Monday February 2, 2015
5:30 p.m. (Buffet for Committee members & invited guests)
6:00 p.m.

**CALL TO ORDER**

- **Public Comments**: 5 minutes allowed per speaker with a cumulative total of 15 minutes per group. For further details & policy, see Request for Public Comment notices available in meeting room.  6:05

- **Information Item(s)**

  1. *Approval: Minutes – Monday, January 5, 2015 (ADD A-Pp13-17)*
  2. Review: 340B Program (ADD B-Pp18)
  3. Review: Legislative Update (ADD C-Pp19-23)
  4. Internal Audit (ADD D-Pp24-31)
  5. Review: Internal Audit Activities Summary
  6. Compliance (ADD E-Pp32-40)
  7. Review: Compliance and Ethics Committee Report
  8. *Review/Approve: Compliance and Ethics Plan Policy #21781*
  9. Governance (ADD F-Pp41-51)
  10. Standing Agenda Item: Board of Directors Education Topics
  11. *Review/Approve: Board Governance, Audit and Compliance Committee Calendar 2015 (Pp42-43)*
  13. *Review/Approve: Board Quality Review Committee Review of the Palomar Health Bylaws (Pp45)*
  14. *Review/Approve: Board Member Personal Attendance at Meeting And Board Meetings Held in Closed Session Policy #52752 (Pp46-48)*
  15. *Review/Approve: Conflict of Interest Code Policy #21800 (Pp49-51)*
  16. Pending Items: Expenditure and Requisition Approval Authority Policy #14779

**ADJOURNMENT**  7:40

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**Board Governance Audit and Compliance Committee Members**

<table>
<thead>
<tr>
<th>Board Governance Audit and Compliance Committee Members</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Chair</strong></td>
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<td><strong>R.N., Director</strong></td>
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<td><strong>Ray McCune, Director</strong></td>
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<tr>
<td><strong>Hans Christian Sison, 1st Alternate</strong></td>
</tr>
</tbody>
</table>

**NOTE:** If you have a disability, please notify us by calling 760-740-6375 hours prior to the event so that we may provide reasonable accommodations

**Date/Time/Location of Next Meeting:** Monday March 2, 2015 – Grand Building 1st Floor Conference Room

* Asterisks indicate anticipated action. Action is not limited to those designated items.*
Minutes
Governance, Audit, and Compliance Committee – Monday
January 5, 2015

TO: Board Governance, Audit, and Compliance Committee

MEETING DATE: Monday, February 2, 2015

FROM: Ruhina Livingstone, Committee Secretary

Background: The minutes of the Governance, Audit, and Compliance meeting held on Monday, January 5, 2015 are respectfully submitted for approval.

Budget Impact: N/A

Staff Recommendation: Staff recommends the approval to the Monday, January 5, 2015 Governance, Audit, and Compliance minutes.

Committee Questions:

COMMITTEE RECOMMENDATION:

Motion: X

Individual Action:

Information:

Required Time:
TO:          Board Governance, Audit, and Compliance Committee

MEETING DATE:  Monday, February 2, 2015

FROM:         Cedric Terrell, Assistant Vice President of Clinical and Diagnostic Services

Background:  Presentation of the 340B program for the Governance, Audit, and Compliance Committee.

Budget Impact:  N/A

Staff Recommendation:

Committee Questions:

COMMITTEE RECOMMENDATION:

Motion:

Individual Action:

Information:  X

Required Time:
Legislative Update

TO: Board Governance, Audit, and Compliance Committee

MEETING DATE: Monday, February 2, 2015

FROM: Elly Garner, Manager of Government Affairs

Background: Presentation of legislative update.

Budget Impact: N/A

Staff Recommendation:

Committee Questions:

COMMITTEE RECOMMENDATION:

Motion:

Individual Action:

Information: X

Required Time:
Internal Audit Activities Summary

TO: Board Governance, Audit, and Compliance Committee

MEETING DATE: Monday, February 2, 2015

FROM: Tom Boyle, Internal Audit Officer

Background: Presentation of Internal Audit activity report.

Budget Impact: N/A

Staff Recommendation:

Committee Questions:

COMMITTEE RECOMMENDATION:

Motion:

Individual Action:

Information: X

Required Time:
**Compliance Activities Summary**

**TO:** Board Governance, Audit, and Compliance Committee  
**MEETING DATE:** Monday, February 2, 2015  
**FROM:** Mark Neu, Corporate Compliance Officer  
**Background:** Review the Compliance and Ethics Committee summary.  
**Budget Impact:** N/A

**Staff Recommendation:**

**Committee Questions:**

**COMMITTEE RECOMMENDATION:**

**Motion:**

**Individual Action:**

**Information:** X

**Required Time:**
Compliance and Ethics Plan Policy 21781

TO: Board Governance, Audit, and Compliance Committee

MEETING DATE: Monday, February 2, 2015

FROM: Mark Neu, Corporate Compliance Officer

Background: The Corporate Compliance Officer has submitted the Compliance and Ethics Plan Policy #21781 to the Board Governance, Audit, and Compliance Committee for review and renewal. Changes reflect revisions to organizational chart and processes.

Budget Impact: N/A

Staff Recommendation: Once reviewed and approved, staff recommends forwarding the policy to the Board of Directors for approval.

Committee Questions:

COMMITTEE RECOMMENDATION:

Motion: X

Individual Action:

Information:

Required Time:
Board of Direction Education Topics

TO: Board Governance, Audit, and Compliance Committee

MEETING DATE: Monday, February 2, 2015

FROM: Janine Sarti, General Counsel

Background: Review Board of Directors education topics.

Budget Impact: N/A

Staff Recommendation:

Committee Questions:

COMMITTEE RECOMMENDATION:

Motion: X

Individual Action:

Information:

Required Time:
Board Governance, Audit, and Compliance
2015 Committee Calendar

TO: Board Governance, Audit, and Compliance Committee

MEETING DATE: Monday, February 2, 2015

FROM: Tom Boyle, Internal Audit Officer

Background: The Internal Audit Officer resubmits the Board Governance, Audit, and Compliance 2015 Committee Calendar to the Board Governance, Audit, and Compliance Committee for the removal of the “Review proposals for external audit engagements” and “Review external audit engagements”.

Budget Impact: N/A

Staff Recommendation: Once reviewed and approved staff recommends forwarding the calendar to the Board of Directors for approval.

Committee Questions:

COMMITTEE RECOMMENDATION:

Motion: X

Individual Action:

Information:

Required Time:
Annual Review of the Board Community Relations Committee Section of the Palomar Health Bylaws

TO: Board Governance, Audit & Compliance Committee

MEETING DATE: Monday, February 2, 2015

FROM: Della K. Shaw, Executive Vice President, Strategy

BACKGROUND: Annually, the Board Community Relations Committee is required to review the Bylaws of Palomar Health as they relate to the Committee and recommend any necessary revisions.

BUDGET IMPACT: None

STAFF RECOMMENDATION:

- Annual Review of Community Relations Committee Bylaws: Approved, with the following edits to incorporate new organization titles and roles
  6.2.6 Community Relations Committee
  (b) Non-Voting Membership. The Chief Marketing and Communications Officer, the Community Outreach Director, the Chief Executive Officer of the Palomar Health Foundation, the Director HealthSource, the Director Marketing and Public Relations
  (b) Non-Voting Membership.
  1. Replace “Chief Marketing and Communications Officer” with “Executive Vice President, Strategy”
  2. Replace “Community Outreach Director” with “Director Community Engagement and Volunteer Development”
  3. Replace “Chief Executive Officer of the Palomar Health Foundation” with “President and Chief Philanthropic Officer, Palomar Health Foundation”
  4. Replace “Director HealthSource” and “Director Marketing and Public Relations” with “Director of Marketing & The HealthSource.”

COMMITTEE RECOMMENDATION: The Board Community Relations Committee recommended approval of the Bylaws of Palomar Health with the recommended edits to incorporate new organization titles and roles.

Motion: X

Individual Action:

Information:

Required Time:
The Board Quality Review Committee met on January 19, 2015 and reviewed Section 6.2.5 of the Palomar Health Bylaws. Changes were made to the organizational structure titles as well as designating the Chief Nursing Officers to fill the RN Representative requirement. The Committee approved the changes as shown in the attachment.

Committee Questions:
Board Member Personal Attendance at Meeting And Board Meetings Held in Closed Session Policy #52752

TO: Board Governance, Audit, and Compliance Committee

MEETING DATE: Monday, February 2, 2015

FROM: Board Governance, Audit, and Compliance Committee Chair Director Jeff Griffith

Background: The Board Governance, Audit, and Compliance Committee Chair, Director Jeff Griffith, requested the committee review Board Member Personal Attendance at Meeting And Board Meetings Held in Closed Session Policy #52752.

Budget Impact: N/A

Staff Recommendation:

Committee Questions:

COMMITEE RECOMMENDATION:

Motion:

Individual Action:

Information:

Required Time:
Conflict of Interest Code Policy #21800

TO: Board Governance, Audit, and Compliance Committee

MEETING DATE: Monday, February 2, 2015

FROM: Janine Sarti, General Counsel

Background: General Counsel has submitted the Conflict of Interest Code Policy #21800 to the Board Governance Audit and Compliance Committee for review and renewal. Changes reflect revisions to organizational chart and processes.

Budget Impact: N/A

Staff Recommendation: Once reviewed and approved, staff recommends forwarding the policy to the Board of Directors for approval.

Committee Questions:

COMMITEE RECOMMENDATION:

Motion: X

Individual Action:

Information:

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<td>JANINE SARTI – GENERAL COUNSEL</td>
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<td>TOM BOYLE – DISTRICT AUDIT OFFICER</td>
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<td>JEFF ROSENBURG, M.D.</td>
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<td>PAUL NEUSTEIN, M.D.</td>
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<td>ELLY GARNER – GOVERNMENT RELATIONS</td>
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<td>RUHINA LIVINGSTONE – BOARD COMMITTEE ASSISTANT</td>
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<td>INVITED GUESTS</td>
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<td>SEE TEXT OF MINUTES FOR NAMES OF GUEST PRESENTERS</td>
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## CALL TO ORDER
- The meeting – held in the Grand 1st Floor Conference Room, 456 East Grand Escondido, CA 92025 – was called to order at 6:00 p.m. by Jeff Griffiths.

## ESTABLISHMENT OF QUORUM
- See roster

## PUBLIC COMMENTS
- N/A

## INFORMATION ITEMS
- There were no information items.

## MINUTES – THURSDAY, DECEMBER 4, 2014
**MOTION:** By Director Greer, seconded by Director McCune and carried to recommend approval of the Minutes from the THURSDAY, DECEMBER 4, 2014, meeting. All in favor, none opposed.

- No discussion.

## PALOMAR HEALTH BYLAWS
**MOTION:** By Director Greer, seconded by Director McCune and carried to recommend approval. All in favor, none opposed.

- Forwarded to the January 12, 2015, Board of Directors meeting with a recommendation for approval.

## GOVERNANCE, AUDIT AND COMPLIANCE COMMITTEE CHARTER
**MOTION:** By Director Greer, seconded by Director McCune and carried to recommend approval. All in favor, none opposed.

- Forwarded to the January 12, 2015, Board of Directors meeting with a recommendation for approval.

- No discussion.

## GOVERNANCE, AUDIT AND COMPLIANCE COMMITTEE DESCRIPTION
**MOTION:** By Director McCune, seconded by Director Greer and carried to recommend approval. All in favor, none opposed.

- Forwarded to the January 12, 2015, Board of Directors meeting with a recommendation for approval.

- No discussion.

## GOVERNANCE, AUDIT AND COMPLIANCE COMMITTEE 2015 STANDING AGENDA ITEMS
**MOTION:** By Director McCune, seconded by Director Greer and carried to recommend approval. All in favor, none opposed.

- Forwarded to the January 12, 2015, Board of Directors meeting with a recommendation for approval.

- No discussion.

## TIME OF THE GOVERNANCE, AUDIT AND COMPLIANCE COMMITTEE
**MOTION:** By Director McCune, seconded by Director Greer and carried to recommend approval. All in favor, none opposed.

- The meeting is scheduled for 1st Monday of the Month @ 6:00 p.m.

## LEGISLATIVE UPDATE
**MOTION:** No Motion Taken.

- Ms. Garner presented on recent legislation relating to Palomar Health.
  - Government Affairs 2014 Priorities
    - Public Policy
    - Funding
    - Relationships
  - Government Relations
    - Relationship Building
    - Legislative Analysis
    - Advocacy & Education
### Board Governance Audit and Compliance Committee – Meeting Minutes – Monday, January 5, 2015

#### 8. Internal Audit Activities Summary
- **PROPOSED 2015 INTERNAL AUDIT PLAN**
- **HIGHLIGHTS OF 340B AUDIT INVOLVEMENT**

<table>
<thead>
<tr>
<th>Internal Audit Activities Summary</th>
<th>Motion: No Motion Taken.</th>
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<tbody>
<tr>
<td><strong>8. INTERNAL AUDIT ACTIVITIES SUMMARY</strong></td>
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<tr>
<td>a) INTERNAL AUDIT ACTIVITIES FOR CALENDAR YEAR 2014</td>
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<td>b) PROPOSED 2015 INTERNAL AUDIT PLAN</td>
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<td>c) HIGHLIGHTS OF 340B AUDIT INVOLVEMENT</td>
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<tr>
<td>The Internal Audit Officer, Mr. Boyle, presented on the progress of the below Internal Audit activities for calendar year 2014.</td>
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<tr>
<td>o Medical Staff Physician Credentialing</td>
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<td>o 340B Pharmacy Federal Drug Program</td>
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<td>o Expense Reimbursement</td>
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<td>o Third Party Liens</td>
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<td>o Annual Audit Risk Assessment</td>
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<td>o Cerner Roadmap validation</td>
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<td>o Compliance Dashboard</td>
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<td>o Dialysis</td>
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<td>o Infection Control</td>
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<td>o Arch Foundation</td>
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<td>o Grants and Awards</td>
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<td>o Excluded Provider Tests</td>
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<td>o Accounts Payable</td>
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<td>o Unclaimed Refunds</td>
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<td>o Physician Order Activity</td>
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<td>o General Ledger</td>
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<td>o Payroll – Time and Attendance</td>
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<td>o ED Patient Through-put data report</td>
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<td>o Villa Pomerado</td>
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<td>o Outpatient Pharmacy Inventory Validation</td>
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<td>o Palomar Foundation Audit Firm Selection</td>
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<tr>
<td>o Review of non-centralized billing processes</td>
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<td>Krysti Larkin presented on the 340B Audit and the involvement Internal Audit Department had.</td>
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<td>Physicians who were present during the meeting wanted to learn more about 340B therefore, it was suggested to have Pharmacy Director Cedric Terrell to present in the next committee meeting about 340B.</td>
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#### 9. Corporate Compliance Update
- **CORPORATE COMPLIANCE UPDATE**
- **COMPLIANCE EDUCATION**

<table>
<thead>
<tr>
<th>Corporate Compliance Update</th>
<th>Motion: No Motion Taken.</th>
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<tbody>
<tr>
<td><strong>9. CORPORATE COMPLIANCE UPDATE</strong></td>
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<tr>
<td>a) COMPLIANCE EDUCATION</td>
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<tr>
<td>Corporate Compliance Officer Mark Neu gave an overview on compliance education. The presentation included:</td>
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<tr>
<td>o Corporate Responsibility and Corporate Compliance</td>
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<td>o An Integrated Approach to Corporate Compliance</td>
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<tr>
<td>o Corporate Responsibility and Health Care Quality</td>
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<tr>
<td>Review of the Compliance and Ethics Plan Policy #21781 to be brought back in February Meeting for approval.</td>
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#### 10. Compliance and Ethics Plan Policy #21781

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<th>Compliance and Ethics Plan Policy #21781</th>
<th>Motion: No Motion Taken.</th>
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<tr>
<td>Review of the Compliance and Ethics Plan Policy #21781 to be brought back in February Meeting for approval.</td>
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#### 11. Expenditure and Requisition Approval and Authority Policy #14779

<table>
<thead>
<tr>
<th>Expenditure and Requisition Approval and Authority Policy #14779</th>
<th>Motion: By Director Greer, seconded by Director McCune and carried to recommend approval. All in favor, none opposed.</th>
<th>Forwarded to the January 28, 2015, Finance Committee meeting with a recommendation for approval.</th>
<th>Y</th>
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<tr>
<td>Committee recommends that the policy be submitted to the Finance Committee for review and approval.</td>
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<thead>
<tr>
<th>Federal Deficit Reduction Act of 2005 – Fraud and Retaliation Policy #50832</th>
<th>Motion: By Director McCune, seconded by Director Greer and carried to recommend approval. All in favor, none opposed.</th>
<th>Forwarded to the January 12, 2015, Board of Directors meeting with a recommendation for approval.</th>
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#### 13. Recording of Governing Board Meetings Policy #21785

<table>
<thead>
<tr>
<th>Recording of Governing Board Meetings Policy #21785</th>
<th>Motion: By Director McCune, seconded by Director Greer and carried to recommend approval. All in favor, none opposed.</th>
<th>Forwarded to the January 12, 2015, Board of Directors meeting with a recommendation for approval.</th>
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<tr>
<td>ADJOURNMENT</td>
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<td>The meeting was adjourned at 7:28 p.m.</td>
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<th>SIGNATURES:</th>
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<td><strong>COMMITTEE CHAIR</strong></td>
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<td><strong>COMMITTEE SECRETARY</strong></td>
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ADDENDUM B

(Please note presentation is at the end of the agenda packet)
ADDENDUM C
Legislative Report

Feb. 2, 2015

Elly Garner
2015 State Legislative Session

• Just under 300 bills have been introduced*
  – More than 30* that would impact PH, including:
    • Double Pay on Holidays Act
    • Access to Healthcare coverage, regardless of immigration status
    • Medi-Cal Demonstration project
    • Assisted mental health outpatient treatment programs

*As of Jan. 23, 2015

• Deadlines–
  – Jan. 30 – last day to submit bill requests to Legislative Counsel for drafting
  – Feb. 27 – last day to introduce new legislation
State Budget

- Governor released proposed budget – Jan. 10
- Legislators introduced budget bills in both Assembly & Senate
- Budget negotiations will go on through May
  – AB97 (2011) Medi-Cal provider cuts
- Budget bill must be passed by both houses of the state legislature by midnight June 15
Federal Update

• HR 30 “Save American Workers Act”
• HR 270 “Flexibility in Health IT Reporting”
• Sustainable Growth Rate (SGR) for physicians
• President’s Budget released Feb. 2
ADDENDUM D
TO: Palomar Health Finance Department  
FROM: Tom Boyle, CIA, CISA, CFE, CCP, CRMA, MBA, Internal Audit Officer  
SUBJECT: Expense Reimbursement Audit  
DATE: October 24, 2014  

Introduction  
Arising from the audit that was conducted in 2012 and 2013 by Internal Audit Services (IAS) a few recommendations were made to the Finance Department. It should be noted that the Finance Department may not have direct responsibility or authority over the noted deficiencies, however it was determined that the Finance Department is the most appropriate function to have the ability to initiate and implement any system changes deemed necessary to address these recommendations:

1. Consider revising and consolidating related policies and procedures.  
2. Implementation of electronic reimbursement system.  
3. Improve inadequate documentation for claims submitted.  
4. Standardize reimbursement for telecommunications expenses. (cell phone and internet)  
5. Improve control over discretionary expenditures.  
6. Establish better controls over credit card / P-card expenses.

IAS reviewed the above recommendations again in 2014 to see if executive management and employees are compliance with Palomar Health’s policies and procedures.

Background  
Palomar Health executive management and employees attend a variety of local and out-of-state conferences, conventions, seminars, workshops, and meetings to gain knowledge specific to their area of responsibility, enhance professional skills, and conduct Palomar Health business. Palomar Health’s travel policy outlines procedures for executive management and employees to obtain approval for and reimbursement of travel expenses connected with both local and out-of-state travel. A variety of expenses are paid for directly by some staff with the use of corporate credit cards, which are excluded from the controls established for purchase orders and expense reimbursements. These cards are provided to executives and selected staff based on need or convenience. Other related expenses include travel, meals, lodging and miscellaneous expenses which are incurred by a large number of vendors and contractors each year and for which there is inconsistent effort in monitoring or controlling these costs.
Purpose
1. To determine if Palomar Health Executive Management Team and staff are in compliance with the organization’s business expense reimbursement policies/procedures
2. To determine if current policies and procedures are adequate to ensure that sound business practices exist which are consistent with the organization’s mission, vision, values and code of conduct.

Scope
The scope of the audit included a review of expense reimbursements for the fourteen Palomar Health Executive Management Team members and a sample of 20 other Palomar Health employees during the one-year period of July 01, 2013 to June 30, 2014. The audit also included all corporate credit card expenditures for the same fiscal year time period.

Approach
1. Interviews and correspondence with Finance staff and other individuals to understand current practices, controls and processes.
2. Actual hard-copies of expense reimbursements were examined, along with electronic reports of credit card transactions and current procedures.
3. Individual transactions were reviewed for appropriate approvals, documentation and compliance with procedures.
4. Electronic data analysis was performed (using ACL) to perform testing and analysis of credit card transactions for the period.

1. Policy and Procedure Observations
As a result of our review and validation of the expense reimbursement process, we concluded that there was general compliance with the Palomar Health’s policy and procedure however; the prior recommendation to strengthen the policy and procedure for expense reimbursement has still not been implemented.

Risk and Impact
Policies and procedures were consolidated, revised and strengthened by a designated task force. However, they have yet to be approved and implemented leaving employees to follow several different interpretations of the original policies and procedures.

Recommendations
Policy and procedures that have been revised, consolidated and strengthened need to be approved as soon as possible. Training or communication of new procedures should also be emphasized in order to achieve the desired change in staff behavior.

Response from Finance (January 19, 2015):
The Board Policies #21807 Corporate Cards and #21806 Expense Reimbursement were revised and approved at the June 2014 Board meeting. These revised policies will be published in Ludidoc by Legal personnel according to recent communication.
Finance, HR and IA revised both the expense reimbursement procedures and corporate card procedures. Both have been recently approved by the new CEO in August 2014 (consider these rev1), with the exception of the cell phone reimbursement. See §4 below.
However; now with the new District organization, the revised procedures will need to be reviewed and revised again (rev2) before official rolling out.

2. **Electronic Reimbursement system has still not been elected**

   **Observation**
   The process of submitting employee business expenses and subsequent reimbursements for these expenses continues to remain to be predominantly a manual process.

   **Risks and Impact**
   1. Aside from the relative inefficiency of the reimbursement process itself, the organization cannot easily monitor activities, trend spending patterns, analyze detailed expenses or audit compliance and detect fraudulent transactions because data is not captured in an electronic and accessible format. The primary risk is that errors and improprieties may not be detected in a timely manner or may go undetected. Healthcare District Palomar is subject to external scrutiny which may harm our public image if improprieties occur and become known. Additionally, there may be the potential for reducing expenses with refined application as well as reducing staff time throughout the process.
   2. The current manual system restricts or minimizes the ability to effectively monitor and control expenses.

   **Recommendations**
   To help facilitate the process of reconciling expenditures, verifying expenditures, noting any questionable activity, we recommend the implementation of an integrated electronic reimbursement system, (such as Lawson, Concur or Works). The electronic system will provide:
   1. Controls to prevent the submission of incomplete or inaccurate reports and also provide a retrievable database for analysis, trending, budgeting and auditing purposes. Agree.
   2. A web-based electronic platform that is interfaced into our Lawson financial system will reduce processing time, ensure consistency, minimize errors and noncompliant transactions and provide easy access to transaction details for subsequent analysis, reporting and monitoring.

   **Response from Finance (January 19, 2015):**
   The Finance and IA team went through the above-mentioned vendor demos following this audit. While a web-based platform has been identified and placed on our capital wish list, this project is at the mercy of available capital dollars, internal resources and the prioritization by the IT Governance. I should mention that this project is ranked 3rd highest in priority from the Finance perspective. I have ranked PCI Compliance #1; AP Imaging #2; Expense Reimbursement Mgt #3 and have recently forwarded to IT Governance.

3. **Inadequate documentation for expenditures.**

   **Observations**
   It was observed in the previous audit that occasional meals and miscellaneous receipts are submitted without adequately identifying names of individuals associated with the expense. This is particularly critical when related to referring physicians. Under the Federal Stark Law, for calendar year 2013, hospitals may provide nonmonetary compensation to physicians up to an aggregate amount of $373. We have not observed that there is violation to this rule; however, Palomar Health needs to account for all physician nonmonetary compensation to remain compliant and assure we are meeting the law’s requirements.
**Note:** The Compliance Officer has requested that logs be maintained to capture physician nonmonetary compensation. Training was provided to individuals involved in this process to ensure compliance. However, IAS reviewed expenditures and noted physician nonmonetary compensation that had not been recorded on the log. Note:

**Response from Finance (January 19, 2015):**

*The responsibility of maintaining this log is outside the responsibility of AP staff.*

**Risks and Impact**

- Remuneration to referring physicians is potentially lacking in consistency, accuracy and completeness which may lead to Stark II violation. This is not within Finance control.
- Lack of sufficient documentation to support expenses may suggest inappropriate behavior and could result in unnecessary costs as well as negative public image. Agree.

**Recommendations**

- This supports the prior recommendation for an electronic reimbursement system for processing and tracking expenditures, which will contribute to a centralized method of monitoring and reporting of expenses which may be considered subject to the Federal Stark Law provisions. To this end, detailed submissions for expense reimbursement should have the option of identifying “others”, particularly “physicians” associated with the individual expense. In addition to an expense reimbursement system, measures should be taken to ensure that adequate integration and education is provided.

**Response from Finance (January 19, 2015):**

*AP agrees that an electronic system would be ideal. However, in the absence of an electronic system, the Non-Travel Business Expense Report provides a field to list “Names of other individuals” included with the expense. AP reviews expenses and reaches out to individuals for particularly questionable items, however, it is not feasible to reach out on every expenditure with sub-optimal information, and providing all appropriate information is ultimately the responsibility of the individual submitting the reimbursement. Compliance and Finance have both attended APT meetings to discuss compliance and adherence with Stark Law, including ensuring the information on expense reimbursement forms is complete and the log is updated. Additionally, for P-Card expenditures, there is a comment section when signing off on P-Card expenses to list additional information, including providing “Names of Other Individuals.” While the current procedure for “Reviewing & Signing off on expenses incurred via P-Card” provides instructions for adding comments, the new version further emphasizes the need for providing comments. Furthermore, P-Card holders are required to sign off that they have read and understand the policies and procedures related to being a P-Card holder. The updated version of “Reviewing & Signing off on expenses incurred via P-Card” was postponed, due to a recent update in WORKS, which requires review to make sure the steps are still correct in the new version of WORKS. We anticipate the updated procedure will be rolled out along with the expense reimbursement procedure and corporate card procedure.*

- We support the efforts of Finance staff to require supporting documentation prior to being reimbursed for the expenditure or in the case when a corporate/purchasing card has been used, require the hospital be reimbursed for the expenditure until adequate supporting
documentation has been submitted. We further recommend that additional efforts be made to further educate and induce users to comply with current requirements.

Response from Finance (January 19, 2015):

There are two components to this recommendation. The AP staff already provides education and guidance on the “process”. But the accountability to provide education to the physicians and assistants and EMTs lies elsewhere. AP reviews expenses and reaches out to individuals for particularly questionable items or missing backup, however, it is not feasible to reach out on every expenditure with sub-optimal information, and providing all appropriate information is ultimately the responsibility of the individual submitting the reimbursement. Compliance and Finance have both attended APT meetings to discuss compliance and adherence with Stark Law, including ensuring the information on expense reimbursement forms is complete and the log is updated.

4. **Reimbursement for Telecommunications Expenses (cell phone and internet) remain inconsistent.**

**Observations**
The current practices of documentation, submission and reimbursement of telecommunication and employee reimbursements is relatively excessive in terms of administrative time used in both the submission and reimbursement of monthly expenses and inconsistent in effectiveness at complying with procedures and controlling costs. The system is essentially manual, involving hard-copy documents which are completed, signed, filed, stored/managed creating not only a cumbersome process for creating and processing these expenses, the details surrounding the expenses are not in a format conducive to subsequent analysis and review. The purchase and use of personal mobile devices, for both equipment and service plans in some cases paid directly with corporate credit cards. There is little in the way of centrally controlling or monitoring these costs which are inconsistent and potentially an opportunity for reducing unnecessary costs. This has been a finding that was reported previously, and should be addressed as an organizational administrative decision, and not necessarily a responsibility of the Finance Department.

**Risks and Impact**
The current practice of reimbursement for telecommunications expense is not cost-effective or consistent with all staff. Ensuring compliance with organizational procedures is time-consuming and marginally effective.

**Recommendations**
- It is recommended that the current practice for reimbursement for hospital use of personal cellular/data expenses be replaced with a monthly flat-rate allowance for appropriate staff. This flat rate will apply to both EMT and non-EMT. This will eliminate the need to prepare detailed expense reimbursements, and the subsequent tasks of producing checks.

Response from Finance (January 19, 2015):

Finance held discussion with new CEO and CFO in August 2014. The consensus is that more analysis is needed. Finance and IT are currently in collaboration to provide the appropriate solution.
5. **Discretionary expenditures**

**Observations**
There are various expenses which may be categorized as discretionary in the context of appropriate and necessary for business purposes versus those perceived as excessive or a personal preference of, or benefit to the employee. Examples frequently occur when making travel arrangements, there is a range of options available to a traveler to include ground and air transportation, hotel accommodations and miscellaneous expenses. There are guidelines in place to restrict or control some discretionary spending; however we observed a range of practices by various staff.

**Risk and Impact**
As a district hospital, we are accountable to the citizens of the community we serve. As employees of the health system, we should always hold ourselves to the highest level of discretion when conducting business so to never provide the appearance of inappropriate or unnecessary spending.

**Recommendations**
As recommended earlier by Internal Audit to strengthen the policy and procedure to be more précised as what expenses are allowable to all employees.

**Response from Finance (January 19, 2015):**
*Current policy #21806 has been revised and approved to provide a broad guidance to board, employees and contracted labor. Current procedures have been revised (rev1) to be more inclusive as to appropriate/inappropriate expenses to be reimbursed. The procedures have not been rolled out due to the organizational restructure. There will need to be another review of the revision (rev1) for applicability. I anticipate that the revised reimbursement procedure (whichever one) will be published in a couple months.*

6. **P-Card Expenses**

**Observations**
The findings in the current review of P-Cards are similar to those that were found in our previous review.
- Reconciliation of statements and cards are not done in a timely manner and lack appropriate receipts.
- Expenditures on questionable items such as alcohol, high dollar amount meals, meeting meals for other organizations etc.

[Specific examples of these findings have been provided to Finance for further review]

**Risks**
There may be exposure to financial risk if P-Card policies and procedures are not adhered too.

**Recommendations**
IAS supports the Finance department in upholding the terms and conditions of the Expense Policies, particularly as they relate to:
(a) Documenting the names of all parties in attendance at a business meal;
(c) The dollar limits that can be charged for a (i) business meal and (ii) the tip paid for the business meal.
(d) The need for original receipts to support an expense.
(e) Approvers of P-Card reconciliation reports should be reminded of their responsibility to ensure P-Card reconciliations contain the documentation required by the Expense Policies.

Response from Finance (January 19, 2015):
The official roll-out of the expense reimbursement and P-card will identify responsible/accountable individuals and will include additional education. I anticipate that this will occur within 2 months.
ADDENDUM E
Meaningful Use
- Focus of Stage 2 is on information exchange and patient engagement
- Certification period 10/1/14 through 9/30/15
- Inpatient encounters only
- PH challenge areas
  - Summary of Care at Transition
  - View/Download/Transmit
- View/Download/Transmit (5%)
  - More than 5 percent of all patients (or their authorized representatives) who are discharged from the inpatient or emergency department of an eligible hospital during the reporting period view, download or transmit to a third party their information.
- Summary of Care at Transition (10%)
  - The eligible hospital or CAH that transitions or refers their patient to another setting of care or provider of care provides a summary of care record for more than 10 percent of such transitions and referrals either (a) electronically transmitted using CEHRT to a recipient or (b) where the recipient receives the summary of care record via exchange facilitated by an organization that is a NwHIN Exchange participant or in a manner that is consistent with the governance mechanism ONC establishes for the nationwide health information network.
- Two challenged areas are summary of care transition and the view download transmit metrics. Prudence stated in a meeting with Jody and the CNO’s that nursing would also be part of the meaningful use implementation. Specific focus on incorporating an electronic discharge process in parallel with the paper process. Deb Barnes to review regulatory requirements to determine if electronic only is allowed. Mark to ensure multidisciplinary meeting with all stakeholders next week.

Two Midnight Rule
- Update for Q1 2015 is that the enforcement date commences April 1, 2015. All of their work plan objectives complete. This will be a 2015 work plan objective as well.

Compliance Work Plans
- New Inpatient Admission Criteria (Two Midnight Rule)
- Data Security – Encryption
- Ensure Controls Over Networked Medical Devices
- Privacy – Breach
- Fraud Concerns Regarding the EMR
- Robin stated work plan objectives completed and all policies related to encryption for issued hardware being followed, including asset tracking and logging. Only remaining issue relates to auto logon. Solution pending.
- Robin stated the biomed equipment assessment is pending. Prudence stated most biomed equipment does not store PHI
- Kim Jackson continues to perform manual reviews. The Cerner update scheduled for a March 2015 release includes audit tools. Will continue monitoring manually until automated tool solution is deemed effective. CEC committee also recommended medical staff education/communication piece regarding potential fraud issues. Mark to forward appropriate information to both medical staffs.
- Kim stated all work plan objectives completed. The external privacy assessment completed in 2014 addresses work plan objectives, to be discussed in subsequent slides.
External Privacy Assessment
- Three pending items. Kim will continue bringing updates to CEC on the risk analysis, the disaster recovery plan, and device and media control recommended actions. Note 2 of these items are proposed 2015 work plans. Kim stated that education has been provided in the past to managers via email regarding expectations around privacy and security. Virginia asked for the information to be recirculated.

Proposed Work Projects Based on the 2015 OIG Plan
- 340B program (pending HRSA review)
- EHR Meaningful Use (incentives and penalties)
- Controls over networked medical devices
- Hospitals’ electronic health record system contingency plans
- Inpatient Admission Criteria (Two Midnight Rule)
- Preventable Hospitalizations of Nursing Home Residents

Proposed Work Projects Based on Palomar Experience – Slides 21
- New Business – Reference Lab
- Physician Courtesies
- Referral source contract management
- Code of Conduct refresh

2015 Non-monetary Comp and Incidental Benefit
- What is a referral source?
- Why is it important?
- Key considerations
- Commercial reasonableness, including “stacking”
- Anti-Kickback
- Stark
- False Claims
- Payments – where the rubber hits the road
- Everything in writing, nothing for free.

Q2 2014 PEPPER Review
- Respiratory Infections – Previous Quarter Not an Outlier
- 3-Day SNF-Qualifying Admissions – Previous Quarter Not an Outlier
- 2-Day Stay Surgical DRGs - Previous Quarter Not an Outlier
- Simple Pneumonia – Remains an Outlier for 10 of 11 Reportable Quarters
- Stroke Intracranial Hemorrhage

Team Palomar Health
- December event – Palomar Health Child Abuse
- January event – Planning
- February – Blood Drive

Iron Rules of Medicare
- Just because you have a code for it doesn’t mean it’s covered.
- Just because it’s covered doesn’t mean you can bill for it.
- Just because you can bill for it doesn’t mean that’s what you’ll be paid.
- Just because you were paid doesn’t mean you get to keep it.
- Just because you were paid once doesn’t mean you’ll be paid again.
- Just because you were paid in State X doesn’t mean you’ll be paid in State Y.
- You can never truly know what the rules are.
- Violating the rules can land you in the slammer.
- There is always someone who doesn’t get the message.
- There is always someone who refuses to believe the message.

**Recent Enforcement**

- **Rite Aid Corporation Pays $2.99 Million for Alleged Use of Gift Cards to Induce Medicare and Medicaid Business (12/3/14)**
  - Resolves allegations that it violated the False Claims Act by inappropriately using gift cards as inducements.
  - The settlement resolves allegations that Rite Aid offered illegal inducements to Medicare and Medicaid beneficiaries to transfer their prescriptions to Rite Aid pharmacies. The government alleged that from 2008 to 2010, Rite Aid had knowingly and improperly influenced the decisions of Medicare and Medicaid beneficiaries to transfer their prescriptions to Rite Aid pharmacies by offering them gift cards in exchange for their business.
  - “This settlement holds Rite Aid accountable for exerting undue influence on individuals when they make important healthcare decisions about where and when to fill prescriptions,” “Corporate profit should never steer an individual away from making the right healthcare decision.”
  - “Pharmacies are not allowed to improperly influence the decision-making of Medicare and Medicaid patients about where to fill prescriptions,”
  - The settlement resolves allegations filed by whistleblower Jack Chin under. Chin will receive approximately $508,300 of the settlement.

- **St. Helena Hospital Agrees To Pay $2.25 Million To Settle False Claims Act Allegations (12/19/14)**
  - SAN FRANCISCO – St. Helena Hospital has agreed to pay the United States $2,250,000 to settle allegations that it submitted false claims to Medicare for certain cardiac procedures and related inpatient admissions.
  - The settlement resolves allegations that St. Helena Hospital knowingly charged Medicare for medically unnecessary percutaneous coronary interventions (angioplasty) during the period Jan. 1, 2008 through July 31, 2011. The United States also alleged that St. Helena Hospital unnecessarily admitted angioplasty patients who should have been treated on a less costly, outpatient basis.
  - This settlement resolves a whistle blower lawsuit filed by Kacie Carroll, a former employee of St. Helena Hospital. Carroll will receive $450,000.
  - The case is captioned United States ex rel. Carroll v. Adventist Health Systems, et al., Case No. CV-10-4925 DMR. The claims resolved by this settlement are allegations only and there has been no determination of liability.

- **Recent changes to California medical information privacy laws**
  - California licensed clinics, hospitals, home health agencies and hospices are required to prevent “unlawful or unauthorized access to, and use or disclosure of, patients’ medical information” and to report any breach to the California Department of Public Health (CDPH) and the “affected patient” no later than five business days after the breach was “detected.”
  - Office of Health Information Integrity (CalOHII) ensures the enforcement of state law mandating the confidentiality of medical information and to impose administrative fines” for the violation thereof on individuals and health care providers who are not otherwise under the jurisdiction of CDPH.
• **Increased Flexibility**
  o Effective January 1, 2015, facilities now have 15 business days — rather than five — from the detection of a breach, or, if applicable, from the conclusion of law enforcement activity, to notify CDPH and any affected patients.
  o Further, facilities now may provide the patient with notice via a previously agreed-upon alternate means or location, including by email.
  o Finally, the bill clarifies that CDPH has the discretion to consider whether to investigate breach reports.

• **Increased Authority for CDPH**
  o CalOHII initially had authority to assess administrative fines of $2,500 to $250,000 against individuals and licensed health care professionals for failing to “establish and implement appropriate administrative technical and physical safeguards to protect the privacy of a patient’s medical information” or to “reasonably safeguard confidential medical information from any unauthorized access or unlawful access, use or disclosure.”
  o The amount of the fine depended on the nature of the breach, the identity of the person being fined and the willfulness of the actor causing the breach.
  o All such fines were to be deposited in the Internal Health Information Integrity Quality Improvement Account.
  o Senate Bill 587, effective June 20, 2014, has transferred the authority to assess administrative fines to CDPH.
  o According to the [CDPH website](http://www.cdph.ca.gov), 66 penalties have been issued against facilities since 2009.
  o In 2010, the sole year for which penalty amounts are listed, 16 fines were issued, totaling approximately $1.5 million.

• **Remaining Challenges**
  o No clear definition of what constitutes an “unlawful or unauthorized access, use, or disclosure.” CDPH has generally taken the position that every potential breach must be reported, whether or not any data actually has been accessed, used or disclosed inappropriately.
  o Second, there is no definition or guidance as to when a breach “has been detected.” Arguably, some confirmation or investigation is in order so that a reporting entity can determine whether a breach truly has occurred. However, CDPH typically takes a narrower view, expecting a timely report, whether or not the potential breach has been verified.
  o Third, it is often impossible for an entity to determine which patients were affected by a data loss within five business days, much less to identify and notify such patients.
  o Finally, California’s breach reporting requirements are significantly more restrictive than the federal breach reporting requirements under the Health Insurance Portability and Accountability Act (HIPAA), which allow as much as 60 days before reporting a breach. Thus, facilities must run the breach reporting analysis twice to ensure they comply with both the California and federal legal schemes.
  o Unless and until these facilities have established arrangements for providing notice via secure email, the “alternate” notice options are unlikely to provide
Compliance and Ethics Plan

I. PURPOSE:

A. To describe the structure and practices determined by the Board to establish an effective compliance plan for Palomar Health. The plan promotes transparency, ethical behavior and compliance with applicable federal and state laws in all activities of the District.

II. DEFINITIONS:

None.

III. TEXT / STANDARDS OF PRACTICE:

As evidence of its commitment to ethical behavior and compliance with all local, state, and federal laws, rules, and regulations the Board has determined that the following steps will constitute the organization's Compliance and Ethics plan:

A. Designation of Corporate Compliance Officer (CCO): The Corporate Compliance Officer is appointed by the Chief Executive Officer, with the concurrence of the Board, through its Governance, Audit and Compliance Committee. The CCO reports directly on all matters to the Chief Legal Executive Officer and indirectly to the Board, through its Governance, Audit and Compliance Committee. The CCO may not be discharged without the concurrence of the Board. The CCO will serve as a model for ethical behavior and will promote an awareness and understanding of positive ethics and principles while leading activities designed to ensure compliance with federal and state law throughout the District.

B. Designation of Compliance and Ethics Committee (CEC): The charter and membership of the Compliance and Ethics Committee will be subject to the periodic review and approval of the Governance, Audit and Compliance Committee. The purpose of the CEC is to ensure that issues related to ethical behavior and compliance at Palomar Health are subject to reviewed by and have the support of a diverse group of individuals throughout the District. Members will be appointed annually by the CEO.

C. Written policies and procedures: Written policies and procedures are an essential means by which organizational expectations and decisions about operating processes are communicated to those working for and within Palomar Health. These include the organization’s Code of Conduct, which each employee, volunteer, contract staff and medical staff member will be required to review and acknowledge upon association with Palomar Health and periodically thereafter. Performance evaluations and recredentialing criteria also require evaluation for adherence to the behaviors described in the Code of Conduct. The CCO and CEC are charged with developing appropriate procedures relating to ethics and compliance and reporting periodically to the Board on their discharge of this responsibility.

D. Training and Education Programs: Effective training and education is a fundamental element part of the Palomar Health approach to ethics and compliance plan. While the specific areas of training and those to whom it is provided will vary at different times, each of the following groups will complete annual training in ethical behavior and compliance as a condition of employment / continued association:
1. Employees
2. Board of Directors
3. Medical Directors
4. Contracted Staff Members
5. Volunteers

In addition to this annual training, the CCO and CEC are charged with planning, developing and delivering appropriate training related to areas at high risk for fraud, non-compliance or unethical behavior and reporting periodically to the Board on their discharge of this responsibility.

E. Effective lines of communication:

1. Each person employed by, credentialed by or associated with Palomar Health is expected to speak up about matters that they see within its operations that appear to be unethical, unsafe, or not in compliance with policy or law. The best way to do that is simply to speak directly to the person(s) involved.
2. Those speaking up should always do so in a manner that respects the dignity of other individual(s) involved and after making a reasonable effort to obtain accurate information.
3. While Palomar Health maintains various avenues by which reports of potential improper behavior may be made, an open line of communication between the CCO and all individuals at Palomar Health is essential for the effectiveness of this ethics and compliance plan. All individuals may access the CCO about any matter relating to Palomar Health via the confidential Palomar Health Compliance Hotline, personal meeting, direct phone call, email, voice mail, or any other route about any matter relating to Palomar Health. This access will be supported by appropriate procedures that ensure that those who use it will be protected from any reprisal, retribution, or retaliation and that provide methods for communication of results relating to investigations, as appropriate.
4. The CCO is responsible for investigating all reports of possible non-compliance brought to his/her attention, documenting the actions taken to address verified matters and periodically reporting on such activities to the Board on the discharge of this responsibility.
5. The CCO and CEC are charged with developing appropriate procedures and transmissions about these lines of communication and reporting periodically to the Board on their discharge of this responsibility.

F. Enforcement of Standards:

The effectiveness of this compliance plan depends on consistent enforcement of standards related to ethical behavior, compliance and the detection and reporting of such behavior by others.

1. Disciplinary procedures are no different for non-compliance and unethical behavior than for other inappropriate conduct at Palomar Health. (See e.g. Disciplinary Guidelines, Lucidoc # 10468; Palomar Medical Center Medical Staff Disruptive Conduct Policy and Procedure; Pomerado Hospital Medical Staff Disruptive Conduct Policy and Procedure).
2. The Chief Executive Vice President of Human Resources Officer and the Chiefs of the Medical Staffs at Palomar Medical Center and at Pomerado Hospital are charged with periodically reporting to the Board on actions taken to respond to verified acts of unethical behavior and non-compliance.

G. Auditing and Monitoring:

The use of audits, other monitoring techniques and periodic risk assessments are evaluation is an important element of this compliance plan.

1. The CCO and CEC are responsible for developing appropriate procedures and a structured plan for routine monitoring and auditing that reflects the backgrounds and responsibilities of the individuals involved as well as risk areas identified from the activities of the Department of Health and Human Services Office of the Inspector General, Center for Medicare and Medicaid Services, Medicare contractors, law enforcement agencies, the California Department of Public Health, internal and external reviews.
2. The CCO and CEC are responsible for periodically reporting on the outcomes of such auditing and monitoring, as well changes to the established plan, to the Governance, Audit and Compliance Committee and to the leadership of Palomar Health.

H. **Response to detected offenses:** Investigations of reported or suspected instances of unethical behavior and / or non-compliance are conducted under the supervision of the CCO. Upon receiving a report of suspected non-compliance the CCO will initiate a prompt investigation. The CCO will also determine the steps that need to be taken to correct, otherwise respond to and / or report the matter to appropriate authorities, including the submission of any overpayments, as appropriate. The CCO will engage the District Audit Officer, Chief Legal Counsel Officer and others in all these activities, as appropriate, but still remains responsible to the Board for the adequacy of the actions taken to respond to and correct detected non-compliance.

I. **Evaluations of effectiveness:** The CCO will provide the Board, through its Governance, Audit and Compliance Committee, with an annual evaluation of the effectiveness of Palomar Health's compliance efforts. Periodically, the Governance, Audit and Compliance Committee will engage an external reviewer to provide a similar assessment.

### IV. ADDENDUM:

### V. PUBLICATION HISTORY:

<table>
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<tr>
<th>Revision Number</th>
<th>Effective Date</th>
<th>Document Owner at Publication</th>
<th>Version Notes</th>
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<tr>
<td>6 (this version)</td>
<td>04/17/2013</td>
<td>Janine Sarti, General Counsel</td>
<td>Updated policy to reflect changes approved by the Board at the March 2013 Board meeting. Added at review: This policy should be reviewed every two years. The review time has been adjusted to reflect. [Reviewed on 3/7/2014 by Krystle Morrow: Extended review to 3/6/2016] Added at review: This policy should be reviewed every two years. The review time has been adjusted to reflect. [This document revision was generated to track review signatures and does not contain any changes from the previous revision.] [Reviewed on 3/7/2014 by Krystle Morrow: Extended review to 3/6/2016]</td>
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<td>5 (Changes)</td>
<td>04/17/2013</td>
<td>Janine Sarti, General Counsel</td>
<td>Updated policy to reflect changes approved by the Board at the March 2013 Board meeting. Added at review: This policy should be reviewed every two years. The review time has been adjusted to reflect. [Reviewed on 3/7/2014 by</td>
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<td>Author</td>
<td>Description</td>
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<td>4</td>
<td>04/11/2011</td>
<td>Martha (Marty) Knutson, Corporate Compliance Officer</td>
<td>Revision of the policy was necessary to include recent developments in Compliance and Ethics best practices. Added at review: The Compliance and Ethics Plan was reviewed and approved by the Board at the March 12, 2012 Board meeting. [Reviewed on 3/27/2012 by Nicole Adelberg: Set next review date to 3/17/2015]</td>
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<td>3</td>
<td>11/14/2007</td>
<td>Ofer Barlev, Legal Associate</td>
<td>Changes recommended as part of review cycle Added at review: No material change made to text of document. Updated signatures to current signers.</td>
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<td>2</td>
<td>11/14/2007</td>
<td>James Neal, Director of Corporate Integrity</td>
<td>Changes recommended as part of review cycle</td>
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<td>1</td>
<td>12/04/2006</td>
<td>James Neal, Director of Corporate Integrity</td>
<td>Updated version</td>
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**VI. REFERENCES:**

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<tr>
<td>Applicable Documents</td>
<td>Compliance and Ethics Plan</td>
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*Paper copies of this document may not be current and should not be relied on for official purposes. The current version is in Lucidoc at:*

https://www.lucidoc.com/cgi/doc-gw.pl?ref=pphealth:2178186
Board Governance, Audit, and Compliance Committee Calendar 2015
Standing Agenda Items

January
- Review GAC Charter.
- Review Palomar Health bylaws.
- Review GAC Committee job description.
- Approve 2015 GAC Committee Standing Agenda Items.
- Approve 2015 Palomar Health Internal Audit Plan.
- Compliance and Ethics Committee report.

February
- Board of Directors education topics.
- Review proposals for external audit engagement.
- Compliance and Ethics Committee report.

March
- Review external audit engagements.
- Review of Internal Audit activities.
- Compliance and Ethics Committee report.
- Conflict of interest.

April
- Compliance and Ethics Committee Report.
- Compliance and Ethics training program.
- Compliance hotline report.
- Board of Directors position description.

May
- Compliance and Ethics Committee report.
- Review of Internal Audit activities.
- Palomar Health medical staff bylaws.

June
- Compliance and Ethics Committee Report.
- Report of District Audit Officer's and Compliance Officer's independence.
- Annual evaluation of Compliance Plan.

July
- Review of Internal Audit activities.
- Media Relations policy and procedure.
- Compliance and Ethics Committee reports.
- Compliance hotline report.
August
- Compliance and Ethics Committee reports.

September
- Review of Internal Audit activities.
- Board committee charters.
- Compliance and Ethics Committee report.

October
- Compliance hotline report.
- Compliance and Ethics Committee report.
- Review of financial statements and external auditor's report.
- Review Internal Audit review of travel expenses.

November
- Compliance and Ethics Committee report.
- Review of Internal Audit activities.
- Board Manual.

December
- Annual Committee self-assessment.
- Compliance and Ethics Committee report.
- Board of Directors self-evaluation.
improvement, patient safety and risk management activities (including but not limited to claims and potential litigation's) of the hospitals and other facilities, if applicable, and shall periodically report this conclusion and recommendations to the Board; and

(ii) Yearly review of credentialing process;

(iii) Yearly review of physician satisfaction scores;

(iv) Nursing survey regarding physician behavior will be reviewed when appropriate; and

(v) Quarterly review of customer satisfaction scores.

6.2.6 Community Relations Committee.

(a) Voting Membership. The Committee shall consist of five voting members, including three members of the Board and one alternate who shall attend Committee meetings and enjoy voting rights on the Committee only when serving as an alternate for a voting Committee member, the President and Chief Executive Officer and a Board member of the Palomar Health Foundation recommended by the Foundation and approved by the Committee Chairperson.

(b) Non-Voting Membership. The Chief Marketing and Communications Officer, the Community Outreach Director, the Chief Executive Officer of the Palomar Health Foundation, the Director HealthSource, the Director Marketing and Public Relations, a nurse representative, as approved by the Committee Chairperson.

(c) Duties. The duties of the Committee shall include but are not limited to:

(i) Review and make recommendations to the Board regarding the District’s community relations and outreach activities, including marketing, community education and wellness activities;

(ii) Review marketing policies to ensure that they support the District’s mission and goals. Such policies shall include market research, specific and marketing program planning and development, and internal and external communications. The Committee shall report its review of such policies to the Board on a regular basis;

(iii) Serve as Board liaison to the Foundation and annually review, recommend and prioritize capital projects and contemplated
(ii) Approve construction project change orders in accordance with applicable district law and Palomar Health policies;

(iii) Receive reports from the Construction Manager and the Director of Facilities Planning and Development and recommend action to the Board regarding facilities design and maintenance;

(iv) Review regulations and reports regarding facilities and grounds from external agencies, accrediting bodies and insurance carriers and make recommendations for appropriate action regarding the same to the Board;

(v) Approve the annual Facilities Development Plan and regularly review updates on implementation of plan;

(vi) Receive a biannual Environment of Care report;

(vii) Perform such other duties as may be assigned by the Board

6.2.5 Quality Review Committee.

(a) **Voting Membership.** The Committee shall consist of five voting members, including three members of the Board and the Chairs of Medical Staff Quality Management Committees of the Hospitals, or Physician Chair, Quality Council (voting position will rotate between Chairs of Medical Staff Quality Management Committees and Physician Chair, Quality Council allowing only two votes total for these three positions) and an alternate, who shall attend and enjoy voting rights only in the absence of a voting Committee Member.

(b) **Non-Voting Membership.** The President and Chief Executive Officer, the Chief Administrators of Pomerado Hospital and Palomar Medical Center, Vice Presidents of Palomar Medical Center, Palomar Health Downtown Campus and Pomerado Hospital, a nurse representative (Chief Nursing Officers, the Chief Quality and Clinical Effectiveness Officers, the Vice President of Patient Experience, Chair or Co-Chairs of the Patient Safety Committee, Chief Nurse Executive and the Chief Clinical Outreach Officer, Executive Vice President of Strategy).

(c) **Duties.** The duties of the Committee shall include but are not limited to:

(i) Pursuant to the Palomar Health Performance Improvement/Patient Safety Plan oversees the performance improvement, patient safety and risk management activities (including but not limited to claims and potential litigation's)
I. PURPOSE:

To provide guidance to the Board of Directors as to when to allow a board member to attend a board or committee meeting from a remote location. To provide guidance to the Board of Directors as to when closed meetings may be held pursuant to the Brown Act.

II. DEFINITIONS:

For the purposes of this policy, the following definitions will apply:

**Open Meeting Requirement:** The Brown Act imposes an open meeting requirement on local legislative bodies meaning that all of the deliberative processes, including discussion, debate and the acquisition of information, be open and available for public scrutiny.

**Exceptions to Open Meeting Requirement:** Governing boards are allowed to meet in closed sessions for specific, statutorily exempt subject areas that primarily involve personnel issues, pending litigation, labor negotiations, and real property acquisitions. There is a presumption in favor of access, with exceptions for confidentiality being narrowly construed.

III. TEXT / STANDARDS OF PRACTICE:

A. Board Member Personal Attendance at Meetings.
   a. Palomar Health believes it is in the best interest of the organization for its board members to attend all regularly scheduled board meetings in person. The board believes that all board members benefit from a full, robust discussion of the issues. This discussion can be best accomplished by in-person meetings.
   b. The board discourages board member attendance at meetings where the board member does not attend in person, such as by conference call.
   c. Board members are not allowed to attend board committee meetings by video-conference.
   d. The board believes that accommodating an occasional request from a board member who is a busy professional would be appropriate. The following are the rules regarding board attendance by conference call at regularly scheduled board meetings:
      i. A board member may not attend more than two meetings per year by conference call.
      ii. The board member must have served at least one year in office in order to attend a meeting by conference call. This helps facilitate a board member’s orientation and development of relationships among board colleagues.
      iii. Conference call participation is limited to occasional emergencies, such as medical needs, travel plans, and the like.
      iv. Conference call participation will be allowed only in compliance with the Brown Act (agenda posting, public participation at remote locations, etc.). Conference call participation will be allowed without Brown Act compliance and without counting the remote board member for a quorum or allowing him or her to vote.
      v. Conference call participation is limited to one board member per meeting.
vi. The board chair is not allowed to attend a regularly scheduled meeting by conference call.

B. Board Meetings Held in Closed Session.
   a. A closed meeting may only be held if one of the following exceptions to the Brown Act “open meeting” requirement are fulfilled:
      i. The purpose of the meeting is to consider the appointment, employment, evaluation of performance, discipline, or dismissal of a public employee or to hear complaints or charges brought against the employee by another person or employee unless the employee requests a public session (Cal. Gov. Code § 54957 (b)).
      ii. The purpose of the meeting is to discuss litigation that has been initiated formally to which the District is a party formally (Cal. Gov. Code § 54956.9(d)(1)), that the Board expects to be sued based on the existing facts and circumstances (Cal. Gov. Code § 54956.9(d)(2)), or that the Board wants to discuss potential litigation to be initiated by the District (Cal. Gov. Code § 54956.9(d)(4)).
      iii. The purpose of the meeting is to discuss, with the Board's designated representatives, the salaries, salary schedules, or compensation paid in the form of fringe benefits of its represented and unrepresented employees, and, for represented employees, any other matter within the statutorily provided scope of representation (Cal. Gov. Code § 54957.6).
      iv. The purpose of the meeting is to discuss the purchase, sale, exchange, or lease of real property with the Board’s negotiator, or to grant authority to the negotiator regarding the price and terms of payment for the purchase, sale, exchange, or lease (Cal. Gov. Code § 54956.8).
      v. The purpose of the meeting is to discuss and determine whether an applicant for a license or license renewal, who has a criminal record, is sufficiently rehabilitated to obtain the license (Cal. Gov. Code § 54956.7).
      vi. The purpose of the meeting is to discuss with the Governor, Attorney General, district attorney, agency counsel, sheriff, or chief of police, or their respective deputies, or a security consultant or a security operations manager, matters posing a threat to the security of public buildings, a threat to the security of essential public services, including water, drinking water, wastewater treatment, natural gas service, and electric service, or a threat to the public’s right of access to public services or public facilities (Cal. Gov. Code § 54957).
      vii. The purpose of the meeting is to discuss insurance pooling (Cal. Gov. Code § 54956.95 (a)).
      viii. The purpose of the meeting is to discuss a claim for the payment of tort liability losses, public liability losses, or workers’ compensation liability incurred by the North San Diego County Health Facilities Financing Authority or a local agency member of the North San Diego County Health Facilities Financing Authority (Cal. Gov. Code § 54956.95 (b)).
      ix. The purpose of the meeting is to discuss a response to a confidential final draft audit report from the Bureau of State Audits (Cal. Gov. Code § 54956.75 (a)).
      x. The purpose of the meeting is to discuss an employee's application for early withdrawal of funds in a deferred compensation plan when the application is based on financial hardship arising from an unforeseeable emergency due to illness, accident, casualty, or other extraordinary event, as specified in the deferred compensation plan (Cal. Gov. Code § 54957.10).
      xi. The purpose of the meeting is the discussion or deliberation of reports involving health care facility trade secrets (Cal. Health & Safety Code § 32106(b)).
         1. For the purposes of this exception, "health care facility trade secret" means information, including a formula, pattern, compilation, program, device, method, technique, or process, that: (1) derives independent economic value, actual or
potential, from not being generally known to the public or to other persons who can obtain economic value from its disclosure or use; and (2) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy (Cal. Civ. Code § 3426.1 (d)). Additionally, the trade secret must be necessary to initiate a new hospital service or program or add a hospital facility, and would, if prematurely disclosed, create a substantial probability of depriving the hospital of a substantial economic benefit (Cal. Health & Safety Code § 32106(c)).

xii. The purpose of the meeting is to hold hearings on the reports of hospital medical audit or quality assurance committees provided that an applicant or medical staff member whose staff privileges are the direct subject of a hearing may request a public hearing (Cal. Health & Safety Code § 1461).

1. Deliberations of the board of directors in connection with matters pertaining to the hearings may be held in closed session (Cal. Health & Safety Code § 1461).

xiii. An emergency meeting has been called pursuant to Cal. Gov. Code § 54956.5, and the Board agrees to meet in closed session by a two-thirds vote of the members present, or, if less than two-thirds of the members are present, by a unanimous vote of the members present (Cal. Gov. Code § 54956.5(c)).

b. Additionally, neither the proceedings nor the records of organized committees of medical, medical-dental, podiatric, registered dietitian, psychological, marriage and family therapist, licensed clinical social worker, professional clinical counselor, or of a peer review body having the responsibility of evaluation and improvement of the quality of care rendered in the hospital, shall be subject to discovery (Cal. Evid. Code § 1157(a)).

i. No person in attendance at a meeting of any of those committees shall be required to testify as to what transpired at that meeting (Cal. Evid. Code § 1157(b)).

IV. ADDENDUM:

Type your addenda here.

V. PUBLICATION HISTORY:

<table>
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<th>Revision Number</th>
<th>Effective Date</th>
<th>Document Owner at Publication</th>
<th>Version Notes</th>
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<td>0 (this version)</td>
<td>10/13/2014</td>
<td>Janine Sarti, General Counsel</td>
<td>This is a new policy implemented by the Board of Directors.</td>
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VI.

Authorized Signer(s): ( 10/20/2014 ) Janine Sarti, Chief Legal Officer
( 10/20/2014 ) Ted Kleiter, Chairman, Board of Directors

VI. REFERENCES:

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TENTH AMENDED AND RESTATED CONFLICT OF INTEREST CODE OF PALOMAR POMERADO HEALTH

I. PURPOSE:

Pursuant to the Political Reform Act, Government Code Sections 87100 et seq. and its implementing regulations at Title 2 of the California Code of Regulations Sections 18100 et seq. (collectively, the "PRA"), Palomar Health (the "District") hereby adopts the following Conflict of Interest Code (this "Code"). Nothing contained herein is intended to modify or abridge the provisions of the PRA; the provisions of this Code are additional to those found in the PRA and any other applicable laws pertaining to conflicts of interest.

II. DEFINITIONS:

The definitions of the PRA and any amendments thereto are incorporated herein and this Code shall be interpreted in a manner consistent therewith.

III. TEXT / STANDARDS OF PRACTICE:

A. DISCLOSURE CATEGORIES:

All Board members, candidates who have officially declared their intention to stand for election to the Board ("Candidates"), designated employees and any other persons and Officials designated under the PRA must disclose their material financial interests, including completion and submission of a complete Statement of Economic Interests on the form published for this purpose by the Fair Political Practices Commission (FPPC)("Form 700").

B. STATEMENTS OF ECONOMIC INTERESTS: PLACE OF FILING:

All designated employees required to submit a Statement of economic interests shall file the original with the Chief Executive Officer or designee. The District Chief Executive Officer or designee shall make and retain a copy and forward the original to the San Diego County Board of Supervisors.

C. STATEMENTS OF ECONOMIC INTERESTS: TIME OF FILING:

1. Initial Statements. All designated employees employed by the District on the effective date of this Code as amended, promulgated and approved by the San Diego County Board of Supervisors, shall file Statements within 30 days after the effective date of this Code.

2. Assuming Office Statements. All individuals assuming designated positions after the effective date of this Code shall file Statements within 30 days after assuming the designated positions. During this same 30 day period, and prior to filing such Statements, all such persons shall attend an information session presented by the District which describes the contents and requirements of this Code and discusses the potential disqualifications applicable to the individual at issue.
3. **Annual Statements.** All designated individuals shall file Statements no later than April 1 of each year.

4. **Leaving Office Statements.** Every Official who leaves a designated position shall file a Statement within 30 days after leaving his or her position.

5. **Candidate Statements.** Every Candidate shall file a Statement of Economic Interests within 10 days after the effective date of his or her candidacy as determined by applicable election laws.

D. **INCORPORATION OF FPPC REGULATION §18730:**

Palomar Health hereby incorporates FPPC Regulation §18730 by reference.

E. **DESIGNATED EMPLOYEES:**

As identified by the PRA, "designated employees" are those individuals who make or participate in the making of decisions which may foreseeably have a material effect on financial interests of Palomar Health. These individuals are listed in Attachment 1. This Code shall also apply to Board members and other individuals specified in the PRA for purposes of determining disqualification.

IV. **ADDENDUM: ATTACHMENT 1**

    **Designated Employees**

The designated employees listed in this Attachment shall disclose economic interests on the Form 700:

1. Board Members
2. CEO
3. CFO
4. General Counsel
5. Compliance Officer
6. District Audit Officer
7. **All EVP's, Vp's and AVP's Executive Management Team Members**
8. Director, Corporate Supply Chain Services
9. **Director, Finance Corporate Controller**

V. **PUBLICATION HISTORY:**

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<td>5 (this version)</td>
<td></td>
<td>Mark Neu, Corporate Compliance Officer</td>
<td>Procedure was incorrectly returned to editable.</td>
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<td>4 (Changes)</td>
<td>06/28/2013</td>
<td>Janine Sarti, General Counsel</td>
<td>Palomar Health is referred to as PPH or Palomar Pomerado Health. Updating the policy to read Palomar Health</td>
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<td>3 (Changes)</td>
<td>03/02/2011</td>
<td>Martha (Marty) Knutson, Corporate Compliance Officer</td>
<td>Incorporate FPPC regulation contents by reference; add designated employees. County of San Diego approved this version of the</td>
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Conflict of Interest Code on October 19, 2010.

2 08/27/2008  Janine Sarti, General Counsel  Change in the law
(Changes)

1 02/02/2007  James Neal, Director of Corporate Integrity  No revision notes for this document. ECP
(Changes)

VI. Authorized Signer(s): (01/21/2015) Mark Neu, Corporate Compliance Officer
(unsigned) Bob Hemker, President & CEO
( unsigned ) Linda Greer, Chairman, Board of Directors

VI. REFERENCES:

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Palomar Health 340B Program

340B Program Compliance
Objectives

• **Situation:**
  • Palomar Health 340B Software Implementation Review

• **Background:**
  • 340B Drug Pricing Program

• **Assessment:**
  • Compliance & Software Requirements
  • Administrative Oversight Requirements

• **Recommendation/ Read Back:**
  • Vendor Implementation to ensure compliance
  • Operational Impact
Background:
Section 340B of the PHS Act

• Section 602 of The Veterans Healthcare Act of 1992 enacted section 340B of the Public Health Service Act.
• Implements a “ceiling” priced drug program for covered outpatient medications.
• Permits eligible safety net providers to stretch scarce Federal resources as far as possible, reaching more eligible patients, and providing more comprehensive services.
Background: 340B Pricing

Source: Data derived from Prices for Brand-Name Drugs Under Selected Federal Programs, Congressional Budget Office (June 2005)
Background: 340B Program

• Provides discounts on outpatient drugs to certain safety net covered entities.

• Average savings off AWP 25-50% that may be used to:
  • Reduce price of pharmaceuticals for patients
  • Expand services offered to patients
  • Provide services to more patients

• Manufacturers that participate in Medicaid and Medicare Part B must also participate in the 340B Program.
340B Prohibitions

- GPO Exclusion/ Prohibition
  - Group Purchasing Discounts
- Diversion
  - Illegal to sell or provide 340B-Priced drug to persons who are not patients of a covered entity.
  - Drug dispensed in area of Covered entity that is not eligible
- Duplicate Discounts ("Double Dipping")
  - Illegal for same drug to undergo discount from manufacturer and Medicaid rebate process
- Resale or Transfer
Duplicate Discounts on 340B Drugs

• When does a duplicate discount occur?

A duplicate discount occurs when the same drug is:

- Purchased with an up-front 340B discount
- Credited with a back-end transaction Medicaid rebate
OPA/ HRSA Audit

• Focus Areas:
  • Eligibility status
  • Policies & Procedures- procurement, inventory, distribution, dispensing, billing
  • Internal controls
  • Policies, procedures, & records
    • Diversion control
  • Authorized 340B Discount
  • Procurement & distribution- duplicate discount
Assessment:
Software Requirements for Compliance

• GPO Exclusion/ Prohibition
  • 340B Replenishment Software: RX Works
• Diversion
  • 340B Replenishment Software: RX Works
• Duplicate Discounts
  • 340B Billing Software: Ventegra
• Compliance & Quality Assurance (Q/A)
  • 340B Replenishment & Billing Software
  • Policy, Procedure, Internal Audit Controls
Tools & Resources

• Policy, Procedure, Internal Audit Controls
  • SNHPA and APEXUS reference tools
  • Internal Audit Services
  • Annual External Audit

• Replenishment Software
  • AmerisourceBergen: Rx Works
  • Tracks purchases and matches to use
  • Helps ensure GPO exclusion and prevent diversion

• Billing Software
  • Ventegra: 340B Compliance Program
  • Tracks use and reprocesses Medicaid (MediCal) drug charges
  • Helps avoid duplicate discounts.
RX Works

340B REPLACEMENT PROGRAM AND PROCESS
340B Replenishment System Benefits

• Track, report, and replenish 340B inventory
• Process drug dispense files to determine qualified transactions
• Accumulate and track qualified drug usage
• Automatically manage the reorder process to maximize savings
• Provide a complete audit trail of all 340B transactions
RxWorks 340B Process

Step #1 Data Feed (Daily/Weekly/Monthly)

- Dispensed Drugs
  - Record: 1234567890
  - Loc: Outpatient
  - Drug: Amoxil
  - Qty: 1
  - Provider: Smith
  - Payor: Med

- 340B Qualified (out-patient)
- GPO Qualified (in-patient/Medicaid)
- Unknown (drug match)

Step #2 (Daily/Weekly)

Replenishment Order
Non-GPO/Non340B Account: 12345

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<th>Desc</th>
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<td>8</td>
<td>Amoxil</td>
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Order #1
340B Account: 98765

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Updated 340B Accumulator
Amoxil 62 units

Order #2
GPO Account: 56742

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Updated GPO Accumulator
Amoxil 52 units

Order #3
NonGPO/340B Account: 12345

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<tr>
<td>1</td>
<td>Amoxil</td>
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<td>$1.00</td>
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Updated 340B Accumulator
Amoxil 62 units

Step #3 Automatic Split

Order Automatically Split

- Accumulator
  - 340B Amoxil 462 units
  - GPO Amoxil 352 units
Ventegra

340B BILLING SOFTWARE PROGRAM AND PROCESS
Ventegra 340B Compliance Program

- Designed for HOSPITALS using 340B
- 340B Drugs Allowed for OUTPATIENT Areas: ER, Short Stay, Infusion Clinics, etc.
- Reconciles Pharmacy Purchasing to Pharmacy Dispensing to Patient Billing
- Ensures Medicaid Compliance
- Minimizes Disruption in Hospital Operations
  - “Heavy Lifting” by Ventegra
The Ventegra 340B Compliance Program involves several key components:

1. **Pharmacy Detail**
2. **Billing Detail**
3. **Chargemaster Update for NDC (if needed)**

** Parsing Utility **
- Crosswalk Reconciles Billing Claim to Dispensing

** Repricing Utility **
- Ventegra System Reprices to 340B Acquisition Cost

** Regeneration Utility **
- Revised Billing File = Acquisition Cost + Dispensing Fee & Revised NDC

** Semi-Annual Audit/Reconciliation Of 340B Program **

** Wholesaler **

The flowchart highlights the process of crosswalking billing claims to dispensing and repricing claims to 340B acquisition cost, followed by semi-annual audit/reconciliation and regeneration utilities for the 340B program.
Operations Impact

**Pharmacy:**
- Pharmacy Buyer will provide oversight on automated transaction processing (full transparency on transactions)
- Pharmacy Manager to provide administrative guidance and coordination

**Patient Financial Services:**
- Provide and process Billing Claims detail transactions (837, 5010 or 4010/UB-04)
- Update chargemaster as needed

**Information Systems/ Technology (IS/IT):**
- ensures file transfers and systems integration
PH Pharmacy Services

CONTRACT PHARMACY PROGRAM
Contract Pharmacy Services

• 340B Program allows for entities to have multiple contract pharmacies for increased patient access to cost effective pharmaceuticals.

• The covered entity purchases the drug, but “ship to-bill to” procedure may be used.

• The covered entity retains legal title to all drugs purchased under 340B.

• The covered entity must pay for all 340B Drugs.
Timeline: Contract Pharmacy Services

1995: Initially presented as a way to increase patient access to comprehensive services.

2001: *Alternative Methods Demonstration Project (AMDP) process established

2007: Multiple Contract Pharmacy Guidelines proposed

2010: Multiple Contract Pharmacy Guidelines established

*AMDP still required for 340B entity that wish to form networks with other 340B entities
Flow of Cash: Typical State

Example Scenario 1

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<thead>
<tr>
<th>RETAIL Rx Cash FLOW</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>+ (PLUS)</td>
<td>$150</td>
</tr>
<tr>
<td>— (MINUS)</td>
<td>$90</td>
</tr>
<tr>
<td>— (MINUS)</td>
<td>$45</td>
</tr>
<tr>
<td></td>
<td>$15</td>
</tr>
</tbody>
</table>

- **COMMERCIAL DRUG PAYMENT**: $150
- **WHOLESALE DRUG COST**: $90
- **ADMINISTRATIVE OVERHEAD**: $45
- **Retail Rx NET PROFITABILITY**: $15
Flow of Cash: Contract Rx

**State**

<table>
<thead>
<tr>
<th>Covered Entity Cash FLOW</th>
</tr>
</thead>
<tbody>
<tr>
<td>+ (PLUS) $150 COMMERCIAL DRUG PAYMENT</td>
</tr>
<tr>
<td>— (MINUS) $15 DISPENSING FEE</td>
</tr>
<tr>
<td>— (MINUS) $50 340B DRUG COST</td>
</tr>
<tr>
<td>— (MINUS) $7 ADMINISTRATIVE FEE</td>
</tr>
<tr>
<td><strong>MINUS</strong></td>
</tr>
<tr>
<td><strong>$78 NET PROFIT</strong></td>
</tr>
</tbody>
</table>
Important Considerations for Covered Entity

• Covered entities need to assess how they will purchase 340B drugs before requesting multiple shipping addresses or registering multiple contract pharmacies.

• Some considerations include:
  • Purchasing arrangements with one or more 340B IDs and wholesaler accounts
  • Billing arrangements
  • Shipping locations for in-house pharmacies
  • Contract pharmacies
Program Integrity

- Determination of eligibility
- Annual Recertification
- Quarterly calculations of 340B Prices
- Maintenance of Medicaid exclusion file
- Investigations/ resolutions of alleged drug diversion and incorrect pricing/ inappropriate limits on drug access
- Audits
- Participate in webinars, and seminars
Audit

• Focus Areas:
  • Eligibility status
  • Policies & Procedures- procurement, inventory, distribution, dispensing, billing
  • Internal controls
  • Policies, procedures, & records- Diversion
  • Authorized 340B Discount
  • Procurement & distribution- duplicate discount
Questions