

Form 1.2: Policy for Corporate Compliance and Ethics Program

PRINCETON HEALTH CARE CENTER Mission

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- Princeton Healthcare Center is devoted to providing our residents a home away from home. We are committed to creating an environment where people are loved and valued. Princeton Healthcare Center strives to enhance each resident's quality of life and build meaningful relationships. We embrace the values of Appreciation, Dignity, Respect, and Trust.

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PRINCETON HEALTH CARE CENTER Vision

- The vision of Princeton Healthcare Center is to provide a home-like environment where residents, family members, and staff achieve quality of life, health, and happiness.

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PRINCETON HEALTH CARE CENTER Core Values

Appreciation: An expression of admiration or gratitude.

Dignity: Respecting the inherent value of each person.

Respect: An expression of high or special regard.

Trust: One in which confidence is placed.

The Corporate Compliance and Ethics Program

PRINCETON HEALTH CARE CENTER (PRINCETON MEMORIAL COMPANY) ("PHCC") is committed to the highest standards of ethics, honesty, and integrity in pursuit of its mission. Members of the Board of DIRECTORS ("Board"), the CEO/Administrator, members of senior management, employees, members of the medical staff, volunteers, vendors, independent contractors, and others representing PRINCETON HEALTH CARE CENTER are expected to adhere to these standards of conduct in the discharge of their duties. The PRINCETON HEALTH CARE CENTER Corporate Compliance and Ethics Program ("Program") demonstrates the commitment to ethical conduct and compliance by setting forth guidelines for conduct designed to prevent and detect violations of law and encouraging compliance by providing support, training, and educational resources to assist PRINCETON HEALTH CARE CENTER in fulfilling its responsibilities. The program is designed to assist and facilitate PRINCETON HEALTH CARE CENTER in fulfilling its compliance responsibilities by creating a process to monitor compliance efforts and documenting the expectations for members of the PRINCETON HEALTH CARE CENTER community in the performance of their responsibilities at PHCC.

Organizational structure

PRINCETON HEALTH CARE CENTER has a Corporate Compliance and Ethics Committee, chaired by the Corporate Compliance Officer ("CCO") and composed of members of senior management necessary to support the

CCO in fulfilling his or her responsibilities under the Program. The CCO reports on compliance activities to the PRINCETON HEALTH CARE CENTER board. Compliance and Ethics Liaison. The Corporate Compliance Officer will oversee the Facility Compliance and Ethics Liaisons (see Form 2.1: Sample Facility Compliance and Ethics Committee Charter).

The Corporate Compliance and Ethics Committee

The committee is composed of members of senior management of the PRINCETON HEALTH CARE CENTER and affiliated PHCC entities.

The Corporate Compliance and Ethics Committee has oversight responsibilities for the compliance activities of PHCC and assists in fulfilling its legal compliance obligations, providing support for functions related to PHCC operations and activities. This committee provides a forum for discussion of compliance-related issues and the status of action plans developed to resolve those issues. The Corporate Compliance and Ethics Committee oversees the following areas of compliance activity:

- • Informing, training, and educating the PHCC community about the PHCC Code of Conduct (“Code”) and ethical obligations under that code
- • Monitoring compliance activities, including policies, procedures, training, and education programs at each of the organization’s skilled nursing facilities (SNF)
- • Serving as a resource to PHCC on matters of compliance and legal and regulatory changes, and assessing and identifying areas of risk
- • Maintaining the anonymous hotline managed by an independent outside vendor for confidential reporting of compliance matters
- • Assisting operational units in developing corrective action plans
- • Recommending and reviewing disciplinary action for violations of the code

The Corporate Compliance and Ethics Committee advises the CCO and assists in the development and implementation of the Program. The duties and responsibilities of the Corporate Compliance and Ethics Committee include:

- • Assisting in the development of a risk-based compliance and ethics plan that addresses regulatory compliance with all governing bodies and regulatory agencies, including but not limited to the Centers for Medicare & Medicaid Services (CMS), [insert state] Department of Social Services (DSS), West Virginia Department of Public Health (DPH), the Office of Inspector General (OIG).
- • Delegating primary responsibility for compliance with standards and regulations of the Department of Labor (DOL), Internal Revenue Service (IRS), Drug Enforcement Administration (DEA), and Quality Improvement Organizations (QIO).
- • Coordinating efforts, communication, and reporting between the CCO, security officer, and privacy officer; General Counsel; and compliance management in all SNFs to ensure effective monitoring and reporting. Within the various facilities, departments of the organization, and the system and its entities, management will have day-to-day oversight and responsibility to ensure that internal controls over

compliance are in place and working effectively.

- • Maintaining a system to solicit, evaluate, and respond to complaints and problems.
- • Periodically reviewing the Code policies and procedures as well as other compliance-related policies as requested; approving appropriate additions, deletions, and/or revisions as recommended by the CCO and General Counsel; and ensuring that all officers, directors, employees, contractors, and volunteers are familiar with the Code through training and educating and fulfilling their duties for completing the annual disclosure statement.
- • Monitoring compliance education activities and scope and providing input to the overall content of annual training. In addition, PHCC SNFs and departments may consult with the CCO regarding general and specialized compliance training sessions based on unique requirements.
- • Performance of a compliance effectiveness performance assessment to identify inherent business risks and evaluate internal compliance controls necessary for an effective Program. The assessment may include an evaluation of policies and implementing procedures, the accuracy of medical coding and billing, and the level of employee awareness regarding Corporate Compliance and Ethics Programs. From the assessment, the Corporate Compliance and Ethics Committee will approve recommendations for improvement and support the implementation of those actions.

The Corporate Compliance and Ethics Committee consists of the following members of senior management:

- • Stefanie Compton, ADMINISTRATOR and Chief Executive Officer
- • MEDICAL DIRECTOR
- • Keith Buchanan, ASSISTANT ADMINISTRATOR and Chief Financial Officer
- • TERRI GRAHAM, BOARD OF DIRECTORS
- • ROBERT FARLEY, Board Member
- • ROBERT HOLYROID, Board Member
- • ROGER TOPPING, Chief Compliance Officer, Chair

Management staff will be invited to attend committee meetings when appropriate,.

The Audit, Compliance, and Risk Committee

The ACR is a standing committee of the PHCC Board and provides a direct, open channel of communication to the Board for the external and internal auditors, CFO, and CCO.

The ACR is comprised of five to eight trustees and/or such other nontrustees as the Board may appoint. At least one ACR member shall have accounting or related financial management experience. All voting members shall meet the standards for trustee independence. The ACR oversees the comprehensive audit, risk, and compliance functions, and programs.

The ACR ensures that quality accounting practices, internal controls, and independent, external auditors are retained to deter and uncover fraud, anticipate financial and nonfinancial risks, and promote accurate, high-quality, and timely disclosure of financial and related information to the Board and others as appropriate.

The ACR also has full power and authority, as delegated by the Board, to engage the independent external auditors and approve the provision of all special, nonaudit services that may be undertaken by the external auditors.

Specific ACR responsibilities may include:

- • Approving the scope and approach of external audit services, reviewing the audit results, and overseeing follow-up on significant findings.
- • Overseeing the adequacy of internal controls.
- • Overseeing the quality, integrity, appropriateness, and acceptability of financial reports and accounting policies and practices, and the processes that produce them.
- • Overseeing the management of risk.
- • Overseeing the internal audit function, including reviewing and approval of the annual work plan, coordination of the plan with the independent auditors, as necessary, and the overseeing of special projects, including any corresponding work plans.
- • Overseeing the maintenance of regular unimpeded access to PHCC's internal auditor on at least a quarterly basis. The Internal Audit Plan may include specific topics selected from the current or previous year's Office of Inspector General's (OIG) Work Plan.

The ACR also ensures compliance with legal, regulatory, and other policies, procedures, and laws, as well as the PHCC Code. Specific responsibilities include:

- • Oversight of the Program, its implementation, and assessment of any exposures
- • Oversight of the yearly conflict-of-interest survey and reporting process
- • Oversight of yearly assessment to ensure that the PHCCBoard is composed of a majority of independent trustees
- *Board of Trustees*

The CCO reports directly to the Audit Compliance and Risk Committee of the Board. The Board receives at least quarterly briefings from the Chief Compliance Officer on areas of significant compliance risk. The board also receives guidance on compliance from the ACR.

Document retention

All documents will be maintained for a period of time, consistent with state or federal laws and PHCC policy.

Policies and procedures

All policies and procedures related to the Program or any federal healthcare rule or regulation shall be reviewed and revised on a yearly basis or as necessary.

Code of Conduct

Commitment to Compliance: PHCC is committed to conducting business in an ethical and honest manner and within the bounds of the law. The Code of Conduct is intended to provide associates, physicians, volunteers, vendors and other agents of PHCC with guidelines for

conducting business in a manner which fulfills that commitment.

1. 1. PHCC complies with the law;
2. 2. PHCC provides excellent patient care;
3. 3. PHCC protects confidential information;
4. 4. PHCC adheres to anti-referral and health care fraud and abuse legislation;
5. 5. PHCC does not accept inappropriate gifts or gratuities;
6. 6. PHCC avoids conflicts of interest;
7. 7. PHCC follows all anti-trust regulations;
8. 8. PHCC keeps accurate and complete records;
9. 9. PHCC conducts political activities according to the law;
10. 10. PHCC protects the environment;
11. 11. PHCC provides a safe workplace;
12. 12. PHCC does not tolerate discrimination or harassment;
13. 13. PHCC appropriately uses its assets;
14. 14. PHCC protects access to information systems;
15. 15. PHCC adheres to intellectual property laws;
16. 16. PHCC conducts appropriate research and clinical trials; and
17. 17. PHCC does not tolerate disruptive behavior.

COMPLIANCE HOTLINE (304) 487-3459

TO REPORT SUSPICION OF IRREGULARITIES IN SERVICE, TREATMENT, OR BILLING PRACTICES

ANONYMOUSLY LEAVE MESSAGE

PHCC's Code provides the guiding standards of conduct for all members of the PHCC community and sets forth PHCC's commitment to good practices and compliance with applicable laws and regulations. Senior management is responsible for ensuring that the Code is observed by all members of the PHCC community under their direct and indirect supervision.

Statement of receipt and acknowledgment

PHCC employees, volunteers, and contracted individuals shall acknowledge receipt of the PHCC Code and accept individual responsibility for knowing and adhering to the Code annually. The Code shall be signed by all employees as part of the new-employee orientation and annual employee training and during their annual performance review process. Volunteers and contracted individuals should also sign acknowledgments annually.

Compliance with the law

PHCC is committed to compliance with all applicable laws, rules, and regulations. It is the responsibility of each member of the PHCC community to follow, in the course and scope of his or her employment at, or affiliation with, PHCC, all applicable laws, rules, regulations, and policies and to maintain an educational, healthcare, and business environment that is committed to integrity and ethical conduct.

Documentation of research and healthcare services

PHCC is committed to the accurate and complete documentation of research and healthcare services and the conduct of research with scientific integrity. PHCC has adopted policies and procedures designed to deal with misconduct in research. It is essential that the conduct of clinical research activities and the delivery of healthcare services be conducted and documented as required by applicable laws, rules, and regulations. Federal regulations relating to accurate reporting and appropriate expenditure of grant funds shall be followed. Additionally,

members of the PHCC community shall follow laws and regulations governing the requirements of billing for healthcare services.

Kickbacks

PHCC is committed to following federal and state anti-kickback laws and regulations. When someone who can influence PHCC purchasing decisions takes money or anything of value from a vendor, it may be considered a kickback and is illegal. Additionally, members of the PHCC community should be aware that if someone refers a patient to another provider and receives something of value in exchange, it may be considered a kickback. Anti-kickback rules also apply to the recruitment of physicians and the acquisition of physician practices.

Market competition

PHCC is committed to complying with state and federal antitrust (monopolies) laws and regulations. PHCC policy and business practices prohibit setting charges in collusion with competitors, certain exclusive arrangements with vendors, and the sharing of confidential information with competitors. Additionally, members of the PHCC community are prohibited from sharing confidential information with competing providers, such as salaries or charges for services rendered.

Purchasing

All purchasing decisions shall be made without any conflicts of interest. Any concerns about the legality of a proposed transaction, such as inducements offered by a vendor or supplier, should be discussed with the supervisor, General Counsel, or the CCO.

Conflict-of-interest

PHCC is committed to following and enforcing its conflict-of-interest policy. All members of the PHCC community should avoid potential or perceived conflict of interest. Any concerns about a proposed transaction that may involve inducements offered by a vendor or supplier or a business relationship with a company that is connected with you or a family member should be discussed with the CCO.

Screening to ensure eligibility to participate in federal healthcare programs

All employees, medical staff members, contractors, and vendors providing services to PHCC shall comply with all applicable laws and PHCC policies. The organization reviews at least once per year all employees, medical staff members, and contractors and vendors of the organization against Medicare exclusion lists. A similar scan is run for all new employees and vendors of the organization prior to hiring these individuals to provide services to PHCC.

Environment

PHCC is committed to complying with all applicable environmental laws and maintaining all necessary environmental permits and approvals. Environmental compliance includes the proper handling, storage, use, shipment, and disposal of all materials that are regulated under any applicable environmental law. If any employee has knowledge that a spill, release, or discharge of any material regulated pursuant to an applicable environmental law has occurred, the employee shall immediately report such an event in accordance with the PHCC Safety Manual to ensure the necessary actions are taken. Necessary action may include evacuating employees; reporting such event to a governmental authority, if required, pursuant to any environmental law; and containing and cleaning up any such spill, release, or discharge. Employees should also report any other violations of applicable environmental law of which they have knowledge that could endanger the health and safety of other

individuals.

Confidentiality

PHCC is committed to the appropriate protection of confidential information. The organization is required under Health Insurance Portability and Accountability Act of 1996 (HIPAA) rules and regulations to protect the confidentiality of patient protected health information. Many members of the PHCC community have access to various forms of sensitive, confidential, and proprietary information. PHCC policy prohibits seeking, disclosing, or giving of such information, including confidential information, except as allowed or required by law.

Controlled substances

PHCC prohibits the unlawful possession, use, manufacture, or distribution of illegal drugs and alcohol. PHCC prohibits the unlawful possession, use, manufacture, or distribution of illegal drugs and alcohol on its property or as part of any PHCC-sponsored activity. Additionally, members of the medical staff, including those who maintain DEA registration, shall comply with all federal and state laws regulating controlled substances.

Discrimination

PHCC is committed to the principles of equal employment and affirmative action. PHCC does not discriminate on the basis of race, color, religion, sex, national or ethnic origin, age, disability, sexual orientation, or military service in administration of educational policies, programs, or activities; its admission policies; its scholarship and loan programs; its athletic or other institution-administered programs; or employment. The HR Department has responsibility for monitoring affirmative action and assisting with application and interpretation of laws that impose those obligations on PHCC.

Any member of the PHCC community who experiences harassment or discrimination on the basis of sex, race, color, religion, national origin, age, disability, or sexual orientation should immediately seek assistance from HR. HR either receives, or is informed of, all complaints of unlawful discrimination raised within the PHCC community and assists in the resolution of those complaints. PHCC prohibits retaliation against members of the PHCC community who, in good faith, make complaints of harassing or discriminatory conduct.

Response to investigation

PHCC is committed to cooperating with government investigators as required by law. If an employee receives a subpoena, search warrant, or other similar document, referring to any PHCC entity, before taking any action, the employee shall immediately contact the Office of General Counsel. The Office of General Counsel is responsible for authorizing the release or copying of documents. If a government investigator, agent, or auditor comes to PHCC, a supervisor, the CCO, the Office of General Counsel, or the administrator may be contacted prior to an employee cooperating with such investigator, agent, or auditor.

Compliance training

PHCC is committed to providing compliance training and education with applicable laws, rules, and regulations. All employees, contracted individuals, and trustees of the organization will receive compliance training each year, specifically related to the Code and PHCC's Program. Employees in specific departments or job functions, such as billing, coding, nursing, and physicians, may receive, as needed, additional specific hours of training each year related to compliance and their job function.

Medical staff that do not participate in general compliance training (online or in person) will receive a compliance training package that includes the PHCC Code and policies, procedures, and training materials, as applicable.

Billing and claims

PHCC is committed to charging, billing, documenting, and submitting claims for reimbursement for PHCC services in the manner required by applicable laws, rules, and regulations. All employees should know and carefully follow the applicable rules for submission of bills and claims for reimbursement on behalf of PHCC entities. If you know or suspect that a bill or claim for reimbursement is incorrect, you are required to report it immediately to your supervisor or the CCO. If the organization becomes aware of any overpayments, these shall be repaid to the fiscal intermediary or other payer in accordance with federal and state law and applicable rules and regulations. Remedial action shall be completed as required.

Patient referrals

PHCC is committed to the lawful referral of PHCC patients to services outside PHCC for the delivery of appropriate patient care. If a referring physician, or his or her immediate family member, has an ownership or investment interest in or compensation arrangement with the entity to which a patient is referred, and payment for the referred services will be made from a federal or state healthcare program, such as Medicare or Medicaid, a federal law, commonly referred to as the Stark Law, may prohibit the referral. No PHCC physician shall refer a patient for services in violation of the law. If a physician has questions about referrals, he or she should consult with the CCO or Office of General Counsel.

Reportable event

If the organization becomes aware of any reportable event, such as reimbursement overpayment, or criminal activity, it shall be reported as required under federal or state law.

Cost reporting

PHCC files a cost report with the Medicare program each fiscal year that includes fiscal, statistical, and operational information about the facility. PHCC has taken steps to ensure the completeness and accuracy of the information that is submitted in these filings.

Disciplinary action

All members of the PHCC workforce community carry out their duties pursuant to PHCC policies and as required by law. PHCC workforce members may report violations of local, state, or federal laws, rules, or regulations to the CCO, a supervisor, General Counsel, or HR. Failure to report violations may result in disciplinary actions up to and including termination. Disciplinary actions shall abide by all substantive and procedural protections applicable to the Discipline and Termination Policy or other applicable PHCC policies and procedures.

The CCO has no disciplinary enforcement authority; the CCO may investigate, evaluate, and make recommendations consistent with PHCC policies and procedures as they apply to employees and the medical staff. Any disciplinary action shall be determined in conjunction with the HR Department and enforced by the appropriate supervisor.

Reporting compliance concerns

PHCC is committed to following local, state, and federal laws, rules, and regulations. The CCO shall ensure that the hotline is available to report potential violations. PHCC workforce members are required to report to the CCO, a supervisor, or the hotline any potential PHCC job-related criminal conduct or other situation that may endanger the health and safety of any individual. All persons making reports are assured that such reports will be treated confidentially and shared with others only on a bona fide, need-to-know basis. PHCC will take no adverse action against persons making reports in good faith and prohibits retaliation against persons who make such reports. False

accusations made with the intent of harming or retaliating against another person may subject the accuser to disciplinary action up to and including termination.

Members of the PHCC community wanting to report a violation or a potential problem may contact the CCO at or the confidential hotline at 304-487-3459.

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