

Frederick Regional Health System

Corporate Compliance Program Standards of Conduct

Mission Statement

It is the mission of Frederick Regional Health System (FRHS) to contribute to the health and well-being of area residents by providing quality healthcare in a caring, cost-efficient and convenient manner through a coordinated program of prevention, diagnosis, treatment, rehabilitation and support.

Vision

Superb Quality. Superb Service. All The Time.

Values

Frederick Regional Health System's core values are:

Quality	Respect and Dignity
Responsibility	Empowerment
Stewardship	Honesty and Integrity
Collaboration and Teamwork	

Introduction

This document sets forth Frederick Regional Health System's Corporate Compliance Standards of Conduct.

Frederick Regional Health System is subject to a number of legal and regulatory requirements in carrying out its mission. These laws and regulations are voluminous, complex and subject to change periodically. FRHS is committed to ensuring that all employees share in the responsibility for keeping FRHS in full compliance with all laws and regulations governing ethical business practices. In order to enhance our collective efforts to comply, FRHS by action of the Board of Directors, has adopted a Corporate Compliance Program. The program establishes standards of conduct, internal policies, procedures and other mechanisms designed to give guidance to and assist each of us in complying with those laws and regulations which apply to our activities on behalf of FRHS.

This copy of the FRHS Corporate Compliance Program Standards of Conduct, which is being distributed to all employees, provides general information about how the program works and how each of you should interact with it. It is reinforced by various policy and procedure manuals utilized throughout the organization. The heart of the program is the education and training that employees receive to educate them in the laws and regulations that apply to their daily work. The key to compliance is to know the rules, and FRHS designs its education and training programs to accomplish this goal.

Adherence to the Corporate Compliance Program and its related Standards of Conduct is of critical importance to FRHS. It is every employee's responsibility to act in a manner consistent with this Program, the mission, vision and values expressed in it, and its' supporting policies and procedures. This Program is a "living document" that will be updated periodically. If you have any questions about it or suggestions for improving it, please call the Chief Compliance Officer at 240-566-3860.

General Policy

It is the policy of Frederick Regional Health System to comply with all laws and regulations that govern or apply to our activities. Compliance is the responsibility of each FRHS employee. To achieve such compliance, it is expected that all employees will attentively take part in pertinent education and training programs conducted by FRHS and that they will conduct their daily activities in conformance with the principles conveyed and training provided in the programs. Employees are also expected to report violations of law or regulations of which they become aware and to cooperate fully in the investigation of any reported violations. Failure to comply with applicable laws and regulations or other provisions of this Corporate Compliance Program is a serious matter and will be dealt with accordingly under FRHS Disciplinary Action Policies and Procedures, up to and including termination of employment.

It is also the policy of FRHS apart from laws and regulations, to conduct its business in accordance with the highest ethical and moral standards and in accordance with the FRHS Organizational Ethics Policy. Honesty and integrity are expected in dealing with physicians, fellow employees, and other persons and entities with which FRHS has business relationships. Failure to act in accordance with these principles will be treated as a serious matter.

Education and Training

Education and training conducted under the Corporate Compliance Program will build on any existing Hospital wide and departmental training in pertinent laws and regulations. There may be some general training applicable to all employees. Initially however, training and education programs will focus on distinct groups of employees and the laws and regulations that regularly apply to the performance of their specific job duties and responsibilities.

Initially the Corporate Compliance Program will focus on the areas where, because of the volume of activity and complexity of regulations, errors are more likely to occur. For example, all persons involved in generating information and documents relating to reimbursement by third party payors will receive training in the legal requirements relevant to such matters. Training will emphasize areas such as documentation of medical necessity for the services rendered, proper coding of the services, compliance with the Medicare 72-hour rule, avoiding unbundling of services, accuracy in recording billing information on various records and forms and avoiding duplicate bills or other errors.

FRHS personnel responsible for entering into contracts or other transactions with physicians or other providers will receive training on the impact of the federal fraud and abuse law and both the federal and state anti-self-referral statutes upon various kinds of transactions. Procedures for review of such transactions are also established in this program in a further effort to achieve compliance.

FRHS must meet certain legal requirements because it is a tax-exempt organization. Tax-exempt organizations must provide a benefit to the broad community they serve and must also conduct all business with profit-making entities at arms length, on commercially reasonable terms, and may not generally enter into arrangements which share their net revenues with individuals or for-profit entities. Employees involved in activities governed by these rules will receive appropriate orientation and training.

Attendance and active participation in training sessions will be mandatory. Advance notice of training programs will be given to ensure attendance.

Chief Compliance Officer

The FRHS Board of Directors has designated a Chief Compliance Officer (CCO) to coordinate implementation of and carry out the Corporate Compliance Program. Craig F. Rosendale, Vice President, has been designated as the CCO. He reports to the FHRs Board of Directors, including the President & CEO, on a regular basis and will have access to them with respect to compliance issues at all times. The CCO is also vested with the authority to investigate instances of possible non-compliance with law or regulations or other provisions of the Corporate Compliance Program and all FRHS personnel are required to cooperate fully with the CCO in connection with any such investigative activities, including education and training and the compliance monitoring activities discussed below.

The CCO will establish and maintain a record-keeping system in connection with Corporate Compliance Program. Such records will include but not be limited to, reports of possible non-compliance which come to the attention of the CCO, a record of disposition of such matters, and all documents submitted to the CCO in connection with the administration of the Corporate Compliance Program. All records will be kept in a secure location to protect their confidentiality and will be retained for at least the period required by law or regulation and by sound business practices.

The CCO will maintain liaison with outside counsel and with regulatory authorities in connection with the administration of the Program and will consult with outside counsel when significant compliance issues arise.

The CCO will also direct a Compliance Committee whose members advise the CCO and assist in the implementation of the Compliance Program. Duties include but are not limited to, analyzing the organization's industry environment, assessing policies and procedures, development of internal systems and controls, and determining the appropriate strategies/approaches to promote compliance with the Program and detection of potential violations.

When FRHS is being represented by counsel in a transaction, the CCO or other personnel primarily responsible for such transactions, will request that counsel review the transaction for compliance as a matter of course. Outside auditors will be requested to include in their annual review of FRHS's finances, any compliance issues which come to their attention.

Individual Integrity Policy

All employees will deal with FRHS, physicians on the Medical Staff, fellow employees, and third parties with whom they have contact on behalf of FRHS, with honesty and integrity, and will provide sufficient information in any such dealings so as not to be misleading. As an example, employees who are entitled to reimbursement for expenses by FHRs will keep accurate

records of such expenses, and will not seek reimbursement except as permitted by applicable policies and procedures. FRHS personnel involved in contracting with third parties and in the procurement of goods and services will at all times act in a professional and ethical manner. Personnel involved in such activities will not solicit or accept any gift or gratuity other than customary business courtesies that are reasonable in frequency and minimal in value. All FRHS personnel must immediately disclose to the CCO any potential conflict of interest that could influence any decision or action that they may take on behalf of FRHS. Examples of situations that constitute conflicts of interest include transacting FRHS business with family members or close friends or with entities in which the FRHS employee involved has a direct or indirect financial interest.

Monitoring Compliance

The best way to determine whether a compliance program is working well is to monitor various activities in areas subject to laws and regulations to determine if those activities are being conducted in a compliant manner. To this end, the CCO in conjunction with the Compliance Committee and management personnel, will conduct various monitoring activities to check for compliance. Such activities may include for example, spot check audits of certain patient records or bills by personnel on the Finance staff, or periodic and systematic auditing of various areas of operation by outside consultants. All personnel are expected to cooperate fully with any such monitoring activities. The purpose of monitoring is constructive, i.e., affording an opportunity to correct any systemic problems or misunderstandings about regulatory requirements.

Reporting Non-Compliance

Another way to achieve compliance with laws, regulations and policies is to report violations so that they do not continue. All FRHS personnel have the responsibility to report to the CCO instances of non-compliance of which they become aware. This is a constructive procedure. Instances of possible non-compliance will for the most part not be intentional, but will result from the lack of knowledge or understanding on the part of the employee involved or some systemic flaw in the policies and procedures, which must be corrected.

Personnel may report incidents of possible non-compliance to the CCO in confidence. As much information as possible should be provided to assist the CCO in understanding and investigating the reported activity. Employees becoming aware of circumstances that they believe may constitute non-compliance with law, regulations, or the policies set forth in the FRHS Corporate Compliance Program may telephone the FRHS Compliance “Hotline” at **1-888-742-1152**. The CCO will establish procedures to assure that reports and all other information maintained by the CCO are handled and maintained in a manner to ensure confidentiality. It is the policy of FRHS that no retaliation will be tolerated against any person reporting non-compliance connected with the Program. The anonymity of all persons making reports will be preserved to the extent possible, consistent with FRHS’s obligations of investigation and remediation.

Actions in the Event of Non-Compliance

The CCO will investigate and in appropriate cases, retain outside counsel to investigate instances of possible non-compliance that come to the attention of the CCO. In the event that investigation reveals that there has been non-compliance with laws, regulations, or other provisions of FRHS’s

Corporate Compliance Program, the CCO will take appropriate steps to remediate the violation, including but not limited to, recommending changes in policies or procedures to prevent recurrence, recommending appropriate personnel action be taken with respect to persons involved in non-compliant activity, reporting investigation results to the Chief Executive Officer and Board of Directors and reporting to and cooperating with governmental authorities with respect to violations of the law or regulation in appropriate circumstances after obtaining the advice of counsel.

Individual Responsibility

All employees are required to strictly observe all applicable legal and regulatory requirements and the FRHS Corporate Compliance Program's Standards of Conduct. Intentional or repeated unintentional violation of law or regulation, dishonesty or non-disclosure of any actions taken in self-interest, failure without acceptable excuse to attend scheduled educational or training sessions, and other acts or omission which violate the letter or spirit of the Corporate Compliance Program, are serious matters and will result in disciplinary action in accordance with FRHS's Human Resources Policies and Procedures. Serious violations may result in termination of employment. FRHS will screen applicants for employment and will not knowingly employ persons with a prior employment history of non-compliance with laws and regulations. Adherence to the Corporate Compliance Program's Standards of Conduct will also be an important element in the periodic evaluation of all FRHS employees' performance.

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