



Dear Fellow Associates:

Lourdes Health System (LHS) is dedicated through our mission, vision and core values to achieving high ethical standards and business practices. Our Internal Audit and Corporate Ethics Program and this Associate Handbook represent a commitment to our patients, to our community, to those government agencies that regulate our businesses and to ourselves that we will provide quality health care services with honesty and integrity.

Today health care is a highly regulated and increasingly complex industry. At the foundation of our LHS Internal Audit and Corporate Ethics Program is the behavior of each individual associate who serves our patients. This Associate Handbook and our related Corporate Ethics Program serve as guides to direct you in your daily activities. They provide you with information about our expectations of you. This Associate Handbook is your guide to ensure that we make ethical decisions for the right reasons. It ensures that we comply with applicable laws and regulations and it provides guidance on how to handle situations that arise.

I expect each associate to review the Associate Handbook, to adhere to its guidance and to have the same expectations of your fellow associates and those with whom you do business on behalf of our organization. If you have questions about what you have read, or if you do not understand how a business practice may impact you or your job assignments, please ask your supervisor or contact the LHS Internal Audit and Corporate Ethics Department.

As a trusted and valued member of our health care team, I ask you to commit to a high standard of conduct. We are grateful for all the ways you provide quality health care services and excel in clinical and administrative operations.

Sincerely,

Barbara A. Holfelner RN, MSN, Vice President
Corporate Ethics, Internal Audit and Privacy

Lourdes Health System Internal Audit and Corporate Ethics ASSOCIATE HANDBOOK

LOURDES HEALTH SYSTEM CORE VALUES

The Lourdes Health System (“LHS”) Internal Audit and Corporate Ethics Program has been built upon the LHS Core Values, which are:

Reverence for Each Person
Compassion
Commitment to Those in Need
Stewardship
Simplicity
Joy
Hospitality
Integrity

The Program is intended to reinforce the commitment of the Board of Trustees and senior management to sound ethical practices and moral behavior and to minimize instances of improper conduct by individuals throughout the organization.

We believe that each person is a manifestation of the sacredness of human life and demonstrate that belief through our Core Value, **Reverence for Each Person**. We commit ourselves to enhancing the quality of life by promoting and restoring health, alleviating suffering and caring for the sick and the dying in an environment that ensures dignity and respect for each person. We believe the patient is our primary focus. Through practicing the core value of reverence for each person, we commit to offering quality health care to those we serve.

We believe in the Core Value of **Integrity** and demonstrate it by keeping our word and being faithful to our mission, history and tradition. We demonstrate this value by conducting our business affairs based upon sound ethical and moral standards. We revere each person and treat the people we serve with the same standards of care, without discrimination and regardless of payor source and in accordance with applicable rules, regulations and laws.

Through **Stewardship** we care for and strengthen the ministry and all resources entrusted to us. We will not tolerate fraud, waste or abuse throughout this organization. We strive to deliver medical services in the most efficient and prudent manner possible and hold those with whom we conduct business to these same standards. Through Stewardship, we provide proper guides and promote self-monitoring of our activities by providing proper direction to our associates and others to assure corporate ethics.

The daily practice of our Core Values of **Compassion, Hospitality** and **Commitment to Those in Need** strengthen us in our search for new ways of meeting the health needs of the community, especially the needs of the poor. We advocate for a just society in which all can realize their full potentials and achieve the common good, in particular women, children and the elderly.

We pledge ourselves to leadership in health education through ongoing, appropriate and timely education of our associates and contractors. Through our Core Values of **Joy** and **Simplicity**, we seek to provide an atmosphere that is safe, encourages open discussions on these matters with no fear of retribution, and promptly identifies and resolves issues.

LOURDES HEALTH SYSTEM MISSION

Lourdes Health System is a Catholic health system sponsored by the Franciscan Sisters of Allegany, NY, dedicated to its tradition of serving all with reverence, compassion and integrity in a simple, joyful and hospitable manner.

We strive for excellence in our stewardship to our patients, their families, the community and each other by promoting a culture that embraces diversity.

We commit to being a transforming, healing presence within the diverse communities in which we live and serve.

We create collaborative, inclusive, caring communities who provide a full range of quality medical and wholistic health services.

We promote healthy communities and assure access to all, especially those most in need.

PATIENTS' RIGHTS

The Patients' Bill of Rights guides associate behavior toward patients and families. Each patient is provided with a written statement of patient rights and a Notice of Privacy Practices. These statements include the rights of patients to make decisions regarding medical care, the rights to refuse or accept treatment, the rights to informed decision-making and patients' rights related to access to protected health information maintained by our organization. Every LHS associate is an advocate for the rights of LHS patients and their families.

We recognize that medical care can sometimes be uncertain and controversial. Sometimes the right thing to do is not clear and individuals may disagree about what is appropriate when there is no advanced directive and the patient's wishes are unknown or not clear. When the right thing is not clear our Medical Ethics Committee serves as an educational forum, resource and consulting body for those seeking guidance on such issues.

INTERNAL AUDIT AND CORPORATE ETHICS

PURPOSE OF THE ASSOCIATE HANDBOOK

This Associate Handbook and its related policies have been adopted to provide standards by which all associates conduct themselves. Individual conduct must be in a manner that protects and promotes organizational-wide integrity and enhances LHS's abilities to achieve its mission. This Associate Handbook is intended to serve as a guide to help LHS associates make sound ethical decisions during day-to-day activities. All employee, directors, officers, managers, associates, medical staff, house staff, contractors, volunteers, students and others (hereinafter referred to as "Associates") from LHS have corporate responsibilities and duties.

INTERNAL AUDIT AND CORPORATE ETHICS CODE OF CONDUCT

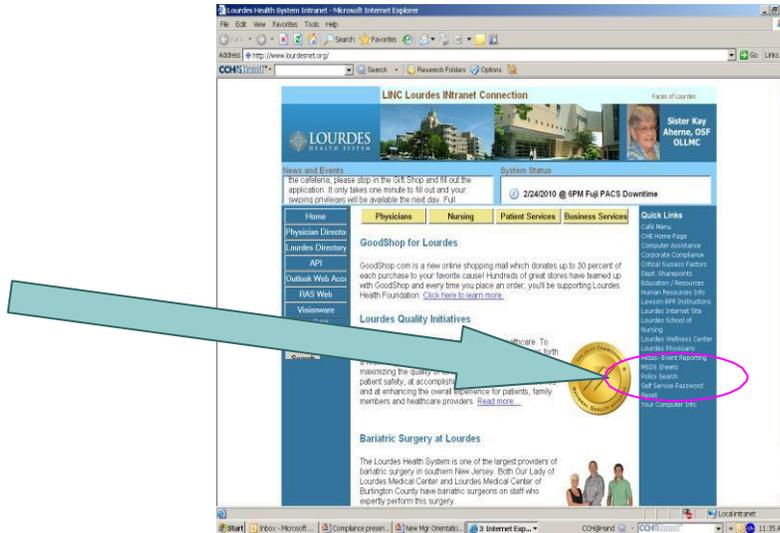
All associates sign, and agree to, the Corporate Compliance Code of Conduct (AS0002CCP). The Code of Conduct outlines the many tenants of the Internal Audit and Corporate Ethics program, including the needs to:

- Deal openly and honestly with fellow associates, customers, contractors, government entities and others.
- Maintain high standards of business and ethical conduct in accordance with applicable federal, state and local laws and regulations including fraud, waste and abuse.
- Adhere to both the spirit and letter of applicable federal, state and local laws and regulations.
- Practice good faith in transactions occurring during the course of business.
- Conduct business dealings in a manner such that LHS is the beneficiary of such dealings.
- Preserve patient confidentiality unless there is written permission to divulge information or except as required by law.
- Refuse offers, solicitations and payments to induce referrals of the people we serve for an item of service reimbursable by a third party.
- Disclose financial interests/affiliations with outside entities to the Board of Trustees as required by the Conflict of Interest Statement. (See OLLHCS, Inc. Policy AS0045ADM)
- Hold vendors to this same Code of Conduct as part of their dealings with LHS.
- Notify the Audit and Corporate Ethics Department of instances of non-compliance.
- Ensure monitoring of billing procedures and enforcement of compliance guidelines with regard to billing.
- Use supplies and services in a manner that avoids waste.
- Protect and retain records and documents as required by professional standards, governmental regulations and organizational policies.
- Exercise discretion in the billing of services, regardless of payer source.

INTERNAL AUDIT AND CORPORATE ETHICS POLICIES

The Associate Handbook is intended to be easily understood. In many cases, however, the subjects require additional guidance for those directly involved with particular issues. To provide additional guidance, the LHS Internal Audit and Corporate Ethics Department has developed a set of policies that may be accessed on the LHS intranet site. These policies expand upon, or supplement, many of the principles discussed in this Associate Handbook.

The LHS Audit and Corporate Ethics Program policies are available electronically to LHS associates on the company intranet.



If you would like to review these documents and do not have access, contact your supervisor/manager for assistance or call Barbara Holfelner, VP Corporate Ethics, Internal Audit and Privacy directly at 856-757-3642.

COMMITMENT TO ETHICAL AND LEGAL CONDUCT

Government regulation of the health care industry is increasingly complex. The federal government and the State of New Jersey have made health care fraud and abuse top enforcement priorities. We at LHS take our responsibility to comply with laws and regulations very seriously. We ensure that we actively take steps to prevent and detect any violations of these laws and correct any violation that may be identified.

FRAUD, WASTE AND ABUSE

The LHS Internal Audit and Corporate Ethics Department has adopted policies to prevent and detect fraud, waste and abuse. This Associate Handbook and related audit and corporate ethics program outline the intent of these policies. LHS’s policies and various federal and state laws prohibit false claims and other fraudulent activity. Each associate must adhere to the standards in this Associate Handbook and to the related polices addressed in the audit and corporate ethics program. Violations of these standards or policies can result in disciplinary measures, up to and including termination of employment. Violations may also result in civil actions and penalties.

EDUCATION AND TRAINING

For all LHS associates, Corporate Ethics education takes place at time of hire, annually and on-the-job for specific risk areas. Web-based education is available.

Promotion of audit and corporate ethics policies and other requirements is incorporated into each job description and is a factor in the performance evaluations of all associates including supervisors and managers.

LEADERSHIP RESPONSIBILITIES

While all associates are obligated to follow LHS's Internal Audit and Corporate Ethics Associate Handbook and related policies, LHS expects leaders to act as examples and role models. Everyone with supervisory responsibility is to exercise this responsibility in a manner that is both thoughtful and respectful. Each supervisor is expected to create environments in which all associates are encouraged to raise concerns and propose ideas.

LHS leaders must ensure that associates have sufficient information to comply with laws, regulations and policies, as well as resources for resolving ethical dilemmas. Leaders must help to create a culture that promotes the highest standards of corporate ethics. This culture must encourage everyone in the LHS organization to share concerns when they arise. LHS associates must never sacrifice ethical and compliant behavior in the pursuit of business objectives.

All managers and supervisors will be held accountable and subject to disciplinary action for failure to adequately:

- **Discuss with all supervised associates and relevant contractors the Corporate Ethics policies and legal requirements applicable to their job function.**
- Inform all supervised personnel that strict compliance with these policies and requirements is a condition of employment.
- Disclose to all supervised personnel the consequences for violation of these policy requirements.

QUESTIONS ABOUT THE AUDIT AND CORPORATE ETHICS ASSOCIATE HANDBOOK

After you have read the Associate Handbook and reviewed the related policies in the Internal Audit and Corporate Ethics program, you may have questions about how the standards apply to situations you may face. You may want to report a potential violation of company policy or violation of a federal or state regulation. You should always feel comfortable talking about your questions and concerns. There are several avenues for having your questions answered, even if you wish to ask them anonymously.

Report ethical concerns to the following persons or groups:

- **Your supervisor**
- **Any member of management**
- **Audit and Corporate Ethics Department**
- **Audit and Corporate Ethics Hotline: 1-866-477-4661**

EMERGENCY MEDICAL TREATMENT AND ACTIVE LABOR ACT (“EMTALA”) (“ANTI-DUMPING LAW”)

EMTALA requires that Medicare-participating hospitals with emergency departments provide **emergency medical services** to all individuals, regardless of their abilities to pay for the services or possession of insurance. EMTALA is nicknamed the “**anti-dumping**” statute because it prohibits hospitals from pushing patients onto other hospitals for treatment.

The Center for Medicare and Medicaid Services (“CMS”) may terminate the provider agreement of any hospital that violates EMTALA's requirements. Hospitals also may face civil monetary penalties, as well as personal injury lawsuits, for EMTALA violations.

MEDICAL SCREENING EXAMINATIONS

EMTALA requires that individuals who come to a hospital and request emergency medical services, or who are in labor, be provided with a medical screening examination to determine whether an emergency medical condition exists, or if the patient is, in fact, in labor.

- A medical screening examination must be provided by a qualified medical person:
 - OLLMC: physicians only
 - LMCBC: physicians and nurse practitioners only
- The term “**emergency medical condition**” means a medical condition manifesting itself by **acute symptoms of sufficient severity** (including severe pain) such that a prudent layperson, who possesses an average knowledge of health and medicine, could **reasonably expect the absence of immediate medical attention** to result in:
 - (i) placing the **health of the individual** (or, with respect to a pregnant woman, the health of the woman or her unborn child) **in serious jeopardy**,
 - (ii) **serious impairment to bodily functions**, or
 - (iii) **serious dysfunction of any bodily organ or part**.
- If an individual is determined to have an emergency medical condition, the hospital must provide medical treatment to stabilize the individual or, under certain circumstances, transfer the individual to another healthcare facility.

PATIENT TRANSFERS

EMTALA requires Medicare-participating hospitals to provide medical screening examinations and stabilizing treatment to individuals who come to the hospital's emergency department. A hospital's duties under EMTALA do not end until the patient is stabilized.

In some instances it may be to a patient's advantage to be transferred before he or she is stabilized. EMTALA anticipates that it may be necessary to transfer unstable patients and provides that **patient transfers are appropriate if the benefits of transfer outweigh the risks**. For example, a small hospital may transfer an unstable patient who is in need of a complex surgical procedure to a larger, more specialized facility.

Before transferring an unstable patient to another healthcare facility, EMTALA requires that:

- The patient (or a person legally responsible for the patient) requests the transfer after being **informed of the risks of the transfer** and the hospital's obligations under EMTALA.
- A **physician signs a certification stating that the medical benefits of transferring the patient outweigh the risks** of transfer.
- The transfer process follows the **specific statutory guidelines** under EMTALA.

AUTHORITY TO INTERVENE TO RESTORE PATIENT SAFETY: “STOP THE LINE” POLICY (AS0018RSK)

All LHS associates, family members and visitors have the responsibility and authority to intervene to protect the safety of a patient, to prevent a medical error or to avert a sentinel event. It is the expectation that all individuals involved in care or the situation will immediately stop and respond to the request by reassessing the patient’s safety.

When emergency intervention is warranted, assistance by the most expedient means shall be sought, including but not limited to: signaling the appropriate emergency code, requesting immediate consultation, transferring the patient to a special care unit and providing surgical intervention.

Such necessary emergency interventions may be initiated without prior express physician order; however, appropriate orders should be documented when the patient’s imminent risk is contained.

PRIVACY AND SECURITY OF INFORMATION

We collect information about patients’ medical conditions, histories, medications and family illnesses to provide quality care. We realize the sensitive nature of this information and are committed to maintaining its confidentiality. Federal and state regulations protect this information from inappropriate disclosures. We do not use, disclose or discuss patient-specific information unless it is required as part of our job responsibilities. When sharing information, we will strictly adhere to the minimum necessary standard to accomplish the task. Patient information shall only be released in doing your job, as required by law or pursuant to the patient’s written authorization.

HEALTH INSURANCE PORTABILITY ACCOUNTABILITY ACT (“HIPAA”)

Privacy and security policies have been implemented to ensure compliance with the Health Insurance Portability and Accountability Act (HIPAA) and New Jersey state law; more importantly, protecting our patients’ privacy is the right thing to do. Associates use confidential patient

information and hospital data to perform their job responsibilities every day. This confidential information should not be shared or disclosed to others except those with a need to know. Improper use or disclosure of confidential information violates company policies and may violate federal or state law.

INTENT OF HIPAA

- Assure **portability of health insurance** from employer to employer
- Guarantee **security and privacy** by setting standards to protect the healthcare information
- Assure **access to your own medical records**

WHO IS COVERED?

Covered Entities:

- Health Care Providers - Conducting HIPAA Transactions
 - Physicians
 - Hospitals
 - Long term care facilities
 - Home Care facilities
 - Ambulatory surgery centers
 - Managed care organizations
 - Government health care programs
- Health Plans
 - Insurers
 - HMOs
 - Self-insured employers
- Health Care Clearinghouses

WHAT IS PROTECTED UNDER HIPAA?

HIPAA protects “Individually Identifiable Health Information” or “Protected Health Information,” i.e., “PHI.”

Protected Health Information (“PHI”) refers to any information about the health status, provision of health care services, or payment for health care services that can be linked to a specific patient or individual.

SPECIFIED IDENTIFIERS

- Name
- Geographic subdivisions smaller than a state
- Telephone and fax numbers
- E-mail and web site addresses

- Social Security Numbers
- Account numbers
- Health plan beneficiary numbers
- Vehicle identifiers and serial numbers
- Certificate/license numbers
- Full face photographic images
- Biometric identifiers (finger prints and voiceprints)
- All elements of dates directly relating to the individual's: birth date, admission date, discharge date, date of death, and all ages over 89
- Any other unique identifying number, characteristic or code

PRIVACY NOTICE

A Covered Entity must provide each individual from whom it will receive Protected Health Information with a "Notice of Privacy Practices."

The Notice of Privacy Practices:

- Describes how medical information may be used and disclosed
- Notifies the individual of his or her:
 - Right to **request restrictions** on the use and disclosure of Protected Health Information
 - Right to **inspect and copy** Protected Health Information
 - Right to **amend** Protected Health Information
 - Right to **receive an accounting of disclosures**
- Is made available to each patient at the time of registration
- Is displayed prominently in waiting rooms, registration desks, our web site and any other location a patient may seek treatment

AUTHORIZATION REQUIREMENT

Patient authorization is required for all uses and disclosures other than those for Payment, Treatment or health care Operations ("PTO").

A valid authorization must:

- Be in **plain language** and contain a **clear and meaningful description** of the information to be used or disclosed
- Identify the **person or class or persons authorized** to request the use of disclosure and **to whom** the information may be disclosed
- Provide an **expiration** date or event
- State that the individual has the **right to revoke** the authorization in writing
- State that information disclosed **may be subject to re-disclosure by the recipient** and no longer be protected

MINIMUM NECESSARY USE & DISCLOSURE

Reasonable efforts must be made by the Covered Entity to restrict access to Protected Health Information so that only the minimum necessary information is accessed and shared for the fulfillment of duties.

Access to Protected Health Information is on a need-to-know basis. This information is to be held confidential and not shared with or disclosed to others who are not providing care of the patient and are not covered as need-to-know entities.

WHAT INFORMATION CAN PROVIDERS SHARE?

- LHS providers can discuss PHI (other than sharing medical records or films) with a patient's family member, friend, or caregiver without authorization, so long as the patient, who is able to object, does not object.
 - If patient is alert and oriented, the **patient should have the opportunity to object** prior to the sharing of the information.
 - (If the information is being shared in the patient's presence it may be inferred that patient is not objecting.)
- Providers will use **professional judgment** to share information with a patient's family and friends.
- Health care providers can share patients' information to **provide continuity of care.**
- Providers can share necessary health information with **licensing and credentialing agencies.**
- Provide only the **minimum necessary** amount of information.

PERSONAL REPRESENTATIVES

LHS must provide a patient's "personal representative" with all of the rights and privileges that are possessed by the patient with respect to PHI that is relevant to the individual's representation.

PROTECTION OF ELECTRONIC PROTECTED HEALTH INFORMATION ("e-PHI")

With regard to e-PHI, LHS must ensure and protect the **confidentiality, integrity and availability of all electronic PHI** LHS creates, receives, maintains or transmits.

To protect e-PHI, associates must:

- Type **"SECURE"** as the first word in the subject line of emails containing e-PHI exiting the LHS email system; this action encrypts the emails.
- **Refrain from saving e-PHI on removable storage devices**, which can be lost or stolen.
- **Refrain from writing or sharing passwords** as unauthorized persons can use them to access e-PHI.
- **Log off computers** when done working.

PASSWORDS

Associates have access to electronic medical record systems and our business data through uniquely assigned passwords. Access to electronic data is given based on job responsibilities.

Never share your password with anyone, including supervisors and managers. No associate should ever ask you for your password. When leaving your workstation always logout. Never leave a workstation signed on with your password for others to use. If anyone accesses data with your password, you will be held accountable for all access. If you feel your password may have been compromised, it is your responsibility to report such activity to both the Internal Audit and Corporate Ethics Department and the Information Services Department.

SOCIAL NETWORKING

One of the most modern patient privacy issues facing healthcare organizations is the increasing popularity of **social networking sites such as Facebook[®], MySpace[®], LinkedIn[®], etc.** Associates must remember that **all information about patients and patient care is private and will not be posted on such sites.** Posting information about patients, with or without names, **violates HIPAA privacy laws and LHS patient confidentiality policies.** Further, all associates are responsible for **reporting other associates** who violate these policies.

MARKETING SERVICES TO PATIENTS

For purposes of HIPAA, “**marketing**” is defined as “**communication about a product or service, a purpose of which is to encourage recipients of the communication to purchase or use the product or service.**” 45 CFR 164.501. A healthcare provider must obtain a patient’s authorization to use or disclose PHI for marketing communications. If practitioners wish to market to patients, you must call the Internal Audit and Corporate Ethics Department to discuss the possibilities and rules.

UNAUTHORIZED ACCESSING AND DISCLOSURE OF PATIENT INFORMATION

Accessing PHI on yourself, family members, friends, co-workers, persons of public interest or any others for whom you are not involved in the care violates HIPAA. LHS can track such electronic access.

INTERNAL AUDITS

Internal audits are routinely conducted to ensure that associates access patient and business data as appropriate within their job responsibilities. Disciplinary action, up to and including termination, will be taken for associates identified as accessing or disclosing information outside of their assigned job responsibilities.

VIOLATIONS OF PRIVACY POLICIES AND PROCEDURES (SANCTIONS AND MITIGATION)

LHS associates must report any breach of privacy immediately to the Internal Audit and Corporate Ethics Department for investigation and implementation of appropriate corrective measures. Associates must take **reasonable steps to mitigate harmful effects** of the violation. **Civil and criminal penalties** are also possible for HIPAA breaches

SAFEGUARDS FOR MAINTAINING PRIVACY OF INFORMATION

- Be conscious of **who is in the immediate area** when discussing sensitive patient information
- **Secure PHI** when not attended
- **Log out of computer screens** containing PHI before leaving work areas
- **Close medical records** when not in use
- **Do not allow other associates to utilize your ID or passwords**
- **Do not leave papers** with PHI in plain view
- **Secure fax machines** in areas away from public access
- **Call recipients before faxing** PHI
- Pick up **faxed or printed PHI immediately** and correctly identify and verify transmissions
- Properly **destroy and dispose** of documents containing PHI in secured bins
- **Do not reveal any information** about patients on **social networking sites**
- **Do not save PHI on scandisks/jump drives**
- **Do not send/save PHI via commercial email accounts** such as Gmail or Hotmail
- Always **type "SECURE"** in email subject box when sending email outside Lourdes email system; this action will encrypt the email

COMPLIANCE WITH LAWS AND REGULATIONS

ENVIRONMENTAL CORPORATE ETHICS

It is LHS policy to comply with environmental laws and regulations as they relate to our organization's operations. We act to preserve our natural resources to the fullest extent reasonably possible. We comply with all environmental laws and operate with the necessary permits and approvals. We diligently implement the proper procedures to provide a good environment of care and prevent pollution. Associates must understand how job duties impact the environment, adhere to all requirements for proper handling of hazardous materials and immediately alert supervisors of any situation regarding the discharge of a hazardous substance, improper disposal of hazardous and/or medical waste or any situation which may be potentially damaging to the environment.

MARKETING AND ADVERTISING

Consistent with laws and regulations that may govern such activities, we use marketing and advertising activities to educate the public, provide information to the community, and increase awareness of our services and to recruit staff. We strive to present only truthful, educational information in these materials and announcements.

RESEARCH, INVESTIGATIONS AND CLINICAL TRIALS

We follow the highest ethical standards in full compliance with federal and state laws and regulations in any research, investigations or clinical trials conducted by our physicians and staff. We do not tolerate research misconduct, which includes activities such as falsifying or changing results, copying results from other studies without performing the clinical investigation or research, failing to identify and deal appropriately with investigator or institutional conflict of interest or proceeding without Institutional Review Board (“IRB”) approval. Our first priority is to protect patients and their rights during the trials. This includes fully informing all subjects of their rights and responsibilities in participating in the trial as well as risks, expected benefits and alternative services that might prove beneficial to them. Patients who withdraw from participation in studies will always retain full future access to services and other benefits.

BUSINESS COURTESIES

It is critical to avoid the appearance of impropriety with regard to business courtesies. We should never give nor receive gifts or other incentives to improperly influence relationships or business outcomes.

GIFTS, GRATUITIES & RELATIONSHIPS WITH VENDORS, CONTRACTORS & THIRD-PARTIES

The following conduct/circumstances and relationships are prohibited:

- No associate may serve as a **paid consultant** to any person or organization conducting or **seeking to conduct business with OLLHCS, Inc.** unless a written exception is granted by the President and CEO or designee prior to the commencement of such consulting relationship.
- No associate may accept any **gift in the nature of cash or cash equivalents** (e.g. checks, gift certificates, gift cards, etc.) from any patient, family member, visitor, vendor, potential vendor, contractor, consultant or student personnel.
- No associate may **solicit a personal gift, meal or invitation to a social or entertainment event** from any patient, family member, visitor, vendor, potential vendor, contractor, consultant or student personnel.

- Associates are prohibited from **offering gifts, meals, social and entertainment events or honoraria** to federal, state or local government representatives in situations where the offering of such would violate federal, state or local laws and regulations or give rise to the perception of a violation.
- No associate with significant business decisional authority shall serve on the **Board of Directors of any organization conducting or seeking to conduct business with OLLHCS, Inc.** without the prior approval of the President and CEO or designee.

CONFLICTS OF INTEREST

A conflict of interest may occur if an associate's outside activities, personal financial interests, or other personal interests influence or appear to influence his or her ability to make objective decisions for the organization. A conflict of interest may also exist if the demands of outside activities hinder or distract an associate from the performance of their job responsibilities or cause an associate to use company resources for other than company purposes. You are obligated to ensure that you remain free of conflicts of interest in the performance of your responsibilities. You must disclose any situation where you or your immediate family has a direct or indirect ownership, investment, income or compensation agreement with any person or vendor with which our organization does business.

If you have questions about a potential conflict of interest, contact the Internal Audit and Corporate Ethics Department for clarification.

INELIGIBLE PERSONS

We do not contract with, employ or bill for services rendered by an individual or entity that is excluded or ineligible to participate in federal health care programs. We search lists monthly of such excluded and ineligible persons; such lists include those of the System of Award Management (SAM), the Office of Inspector General, the New Jersey Consolidated Debarment list, the FDA List for Clinical Investigations, the United States Treasury Non-SDN OFAC Sanctions, and the U. S. Treasury SDN & Blocked Persons (OFAC). Associates, vendors and privileged practitioners are required to notify the Internal Audit and Corporate Ethics Department if they become excluded, debarred or ineligible to participate in federal health care programs.

BUSINESS AND FINANCIAL INFORMATION

ACCURACY, RETENTION AND DISPOSAL OF DOCUMENTS AND RECORDS

Each of our associates is responsible for the integrity and accuracy of our organization's documents and records, not only to comply with regulatory and legal requirements but also to ensure that records are available to support our business practices and actions. No one may alter or falsify information on any record or document. Records must never be destroyed in efforts to

deny access relevant to an investigation. Finally, under no circumstances may associates use patient or business information for personal benefit.

Medical and business documents and records are retained in accordance with the law and our record retention schedules. Patient and business documents include paper documents such as letters and memos, computerized information such as e-mails and computer files on disk, tape and any other medium that contains information about our patients, LHS or its business activities. It is important to retain and destroy records only according to policy. No associate may tamper with records. No one may remove records without prior authorization.

FINANCIAL REPORTING AND RECORDS

We have established and maintain a high standard of accuracy and completeness in documenting, maintaining and reporting financial and statistical information. This information serves as a basis for managing our business and is important in meeting our obligations to patients, associates, suppliers and the community.

All financial information must accurately reflect any transaction. All funds or assets must be properly recorded in the books and records of the organization. We maintain a system of internal controls to provide reasonable assurances that all transactions are executed in accordance with management's authorization and are recorded properly so as to maintain accountability of LHS's assets.

We are required by federal and state laws and regulations to submit certain reports of our operating costs and statistics. These laws, regulations and guidelines define what costs are allowable and outline the appropriate methodologies to claim reimbursement for the cost of services provided to program beneficiaries. Our policies articulate our commitment to maintain an accurate, complete and timely reporting process.

CODING AND BILLING FOR SERVICES

We have implemented policies, procedures and systems to facilitate accurate billing to government payers, commercial insurance payers and patients. These policies, procedures and systems conform to federal and state laws and regulations. We prohibit any associate from knowingly presenting, or causing to be presented, claims for payment or approval which are false, fictitious or fraudulent.

In support of accurate billing, medical records must contain reliable documentation of the services provided. It is important that all individuals who contribute to medical records provide accurate and complete information about the care of patients. Any additions, deletions, addendums or corrections to medical records must be completed according to policy. No individual may destroy any information considered part of the medical record.

Accurate coding and billing of patient services also depends on the diligence and attention of physicians who treat patients at our facilities. We expect those physicians to provide us with complete and accurate information in a timely manner.

Individuals or contractors employed or engaged to perform billing or coding services are expected to have the necessary skills, knowledge and resources to ensure all billing and coding is completed in compliance with governmental and commercial insurance programs.

THE DEFICIT REDUCTION ACT

Under Section 6032 of the Deficit Reduction Act (“DRA”) LHS must establish written policies for all associates detailing information about **false claims, false statements** and **whistleblower protections** under applicable federal and state fraud and abuse laws. These written policies must include a specific discussion of the law and detailed information regarding the entity’s policies and procedures for detecting and preventing fraud, waste and abuse, as well as the rights of associates to be protected as whistleblowers.

THE FEDERAL FALSE CLAIMS ACT

The federal False Claims Act (31 USC 3729-33) makes it a crime for any person or organization to knowingly make a false record, file or submit a false claim with the government for payment.

“ Knowingly” means that the person or organization:

- **Knows the record or claim is false**, or
- **Seeks payment** while ignoring **whether the record or claim is false**, or
- **Seeks payment recklessly without caring whether** the record or claim is false.

Examples of possible False Claims include:

- Billing for **items or services not rendered or not provided** as claimed
- Submitting claims for equipment, medical supplies and services that are **not reasonable and necessary**
- **Double billing** resulting in duplicate payment
- Billing for **non-covered services as if covered**
- Knowing **misuse of provider identification numbers**, which results in improper billing
- **Unbundling**, i.e., billing for each component of a service instead of billing or using an all-inclusive code
- **Upcoding** the level of service provided

Penalties are severe for violating the federal False Claims Act. The penalty can be up to three times the value of the False Claim, plus from \$5,500 to \$11,000 in fines, per claim.

The Fraud Enforcement and Recovery Act of 2009 (“FERA”) expands the False Claims Act by adding liability for improper retention of government overpayment.

PENALTIES UNDER THE FALSE CLAIMS ACT

A person or entity found liable under the Civil False Claims Act is subject to a civil money penalty between \$5,500 and \$11,000 plus three times the amount of damages that the government sustained because of the illegal act. In health care cases, the amount of damages sustained is the amount paid for each false claim that is filed.

NEW JERSEY FALSE CLAIMS ACT

N.J.S.A. 2A:32C1 - 17

The New Jersey False Claims Act is comparable to the federal False Claims Act, making it unlawful for a person to knowingly make false or fraudulent claims. In addition to its substantive provisions, the New Jersey False Claims Act provides that private parties may bring an action in the name of the State for a violation of the False Claims Act.

NEW JERSEY HEALTH CARE CLAIMS FRAUD ACT

N.J.S.A. 2C:21-4.2

On January 15, 1998, the **new crime of "health care claims fraud"** was established under the New Jersey Health Care Claims Fraud Act. The NJ Health Care Claims Fraud Act is intended to enable more effective **criminal prosecution** of individuals who **knowingly or recklessly submit false or fraudulent claims** for payment for health care services.

PHYSICIANS

PHYSICIAN INTERACTION

Health care facilities like ours require collaboration between those who are part of our organization and those who have been credentialed and privileged to practice in our facilities. As in any collaboration, each party has important roles and responsibilities. We at LHS are committed to providing a work environment that is excellent in all respects for physicians and other practitioners who practice at our facilities. We appreciate these practitioners' respectful and supportive commitment to our organization.

As part of the Medical Staff appointment process, each physician receives Compliance education and a resource brochure. We encourage members of the medical staff to become familiar with this Associate Handbook. There are also many areas of the Associate Handbook that pertain to ethical and legal obligations of physicians in hospitals and continuing long term care facilities such as ours.

Federal and state laws and regulations govern the relationships between hospitals and physicians who may refer patients to our facilities. The applicable federal laws include the Anti-Kickback Law and the Stark Law. It is important that those who interact with physicians, particularly regarding making payments to physicians for services rendered, providing space or services to physicians, recruiting physicians to the community and arranging for physicians to serve in leadership positions in our facilities, are aware of the requirements of the laws. Failure to meet all requirements of these laws and regulations can result in serious consequences for our organization.

REFERRALS

We do not pay for referrals. We accept patient referrals and admissions based solely on the patient's medical needs and our ability to render the needed services. We do not pay or offer to pay anyone – including associates, physicians or other persons or entities – for referral of patients.

We do not accept payment for referrals we make. No associate or any other person acting on behalf of the organization is permitted to solicit or receive anything of value, directly or indirectly, in exchange for the referral of patients. Similarly, when making patient referrals to another health care provider, we do not take into account the volume or value of referrals that the provider has made, or may make, to us.

MEDICARE AND MEDICAID PATIENT PROTECTION ACT OF 1987 (“ANTI-KICKBACK STATUTE”)

The federal healthcare anti-kickback statute is a broad criminal statute that prohibits a person from “knowingly and willfully” giving or offering to give remuneration to another if the payment is intended to induce the recipient to refer an individual to a person for the furnishing of any item or service for which payment may be made, in whole or in part, under a federal healthcare program; purchase, order or lease any covered item or service; arrange for the purchase, order or lease of any covered item or service; or recommend the purchase, order or lease of any covered item or service. The anti-kickback statute also prohibits the solicitation or receipt of remuneration for any of these purposes.

“Remuneration” includes anything of value. The term “inducement” has been interpreted to include any act intended to influence a person’s reason or judgment. Under this rule, an arrangement may implicate the anti-kickback statute even if inducing referrals is not the primary purpose of the payment and even when there are other, legitimate reasons for the arrangement.

STARK LAW

The federal physician self-referral law commonly referred to as the “Stark Law,” established two basic prohibitions:

- 1) For certain designated health services, a physician may not refer a Medicare beneficiary to a healthcare entity with which the physician (or one of his or her immediate family members) has a financial relationship, unless an exception applies. This is the Stark Law’s “referral prohibition.”
- 2) A healthcare entity may not bill for improperly referred services, unless an exception applies. This is the Stark Law’s “billing prohibition.”

According to the Center for Medicare and Medicaid Services, the Stark Law’s referral and billing prohibitions are necessary because physicians may order unnecessary items and services for patients based on profit motives.

If a physician has a financial arrangement (either a compensation or ownership arrangement) with an entity that either performs or bills for the designated health service, and the physician refers patients to the entity, then the Stark Law is implicated.

ANTI-KICKBACK STATUTE V. STARK LAW

The anti-kickback statute is similar in many respects to the Stark Law in terms of overarching policy objectives and general prohibitions. There are, however, material differences between the two authorities, including the following:

- The **anti-kickback statute is a criminal statute**, whereas the **Stark Law provides for civil and administrative sanctions**.
- The **anti-kickback statute has a “state of mind” (or scienter) requirement**, i.e., to be convicted, a defendant must have acted “knowingly and willfully” to induce referrals or purchases. The **Stark Law is a “strict liability” statute**, i.e., the Stark Law’s referral and billing prohibitions may be violated even if the physician, provider, or supplier did not intend to violate them.
- The **anti-kickback statute covers all federal healthcare programs**, whereas the **Stark Law’s referral and billing prohibitions currently only apply to Medicare**. The anti-kickback statute may be implicated by any type of arrangement involving any type of healthcare or non-healthcare organization, whereas the **Stark Law focuses on physicians** (and their immediate family members) and their financial relationships with certain types of entities (e.g., hospitals) that perform or bill for designated health services.

PROTECTIONS FOR WHISTLEBLOWERS

QUI TAM ACTIONS – “WHISTLEBLOWERS”

The False Claims Act permits a **person with knowledge of fraud against the United States Government to file a lawsuit on behalf of the government** against the business that committed the fraud.

If the fraud has not previously been publicly disclosed, **any person, including associates and competitors, may bring a *qui tam* action** regardless of whether he or she has "direct" or first-hand knowledge of the fraud.

A case is initiated by filing the complaint and all available material evidence under seal with a federal court. **If the government proceeds with the case**, the person who filed the action will

receive between **15% and 25% of any recovery**, depending upon the contribution of that person to the prosecution of the case. **If the government does not proceed with the case**, the person who filed the action will be entitled to between **25% and 30% of any recovery**, plus reasonable expenses and attorneys' fees and costs.

UNDER THE FEDERAL FALSE CLAIMS ACT

Civil False Claims Act, 31 U.S.C. 3729 – 3733

Anyone initiating a *qui tam* case **may not be discriminated or retaliated against** in any manner by the employer. The associate is authorized under the False Claims Act to initiate court proceedings to make themselves whole for any job related losses resulted from any such discrimination or retaliation.

These protections include:

- Reinstatement and damages of double the amount of lost wages if the associate is fired
- Any other damages sustained if the associate is otherwise discriminated against

Anyone who believes that he or she has been subject to any such retribution or retaliation should report this to Barbara Holfelner, VP Corporate Ethics, Internal Audit & Privacy directly at 856-757-3642 or to the Lourdes' Internal Audit and Corporate Ethics Hotline at 1-866-477-4661. (See LHS' Policy *Corporate Compliance Hotline Reporting* - AS0007CCP)

NEW JERSEY CONSCIENTIOUS ASSOCIATE PROTECTION ACT

N.J.S.A. 34:19-1 et seq.

New Jersey's Conscientious Associate Protection Act, ("CEPA"), was adopted to protect associates who "blow the whistle" on their employers for what the associates reasonably believe to be fraudulent behavior. More information on LHS' responsibilities under the New Jersey Conscientious Associate Protection Act can be found in a separate policy entitled *Corporate Compliance Code of Conduct and Conscientious Associate Protection Act Notification Statement*, Policy AS0002CCP.

WHAT TO DO IF YOU BELIEVE THERE MAY BE A PROBLEM

If you believe that the organization, a fellow associate, medical staff member, student, vendor, contractor or volunteer is violating an internal policy or procedure or a federal or state law or regulation, it is your responsibility to report your concern. Associates reporting information in good faith will not be a subject to any kind of reprisal or retribution unless they are found to be responsible for the wrongdoing.

PERSONAL OBLIGATION TO REPORT

We are committed to ethical and legal conduct that is compliant with all relevant laws and regulations and correcting wrongdoing wherever it may occur in the organization. Each associate has an individual responsibility to report any activity that appears to violate any law, regulation,

accreditation standard, standard of medical practice, the Federal Healthcare Conditions of Participation, or this Associate Handbook and its related policies maintained in the Audit and Corporate Ethics Program.

If a matter poses serious corporate ethical risk to the organization or involves a serious issue of patient safety, the reporting individual should be satisfied that the issue has been given appropriate attention at the level to which it was reported. If not, the individual should report the matter to a higher level of management or to the Ethics Officer or the LHS Audit and Corporate Ethics Hotline until satisfied that the full importance of the matter has been recognized and addressed.

Always report the following intentional or unintentional behaviors:

- **Discrimination and harassment**
- **Dishonest communication**
- Violations of **confidentiality**
- **Conflicts of interest**
- Inappropriate **gifts**
- **Stealing and misuse of resources**
- **Fraud, abuse or false claims**
- **Environmental and safety issues**
- **Improper lobbying/politics**
- **Misuse of proprietary information**
- **Improper patient care**

STEPS YOU SHOULD TAKE TO REPORT AN AUDIT OR CORPORATE ETHICS VIOLATION OR CONCERN

(these steps do not have to be taken in any specific order)

1. Can discuss your concerns with your immediate supervisor

Your immediate supervisor must take your concerns to the Internal Audit and Corporate Ethics Department. If you feel uncomfortable discussing your concerns with your supervisor, or if your initial reporting to your supervisor was unsuccessful, report your concerns through any of the below resources.

2. Can notify any member of management of your concerns

If you feel uncomfortable discussing your concern with your immediate supervisor, you can report your concern to any member of management. The management member shall report your concern to the Internal Audit and Corporate Ethics Department.

3. Contact the Audit and Corporate Ethics Department

Contact the Internal Audit and Corporate Ethics Department via phone, email, fax or letter. You do not need to provide your name.

Barbara A. Holfelner, RN, MSN
Chief Ethics Officer
VP Corporate Ethics, Internal Audit and Privacy
Lourdes Health System
1600 Haddon Avenue
Camden, NJ 08103

Office phone: 856-757-3642 or 609-835-3056

Cell phone: 609-206-3829

Email: holfelnerb@lourdesnet.org

Fax: 856-968-2596

4. Call the Lourdes' Internal Audit and Corporate Ethics Hotline at 1-866-477-4661

The LHS Internal Audit and Corporate Ethics Hotline is an **anonymous** reporting tool that anyone can use to report an alleged violation, concern or work-related activity that may not live up to our values, business practice policies, the law and regulations. You do not have to give your name. Calls to the LHS Internal Audit and Corporate Ethics Hotline can be made 24 hours a day, 7 days a week. The calls are not answered internally.

An independent, professional organization has been contracted to answer our calls. All reports that are received on the LHS Internal Audit and Corporate Ethics Hotline will subsequently be transferred to the Ethics Officer for investigation and follow-up. All callers to the LHS Internal Audit and Corporate Ethics Hotline will receive a confidential caller ID number and a date to make a follow-up call. This process will allow callers who wish to remain anonymous the ability to receive an update on how the reported concern is progressing. It will also allow the Ethics Officer investigating the concern or allegation to request additional information from the caller if needed.

Calls to the LHS Internal Audit and Corporate Ethics Line are neither taped nor traced, and callers need not provide their names or any other identifying information. An investigation can be limited by the information provided if the caller chooses to remain anonymous. Should a caller choose to reveal his or her name, it will be held in confidence to the fullest extent practical or allowed by law.

We make every effort to maintain, within limits of the law, the confidentiality of the identity of any individual who reports concerns or possible misconduct. There is no retribution or discipline for anyone who reports a concern in good faith and is not involved in the wrongdoing. Any individual who deliberately makes a false accusation with the purpose of harming or retaliating against another individual is subject to discipline.

INTERNAL INVESTIGATIONS AND CORRECTIVE ACTIONS

We are committed to investigating all reported concerns promptly and confidentially to the fullest extent possible. The Ethics Officer coordinates findings from investigations and immediately recommends corrective action or changes that need to be made. We expect all associates to cooperate with investigation efforts and corrective action plans. When an internal investigation substantiates a reported violation, it is the policy of the organization to initiate corrective action, including, as appropriate, making prompt restitution of any overpayment amounts received from any payer, notifying the appropriate governmental agencies, instituting disciplinary action as necessary and implementing systemic changes to prevent a similar violation from recurring in the future.

DISCIPLINE

All intentional violations of the standards outlined in this Associate Handbook and the related Internal Audit and Corporate Ethics Program will be subject to disciplinary action. The level of discipline imposed will depend on the nature, severity and frequency of the violation and may result in any or all of the following actions: verbal warning, written warning, suspension, termination or restitution.