in which to bring such action, a health care employee may bring such action within two years after the alleged retaliatory personnel action was taken. In addition to the specific relief identified in Section 740, if the Court determines that a health care employer acted in bad faith in a retaliatory action under Section 741, the Court may assess a civil penalty of an amount not to exceed \$10,000 against the health care employer which is to be paid to the Improving Quality of Patient Care Fund established under the State Finance Law.



### III. NY False Claim Act (State Finance Law §191)

The False Claim Act also provides protection to *qui tam* relators who are discharged, demoted, suspended, threatened, harassed, or in any other manner discriminated against in the terms and conditions of their employment as a result of their furtherance of an action under the Act. Remedies include reinstatement with comparable seniority as the *qui tam* relator would have had but for the discrimination, two times the amount of any back pay, interest on any back pay, and compensation for any special damages sustained as a result of the discrimination, including litigation costs and reasonable attorneys' fees.

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# WHISTLEBLOWER POLICY

OF

## BAPTIST HEALTH SYSTEM, INC. AND ITS AFFILIATES

### Article I

#### Purpose

The purpose of this Whistleblower Policy (“Policy”) is to protect from retaliation persons who report, in good faith, suspected improper conduct. This Policy is adopted by and on behalf of Baptist Health System, Inc. (“System”) and its affiliates (“System Affiliates” and, together with System, "Baptist Health"). This policy is intended to supplement but not replace any applicable federal and/or state laws governing whistleblower protection.

### Article II

#### Definitions

##### **1. Affiliate**

A corporation or other entity controlled by, in control of, or under common control with a corporation.

##### **2. System Affiliates**

The System affiliates are Baptist Health Nursing and Rehabilitation Center, Inc., Baptist Health Enriched Housing Program, Inc. d/b/a Judson Meadows, Judson Meadows Residential Health Care Center, Inc., Baptist Health System Foundation, Inc., and The Nurse Connection Staffing, Inc.

##### **3. Improper Conduct**

Any action or suspected action taken by or within Baptist Health that is illegal, fraudulent, in violation of federal and state health care programs, or in violation of any adopted policy of Baptist Health, including, but not limited to, the Standards of Conduct contained in System’s Corporate Compliance Manual.

### Article III

#### Covered Persons

Covered persons protected by this Policy are any director, officer, employee, professional staff member, or volunteer participating in a formal volunteer program of a System Affiliate (“Covered Persons”).

### Article IV

#### Procedure

##### **1. Reporting of Violations**

The reporting of actual or suspected Improper Conduct is addressed in the “Reporting Requirements” section of System’s Corporate Compliance Manual and the attached Appendix to this Policy.

**2. Confidentiality**

Confidentiality protections are addressed in the “Reporting Requirements” section of System’s Corporate Compliance Manual and the Appendix.

**3. Maintenance of Reports**

Reports of Improper Conduct will be maintained by System’s Corporate Compliance Officer for the latter of a period of six (6) years after the completion of System’s investigation of reported Improper Conduct or a period of six (6) years after the completion of a governmental investigation, if any, of the reported Improper Conduct.

**Article V**

**Non-Retaliation/Non-Intimidation**

No Covered Person who, in good faith, makes a report of Improper Conduct or who, in good faith, participates in any internal or governmental investigation of a report of Improper Conduct will be subject to intimidation, harassment, discrimination or other means of retaliation and, with respect to employees, adverse employment consequences.

**Article VI**

**Policy Administrator**

System’s Corporate Compliance Officer shall be responsible for administering this Policy and will report, with respect to this Policy, directly to System’s Audit Committee.

**Article VII**

**Distribution**

A copy of this Policy will be distributed to all current Covered Persons and will be distributed to new Covered Person during their initial orientation with Baptist Health. This Policy will also be conspicuously posted on Baptist Health’s web-site.

**Article VIII**

**Violation of Policy**

A violation of this Policy will result in disciplinary action, including, but not limited to: (1) for a director or officer, up to removal from the Board of Directors and/or removal from office; (2) for an employee, up to termination of employment; (3) for a professional staff member, up to termination of staff privileges; and (4) for a volunteer, up to termination of volunteer privileges.

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## APPENDIX

### Statement on Reporting & Response

As part of its Corporate Compliance Program, System, on behalf of itself and its affiliates, has developed and publicized a reporting system whereby directors, officers, employees, professional staff with privileges, vendors and volunteers can pose compliance-related questions and/or report perceived "improper conduct" by others within the organization anonymously and/or confidentially without fear of retribution or adverse consequences. Improper Conduct is defined as failure to comply with applicable federal and state laws, requirements of federal and state health programs or System policies and procedures.

This Statement on Reporting and Response describes the process System will follow in responding to potential incidents of improper conduct detected through its reporting system.

REPORTS INVOLVING (A) RESIDENT ABUSE, NEGLECT OR MISTREATMENT OR MISAPPROPRIATION OF RESIDENT FUNDS OR (B) CHILD ABUSE, NEGLECT OR MISTREATMENT ARE TO BE MADE IN ACCORDANCE WITH ABUSE REPORTING POLICIES AND PROCEDURES OF THE PARTICULAR FACILITY INVOLVED.

#### I. Organizational Reporting - Reporting of Potential Improper Conduct

Directors, officers, employees, professional staff with privileges, vendors and volunteers are obligated to promptly report all instances of perceived improper conduct. Reports should only be made in good faith when there is legitimate concern about a potential compliance issue.

System will promptly investigate reports received in a thorough manner. The Compliance Officer will retain records and reports from subsequent investigations in confidence. While System will do its best to maintain this confidentiality, System may be obligated to disclose the name of the reporting person, if known, and copies of any investigation reports and/or records to governmental authorities.

All directors, officers, employees, professional staff with privileges, vendors and volunteers have available to them the following anonymous and/or confidential reporting options:

A. Complete a written Report of Potential Improper Conduct. This report form can be obtained from System's website at <http://www.bapthealth.com/>. Once the report form is completed, it should be forwarded directly to the Corporate Compliance Officer via link on the website, or email ([steigerc@bapthealth.com](mailto:steigerc@bapthealth.com)), or fax (518-881-4644), or mail Corporate Compliance Officer at 297 North Ballston Avenue, Scotia, New York 12302, or place in a confidential Compliance Drop-Box (at Baptist Health Nursing and Rehabilitation Center located on the first floor N1 hallway near Human Resources; located at Baptist Health Enriched Housing Program (Judson Meadows) located on first floor north hallway near employee break room), or use the completed form to place a call to the Corporate Compliance Hotline at (518) 370-4700 extension 172; *or*

B. Contact the Corporate Compliance Officer or a member of the Compliance Committee directly by phone or schedule an appointment to pose a compliance-related question and/or report any concerns. The Compliance Officer can be reached directly at (518) 370-4700 extension 172.

Reports of potential improper conduct are confidential. If the individual making the report identifies him/herself, the Compliance Officer will respond to the individual within seven (7) business days. While System will do its best to maintain this confidentiality, System may be obligated to disclose the name, if known, of the reporting person and copies of any investigation reports and/or records to governmental authorities.

#### II. Organizational Response

Once a Report of Potential Improper Conduct has been received, the Corporate Compliance Officer, along with the

relevant Department Managers and/or members of the Compliance Committee, will review the available evidence and undertake appropriate investigations.

If the investigation reveals that disciplinary action is warranted, the discipline process will proceed per policy, which includes Human Resources review. The Compliance Officer, along with relevant Department Managers and/or members of the Compliance Committee, is responsible for evaluating training and education needs and ongoing monitoring activities to prevent any reoccurrence.

In cases where the identity of the individual making the report is known, the individual will be notified of the outcome of the investigation, to the extent deemed appropriate, by the Corporate Compliance Officer.

## ***Corporate Compliance Reporting Form***

To report a suspected violation, an individual is required to notify, either verbally or in writing, the Compliance Officer or the individual's immediate supervisor.

To contact Corporate Compliance Officer:

Telephone: (518) 370-4700 extension 172

Direct Fax: (518) 881-4644

In writing: utilize form below

*Please use this form to write your report.*

*Please complete this form and forward it directly to the Corporate Compliance Officer for review.*

*If you are reporting and utilizing the Anonymous Drop Box located at one of the System affiliates, please – place the completed form in the envelope, seal the envelope and place in Corporate Compliance Box.*

### **COMPLIANCE CONCERN: Report of Potential Improper Conduct**

***Date and Time of Report:*** \_\_\_\_\_

***Subject of Report:*** \_\_\_\_\_

***Parties Involved: Name(s) of Employee(s):*** \_\_\_\_\_

***Any other people:*** \_\_\_\_\_

***Date(s) of Alleged Improper Conduct:*** \_\_\_\_\_

***Location/Department(s) Involved:*** \_\_\_\_\_

***Witness names(s) and department(s) involved (unless witness wishes to remain anonymous):***

\_\_\_\_\_

***Compliance Concern/Potential Improper Conduct: please write your concern below***

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

*Please attach any additional information or supporting documents, if necessary*

The Corporate Compliance Officer will maintain this report in a confidential manner. While Baptist Health System (BHS) will do its best to maintain this confidentiality, BHS may be obligated to disclose the name of the reporting person, if known, and copies of any investigation reports and/or records to governmental authorities.

*Any individual may make a report of a suspected violation anonymously.*

If you choose to remain anonymous, the Corporate Compliance Officer may not be able to notify you directly of the outcome of any investigations that are undertaken.

8/13, 12/13, 6/14, 7/15, 12/15

## EMPLOYEE/PROFESSIONAL STAFF MEMBER COMPLIANCE CERTIFICATION

I certify that I have access to the Compliance Manual and that Facility's Compliance Program has been explained to me. I promise to comply with the terms of Facility's Compliance Program, including but not limited to, the Code of Conduct. I understand that violation of these terms may lead to disciplinary action, up to and including the termination of my employment or the termination or non- renewal of staff privileges.

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

(Print Name)

Date: \_\_\_\_\_