TITLE: Iredell Memorial Hospital Compliance Plan		**POLICY NUMBER:**
EFFECTIVE DATE:	**MANUAL:**	**APPROVED BY/DATE:**

INTRODUCTION

Iredell Memorial Hospital (the "Hospital") strives to maintain the highest quality of care for its patients, and, therefore, the Hospital's employees, independent contractors, medical staff, and agents (collectively, the "Hospital Community") are expected to respect the rights and dignity of all patients, to adhere to high ethical standards, and to work in cooperation with all members of the Hospital's team to consistently evaluate the Hospital's performance and improve the Hospital's services when needed.

In order to advance the Hospital's commitment to quality care and to prevent fraud, waste, and abuse, the Hospital has adopted this Compliance Plan, founded on the following core elements:

- Designation of a Compliance Officer and Compliance Committee;
- Compliance policies and procedures, including a Code of Conduct;
- Open lines of communication;
- Appropriate training and education;
- Internal monitoring and auditing;
- Appropriate responses to detected deficiencies; and
- Enforcement of disciplinary standards.

The Hospital expects each member of the Hospital Community to follow the Compliance Plan and all applicable state and federal laws and regulations, and to make reports of suspected compliance violations in good faith. While the policies and procedures that make up the Hospital's Compliance Plan give detailed information regarding the rights and responsibilities of each member of the Hospital Community, the basic elements of the Compliance Plan are as follows:

1) Each member of the Hospital Community is to avoid engaging in activities that fail to comply with the Compliance Plan and/or with applicable federal and state laws and regulations.

2) Each member of the Hospital Community is expected to report in good faith all suspected violations of the Compliance Plan or of any applicable federal or state law or regulation to the Corporate Compliance Officer, or the person acting for the Corporate Compliance Officer.

3) In the event that a member of the Hospital Community is found to be in violation of the Compliance Plan or any law or regulation, he or she will be subject to corrective action according to the circumstances of the infraction.

4) Each member of the Hospital Community shall agree to be bound by the requirements of state and federal law and shall accept responsibility to

understand such requirements and to recognize the potential failure of another individual associated with the Hospital to do the same.

5) Each member of the Hospital Community shall agree to undergo training and education to recognize potential risks in his or her duties and those of others.

In addition to these basic elements, the Compliance Plan consists of policies and procedures that educate the Hospital Community on applicable state and federal laws, their rights and obligations under those laws, and the evaluation of potential violations of such laws; education and training sessions; implementation of a reporting system for suspected compliance violations; and the use of audits or other techniques to evaluate compliance and areas for improvement. Copies of the policies and procedures are accessible to each member of the Hospital's Community, as a copy of the Compliance Plan is available:

- On the Hospital's intranet directory (PolicyTech™),
- On the Hospital's website, in the "Compliance" Section, or
- Upon request by contacting the Hospital's Corporate Compliance Officer at 704-878-4500.

Members of the Hospital Community confidentially (and anonymously, if desired) may report issues of suspected fraud, waste, and abuse, including the submission of suspected false claims, by contacting the Corporate Compliance Hotline at 704-878-7770.

STRUCTURE

The responsibility for monitoring compliance with the Hospital's Compliance Plan at the management level is carried out by the Corporate Compliance Officer, the Corporate Compliance Committee, and the Board of Directors as follows:

Corporate Compliance Officer

The Corporate Compliance Officer has day-to-day responsibility, together with the Corporate Compliance Committee, for the implementation of the Compliance Plan. The Corporate Compliance Officer is the Vice President of Professional Services and Facility Planning, who reports directly to the President and Chief Executive Officer and may also make reports directly to the Board of Directors of the Hospital (the "Board"). The Corporate Compliance Officer's duties and responsibilities include, but are not limited to, the following:

1) Investigating any information or allegation concerning possible unethical or improper incidents or practices, and recommending corrective action when necessary;

2) Providing guidance and interpretation to the Board, the President and Chief Executive Officer, and the Hospital Community, in conjunction with the Hospital's legal counsel, where appropriate, on matters related to the Compliance Plan;

3) Planning, overseeing, and documenting the findings of regular, periodic audits of the Hospital's operations in order to identify and resolve or prevent any possible compliance violations; and

4) Performing other such compliance duties and responsibilities as the Board may request.

Corporate Compliance Committee

The Corporate Compliance Committee provides more immediate oversight of the Compliance Plan. The Corporate Compliance Committee includes the Corporate Compliance Officer, the Director of Information Services, the Director of the Emergency Department, the Director of Patient Financial Services, the Director of Medical Records, the Assistant VP of Quality/Clinical Outcomes, the Director of Operations for Iredell Physician Network, the Director of Nursing Practice and Quality, the Chaplain, the Recovery Audit Contractor Coordinator, the Projects Accountant, the Accounting Manager and the Risk Manager.

The Corporate Compliance Committee's duties and responsibilities include, but are not limited to, the following:

1) Working with the Board and the Corporate Compliance Officer in the development and implementation of written guidelines on specific legal and regulatory issues and matters involving ethical and legal business practices, including, without limitation: documentation; coding and billing; the giving and receiving of anything of value to physicians or other referral sources; the release of patient health information; and engagement in certain business affiliations or pricing arrangements that may affect competition;

2) Developing and implementing an educational training program for the Hospital Community pertaining to applicable laws and regulations involving ethical and legal practices;

3) Resolving inquiries by members of the Hospital Community or others regarding any aspect of compliance;

4) Coordinating with the Hospital's Human Resources Department to ensure that the Hospital does not hire or place in a position of authority anyone who has been convicted of health care fraud or a crime of moral turpitude or excluded from participating in the Medicare and Medicaid programs, in accordance with applicable law; and

5) Performing other such compliance duties and responsibilities as the Board may request.

Board of Directors Involvement

The Finance Committee of the Board of Directors provides ongoing supervision of the Hospital's compliance activities. The Corporate Compliance Officer will

provide a report to the Board, at least annually, summarizing the activities of the Corporate Compliance Committee.

SCOPE

Entire Hospital Community

RESPONSIBLE PERSON

Vice President of Professional Services & Facility Planning

POLICIES

The following attached policies are key components of the Hospital's Compliance Plan:

1. Code of Ethical Conduct;
2. Policy on Compliance with Federal and State Law;
3. Policy on Detecting and Preventing Waste, Fraud and Abuse; and
4. Monitoring and Auditing.

The Compliance Plan, including the content of the policies incorporated into the Compliance Plan, has been approved by the President and Chief Executive Officer, the Corporate Compliance Officer, the Finance Committee of the Board, and the Board.

The Compliance Plan and its implementation shall be evaluated on at least an annual basis, and revised as needed, to promote its effectiveness.

I. CODE OF ETHICAL CONDUCT

A. PURPOSE. The Hospital is responsible to its patients, its staff, and the community it serves to conduct patient care and business activities in an ethical manner. The Hospital's Code of Ethical Conduct (the "Code") provides guidance to ensure that the Hospital Community understands and meets minimum standards for compliance with applicable laws and regulations. It provides resources to resolve questions about inappropriate conduct. The Code also seeks to provide structure to support an organizational climate that aspires to a higher ethical ideal that goes beyond simply meeting legal minimums.

B. POLICY

1. HOSPITAL ETHICS STATEMENT

The Hospital is committed to achieving the ideals reflected in its foundational statements (Mission, Vision, Values), in part by developing and complying with the standards in this Code. Members of the Hospital Community should consistently strive to exceed minimum legal requirements for their conduct at the Hospital. In this spirit, the Hospital has adopted the following "Ethics Statement":

> "We strive to maintain an ethical climate within our organization which demonstrates that, in doing our work, we act in a manner which is consistent with the Hospital's values and its Code of Ethical Conduct.
>
> We maintain ethical processes that promote optimal health care, professional integrity, and high ethical standards in our business activities.
>
> With realistic goals for achievement, we strive to ensure an ethical and compassionate approach to health care delivery and management. We strive to ensure that the Hospital's policies maintain respect and support for professional ethical codes and responsibilities of employees and medical staff. We strive to demonstrate consistently that we act with integrity in our business activities."

2. LEADERSHIP RESPONSIBILITIES

All members of the Hospital Community are obligated to follow the Code. Hospital Administration is expected to set the example by modeling appropriate behavior. Department Directors will ensure that those on their teams have access to all applicable laws, regulations, policies or supportive resources enabling them to comply with the Code, as well as resolve ethical dilemmas. The Hospital President and Chief Executive Officer also will help to create a culture within the Hospital that promotes high standards of ethics and compliance.

3. COMMITMENT TO STAKEHOLDERS

The Hospital's commitment to stakeholders includes:

a. **Patients**. The Hospital is committed to providing quality care that is sensitive, compassionate, promptly delivered, and cost effective.

b. **Hospital Employees**. The Hospital is committed to a workplace that treats all employees with fairness, dignity, and respect, and affords each an opportunity to grow, to develop professionally, and to work in an environment that encourages collaboration and teamwork.

c. **Affiliated Physicians**. The Hospital is committed to providing a work environment that has excellent facilities, modern equipment, and outstanding professional support.

d. **Third-Party Payors**. The Hospital is committed to contractual obligations with third-party payors that reflect a shared concern for bringing efficiency and cost effectiveness to quality health care.

e. **Regulators**. The Hospital is committed to an environment in which compliance with rules, regulations, and sound business practices is woven into the culture of its organization. The Hospital accepts the responsibility to aggressively self-govern and monitor adherence to the requirements of law and this Code of Ethical Conduct.

f. **Community**. The Hospital is committed to understanding the particular needs of the community and sharing responsibility for achieving improved health and wellness.

g. **Suppliers**. The Hospital is committed to fair competition among prospective suppliers.

h. **Volunteers**. The Hospital is committed to providing an environment in which its volunteers feel a sense of meaningfulness from their work and receive recognition for their efforts.

4. RELATIONSHIPS WITH HEALTH CARE PARTNERS

A. Patients

i. Patient Care and Rights

The Hospital's mission is to provide the community quality health care services through the compassionate hands of well-trained staff in a technologically appropriate, cost efficient manner. The Hospital will provide care that is both necessary and appropriate. The Hospital makes no distinction in the admission, transfer, or discharge of patients or in the care it provides based upon a patient's race, color, religion, or national origin.

Clinical care is based on identified patient health care needs, not on patient or organization economics.

Upon admission, each patient is provided a written statement which fully describes patient rights and responsibilities and conforms to applicable state and federal laws.

Patients and their representatives may access the Hospital Ethics Committee for help with care decision dilemmas, including conflict resolution, participation in clinical trials, and care at the end of life, such as withholding life support services and foregoing or withdrawing life-sustaining treatment.

Hospital employees receive training about patient rights and treat patients in a manner that preserves patients' dignity, autonomy, self-esteem, civil rights, and involvement in care.

The Hospital strives to provide health education, health promotion, and illness prevention programs in its effort to improve the quality of life of its patients and the community.

ii. Emergency Treatment

The Hospital complies with the Emergency Medical Treatment and Active Labor Act ("EMTALA") and provides screening, stabilizing treatment and/or an appropriate transfer to all patients with an emergency medical condition. In an emergency situation, financial and demographic information will be obtained only after the immediate needs of the patient are met.

iii. Patient Information

The Hospital collects information about the patient's medical condition, history, medication, and family illnesses to provide the best possible care. The Hospital does not release or discuss patient-specific information with others except in accordance with applicable law.

No Hospital employee, physician, or other health care partner has a right to patient information, other than that which is necessary to perform his or her job, and such persons have an obligation to keep such information confidential in compliance with the Health Insurance Portability and Accountability Act ("HIPAA") and North Carolina law pertaining to patient information.

B. Affiliated Physicians

Business arrangements with physicians must be structured to ensure precise compliance with legal requirements, and they must be in writing and approved by Hospital Legal Counsel. Furthermore, in order to meet all standards regarding referrals and admissions, the Hospital adheres to two (2) primary rules:

i. We do not pay for referrals. The Hospital accepts patient referrals based solely on the patient's clinical needs and the Hospital's ability to render services. The Hospital acknowledges that civil and criminal penalties, and exclusion from federal health care programs, can result from violation of this rule.

ii. We do not accept payments for referrals that we make. No Hospital employee or any other person is permitted to solicit or receive anything of value, directly or indirectly, in exchange for the referral of patients.

C. Third-Party Payors

i. Coding and Billing for Services

The Hospital provides oversight systems to assure that billings and submission of claims to government and private insurance payors reflect truth and accuracy and conform to federal and state laws and regulations. Employees are prohibited from presenting claims for payment or approval which are false or fraudulent.

The Hospital maintains current and accurate medical records of patients in compliance with policies, accreditation standards, laws, and contractual agreements.

Subcontractors engaged to perform billing or coding services must have necessary skills, quality assurance processes, systems, and appropriate procedures to ensure billings for government and commercial insurance programs are accurate and complete.

ii. Cost Reports

The Hospital will comply with federal and state laws relating to cost reports. Given the complexity of such reports, all issues related to the completion and settlement of cost reports must be communicated through or coordinated with the Accounting/Finance Department.

5. REGULATORY COMPLIANCE

The Hospital will comply with applicable laws and regulations and will provide the Hospital Community with the information and education needed to comply with applicable laws and regulations. The Hospital Community must be knowledgeable about and comply with applicable laws and regulations and should immediately report violations or suspected violations to a supervisor, member of management, the Hospital's Corporate Compliance Officer, or the Compliance Hotline.

The Hospital will cooperate with all government inspectors and provide them with factual and accurate information to which they are entitled during an inspection. No employee must conceal, destroy, or alter documents, lie, or make misleading statements to a government inspector. The Hospital encourages any employee

who is contacted by a government agent to alert the Hospital immediately. An employee has the right to have a lawyer present before answering any question posed by an inspector or government agent.

A. Partnering with Accrediting Bodies. The Hospital will partner with accrediting bodies in a direct, open, and honest manner. No action should ever be taken with an accrediting body that would mislead an accreditor or its survey team, either directly or indirectly.

B. Protecting the Privacy and Security of Patients' Identifying Information. Pursuant to the Health Insurance Portability and Accountability Act of 1996 ("HIPAA"), as amended by the Health Information Technology for Economic and Clinical Health ("HITECH") Act of the American Recovery and Reinvestment Act of 2009 ("ARRA") (collectively, the "HIPAA Privacy and Security Rules"), the Hospital has implemented policies and procedures to promote compliance with the requirements of the HIPAA Privacy and Security Rules. Such policies and procedures are designed to assist the Hospital Community in appropriately protecting the confidentiality and security of sensitive and valuable information that can be linked to and identifies individual patients ("Identifying Information"), including but not limited to patients' protected health information (as that term is defined in HIPAA). The Hospital will make efforts to detect, investigate, respond to, and appropriately mitigate instances in which the privacy or security or patients' identifying information is compromised. All members of the Hospital Community are provided annual training on the requirements of these policies and procedures and are expected to follow applicable requirements as a condition of their employment or other association with the Hospital.

C. Business Information and Information Systems

i. Accuracy, Retention, and Disposal of Documents and Records

No one may alter or falsify information on any record or document. Any correction made to a record or document must follow the appropriate Hospital policy.

Medical and business documents and records are retained in accordance with the law and the Hospital's record retention policy. Medical and business documents include paper documents such as letters and memorandums, computer-based information such as e-mails or computer files on disk, flashdrive, or tape, and any other medium that contains information about the Hospital and its business activities. It is important to retain and destroy records appropriately according to Hospital policy. Tampering with records, or removing or destroying them prior to the specified date, is prohibited.

ii. Confidential Information

Confidential information about Hospital strategies and operations is a valuable asset. An employee may use confidential information to perform

his or her job, but such information must not be shared with others inside or outside the Hospital unless the individuals have a legitimate, approved need to know this information and have agreed to maintain its confidentiality. Confidential information includes personnel data, patient lists and clinical information, pricing and cost data, information pertaining to acquisitions, divestitures, affiliations and mergers, financial data, research data, strategic plans, marketing strategies, techniques, supplier and subcontractor information, and proprietary computer software.

This provision does not restrict the right of an employee to disclose information about his or her own compensation, benefits, or terms and conditions of employment, unless otherwise agreed.

iii. Electronic Media

All communications systems, e-mail, Internet access, and voicemail are property of the Hospital and are to be used for business purposes. No member of the Hospital Community shall have an expectation of personal privacy when using the Hospital communications systems. Staff may not remove or transfer hospital or patient information from the Hospital's locations.

The Hospital reserves the right to periodically access and monitor e-mail and voicemail messages. Staff may not post, store, transmit, download, or distribute any material that is threatening; knowingly, recklessly, or maliciously false; obscene, or anything constituting or encouraging a criminal offense, giving rise to civil liability, or otherwise violating any laws.

Staff may not use Hospital communications systems to engage in solicitation; to send chain letters, personal broadcast messages, or copyrighted documents that are not authorized for reproduction; or to conduct a job search.

Staff who abuse the Hospital's communications systems may lose their privileges and/or be subject to corrective action.

iv. Financial Reporting and Records

All financial information must reflect actual transactions and conform to generally accepted accounting principles. No undisclosed or unrecorded funds or assets may be established. The Hospital maintains a system of internal controls to provide reasonable assurances that all transactions are executed in accordance with management's authorization and recorded in a proper manner to maintain accountability of the organization's assets. The Hospital's financial auditors have full access to the Hospital's financial records and are entitled to the cooperation of the Hospital's employees.

D. Workplace Conduct and Employment Practices

i. Employee Handbook

Hospital employees will review the Employee Handbook during general orientation and will abide by its policies.

ii. Conflict of Interest

A conflict of interest may occur if personal interests influence or appear to influence an employee's ability to make objective decisions in the course of his or her responsibilities. A conflict of interest may also exist if the demands of outside activities hinder or distract an employee from the performance of his or her job or cause that employee to use Hospital resources for personal use or for purposes other than Hospital purposes. It is each employee's obligation to ensure that he or she remains free of conflicts of interest in the performance of responsibilities at the Hospital. Employees in leadership roles provide annual disclosure to the Hospital of any conflicts or potential conflicts of interest.

iii. Controlled Substances

Some members of the Hospital Community routinely have access to prescription drugs, controlled substances, and other medical supplies. Many of these substances are governed and monitored by specific regulatory authorities and must be administered by provider order only. It is extremely important that all these items be handled properly and only by authorized individuals to minimize risks to the Hospital and patients. If any member of the Hospital Community becomes aware of the diversion of drugs from the Hospital, he or she should report the incident immediately to the Corporate Compliance Officer.

iv. Diversity and Equal Employment Opportunity

The Hospital will comply with all laws, regulations, and Hospital policies related to non-discrimination in all personnel actions (hiring, staff reductions, transfers, terminations, evaluations, recruiting, compensation, corrective action, and promotions).

The Hospital will make reasonable accommodations to the known physical and mental limitations of otherwise qualified individuals with disabilities and will not discriminate with respect to any offer, or term or condition, of employment.

v. Harassment and Workplace Violence

Each member of the Hospital Community has the right to work in an environment free of harassment. The Hospital will not tolerate harassment by anyone. Degrading or humiliating jokes, slurs, intimidation, or other harassing conduct is not acceptable at the Hospital.

Any form of sexual harassment is strictly prohibited. This prohibition includes unwelcome sexual advances or requests for sexual favors in

conjunction with employment decisions. Verbal or physical conduct of a sexual nature that interferes with an individual's work performance or creates an intimidating, hostile, or offensive work environment also is prohibited.

Harassment includes incidents of workplace violence. Workplace violence is defined as aggressive acts that include verbal threats to use physical force; physically harming another; shoving; pushing; or brandishing a weapon, with intent to injure, intimidate, harass, or coerce. The Hospital prohibits anyone (except law enforcement) from possessing firearms, other weapons, explosive devices, or other dangerous materials in the Hospital's buildings or on the Hospital's campus. Individuals who observe or experience any form of harassment or violence should report the incident to their supervisor, the Human Resources Department, a member of management, the Hospital Compliance Officer, or the Compliance Hotline.

vi. Health and Safety

The Hospital Community must comply with government regulations and rules and with the Hospital's policies and practices that promote the protection of workplace health and safety. The Hospital's policies have been developed to protect individuals from potential workplace hazards. Everyone should become familiar with and understand how these policies apply to their specific job responsibilities and advise their supervisor or the Employee Health Nurse of any workplace injury or situation presenting a danger of injury so that timely corrective action may be taken.

vii. License and Certification Renewals

The Hospital will not allow any employee or independent contractor to work without a valid professional license, certification, or other credentials as applicable. Licensed personnel are responsible for maintaining the current status of their credentials and shall comply at all times with federal and state requirements applicable to their respective disciplines. The Hospital may require evidence that an individual has a current license or credential status.

viii. Integrity of Clinical Decisions

The Hospital will assess and implement services, policies, and procedures that protect the integrity of clinical decisions. Licensed personnel are expected to adhere to their respective professional codes of ethics. Referral to the Hospital's Ethics Committee is warranted where professional codes conflict with one another, with this Code, or with the clinical care of a patient. All employees have the right to question the Hospital's policies affecting patient care and the provider-patient relationship without fear of reprisal.

ix. Personal Use of Hospital Resources

Each Hospital employee is responsible for preserving Hospital assets including time, materials, supplies, equipment, and information. Hospital assets are to be maintained for business related purposes. The personal use of any Hospital asset without the prior approval of one's supervisor is prohibited.

x. Gifts and Solicitations

No employee should ever feel compelled to give a gift to another employee, and any gifts offered or received should be appropriate to the circumstances. A lavish gift to anyone in a supervisory role would be in violation of the Hospital's policies.

A fund-raising or similar effort is another situation in which no one should ever be made to feel compelled to participate. Employees should comply with the Hospital's solicitation policy regarding any and all such efforts.

xi. Relationships with Subcontractors, Suppliers, and Educational Institutions

The Hospital manages its relationships with subcontractors and suppliers in a manner consistent with applicable laws and good business practices. The hospital promotes competitive procurement to the extent practicable. Its selection of subcontractors, suppliers, and vendors is made from objective criteria including quality, technical excellence, price, delivery, adherence to schedules, service, and maintenance of adequate sources of supply. The Hospital's purchasing decisions are based upon a supplier's ability to meet its needs, and not upon personal relationships or friendships. The Hospital will employ high ethical standards in source selection, negotiation, determination of contract awards, and administration of all purchasing activities. The Hospital will not communicate to a third-party confidential information given to it by its suppliers unless requested in writing to do so by the supplier.

xii. Research

Physicians and professional staff applying for or performing research of any type are responsible for maintaining ethical standards in written and oral communications regarding their research projects as well as following research guidelines. The Institutional Review Board ("IRB") complies with ethical standards in fulfilling its responsibilities related to clinical research. The Hospital's policy is to submit only true, accurate, and complete costs related to research grants.

xiii. Substance Abuse and Mental Acuity

The Hospital is committed to an alcohol and drug-free work environment. Employees should refer to Human Resources' Alcohol & Drug Abuse

Policy, which describes specific prohibitions, procedures, rights, responsibilities, and corrective action.

E. Marketing Practices

i. Antitrust

Antitrust laws are designed to promote fair competition. Discussing the Hospital's business with a competitor, including other hospitals in markets where the Hospital operates, could violate these laws.

All members of the Hospital Community must be alert to situations where participation in discussions with competitors is prohibited. Prohibited subjects include any aspect of pricing, the Hospitals' planned services in the market, key costs such as labor costs, and marketing plans. If a competitor raises a prohibited subject, the Hospital employee should end the conversation, document his or her refusal to participate in the conversation, and notify the Corporate Compliance Officer or designee.

An employee must not provide any information in response to an oral or written inquiry that could raise antitrust concerns without first consulting the Corporate Compliance Officer or designee.

ii. Gathering Information about Competitors

It is permissible to obtain information about the Hospital's competitors through legal and ethical means, such as public documents, public presentations, journal and magazine articles, and other published and spoken information. However, an employee may not obtain confidential information about a competitor illegally or seek information that would require anyone to violate confidentiality agreements with a current or prior employer.

iii. Marketing and Advertising

The Hospital will present truthful, fully informative, and non-deceptive information in marketing and advertising activities, including those that educate the public, provide information to the community, increase awareness of Hospital services, and recruit employees.

F. Environmental Compliance

The Hospital will comply with environmental laws and regulations and will operate with all necessary permits, approvals, and controls.

Members of the Hospital Community will adhere to applicable requirements for handling hazardous materials and will immediately alert a supervisor to any situation regarding the discharge of a hazardous substance, improper disposal of medical waste, or situations potentially damaging to the environment.

All employees, patients, and visitors are expected to observe and comply with existing policies for infection control and a tobacco free campus.

G. Business Courtesies

The Hospital will neither give nor receive gifts or other incentives to improperly influence relationships or business outcomes. Employees may accept items of nominal value (e.g., pens or mugs) from business contacts, but anything of more than nominal value must be approved in advance by the Corporate Compliance Officer. Any items or services given by Hospital employees must be approved in advance by the Corporate Compliance Officer and a record of the items or services given shall be maintained to ensure compliance with applicable law.

H. Resources for Guidance and Reporting Violations

Members of the Hospital Community are encouraged to identify and report exceptions to established standards. To obtain guidance on an ethics or compliance issue or to report a suspected violation, there are several options. The Hospital encourages the resolution of issues at the department level, whenever possible. Under appropriate circumstances, it is good practice to raise concerns first with the appropriate department director or one's supervisor. Another option is to discuss the situation utilizing the appropriate individuals within the Hospital's chain of command. Anyone should feel free to contact the Corporate Compliance Officer or use the Corporate Compliance Hotline at any time. When calling the Corporate Compliance Hotline, if callers wish to remain anonymous, they may do so.

The Hospital will make every effort to maintain, within the limits of the law, the confidentiality of the identity of any individual who reports possible misconduct. The Hospital is committed to assuring that there will be no retaliation for reporting instances of misconduct.

An individual who deliberately makes a false accusation with the purpose of harming or retaliating against another individual will be subject to corrective action.

i. Personal Obligation to Report

The Hospital is committed to maintaining a minimum standard of conduct that is compliant with all relevant laws and regulations, and it aspires to a higher ethical standard for correcting wrongdoing wherever it may occur in the organization. Each member of the Hospital Community has an individual responsibility to report any activity by any employee, provider, subcontractor, or vendor that appears to violate applicable laws, rules, regulations, or this Code.

ii. Internal Investigations of Reports

The Hospital will investigate all reported concerns promptly and confidentially to the extent possible. The Corporate Compliance Officer will coordinate any findings from the investigations and recommend corrective action or changes that need to be made. The Hospital expects all members of the Hospital Community to cooperate with investigation efforts.

iii. Corrective Action

Where an internal investigation substantiates a reported violation, it is Hospital policy to initiate corrective action, including, as appropriate, making prompt restitution, notifying the appropriate government agency, instituting whatever remedial action is necessary, and implementing systemic changes to prevent a similar violation from occurring again.

Employees who violate this Code will be subject to corrective action per Human Resources' Discipline Policy. Independent contractors will be subject to possible modification or termination of their relationships with the Hospital.

iv. Monitoring Compliance with Standards

The Hospital is committed to monitoring compliance with its policies. The Hospital has developed a Monitoring and Auditing Policy and an audit work plan for conducting regular compliance audits. These audits will address a wide range of compliance risk areas. An annual assessment of compliance with coding standards will be made by an external coding consultant.

v. Acknowledgement Process

The Hospital requires all employees to sign an acknowledgement confirming they have received the Code and understand that it represents policies of the Hospital. New employees receive copies of the Code and awareness training within the first thirty (30) days of employment with the Hospital.

Each employee's annual performance evaluation will assess adherence to and support of this Code and participation in related activities and training.

II. POLICY ON COMPLIANCE WITH FEDERAL AND STATE LAWS

A. PURPOSE. To establish a policy regarding: (i) the basic requirements of applicable state and federal laws, including the federal False Claims Act (the "FCA") and the North Carolina False Claims Act (the "NCFCA"); (ii) the expectation that the Hospital Community will report suspected violations of federal and state laws; (iii) the methods available for such reporting, and protections available to each member of the Hospital Community who reports such violations; (iv) the procedures that the Hospital follows in responding to reported violations; (v) the penalties for violations of the FCA and the NCFCA; and (vi) the Hospital's policies and procedures for detecting and preventing waste, fraud, and abuse.

B. POLICY. The Hospital is committed to being a lawful, compliant, and ethical participant in the Centers for Medicare and Medicaid Services programs, and to providing high quality care to its patients. The Hospital seeks to comply with all applicable federal and state laws, regulations, and program requirements, and it expects the Hospital Community to be knowledgeable about these laws, to follow these laws, and to report in good faith any suspected violations of such laws. The Hospital has a policy prohibiting unlawful retaliation in response to good-faith reports of suspected violations.

C. PROCEDURE

1. OVERVIEW OF IMPORTANT LAWS AND REGULATIONS

a. Federal False Claims Act. The FCA prohibits any person from knowingly submitting a false or fraudulent claim, or submitting a false or fraudulent record or statement to get a false or fraudulent claim paid by the federal government. All staff, not just the billing department, should be aware of the FCA. Any action, behavior, or procedure that causes the government to pay more money than it should, or to pay for services that were not provided as described, could be a violation of the FCA. For example, violations of some of the other laws listed below can form the basis for an alleged violation of the FCA.

b. North Carolina False Claims Act. The NCFCA, like the FCA, prohibits any person from knowingly submitting a false or fraudulent claim, or submitting a false or fraudulent record or statement to get a false or fraudulent claim paid by the North Carolina government. Provider fraud is also a crime in North Carolina, as described in more detail below.

c. The "Stark" Self-Referral Law. This federal law, among other things, prohibits hospitals from billing Medicare for services provided to patients referred by a physician with whom the hospital has a financial relationship, unless the financial relationship falls within one of the exceptions to the Stark Law. Because of the Stark Law, the Hospital

must exercise great care in its financial relationships with physicians and their family members.

d. North Carolina Law Prohibiting Self-Referrals. Similar to the Stark Law, this state law prohibits health care providers, including physicians, nurses, physician assistants, nurse practitioners and all other professionals licensed pursuant to Chapter 90 of the North Carolina General Statutes, from referring patients to a health care entity for the provision of designated health services if the provider or his/her family member has an ownership or investment interest in that entity.

e. The Federal Anti-Kickback Statute. This federal law prohibits the knowing and willful solicitation, offer, payment, or receipt of any remuneration (anything of value) in exchange for a referral of a patient for an item or service that may be paid for by a federal health care program (including Medicare and Medicaid). Although "remuneration" clearly includes a kickback or bribe, the term has been defined broadly to include gifts, discounts, the furnishing of items or services at less than fair market value, payments of cash, and waivers of payments due. Several "safe harbors" have been established which describe conduct that will not be treated as a criminal offense under the statute.

f. North Carolina Anti-Kickback Provisions. North Carolina prohibits health care providers from making or receiving payment in exchange for referrals. Furthermore, state law makes it a felony to offer, pay, solicit or receive any remuneration in return for referrals for items and services payable by Medicaid.

g. Civil Monetary Penalties Law. This federal law prohibits, among other things, giving anything of value to a Medicare or Medicaid beneficiary that is likely to influence his/her choice of health care provider. The law also prohibits a hospital from paying a physician to reduce or limit care provided to a Medicare or Medicaid patient.

2. FALSE CLAIMS ACT PROVISIONS

This policy sets forth the Hospital's written policies regarding the FCA (31 U.S.C. §§ 3729 - 3733), administrative remedies for false claims and statements (31 U.S.C. Chapter 38), state laws pertaining to civil or criminal penalties for false claims and statements, and whistleblower protections under such laws, with respect to preventing and detecting fraud, waste and abuse in federal health care programs.

Among other things, the FCA makes it illegal to do any of the following:

a. Knowingly present, or cause to be presented, to the government a false or fraudulent claim for payment or approval;

b. 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;

c. Knowingly and improperly conceal, avoid, or decrease an obligation to pay money (such as an overpayment or penalty) to the government; or

d. Conspire to defraud the government by getting a false or fraudulent claim paid or approved.

The NCFCA is modeled after the FCA, and the same types of behavior that are illegal under the FCA are illegal under the NCFCA in regard to payments by state government.

Important terms include the following:

- "Claim" includes any request for money, including bills submitted to Medicare or Medicaid.

- "Knowing" or "Knowingly" with respect to information that a person has means: actual knowledge of the information; acting in deliberate ignorance of the truth or falsity of the information; or acting in reckless disregard of the truth or falsity of the information. In other words, the government does not have to show that the person specifically intended to defraud the government in order to prove a violation of the FCA or the NCFCA.

- "False Record or Statement" could include any claim or document, including but not limited to medical records, bills, or physician's or nurses' notes that contain incorrect information that causes the government to pay more money than it should, or to pay for services that were not provided.

In addition, there are administrative penalties for making, presenting, or submitting, or causing 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 a written statement that asserts a material fact that is false, fictitious, or fraudulent;

c. Includes or is supported by a written statement that omits a material fact and is false, fictitious, or fraudulent because of the omission, where the person had a duty to present the fact; or

d. Is for payment for services that the person has not provided as claimed.

There may also be administrative penalties for written statements used to support such claims.

3. EXAMPLES OF POTENTIAL FALSE CLAIMS

For purposes of illustration only, the following activities could implicate the FCA and/or NCFCA and should be reported to the Corporate Compliance Officer immediately:

a. Billing for items or services not provided as claimed;

b. Submitting claims for medically unnecessary equipment, supplies, or services;

c. Submitting Medicare claims for patients who are known to not be eligible for Medicare;

d. Duplicate billing;

e. Failing to refund overpayments;

f. Knowingly billing for inadequate or substandard care;

g. Upcoding the level of service provided (i.e., assigning service codes that carry a higher amount of reimbursement);

h. Inappropriate unbundling of claims;

i. Altering documentation or forging a physician signature on documents used to verify that services were ordered and/or provided;

j. Failing to maintain sufficient documentation to support a diagnosis, justify treatment, or document the course of treatment and results;

k. Falsification of cost reports;

l. Billing for services provided by unlicensed or unauthorized personnel; or

m. Breach of the terms of provider participation agreements, certification requirements, or claim form provisions.

Remember that a violation of the FCA or the NCFCA may be found if the individual knew *or should have known* of the violation. “Willful blindness” is not an excuse for an alleged violation.

4. CONSEQUENCES OF VIOLATIONS OF FEDERAL AND STATE FALSE CLAIMS ACTS

The government may enforce these laws through a civil court action or through an administrative process. A civil action is brought in court, while administrative

remedies are awarded through the agency appeal process. The United States Department of Justice (USDOJ) is responsible for investigating and bringing lawsuits for violations of the FCA, while the North Carolina Attorney General's office is responsible for investigating and bringing lawsuits for violations of the NCFCA. Additionally, the State Division of Medical Assistance ("DMA") will investigate cases of suspected provider waste, fraud, and abuse.

The FCA also allows individuals with knowledge of violations of the FCA to bring what is called a "qui tam action" or a "whistleblower suit." In a qui tam action, a private person brings a lawsuit against the violator in the name of the government. The government may or may not join in the action with the private person. The NCFCA also permits individuals with knowledge of violations of the NCFCA to bring a "qui tam action" or a "whistleblower suit." The manner of bringing these actions is patterned after the FCA.

Whistleblowers are protected from retaliation under the FCA and NCFCA. Both the federal and state statutes provide that any employee who suffers from retaliation for cooperating with or participating in a government investigation or prosecution is entitled to all relief necessary to make the employee whole.

FCA and NCFCA violations are punishable by fines of between Five Thousand Five Hundred Dollars ($5,500.00) and Eleven Thousand Dollars ($11,000.00) per violation, plus liability equal to three (3) times the amount of damages suffered by the government because of the false claim. This amount may be reduced to two (2) times the amount of damages if the violator promptly self-reports the violation to the government before becoming aware of any investigation or prosecution and fully cooperates with investigators.

As described above, administrative penalties also may be imposed for false claims. Administrative penalties could include fines, exclusion from the Medicare or Medicaid programs, and recoupment of money wrongly paid by the government because of the false claim. The government may assess a civil penalty of not more than Five Thousand Dollars ($5,000.00) per violation, and in some cases, damages equal to two (2) times the amount of the claims.

5. EXAMPLES OF POTENTIAL STARK AND ANTI-KICKBACK VIOLATIONS

The Stark Law and the Anti-Kickback Law are complex and highly technical laws. For purposes of illustration only, the following activities, depending on the circumstances, could implicate these laws and should be reported to the Corporate Compliance Officer immediately:

a. Giving anything of value to a physician to encourage him or her to refer to the Hospital;

b. Making payments to a non-employed physician without a prior written agreement;

c. Providing free items or services to a physician or other referral source;

d. Leasing space or equipment to a physician practice at a rental rate that is less than fair market value;

e. Arrangements with vendors that result in the facility receiving items at below marked price or free, provided the facility orders Medicare-reimbursed products; or

f. Swapping (i.e., when a supplier gives a facility discounts on Medicare Part A items in return for referrals of Medicare Part B business).

6. IMPLICATIONS OF A STARK OR ANTI-KICKBACK VIOLATION

The Stark Law is a strict liability statute, meaning that Medicare billing is prohibited under any arrangement that does not satisfy each specific technical requirement of an exception to Stark, regardless of the parties' intent. In addition to Stark's billing prohibition, the penalties for violating Stark could include Fifteen Thousand Dollars ($15,000) civil money penalties for specified infractions, a One Hundred Thousand Dollars ($100,000) civil monetary penalty for a circumvention scheme, potential exclusion from participation in federal health care programs, and potential federal FCA liability related to improperly submitted or retained claims.

As a criminal statute, the Anti-Kickback Law is intent-based, which means that a violation can only occur if at least one of the parties intended the remuneration to induce or reward referrals. Violation of the Anti-Kickback Statute is a felony and may be punished by substantial fines of up to Twenty-Five Thousand Dollars ($25,000) and/or five years imprisonment for each violation. In addition, violations may lead to civil monetary penalties, exclusion from federal health care programs, and liability under the FCA.

7. REPORTING SUSPECTED COMPLIANCE VIOLATIONS

All of the members of the Hospital Community are expected to know about these laws, and to report any suspected violations. Any member of the Hospital Community who believes that a compliance violation may have occurred should report such suspected violation to the Corporate Compliance Officer, either in person or by contacting the Corporate Compliance Hotline, at 704-878-7755, as soon as possible. The Corporate Compliance Officer also maintains an "open-door" policy and encourages the Hospital Community to approach or call at any time with questions regarding, or evidence of, suspected or known compliance violations.

If a member of the Hospital Community feels he or she may be participating, or has participated, in a potential violation of law, that individual has an obligation to report the potential violation as soon as possible. The individual's self-reporting will be taken into consideration when determining appropriate corrective action.

To the extent possible, the confidentiality of any individual who reports a suspected compliance violation will be protected, and no individual will be retaliated against solely because he or she reports in good faith a suspected compliance violation.

The Hospital shall take appropriate corrective action against any member of the Hospital Community, and may terminate its relationship with any member of the Hospital Community, who fails to detect and/or report any suspected compliance violation that the person either knew or should have known was occurring.

8. THE HOSPITAL'S OBLIGATION TO RESPOND TO REPORTS

Upon receiving a report of a possible compliance issue, the Hospital's Corporate Compliance Officer or designee will evaluate the report, investigate, and if necessary, take corrective action. The Corporate Compliance Committee will review and evaluate all potential compliance violations, and will direct the Corporate Compliance Officer or his or her designees in developing an appropriate response to suspected compliance violations.

It is the Hospital's policy to evaluate and respond to all reports of possible violations of law, and to support the members of the Hospital Community in their responsibilities to report any possible compliance violations. The Hospital will monitor all reports of possible compliance violations and, if necessary, will amend its policies and procedures to address such situations.

9. EDUCATION AND TRAINING

The Hospital will provide all members of the Hospital Community with mandatory compliance training to create awareness of the Hospital's compliance policies and procedures, as well as the details of all relevant state and federal laws. Each member of the Hospital Community shall be required to sign a certification acknowledging that he or she has been provided with copies of the Hospital's policies and procedures and any other relevant Compliance Plan documents, that he or she has read these documents, and that he or she understands them.

As a condition of employment or partnership with the Hospital, attendance at and participation in these training classes will be required. Failure to comply with training requirements will result in disciplinary action including possible termination. Records documenting the type of training and certification that the personnel in attendance receives will be maintained, and compliance with such training requirements will be one of the factors considered during an employee's annual evaluation. The Hospital's vendors and suppliers also will be required to comply with the Compliance Plan. Copies of pertinent policies and procedures and any other relevant compliance documents will be made available to such persons.

Employees are required to attend compliance training on an annual basis to review existing policies and procedures and receive any updates. As new compliance policies are adopted, they will be distributed to affected individuals. Training and implementation of policies will be provided as needed. The Corporate Compliance Officer is also available to answer any questions individuals may have regarding applicable laws and their responsibilities under these laws.

III. POLICY ON DETECTING AND PREVENTING WASTE, FRAUD, AND ABUSE

A. PURPOSE. To establish a policy regarding the detection and prevention of waste, fraud, and abuse at the Hospital.

B. POLICY. The Hospital is committed to being a lawful, compliant, and ethical participant in the Medicare and Medicaid programs, and to providing high quality care to its patients. The Hospital: (i) will not knowingly employ any individual, or contract with any person or entity, who has been convicted of a criminal offense related to health care or who is listed by a federal agency as debarred, excluded, or otherwise ineligible for participation in any federal health care program; and (ii) will provide mandatory education to the Hospital Community regarding waste, fraud, abuse, audit procedures, and other compliance guidelines.

C. PROCEDURE. The Hospital's Compliance Plan was created to assist the Hospital Community in following applicable state and federal laws, preventing fraud, waste, and abuse, and providing quality care to all the Hospital's patients.

The Compliance Plan includes:

- The designation of a Compliance Officer, who oversees the development, operation, and monitoring of the Compliance Plan.

- Education and training programs for all members of the Hospital Community about the False Claims Act and other applicable state and federal provisions, and explanations of what is expected of the Hospital Community with regard to these laws.

- Implementation of policies and procedures that establish methods for reporting and evaluating suspected compliance violations.

- The use of audits and/or other evaluation techniques to monitor compliance, identify potential problem areas, and assist in the reduction of potential problems, including periodic review and evaluation by the Corporate Compliance Officer of the Hospital's compliance with state and federal regulations and the Compliance Plan.

1. DOCUMENTATION AND RECORDKEEPING

Each member of the Hospital Community is expected to document in patients' charts in a complete, timely, and accurate manner. The Hospital is expected to maintain all records and documentation, including patient care plans, financial data, compliance training materials, and employee corrective actions, in a secure and safe manner, and to limit access to records to avoid accidental or intentional destruction or alteration of documents. The Hospital expects the members of the Hospital Community to report any suspected record tampering or improper alteration or destruction of documents.

2. AUDITS AND MONITORING

The Hospital will use audits and monitoring by management to evaluate whether members of the Hospital Community are complying with applicable state and federal laws and regulations, as well as with the Compliance Plan. Methods used may include, but are not limited to:

- Periodic chart audits to evaluate completeness, timeliness, and accuracy of documentation;
- Coding audits will be performed twice a year through a contracted vendor to demonstrate due regard for quality and ethical behavior and the auditors will provide results, adhering to official coding guidelines;
- Periodic financial audits;
- Ongoing monitoring of complaint logs and any investigation files;
- Annual performance appraisals of employees that include evaluation of their knowledge of the Compliance Plan; and
- Follow-up on the implementation of any corrective action plan.

Hospital administration, the Corporate Compliance Officer, and the overall Hospital management team will work together to implement the above measures.

3. EDUCATION AND TRAINING

Each member of the Hospital Community shall have access to provider education materials and manuals promulgated by the Centers for Medicare and Medicaid Services ("CMS") and the State Division of Medical Assistance ("DMA"), which set forth participation standards; reimbursement rules; penalties; and claims filing instructions. In addition, the Hospital shall provide in-service training and educational materials, as well as copies of relevant policies and procedures.

4. REPORTING REQUIREMENTS

Each member of the Hospital Community is expected to report any possible cases of fraud, waste, or abuse to the Corporate Compliance Officer or the Corporate Compliance Officer's designee. Reports may be made in person, via telephone, facsimile, or e-mail communication, or through use of the Corporate Compliance Hotline. Confidentiality will be maintained to the extent practicable. The Corporate Compliance Officer or his or her designee is responsible for keeping a log of compliance

reports and for promptly informing the Corporate Compliance Committee and/or the Finance Committee of any potentially-significant compliance reports.

Every member of the Hospital Community is expected to comply with state and federal statutes and regulations and the Compliance Plan and will not be subject to retaliation for good faith reports of suspected fraud, waste, or abuse.

5. INVESTIGATIONS

All reports of suspected compliance violations will be promptly evaluated by the Corporate Compliance Officer, or the Corporate Compliance Officer's designee. Relevant information relating to the suspected compliance issue will be gathered and reviewed. The Corporate Compliance Officer or designee will promptly address compliance violations, determine whether additional in-service training is warranted, and assess whether other responsive actions are needed. The Corporate Compliance Officer shall have the authority to contact legal counsel when evaluating reports of suspected compliance violations.

6. NON-EMPLOYMENT OR NON-RETENTION OF SANCTIONED INDIVIDUALS

The Hospital shall not knowingly employ any individual, or contract with any person or entity, who has been convicted of a criminal offense related to health care or who is listed by a federal agency as debarred, excluded, or otherwise ineligible for participation in any federally funded health care program. Accordingly, the Hospital shall check the Office of Inspector General's and the General Services Administration's exclusion lists both prior to hiring or contracting with any individual, and thereafter on a quarterly basis after entering into any employment or contract relationship. In addition, any individual who is charged with a criminal offense related to health care or proposed for exclusion or debarment may have his/her duties reassigned in compliance with applicable law and Hospital policy. In the event of conviction or debarment, the Hospital shall terminate its employment of or other association with such individual.

IV. POLICY ON MONITORING AND AUDITING

A. POLICY. The Hospital shall regularly audit and monitor: (i) the Hospital's billing and coding functions and its compliance with applicable federal and state laws and regulations; and (ii) the currency and effectiveness of the Hospital's Compliance Plan, including the provisions of the Code of Ethical Conduct (the "Code"), and its policies and procedures. Any potential legal or ethical violations discovered as a result of the auditing and monitoring process shall be reported to the Corporate Compliance Officer and shall be resolved in accordance with the Hospital's Discipline Policy on Corrective Action.

B. PURPOSE. The purposes of auditing and monitoring are to: (i) quickly discover any violations of the Hospital's Compliance Plan and policies and procedures; (ii) correct any such violations; (iii) prevent future, similar violations; and (iv) provide the Hospital an opportunity to update its Compliance Plan, Code of Ethical Conduct, and policies and procedures based upon the findings of the auditing and monitoring process or upon changes in the law, regulations, or industry standards.

C. PROCEDURE.

1. The Corporate Compliance Officer shall oversee the auditing and monitoring processes. The Corporate Compliance Officer or designee may conduct unannounced, periodic surveys to ensure that billing, claims processing, and reimbursement procedures and practices, as well as non-billing procedures and practices, comply with federal and state legal and regulatory requirements.

2. Auditing consists of:

    a. Periodic systematic reviews of the Hospital's billing and coding practices, including claim development and submission, reimbursement, and cost reporting, to ensure that such practices comply with federal and state legal and regulatory requirements; and

    b. At least annual reviews of the effectiveness of, and the Hospital Community's adherence to, the Hospital's Compliance Plan, Code, and policies and procedures.

3. The Hospital's Plan shall be audited for the following purposes:

    a. Verification that the Hospital's compliance standards, as set forth in the Compliance Plan and related policies and procedures, are distributed and explained annually to the Hospital Community, and distributed and explained in the orientation of new Hospital personnel;

    b. Verification of attendance at compliance training;

c. Verification that the Hospital's dedication to integrity and other compliance themes is communicated to the Hospital Community, including through the Employee Handbook;

d. Verification that each employee, on-site contractor, and agent of the Hospital has received a copy of the Compliance Plan, and that each individual has signed a statement indicating that he or she has read and understands the foregoing and recognizes that his or her failure to comply with those standards shall be grounds upon which the Hospital may terminate the individual's employment or other association with the Hospital;

e. Verification that the hotline is functioning and that the Hospital has an effective mechanism in place to document the follow-up measures taken in response to credible complaints;

f. Verification that supervisors and department directors regularly encourage their employees to report all suspected instances of noncompliance to the Corporate Compliance Officer or a supervisor;

g. Verification and documentation that sanctions and corrective action imposed for violations of the Compliance Plan, the Code of Ethical Conduct, or the policies and procedures are consistently applied;

h. Verification that legal advice is obtained whenever a reported violation may have significant legal ramifications on the Hospital, and that the Hospital thereafter monitors the subject of that type of violation; and

i. Review of the following to detect evidence or warning signs of noncompliance: exit interviews; lawsuits filed against the Hospital; customer or vendor complaints; informal press, public, or government inquiries; anonymous employee messages; disclosures made during "open door" conferences with supervisors or department heads; and interviews or written records of training and security or investigations of personnel.

4. The Corporate Compliance Officer shall oversee the performance of audit procedures periodically throughout the year. Such procedures shall be performed on at least a quarterly basis in areas that have potential billing compliance risks. The Corporate Compliance Officer shall determine for each audit subject whether Hospital personnel have the requisite skill sets to complete the review, or whether an external auditor should be hired. The Corporate Compliance Officer shall review all audit reports and, in conjunction with the Corporate Compliance Committee, shall recommend and implement corrective action, where required.

a. Monitoring consists of an ongoing evaluation of:

i. Management's response to suspected or actual compliance violations;

ii. Management's enforcement of corrective action recommended in such response;

iii. The currency and effectiveness of the Hospital's Compliance Plan, policies and procedures, and controls.

b. Specific monitoring activities shall include the following:

i. Maintaining a record detailing the nature of all compliance reports or complaints, the manner in which such reports or complaints were resolved, and the corrective action, if any, imposed as a result of the reports or complaints;

ii. Documentation of audit findings and all corrective measures taken in response to such findings;

iii. Maintaining a file containing all written correspondence with government agencies or fiscal intermediaries;

iv. Use of trend analyses that seek deviations in specific risk areas over a given period.

5. Records shall be retained of all meetings held by operations personnel for purposes of documenting the effectiveness of the Compliance Plan throughout the Hospital. The Corporate Compliance Officer or designee may request and review these records at any time.

6. In order to monitor the effectiveness of the Hospital's controls and its responses to internal or external audits, the Corporate Compliance Officer or designee shall maintain a record of:

a. Every audit plan used; and

b. A report of the findings and recommendations made following every audit, including a record of any corrective action taken by the Hospital.

7. The Corporate Compliance Officer or designee shall maintain written reports of the Hospital's auditing and monitoring functions and either the Officer or designee shall report regularly to the Hospital's President and Chief Executive Officer and the Board of Directors on the contents of such reports and the current effectiveness of the Hospital's Compliance Plan and policies and procedures.

8. The Corporate Compliance Officer or designee shall maintain awareness of current enforcement initiatives and, as part of the auditing process, regularly shall assess the Hospital's Compliance Plan and policies and procedures to determine whether the risk of violations is minimized through these standards.

REPLACES (supersedes)

Code of Ethical Conduct Policy
Monitoring and Auditing Policy

REVIEWED DATES

REVISED DATES

SIGNATURE OF APPROVAL

Name	Ed Hasler	
Title	President and CEO	Compliance Officer
Date	February 5, 2015	February 5, 2015
Name	David R George	
Title	Chair of Board of Directors	Chair, Finance Committee
Date	February 5, 2015	February 5, 2015

Attachment 1

Code of Ethical Conduct Acknowledgment

Acknowledgment

I certify that I have received Iredell Memorial Hospital's Code of Ethical Conduct and understand that it represents relevant mandatory policies of the Hospital.

_____
Signature

_____
Position

_____
Printed Name

_____
Employee Number

_____
Date

EMPLOYEE'S ANNUAL PASSING OF CORPORATE COMPLIANCE PLAN COMPUTER-BASED LEARNING MODULE SERVES AS DOCUMENTATION OF THIS ACKNOWLEDGMENT.

Attachment 2

IREDELL MEMORIAL HOSPITAL
COMPLIANCE PLAN ACKNOWLEDGMENT
FOR EMPLOYEES

I certify that I have received and understand the Iredell Memorial Hospital Compliance Plan, including the Code of Ethical Conduct (the "Compliance Plan"). I recognize that I have a personal responsibility to follow the Compliance Plan. In particular, I acknowledge my responsibility to promptly report any compliance concerns to Hospital Administration, the Corporate Compliance Officer, or through the Corporate Compliance Hotline. I understand that I may be disciplined, per the Human Resources' Discipline Policy, if I do not follow the Compliance Plan.

_____
Name (Printed)

_____
Signature

_____
Date

Attachment 3

IREDELL MEMORIAL HOSPITAL
COMPLIANCE PLAN ACKNOWLEDGMENT
FOR INDEPENDENT CONTRACTORS

On behalf of _____ (Individual, Company or Practice) and its employees and agents, I certify that I/we:

- Have received and understand the Iredell Memorial Hospital Compliance Plan, including the Code of Ethical Conduct (the "Compliance Plan");
- Understand that the Hospital expects me/us to follow the standards set forth in the Compliance Plan and to comply with all applicable state and federal laws and regulations;
- Agree to require others in my Company or Practice to follow the Compliance Plan in their dealings with the Hospital, if applicable;
- Acknowledge that I/we must comply with the Compliance Plan as a condition of my/our continued relationship with the Hospital;
- Understand that the Hospital may alter or terminate its relationship with me/us if the Hospital determines I/we have violated the Compliance Plan;
- Agree to promptly report any compliance concern to Hospital Administration, the Corporate Compliance Officer, or the Corporate Compliance Hotline;
- Agree to notify the Hospital if I or anyone in my Company or Practice is excluded from participation in Medicare or Medicaid; and
- Have the authority to sign this certification on behalf of the Individual, Company or Practice listed above.

_____
Signature of Authorized Representative

_____
Printed Name of Authorized Representative

_____
Title

_____
Date