

Palomar Pomerado Health

Internal Audit and Compliance

Board Committee

PPH Grand Office Bldg

Tuesday – August 18, 2009

8:00 – 10:00 A.M.

456 E. Grand. Escondido

Conference Room - 1st floor

A G E N D A

Call To Order

- Public Comments
- *Approval of Minutes – July 21, 2009

	<u>Item</u>	<u>Presenter</u>	<u>Mins</u>
1.	Welcome / Introductions <ul style="list-style-type: none">• Tammy Boring, Senior Compliance Auditor	T. Boyle	5
2.	Creating Continuous Compliance Readiness at PPH	M. Knutson	60
3.	Hotline Services via Global Compliance	M. Knutson	15
4.	* Date/Time/Location of Next Meeting	Linda Greer	5

ADJOURNMENT

Linda Greer, Chairman

Janine Sarti, General Counsel

John Lilley, M.D.

Jerry Kaufman, M.A.P.T.

Bob Hemker, CFO

Lachlan Macleay, M.D,

Alan Larson, M.D.

Tom Boyle, Internal Audit Officer

Bruce Krider, M.A., Alt

Michael Covert, CEO

Marty Knutson, Corporate Compliance Officer

Anna Ha, Administrative Fellow

Donna Goh, IA Assistant

NOTE: Asterisks indicate anticipated action; action is not limited to those designated items.

“In observance of the ADA, Americans with Disabilities Act, please notify us at (858) 675-5230, forty-eight hours prior to meeting so that we may provide reasonable accommodations”.

**Palomar Pomerado Health
INTERNAL AUDIT & COMPLIANCE
BOARD SUB-COMMITTEE MEETING**

PPH Corporate Building
456 E. Grand Ave.
1st Floor Conference Room
July 21, 2009

AGENDA ITEM/ PRESENTER/ORIGINATING DATE	DISCUSSION	CONCLUSIONS/ACTION	FOLLOW-UP/ RESPONSIBLE PARTY/FINALIZED
CALL TO ORDER	<p>8:00 A.M. by Dir Greer. Quorum comprised of Directors Greer, Krider, and Kaufman.</p> <p>Also attending: Janine Sarti, Michael Covert, Bob Hemker, Lachlan Macleay, MD, Tom Boyle, Marty Knutson, and Anna Ha.</p> <p>Guests: Mark Kawauchi, Lisa Biggs, and Shibani Dogra from Deloitte and Touche.</p>		
NOTICE OF MEETING	Notice of Meeting was posted consistent with legal requirements.		
PUBLIC COMMENTS	None		
APPROVAL OF MINUTES <ul style="list-style-type: none"> • 	The minutes of May 19, 2009 were reviewed and approved.	<p>MOTION: by Dir Krider, 2nd by Dir Kaufman and carried to approve the May 19, 2009 minutes as submitted.</p> <p>All in favor — none opposed.</p>	
<ul style="list-style-type: none"> • Welcome / Introductions 	<p>Dir Greer provided a warm welcome to Marty Knutson, Corporate Compliance Officer. We now have a full and rounded team, ready to embark on keeping PPH compliant and operationally successful.</p> <p>Dir Greer acknowledged Donna Goh with her new role in assisting Internal Audit Services, Tom introduced Anna Ha, Administrative Fellow for FY10.</p> <p>Dir Greer congratulated Bob Hemker for his achievement in attaining the “CFO of the Year” award.</p>		

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	Tom informed that Audit and Compliance have agreed to rotate direction of the meeting. Audit will begin with direction for this meeting.		
<ul style="list-style-type: none"> • Internal Audit Services Activities Report 	<p>Tom Boyle provided a summary for the FY09 Internal Audit activities. The following highlights include:</p> <ul style="list-style-type: none"> • Report is an overview; however, actual work entails more in-depth analysis and complex processes. • Report is generalized for the purpose of ease of understanding by the public. • Continuous monitoring is maintained. • ACL tool has enabled timely analytic reports. • Ultimate goal is to provide tool so departments have the capability and skill to be self-sufficient. • Internal Auditing is currently working on merging 3 databases for vendors, contractors, personnel to identify mismatches, duplicates, and/or exclusions. This task will ensure compliance regarding personnel/vendor resources, thereby eliminating the risk of being exposed to possible fines of approximately \$10K per incident. Internal Audit Services assures that the right personnel will receive this report. • Internal Audit Services conducted ACL Training for approximately 10-12 internal users. • Involvement in various committees such as ROC and Oversight in order to keep on top of all projects. <p>Dir Krider addressed the concern for departments to have the right tools for self-audit purposes with a minimum base-line. Mr. Boyle reiterated current process of setting up</p>	Internal Audit Activities Report is available on the Leadership Drive.	

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	<p>departments with user rights to access proper tools, suitable education, addressing server needs, and maintaining trend analysis to ensure needs are being met. Mr. Boyle recognizes the importance that it is every one's responsibility to be their own auditor and this is enhanced by providing the departments with information that they did not previously have.</p> <p>Dr. Macleay inquired about the status of Health Development. Bob Hemker assured that the granting opportunities still exist despite the restructuring and distribution of the departmental roles and duties. The legal aspect still exists although on a smaller scale. Should the need for a grant proposal arise, PPH will engage a grant writer. This proves to be a more cost-effective maneuver. This will apply to both private and public grants with an example in the "Welcome Home Baby" grant.</p>		
<ul style="list-style-type: none"> • Internal Audit Staffing Update 	<p>Internal Audit Services has hired a senior compliance auditor that will begin duties on August 1, 2009. Duties will include:</p> <ul style="list-style-type: none"> • Regular monitoring • Spot checks • Constant updated information • Support Legal, Compliance, and RAC as shared resource <p>Hired auditor is a RN, has coding experience, and was formerly a HIPAA officer.</p> <p>There is still need for a senior internal auditor to tightly monitor and assist with increasing number of projects. In the near future, justification and potential cost for such an addition will be provided.</p>		

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<ul style="list-style-type: none"> • 2010 Audit Initiatives 	<p>Mr. Boyle presented a listing of 2010 Audit Initiatives that include:</p> <ul style="list-style-type: none"> • Collaboration with EMT developed FY10 initiatives in support and monitoring. • Strive to conduct as many tasks and/or processes internally such as looking at denials management and zero-balance accounts. • Strive to improve front-end processes. • Decrease expenses on commission to outside vendors, etc. • Self-assessment for Internal Audit. This best practice act is due this fiscal year to review Internal Audit processes. Although other organizations may use each other to perform self-assessment, Mr. Covert agrees that it is more objective and beneficial to PPH for a more formal organization to conduct this task. <p>Dir Greer understands that after 6 months of Marty being on board as corporate compliance officer, consideration would be given to a possible full assessment of PPH for compliance oversight.</p> <p>Mr. Boyle will work with Michael Covert on any proposals that envision revenue and/or cost-savings to PPH with time-lines to be presented to Bob Hemker for approval.</p> <p>Mr. Hemker acknowledged that filtering tools in auditing is essential as the key is looking for nuances that may exist. Mr. Boyle is pleased that PPH has ACL as a tool to look at such detail. Managed Care is currently using ACL as a pre-negotiating tool for contracts.</p>		

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<ul style="list-style-type: none"> • Construction Audit 	<p>PPH has co-sourced with MCL to re-evaluate R&S on-site services versus contractual.</p> <p>Having conducted a risk assessment this past year, a broader base of responses has been received. Factors in the risk assessment include:</p> <ul style="list-style-type: none"> • Environmental concerns • Work ethics <p>All concerns have been addressed at EMT. Persons overseeing these issues include Dr. David Tam and Tom Boyle. Compliance risk assessment for construction will be undertaken within the next 30 days.</p> <p>In answer to Dir Greer’s inquiry of cost for Jeff Miller’s services, MCL, he charges \$150 an hour now. Upon resolution of all initial issues, Mr. Covert affirms that the cost for Jeff Miller’s services would cost less since all mechanisms for audit will be in place.</p> <p>There are 2 classifications for the construction audit: expenses and salaries. Internal Audit is reviewing the expenses and inquiring the validity of salary increases. They are currently cleaning up the expense audit.</p> <p>Currently there is a discrepancy totaling approximately \$1M of which PPH has received \$68K in credit. PPH has withheld payment to R&S since February totaling approximately \$1M. Next steps are mediation and possible legal actions.</p> <p>Dir Kaufman and Krider inquired to the control of such issues from the beginning. Mr. Boyle acknowledged that there needs to be policies and procedures in place for such</p>		

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	<p>contractors. Mr. Boyle is working with Ms. Sarti to develop such policies and procedures to specially address outside contractors and vendors going forward. With the issues that R&S has brought to light, opportunities for improvement will be grasped, better segregation of duties will be enforced, and due diligence in all aspects will be taken into consideration. Dir Greer agreed that PPH is too large of an organization to have proper controls from the start of such processes.</p> <p>PPH has since contracted with DPR for construction needs.</p> <p>An overview of the construction audit was presented.</p>	<p>The construction audit presentation is available on the Leadership Drive.</p>	
<ul style="list-style-type: none"> • Deloitte & Touche Presentation 	<p>The team from Deloitte & Touche provided 2 presentations.</p> <p>Dir Greer reviewed the experience each team member had directly with PPH.</p> <p>Ms. Sarti brought the attention to the use of the word “fraud” in the introduction for “Planned Scope of Audit,” page 2 of the presentation. Although there was verbal clarification of “potential fraud” from Mark Kawauchi, the team was requested to revise the introduction and resubmit the presentation.</p> <p>Dir Greer shared that she did not receive the “Letter of Agreement” despite her name included in the addressee listing. She requests that she get a copy in the future.</p> <p>The charter proposed by Deloitte & Touche is according to the SCC charter. Mr. Boyle validates that he reviews the Audit-</p>	<p>Deloitte & Touche presentations are available on the Leadership Drive.</p> <p>Deloitte & Touche to revise the introductory paragraph for “Planned Scope of Audit” and resubmit printed presentation.</p> <p>Deloitte & Touche to send Dir Greer documentation when her name is part of the addressee listing.</p>	<p>Finalized material to be delivered to Donna Goh for distribution to members.</p>

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	<p>Compliance charter annually to ensure it is in line with the SCC charter.</p> <p>Dir Greer suggests that we use the tools shared in the Deloitte & Touche to tie in with self-assessments conducted for FY10. This should include the Audit-Compliance Committee for the Board.</p>		
<ul style="list-style-type: none"> • Corporate Compliance Program Update 	<p>Marty will be addressing the OIG work plan. In addition to what is visible, she will also focus on what is new and need to note.</p> <p>Marty requests that members spend time reviewing the supplemental reading provided if possible. The article on compliance is a high-level address on compliance. It provides ideas of what is out there and what the government is look for. Marty will address this article when she directs the next Audit-Compliance Committee Meeting for the Board.</p>		
<ul style="list-style-type: none"> • Open discussion 			
<ul style="list-style-type: none"> • Date/Time & Location of next meeting 	<p>Tuesday, August 18, 2009, 8:00 A.M. in the Corporate Conference Room @ 456 E. Grand.</p>		
(FINAL) ADJOURNMENT	9:30 A.M.	Dir Greer moved to adjourn. Dir Kaufman 2 nd motion.	
SIGNATURES <ul style="list-style-type: none"> ▪ Committee Chairperson ▪ Secretary to Committee 	<p>_____</p> <p>[Linda C. Greer, R.N.]</p> <p>_____</p> <p>[Donna Goh]</p>		

Palomar Pomerado Health
Creating Continuous Compliance Readiness at PPH

TO: Audit/Compliance Committee for the Board of Directors

MEETING DATE: Tuesday, August 18, 2009

FROM: Marty Knutson, Corporate Compliance Officer

BY: Donna Goh

Background: With expectations to develop and implement a continuous compliance readiness program for PPH, the foremost issues to address are

- Awareness
- Code of Conduct
- Measurement Opportunities

Budget Impact: N/A

Staff Recommendation: Develop a strategic approach to compliance at PPH.

Committee Questions:

COMMITTEE RECOMMENDATION:

Motion:

Individual Action:

Information:

Required Time:

GE

The Spirit & The Letter

Always with unyielding integrity

The Spirit & The Letter



Statement of integrity

For more than 125 years, GE has demonstrated an unwavering commitment to performance with integrity. At the same time we have expanded into new businesses and new regions and built a great record of sustained growth, we have built a worldwide reputation for lawful and ethical conduct.

This reputation has never been stronger. In several surveys of CEOs, GE has been named the world's most respected and admired company. We have been ranked first for integrity and governance.

But none of that matters if each of us does not make the right decisions and take the right actions. At a time when many people are more cynical than ever about business, GE must seek to earn this high level of trust every day, employee by employee.

This is why I ask each person in the GE community to make a personal commitment to follow our Code of Conduct. This set of GE policies on key integrity issues guides us in upholding our ethical commitment. All GE employees must comply not only with the letter of these policies, but also their spirit.

If you have a question or concern about what is proper conduct for you or anyone else, promptly raise the issue with your manager, a GE ombudsperson or through one of the many other channels the Company makes available to you. Do not allow anything — not "making the numbers," competitive instincts or even a direct order from a superior — to compromise your commitment to integrity.

GE leaders are also responsible not only for their own actions but for fostering a culture in which compliance with GE policy and applicable law is at the core of business-specific activities. Leaders must address employees' concerns about appropriate conduct promptly and with care and respect.

There is no conflict between excellent financial performance and high standards of governance and compliance — in fact, the two are mutually reinforcing. As we focus on becoming the pre-eminent growth company of the 21st century, we must recognize that only one kind of performance will maintain our reputation, increase our customers' confidence in us and our products and services, and enable us to continue to grow, and that is performance with integrity.



Jeffrey R. Immelt

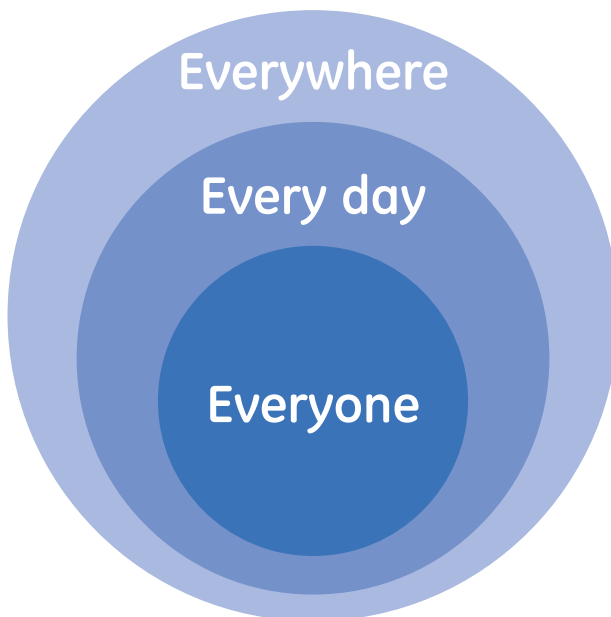
Chairman of the Board & Chief Executive Officer
June 2005

The Spirit & The Letter: Guiding the way we do business

Every day, everyone at GE has the power to influence our company's reputation — everywhere we do business. The Spirit & The Letter helps to ensure that, after more than 125 years, we still conduct our affairs with unyielding integrity.

For well over a century, GE employees have worked hard to uphold the highest standards of ethical business conduct. We seek to go beyond simply obeying the law — we embrace the spirit of integrity.

GE's Code of Conduct articulates that spirit by setting out general principles of conduct everywhere, every day and by every GE employee.



GE Code of Conduct

Obey the applicable laws and regulations governing our business conduct worldwide.

Be honest, fair and trustworthy in all your GE activities and relationships.

.....

Avoid all conflicts of interest between work and personal affairs.

.....

Foster an atmosphere in which fair employment practices extend to every member of the diverse GE community.

.....

Strive to create a safe workplace and to protect the environment.

.....

Through leadership at all levels, sustain a culture where ethical conduct is recognized, valued and exemplified by all employees.

Your Personal Commitment

You will be asked to acknowledge your awareness that every GE employee must follow The Spirit & The Letter Policies and raise concerns about possible violations of law or policy with a GE manager, company legal counsel, GE auditor, GE ombudsperson or other GE compliance specialist.

For the complete text of policies, visit the GE integrity Web site: **integrity.ge.com**.

Who must follow GE compliance policies

GE DIRECTORS, OFFICERS AND EMPLOYEES.

SUBSIDIARIES AND CONTROLLED AFFILIATES Entities in which GE owns more than 50 percent of the voting rights, or has the right to control the entity, are required to adopt and follow GE compliance policies.

NON-CONTROLLED AFFILIATES Non-controlled affiliates should be encouraged to adopt and follow GE compliance policies.

THIRD PARTIES REPRESENTING GE GE employees working with third parties, such as consultants, agents, sales representatives, distributors and independent contractors, must:

- require these parties to agree to comply with relevant aspects of GE's compliance policies
- provide these parties with education and information about policy requirements
- take action, up to and including terminating a contract, after learning that a third party failed to abide by GE's compliance policies.

What employees must do

All employees can contribute to GE's culture of compliance by understanding GE's policies, embracing GE's commitment to integrity and acting to enforce compliance and avoid violations.

Employee responsibilities are as follows:

UNDERSTAND GE POLICIES

- Gain a basic understanding of the policy requirements summarized in this booklet.
- Learn the details of policies relevant to your job.
- Check **integrity.ge.com** for the complete and up-to-date policies.
- Go to your manager, company legal counsel or other GE resources with any questions about the policies.

RAISE YOUR CONCERNS

- Promptly raise any concerns about potential violations of any GE policy.
- Understand the different channels for raising integrity concerns: ombudsperson, manager, GE lawyer, GE auditor or other compliance resource.
- If a concern you raise is not resolved, pursue the issue! Raise it through another of GE's channels.
- Cooperate in GE investigations related to integrity concerns.

What leaders must do

A leader must: create a culture of compliance in which employees understand their responsibilities and feel comfortable raising concerns without fear of retaliation; encourage ethical conduct and compliance with the law by personally leading compliance efforts; consider compliance efforts when evaluating and rewarding employees; and ensure that employees understand that business results are never more important than ethical conduct and compliance with GE policies.

Leaders must also take the following steps to build an infrastructure to prevent, detect and respond to compliance issues:

PREVENT COMPLIANCE ISSUES

- Identify business compliance risks.
- Ensure that processes, tailored to address your particular risk areas, are communicated and implemented.
- Provide education on GE policies and applicable law to employees and (where appropriate) board members and third parties.
- Commit adequate resources to your business's compliance program.

DETECT COMPLIANCE ISSUES

- Implement control measures, such as "dashboards" and "scorecards," to detect heightened compliance risks and/or violations.
- Promote an effective ombuds-person system.
- Ensure that periodic compliance reviews are conducted, with the assistance of business compliance leaders and/or the Corporate Audit Staff.

RESPOND TO COMPLIANCE ISSUES

- Take prompt corrective action to fix identified compliance weaknesses.
- Take appropriate disciplinary action.
- Consult with GE legal counsel and make appropriate disclosures to regulators and law enforcement authorities.

Raise Your Voice: Your obligation to raise integrity concerns

Raising an integrity concern protects the GE community: our company, our colleagues and our stakeholders.

If you have a concern about compliance with GE policy, you have a responsibility to raise that concern.

RAISE CONCERNS EARLY.

The longer we wait to address a concern, the worse it may become.

YOU MAY REMAIN ANONYMOUS.

However, if you identify yourself, we are able to follow up with you and provide feedback.

CONFIDENTIALITY IS RESPECTED.

Your identity and the information you provide will be shared only on a “need-to-know” basis with those responsible for resolving the concern.

RETALIATION VIOLATES GE POLICY.

GE absolutely prohibits retaliation against anyone for raising or helping to address an integrity concern. Retaliation is grounds for discipline up to and including dismissal.

**You can raise a concern orally or in writing.
If you prefer, you can do it anonymously.**

How to raise an integrity concern

GE offers several channels for raising concerns. Use the channel that is most comfortable for you.

WITHIN YOUR BUSINESS

Generally, your supervisor or manager will be in the best position to resolve an integrity concern quickly. However, your direct supervisor is not your only option. Other resources include:

- Your compliance leader or auditor
- Company legal counsel
- Next level of management
- Your business ombudsperson or integrity helpline (listed at integrity.ge.com)

GE CORPORATE OMBUDSPERSON

The GE Ombudsperson process allows you to voice your integrity questions and concerns, anonymously if you choose, and you will receive a response.

P.O. Box 911
Fairfield, CT 06430
U.S.A.

800-227-5003 (U.S.A. only) or
8*229-2603 or
(1) 203-373-2603

ombudsperson@corporate.ge.com

GE BOARD OF DIRECTORS

You may report concerns about GE's accounting, internal accounting controls or auditing matters, as well as other concerns, to the Board of Directors or the Audit Committee.

GE Board of Directors
General Electric Company (W2E)
3135 Easton Turnpike
Fairfield, CT 06828 U.S.A.

800-417-0575 (U.S.A. only)
(1) 203-373-2652

directors@corporate.ge.com

Speak up, ask questions, get answers. If your concern is not addressed, raise it to one of the other channels.

What happens when an integrity concern is raised

Concerns about compliance with GE policy will be investigated. GE's investigation process includes:

1. ASSIGNING AN INVESTIGATION TEAM

Experts with the right knowledge and objectivity are assigned to investigate.

2. CONDUCTING AN INVESTIGATION

The team determines the facts through interviews and/or review of documents.

3. CORRECTIVE ACTION

If necessary, the team recommends corrective actions to the appropriate managers for implementation.

4. FEEDBACK

The person raising the concern receives feedback on the outcome.

Penalties for violations

Employees and leaders who violate the spirit or letter of GE's policies are subject to disciplinary action up to and including termination of employment. Misconduct that may result in discipline includes:

- Violating GE policy
- Requesting others to violate GE policy
- Failure to promptly raise a known or suspected violation of GE policy
- Failure to cooperate in GE investigations of possible policy violations
- Retaliation against another employee for reporting an integrity concern
- Failure to demonstrate leadership and diligence to ensure compliance with GE policies and law

GE absolutely prohibits retaliation

Business policies and procedures

Your business may issue its own policies and procedures. You must follow those policies and procedures in addition to those described in this guide.

IMPORTANT This guide and the policies described in it are not an employment contract. GE does not create any contractual rights by issuing this guide or the policies.

Introduction: Regulatory Excellence
Working With Customers & Suppliers
Government Business
Competing Globally
In the GE Community
Protecting GE Assets

The Spirit & The Letter Policies

Regulatory excellence

Virtually all of our *Spirit & Letter* policies are based on government laws and regulations. These regulations impact every GE business and every GE employee. Regulators establish and define the rules that we must comply with to conduct business. Effectively engaging with regulators as they establish regulations and assuring compliance with these regulations are critical to maintaining GE's reputation for integrity.

Today's regulatory environment is becoming more and more challenging. GE is subject to a growing number of regulations and enforcement activities around the world. This environment demands that every employee and leader be aware, knowledgeable and committed to regulatory excellence.

RESPONSIBILITIES OF ALL EMPLOYEES

- Be knowledgeable about and comply with the *Spirit & Letter* policies that affect your job responsibilities.
- Be aware of the specific regulatory requirements of the country and region where you work and that affect your business.
- Gain a basic understanding of the key regulators (who they are) and the regulatory priorities (what they require) that affect your business and your work.
- Promptly report any red flags or potential issues that may lead to a regulatory compliance breach.
- Always treat regulators professionally, with courtesy and respect.
- Assure that you coordinate with business or corporate experts when working with or responding to requests of regulators.

RESPONSIBILITIES OF ALL LEADERS

Leaders have the following special responsibilities for regulatory compliance:

LEAD

- Assure that you and your team are engaged in addressing regulatory policy, meeting regulatory requirements and managing regulatory risks.
- Embed regulatory requirements into key operating processes. (e.g., Growth Playbook, Session C and Session D)

ASSESS

- Determine the key regulators and regulatory requirements that affect your business operations globally.

RESOURCE

- Assign owners for all regulatory risk areas and assure that they coordinate with any relevant government relations and corporate regulatory specialists.
- Confirm that the right domain expertise exists to effectively manage regulatory relationships and compliance.

ANTICIPATE

Implement effective processes that alert you to new and changing regulations. Include regulation in your risk assessments.

RELATE

- Develop and maintain effective relationships with regulators in coordination with government relations and compliance experts.
- Work proactively with regulators on the development of regulations that achieve policy objectives efficiently and effectively.

CONTROL

Monitor execution and conduct audits to assure that processes which support regulatory relationships and compliance are operating effectively.

Section One

Improper Payments
Supplier Relationships
International Trade Controls
Money Laundering Prevention
Privacy

Working With Customers & Suppliers



An overseas customer has been invited to travel to visit our training facility at GE expense, but also wants to add a week-end side trip to visit Universal Studios.

Can we fund the whole trip?

SEE PAGE 18:
IMPROPER PAYMENTS

Your low-cost supplier offers good quality and reliable delivery at prices that can't be beat. But you are uncomfortable with the working and living conditions it provides its workers.

Shrug it off, or make an issue of it?

SEE PAGE 20:
SUPPLIER RELATIONSHIPS



Improper Payments

WHAT TO KNOW

An improper payment to gain advantage in any situation is never acceptable and exposes you and GE to possible criminal prosecution. GE expressly prohibits improper payments in all business dealings, in every country around the world, with both governments and the private sector.

Improper payments should not be confused with reasonable and limited expenditures for gifts, business entertainment and customer travel and living expenses directly related to the promotion of products or services or the execution of a contract. These payments are acceptable, subject to specific GE corporate and business guidelines.

? **ANSWER TO QUESTION ON PAGE 17** It depends on many factors, including whether your customer is a government official, the local law, the customer's policies, your business's guidelines and other facts. You must consult with GE counsel and your manager to determine whether the trip is acceptable.

WHAT TO DO

BEFORE GIVING A GIFT, engaging in customer entertainment or reimbursing customer travel expenses, make sure you understand applicable legal requirements, the customer's own rules and GE corporate and business guidelines.

MAKE SURE RECORDS OF SUCH EXPENDITURES accurately reflect the true nature of the transaction.

NEVER OFFER A BUSINESS COURTESY, such as a gift, contribution or entertainment, under circumstances that might create the appearance of an impropriety.

NEVER OFFER, PROMISE, PAY OR AUTHORIZE anything of value (such as money, goods or services) to a government official or employee of a customer to obtain or retain an improper advantage.

NEVER GIVE A GRATUITY or other payment to government officials or employees to expedite a routine administrative action without fully disclosing it to the GE National Executive or GE legal counsel. Some national laws that prohibit bribery outside that nation include an exception for "facilitating payments" to expedite a routine administrative action to which a person is otherwise entitled. These payments are often illegal under local anti-bribery laws, and GE strongly discourages them. Make sure you understand the difference between a bribe — corruptly giving someone else a thing of value in exchange for exercising discretion in your favor — and a facilitating payment, which involves the payment of a small amount of money to expedite a routine action to which you are entitled.

NEVER CONTRIBUTE COMPANY FUNDS or other company assets for political purposes in the United States without the prior approval of GE's Vice President for Government Relations. Never contribute company funds or other company assets for political purposes outside the United States without the approval of both GE's Vice President for Government Relations and GE's Vice President for International Law and Policy.

REQUIRE ANY PERSON OR FIRM WHO REPRESENTS GE (such as a consultant, agent, sales representative, distributor or contractor) to comply with this policy and related laws.

FOLLOW YOUR BUSINESS'S DUE DILIGENCE PROCEDURES when selecting persons or firms to represent GE.

WHAT TO WATCH OUT FOR

BACKGROUND INFORMATION about existing or potential third-party representatives that indicates:

- allegations of improper business practices
- reputation for bribes
- family or other relationship that could improperly influence the decision of a customer or government official

ANY DEMAND to receive a commission payment before the announcement of an award decision

ANY SUGGESTION TO DIRECT GE BUSINESS through a specific representative or partner due to a "special relationship"

ANY REQUEST to make a payment in a country or to a name not related to the transaction.

A COMMISSION that is disproportionate to the services provided

Supplier Relationships

WHAT TO KNOW

GE's relationships with suppliers are based on lawful, efficient and fair practices. We expect our suppliers to obey the laws that require them to treat workers fairly, provide a safe and healthy work environment and protect environmental quality. Following GE guidelines helps ensure that our supplier relationships will not damage GE's reputation.

? ANSWER TO QUESTION ON PAGE 17 Don't shrug it off. It's a big issue — GE's reputation depends on doing business only with suppliers that deal responsibly with their workers and with their local environments.

Baptist Health

Code of Ethical Conduct

CODE OF ETHICAL CONDUCT



Baptist Health

ALL OUR *Best*

A PERSONAL MESSAGE FROM OUR PRESIDENT

As members of the BAPTIST HEALTH family, you and I share an obligation to protect and maintain BAPTIST HEALTH's long standing reputation for honesty and integrity. We do this by making personal commitments to consistently practice our shared Christian Values of Service, Honesty, Respect, Stewardship and Performance, and by always conducting ourselves in an ethical manner.

Each of us has our own code of ethical conduct which is based on our personal values. However, when we become a part of the BAPTIST HEALTH family, our conduct is expected to reflect the organization's values. This expectation applies to every person and company associated with BAPTIST HEALTH. You may be asking yourself why so much emphasis is placed on ethical conduct. The reason is that BAPTIST HEALTH is much more than a name. It is people like you and me working together to fulfill our mission that gives real meaning to our name. Our patients, their families and friends, and all others we come in contact with see BAPTIST HEALTH through their impression of us. If we live our Values every day and conduct ourselves in an ethical manner, BAPTIST HEALTH'S Values will be reflected in the way we do our jobs, in our attitude, and in the way we treat others. Many people have worked very hard over the years to build BAPTIST HEALTH'S outstanding reputation and respect for those we serve. It is our responsibility to ensure that we honor and maintain that reputation.

Ethical conduct simply means "doing the right thing", and this Code of Ethical Conduct is our guide. Read it carefully, because it is very important that you understand your ethical responsibilities as a member of the BAPTIST HEALTH family. Your commitment to our Values, ethical conduct, and serving others with your special talents and abilities will help us accomplish our mission of meeting the healthcare needs of our communities and providing high quality patient care with Christian compassion and personal concern.



Russell D. Harrington, Jr.
President and CEO
BAPTIST HEALTH

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OUR BELIEF

BAPTIST HEALTH is more than a business; it is a healing ministry. Our healing ministry is based on the revelation of God through creation, the Bible, and Jesus Christ. At BAPTIST HEALTH, care of the whole person - body, mind, and spirit - is an expression of Christian faith. We are instruments of God's restorative power and are responsible for giving compassionate care.

OUR MISSION

BAPTIST HEALTH exists to provide quality patient centered services, promote and protect the voluntary not-for-profit healthcare system, provide quality health education, and respond to the changing health needs of the citizens of Arkansas with Christian compassion and personal concern consistent with our charitable purpose.

OUR VALUES

In fulfilling our mission, we place special emphasis on the Values of Service, Honesty, Respect, Stewardship, and Performance.

SERVICE Quality service is the foundation of any successful business, and is even more essential in the provision of healthcare. Our success is dependent on each employee's desire and commitment to serve others.

HONESTY Adherence to the moral values of fairness, integrity, and honor in all relationships is a major priority.

RESPECT All people are to be treated as individuals, with courtesy and thoughtfulness. Respect for each person's dignity and worth is essential. Patients are to be treated with concern and compassion.

STEWARDSHIP We prudently commit our resources, using our talents and strengths in an effective and efficient manner. Our facilities and equipment are maintained with special pride.

PERFORMANCE Desired characteristics of BAPTIST HEALTH employees include initiative, dedication, talent, and knowledge tempered by common sense. The highest possible performance from all employees is expected, but never at the expense of our values. It is imperative that complacency and mediocrity be avoided through innovation and progress.

STANDARDS OF CONDUCT

As you carry out your daily responsibilities, you will make many decisions. These Standards of Conduct have been prepared to serve as your guide to making the right choices.

- Follow The Rules
- Report Violations
- Respect Everyone
- Be Honest
- Protect Privacy
- Don't Request Gifts or Gratuities
- Don't Accept Substantial Gifts
- Don't Offer or Solicit Bribes or Kickbacks
- Avoid Conflicts of Interest
- Keep Accurate & Timely Records
- Protect Our Assets

Your compliance with our standards of conduct is a condition of your employment or other association with BAPTIST HEALTH. Your failure to comply with these requirements will result in prompt, appropriate disciplinary action, including the possibility of termination.

These very basic and simple standards are explained in more detail on the following pages. If you practice them every day and use them to guide you when deciding if something is right or wrong, you will conduct yourself in an ethical manner as a vital member of the BAPTIST HEALTH family.

✓ Follow the Rules

The operations of BAPTIST HEALTH are governed by the laws, rules, and regulations of many federal, state, and local agencies, as well as our own policies and procedures. We are committed to consistent compliance with all applicable regulatory requirements. As a member of the BAPTIST HEALTH family, it is your personal duty and responsibility to comply with all regulatory requirements, professional standards, and policies and procedures which apply to you.

**“Ethical Conduct”
means doing the right thing.**

It is very important to remember that members of the BAPTIST HEALTH family are expected to follow the rules because our Values tell us it is the right thing to do, not simply because it is required.

✓ Report Violations

In addition to your responsibility for your personal compliance, you have a responsibility to BAPTIST HEALTH to report any activities which you either know or suspect are in violation of federal, state, or local laws, rules, regulations or BAPTIST HEALTH policies and procedures. If you know or suspect that something is being done which violates either regulatory requirements or policies and procedures, you are expected to report that information through the appropriate channels, starting with your supervisor. Your failure to report illegal, immoral, unethical, or non-compliant activities will result in appropriate disciplinary action.

**Open communication is the
key to consistent compliance.**

HOW TO REPORT VIOLATIONS

If you have questions or concerns about an activity which you either know or suspect is illegal, immoral, unethical, or non-compliant, what should you do?

- A. **Talk to your Supervisor.** You should always talk to your supervisor **first about your questions or concerns.** Your supervisor is responsible for creating and maintaining an environment which encourages and supports honest and open communication. Your supervisor is also responsible for addressing and responding to your questions and concerns in a timely manner. If you feel uncomfortable talking to your supervisor, or if your supervisor is involved in some thing you are concerned about, BAPTIST HEALTH has provided several other ways for you to ask your questions and express your concerns. However, you must remember that your first communication should be with your supervisor if possible.
- B. **Contact other BAPTIST HEALTH resources.** If you are unable to resolve your questions and concerns with your supervisor, you can take advantage of other resources, including your Human Resources department, Pastoral Care department, and the Corporate Compliance department.
- C. **Call the confidential BAPTIST HEALTH Compliance Line.** The BAPTIST HEALTH Compliance Line is a toll-free reporting line which is available 24 hours a day, 7 days a week. Your call will be answered by Pinkerton Services Group in Charlotte, North Carolina, not by a BAPTIST HEALTH employee. The Compliance Line does not have caller ID, recording devices, or tracking equipment. You are encouraged to give your name to assist the Compliance Officer in investigating your report. However, if you prefer to remain anonymous, you will be assigned a confidential identification number so you can call back and receive information on the status of your report. All calls made to the confidential Compliance Line will be documented and presented to the BAPTIST HEALTH Compliance Officer for review and referral or investigation if necessary. The Compliance Line's toll-free number is 1-800-991-0888.
- D. **Contact the BAPTIST HEALTH Compliance Officer.** You may contact the Compliance Officer in several ways:
 1. By telephone at (501) 202-1323;
 2. By e-mail at comply@baptist-health.org;

3. By letter addressed to:
BAPTIST HEALTH Corporate Compliance Officer
9601 Interstate 630, Exit 7
Little Rock, AR 72205
4. In person by scheduling a meeting with the Compliance Officer.

There are many ways in which you can fulfill your responsibility for reporting known or suspected illegal, immoral, unethical, or non-compliant activities. **You are encouraged to report directly to your supervisor first.** However, you are free to use any of the means of communication described above if you are uncomfortable talking to your supervisor about your questions or concerns or if your issue is not resolved.

PROTECTING YOUR IDENTITY

If you report a known or suspected violation in good faith, your identity will be kept confidential to the extent permitted by law, unless doing so prevents us from fully and effectively investigating the violation which you reported as required in our non-retaliation policy.

PROTECTING YOU

BAPTIST HEALTH will neither tolerate nor allow any punishment or reprisal (retaliation) against you for good faith reporting of your compliance concerns to your supervisor, the Compliance Line, or the Compliance Officer. You should immediately report any such actions to the Compliance Officer.

MAKING FALSE REPORTS

BAPTIST HEALTH takes all reports of known or suspected violations very seriously. As noted above, if you make a report in good faith, you will be protected against reprisal (retaliation). However, reports of non-compliance which are known to be false when they are made will not be tolerated.

Good faith reporting of a known or suspected violation is the right thing to do.

OTHER REPORTING

Employees also should be aware that the Federal False Claims Act and the Arkansas Medicaid Fraud Act allow individuals to bring an action (called a *qui tam* or whistleblower suit) to enforce the government's right to recover for health care fraud committed by health care providers. A summary of these laws, the protections afforded to whistleblowers under these laws, and how these laws help prevent fraud, waste and abuse in federal health care programs is available on the BAPTIST HEALTH website. Anyone initiating or participating in a *qui tam* or whistleblower suit will not be discriminated or retaliated against in any manner by BAPTIST HEALTH.

BAPTIST HEALTH continues to be committed to complying with all applicable federal, state, and local laws, rules, and regulations. We are also committed to preventing non-compliance, and promptly identifying and correcting a non-compliant situation. But, it takes all of us working together to ensure that we are in compliance. Your personal commitment to following the rules and reporting violations is essential to maintaining BAPTIST HEALTH's commitment to corporate compliance.

Respect Everyone

Every individual associated with BAPTIST HEALTH possesses special talents and skills which are needed to accomplish our mission. This includes members of our Board of Trustees, administrative staff, employees, physicians, students, volunteers, contractors, vendors, and many more. You are expected to treat everyone you come in contact with in your role at BAPTIST HEALTH with the utmost courtesy and respect.

PATIENT RELATIONS

BAPTIST HEALTH's primary concern is for the well being, comfort, and dignity of our patients. You are expected to treat all patients with Christian compassion and personal concern.

HARASSMENT

Verbal, sexual, physical, or emotional harassment of any member of the BAPTIST HEALTH family will not be tolerated. Harassment results from a lack of Respect for others and violates one of our basic Values. If you experience any type of harassment, you should immediately report the situation to your supervisor. If you are not comfortable discussing the

situation with your supervisor, or if you have talked to your supervisor and you do not feel the situation has been adequately addressed, you should talk to Human Resources, or you may report your concerns to the Compliance Officer either directly or through the Compliance Line.

DISCRIMINATION

You are expected to treat every person associated with BAPTIST HEALTH the same. You are expected not to discriminate against any person because of their race, color, creed, sex, national origin, religion, sexual orientation, marital status, veteran status, disability, source of payment, or ability to pay. BAPTIST HEALTH also expects others not to discriminate against you for any of the reasons listed above. If you feel you are being discriminated against, promptly notify your supervisor. If you feel you cannot do that, then either contact your Human Resources department, or call the Compliance Line or the Compliance Officer for help.

Treat everyone with dignity and respect.

✓ Be Honest

As one of our fundamental Values, Honesty is an expectation which cannot and will not be compromised. You are expected to be honest in all aspects of your role as a member of the BAPTIST HEALTH family. We view dishonesty in very simple terms:

- Lying
- Cheating
- Stealing
- Falsifying records

Dishonesty is taken very seriously at BAPTIST HEALTH. You are expected to be honest in all of your work-related activities.

By: The PMA staff (published in “Getting Paid”, June 26, 2005)

Provider Lessons: Hard Learned

In the latter part of 1998 a colleague called to ask my opinion about a letter he had just received from (then) HCFA. The letter was innocuous enough. It appeared to be a routine request for medical record documentation of services supplied to a large number of his patients. It wasn't the large number of patients included on the list that prompted the telephone call, it was that a simple computer check and a call to his billing company showed he had never seen any of these patients in his private practice, nursing home practice or hospital practice!

Early in 2004 another colleague called to tell me he received a curious letter, complete with charts and graphs, from his CMS regional office. The letter told him he had, in the past three years, made claims to Federal healthcare programs (Medicare or Medicaid) for X number of claims totaling \$X. Further, of those claims, X were for the service 90801, X were claimed as 90862, X for 99204, X for 99231, etc., and that claiming “patterns” for others in the same region seeing similar patients were (significantly different). But, this report, according to CMS, was purely “informational”. Thirty days later he got a second letter, this time requesting documentation for all services provided to a list of Medicare patients treated by him in his office practice for the years 1998-2001.

Fortunately for these two competent providers, the issues prompting contact from the government were eventually resolved without paybacks by them or sanctions from the healthcare programs. In the first instance the services had been provided at a hospital the practitioner had left prior to the dates of services requested. It seems the billing office of the hospital had a “policy” that they would use the UPIN of the person being replaced for all locum tenens and any full-time replacement provider who had not yet received a UPIN number. In the second case, the third party billing company hired by the provider would, without notifying my colleague, “appeal” denied claims by simply changing the CPT code on a second or third submission until the claim was paid.

In both of these cases, the providers incurred significant expense defending themselves (hiring consultants and lawyers) before the “real” culprits were identified and each of the providers was (almost) positive they had done nothing wrong. Unfortunately, their level of confidence that they and their business associates were in compliance with existing state and federal regulations wasn't high. It couldn't be. They had no internal practice controls that would identify potentially non-compliant behavior.

Compliance is a value-added activity.

Individual and small group providers that believe they are immune to investigations are particularly vulnerable to significant sanctions, civil and criminal actions, fines and penalties. And, as in the case of the examples above, it is often a great surprise to the providers.

Some believe they are too small to be targeted; others can't imagine they would be on the radar screen because they practice in not-for-profit organizations or rural

locales. Often, providers and practices think they are not at risk simply because they have not been investigated yet or other practices like them have not been the subject of investigation or prosecution.

But, enforcement is widespread. In the semiannual report of the OIG, issued for April - September of 2004, the numbers were both staggering and frightening:

- \$754.2 million in audit receivables;
- \$8.3 million in additional audit recoveries;
- \$1.9 billion in investigative receivables;
- The exclusion of 3,293 individuals or entities for fraud and abuse of federal programs and/or their beneficiaries;
- 268 civil actions, including Civil Monetary Penalties, recoveries related to provider self-disclosure matters, and;
- Convictions of 533 individuals or entities engaged in crimes against federal programs.

We are told by the OIG that the mere existence of a compliance program can be used as a mitigating factor when determining culpability regarding allegations of fraud and abuse. But, they say, only if the compliance program was "effective". Hence, measurement techniques that determine effectiveness become very important.

1. General rules in assessing the effectiveness of a compliance program.

There are certain activities that are minimally necessary to prove the effectiveness of any compliance program as well as offer basic assurance that internal controls are sufficient:

- 1) Baseline audits (initial audits);
 - 2) Proactive audits (these can be based on the risk areas identified in the OIG's compliance program guidance or Special Fraud Alerts);
 - 3) Issue-based audits (when the provider knows there is a problem and is trying to ascertain the depth of the problem).
- Documentation is the key to demonstrating the effectiveness of a provider's compliance program, including:
 - audit results;
 - logs of complaints and their resolution;
 - corrective actions plans;
 - due diligence efforts regarding claims transactions;
 - disciplinary action; and
 - modification and distribution of policies and procedures
 - Records of employee education, including the number of training hours, the courses offered and the identities of the attendees are valuable and demonstrates to both the employees and outsiders that the provider is committed to its compliance program. Annual reports and web sites are another way to showcase a compliance program.

2. The Government's Assessment of a Compliance Program's Effectiveness

- In order to assess effectiveness, the OIG attempts to look beyond the paper representations regarding a program and assess how it is actually working in practice.
- For example:
 - A training program that appears appropriate on paper would not be effective if none of the trainees retained the important information imparted during the training.
 - Providers can assess the effectiveness of their programs by testing compliance goals against benchmarks.
 - Both proactive and preventative measures are essential.

3. Billing Compliance Program

- Regardless of the plan you or your billing company implement, and there are many suggested plans available, the key is to create and use your own FLEXIBLE written, internal coding, billing and documentation compliance program.
 - Includes sections on:
 - **Claims:** Most audits are generated by claim problems.
 - Keep necessary reference manuals in your office for clarification about how to bill for the services your group performs.
 - Check internal charge documents such as encounter forms and superbills.
 - Examine the number of claims your billing personnel resubmit to the carrier each month for review or appeal.
 - **Reviews:**
 - Quarterly review of a random sample of charts, or
 - Targeted services or codes,
 - with all associated encounter documents, claim forms, and explanation of benefits.
 - Review the internal procedures for billing
 - Periodically review your daily and weekly charges.
 - Check credit balances and refunds.
 - Review clean claim data ELEMENTS
 - **Standards:**
 - Does each encounter have a clear diagnosis?
 - Ensure that the chart has a clinical and clerical audit trail.
 - Neatness counts.
 - Make sure all necessary waivers (ABN) are in place.
 - Ensure all “Incident to” rules are met.
 - **Training:**

Baystate Health

Corporate Compliance
Code of Conduct

Corporate Compliance Code of Conduct

(mini-handbook)



OFFICE OF CORPORATE COMPLIANCE
413-794-5840



OFFICE OF CORPORATE COMPLIANCE

Baystate Health **Compliance Handbook**

What's inside?

3	Our Mission
3	Our Operating Principles
4	Message from the President
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5	Corporate Compliance
6	Code of Conduct Overview
7	Asking Questions and Reporting Concerns
8	Quality of Care & Services
9	Confidentiality & Privacy
10	Employment Practices
11	Billing & Reimbursement
12	Health & Workplace Safety
13	Information Security
14	Conflicts of Interest
15	Identifying Concerns
15	Non-Retaliation



Baystate Health is a leading not-for-profit health system with the charitable mission of improving the health of the people in our communities every day, with quality and compassion.

Our Mission

The mission of Baystate Health is to improve the health of the people in our communities every day, with quality and compassion.

Our Operating Principles

We strive to meet our mission and perform all of our work with our operating principles of:

- Trust
- Integrity
- Respect
- Collaboration
- Communication.



Mark R. Tolosky,
President & CEO, Baystate Health

In our organization, corporate compliance means more than just following laws, policies and procedures. It means practicing strong ethical standards in everything we do. Our high standards allow us to deliver excellent care to patients, families, and our communities.

Integrity and honesty are an integral part of these standards. Simply stated, our philosophy is to do the right things right.

Your commitment will greatly benefit Baystate Health, and the community we are privileged to serve.

A handwritten signature in blue ink that reads "Mark R. Tolosky". The signature is written in a cursive, flowing style.

Corporate Compliance

The reputation of Baystate Health has a significant impact on every relationship we maintain. It influences how patients feel about the care they receive, how the community feels about us as a neighbor, and how employees feel about Baystate Health as a place to work. Because our success is so closely related to our reputation, it is up to us to keep it strong—to act with honesty, integrity and respect.

As a representative of Baystate Health, you hold our reputation in your hands. With your help, our organization will continue to be an outstanding citizen in every community we serve, and our reputation for integrity will endure.

Thank you for supporting this effort.

Code of Conduct Overview

To fulfill the goals of our mission successfully and ethically, and to provide excellent patient care, Baystate Health has established helpful guidelines for employees to follow. This mini-handbook, also known as the Code of Conduct, summarizes the values, policies and practices that guide our conduct.

Find the complete Code of Conduct and Baystate Health policies on eWorkplace. Please select the Department tab, then Corporate Compliance or ask your manager for assistance.

Asking Questions and Reporting Concerns

Baystate Health employees, physicians, contractors, consultants, volunteers, and other on-site agents are expected to report any violation of the Baystate Health Code of Conduct, Statement of Organizational Ethics, policies and procedures, and laws and regulations. We owe it to our patients, our colleagues and the communities we serve to report known or suspected violations.

You may ask a question or report a concern or violation by:

- Telling your Supervisor
- Calling your HR Consultant or local Human Resources Office with human resources related issues.
 - 413-794-4747 (Springfield)
 - 413-773-2295 (Greenfield)
 - 413-967-2113 (Ware)

If you are not comfortable reporting issues to your Supervisor or Human Resources, call the

- Baystate Health Corporate Compliance Office at 413-794-5840, or
- Compliance Hotline at 877-874-RIGHT (7444)

You are not required to reveal your name or department when you call. All reports will be investigated and action taken as appropriate.

Quality of Care & Services

Baystate Health is committed to providing high quality health care to our patients and to delivering health services in an ethical, professional and cost effective manner. We treat patients with respect and dignity and provide care that is necessary and appropriate.

- We provide equal access to care for all patients regardless of gender, gender identity or expression, color, age, sexual orientation, disability status, ancestry, race, religious or cultural beliefs, source of payment, or any other classification protected by law.
- We maintain complete and thorough records of patient information.
- We recognize the rights of patients to formulate an advance directive and we comply with that directive.
- All individuals employed to care for our patients are properly licensed and credentialed, and have the necessary experience and expertise. We are properly licensed and credentialed, have the necessary experience and expertise, and act in a respectful, collaborative and professional manner.
- All persons entering a Baystate Health emergency department and requesting a medical examination receive a medical screening exam to determine if an emergency situation exists. If one does exist, the patient is provided with medical treatment to stabilize the condition, without regard to the patient's ability to pay.

Confidentiality & Privacy

Baystate Health is committed to safeguarding our medical and business information. We only access the Protected Health Information we need to do our jobs. Access for any other reason is prohibited without permission, and could result in disciplinary action.

- We keep patient information confidential.
- We do not release patient information unless the release is supported by a legitimate clinical or business purpose, or a patient authorization.
- We do not discuss patient information in any public area such as elevators, common areas, dining halls, etc.
- In addition to patient information, access to sensitive business information, which may include salary, personnel and financial information, is protected and its dissemination is strictly limited.

Employment Practices

At Baystate Health, our greatest strength is our employees. Our reputation as an institution of outstanding patient care is built by our employees. We must encourage and support each other as we work toward common goals.

- We are an equal opportunity employer and we do not discriminate against employees or potential employees on the basis of gender, gender identity or expression, color, age, sexual orientation, disability status, ancestry, race, religious or cultural beliefs or other classifications protected by law.
- We comply with the contents of this Code of Conduct handbook, as well as with the policies and procedures applicable to our employment and responsibilities at Baystate Health.
- We comply with our harassment policies and behave appropriately in the workplace.
- We abide by Baystate Health policies prohibiting illegal possession, distribution, use or being under the influence of illegal drugs, alcohol or other substances. We support an alcohol-free, drug-free and smoke-free workplace.

Billing & Reimbursement

Baystate Health prepares and submits bills that accurately reflect the medically necessary services provided. These bills are supported by documentation in the medical record and are compliant with applicable rules, regulations and standards.

- We provide current coding, billing and reimbursement updates and training to our coding, billing and clinical staff in the areas of proper documentation, code selection, charge capture and reimbursement issues.
- If we discover errors, or notice areas for improvement, we notify the appropriate personnel to correct the issue in a timely manner.
- We provide financial assistance/counseling for patients who qualify through our financial assistance office.

Health & Workplace Safety

Baystate Health is committed to providing all employees and patients with a clean, safe and healthy work environment. To achieve this goal, we must recognize our shared responsibility to follow all safety rules, policies and practices.

- We wear our identification badges visibly above the waist.
- We act responsibly and collaboratively and treat everyone in a respectful and professional manner.
- We report any suspicious activity to Baystate Health Security.
- We follow laws and regulations relating to the environment, including those laws and regulations regarding the handling, storage, use and disposal of hazardous materials and infectious wastes.
- We wear proper protective equipment for our jobs, report spills promptly, and engage in hand hygiene.
- We follow emergency plans and know what to do in the event of a disaster or fire.

Information Security

Baystate Health protects its information and information systems from accidental or unauthorized access, disclosure, modification or destruction.

- We log off our workstations, never share our passwords, and always double check fax numbers before sending patient information.
- We do not install, share or copy software programs, or perform any other acts that would violate a vendor's software license agreement or organizational policies.
- We comply with the regulatory requirements, accreditation standards and organizational policy for the creation, management, retention and destruction of records.
- We report information security weaknesses and suspected or actual instances of computer and information theft or abuse to Baystate Health's Information Security Officer.

Conflicts of Interest

Baystate Health expects and requires employees to act honestly and ethically, and to avoid both actual and potential conflicts of interest with Baystate Health.

- We do not engage in any activity, practice or act that creates an actual or apparent conflict with the interests of Baystate Health.
- We disclose any actual or potential conflicts of interest to Baystate Health in accordance with policy.
- We act solely in the best interest of Baystate Health, whenever acting as an agent of Baystate Health, in dealings with suppliers, customers or government agencies.
- We may not accept personal gifts of any kind in any value from vendors. We may participate in business entertainment as long as there is a business purpose for the event and participation does not influence, or could be construed as influencing, any business decision. Please see our gifts policy for additional information.

Identifying Concerns

If you are not sure whether to report a concern or possible issue, consider the following:

- Is this issue in conflict with the Baystate Health Code of Conduct, values, policies and practices?
- Would others question this concern/issue?
- Are you repeatedly questioning the propriety of an action?

If the answer is “yes” please report the issue or seek further guidance.

Non-Retaliation

Baystate Health does not permit any form of retaliation against an employee who reports a suspected violation in good faith, participates in an investigation, or makes a report to a supervisor, the Human Resources Office, the Compliance Office or the Compliance Hotline.

Find the complete Code of Conduct and Baystate Health policies online at eWorkplace. Please select the Department tab, then Corporate Compliance or ask your manager for assistance.

*No matter what your role is at Baystate Health,
you are important in delivering the best
possible care to our patients.*

- Have a training plan for all staff that post charges and payments, and/or ensure that your third-party billers have a solid training plan.
- Those staff should:
 - Have a solid coding background.
 - Be aware of the NCCI code pairings.
- Clinicians should use ICD-9-CM numbers and DSM-IV descriptions
- Teach support staff how to interpret physician documentation.
- **Test competency and/or ask to see the competency testing of the third party billing staff.**

Effective need not be expansive.

It was not expected that each individual provider create and follow a compliance plan that is as inclusive and expensive as those created by hospitals and other large healthcare organizations.

The OIG identifies internal monitoring and auditing among the fundamental components of an effective compliance program. In its Physician Guidance, the OIG identifies periodic audits as “an excellent way for a physician practice to ascertain what, if any, problem areas exist and focus on the risk areas that are associated with those problems.” Compliance Program Guidance for Individual and Small Group Physician Practices, 65 Fed. Reg. 59434, 59437. Compliance functions such as reviewing the practice’s claims denial and overpayment record “will help the practice scrutinize a significant risk area and improve its cash flow by submitting correct claims that will be paid the first time they are submitted.” Id.

The Physician Guidance specifically recommends using periodic audits to determine (1) whether the practice’s written standards and procedures are accurate and complete, and (2) whether its claims submission practices comply with applicable requirements. A periodic review of the behavioral health provider’s policies and procedures will help to ensure that they are current and complete. Physician Guidance, 65 Fed. Reg. at 59437. Ineffective and obsolete policies and procedures should be revised and updated to reflect changes in the law.

The majority of the OIG’s discussion of the auditing and monitoring component is devoted to conducting a claims submission audit. A periodic audit of the coding and billing practices that serves to identify whether the following activities are conducted in a compliant manner is a good place to start being “effective”:

- Bills are accurately coded and accurately reflect the services provided (as documented in the medical records);
- Documentation is being completed correctly;
- Services or items provided are reasonable and necessary; and
- No incentives for unnecessary services exist.

Conclusion

Had my colleagues, who experienced what we would term *minimal* investigations into their billing practices, invested 1/10th as much in compliance activities as they finally did in reactive activities, both their wallets and nerves would have survived the 3-6 months of investigation, worry and self-doubt in better condition. What they learned, the hard way, is that compliance can equal prevention, and; a provider unprepared to face scrutiny is nearly helpless to defend her/himself against even suspected compliance violations. -For more information about billing, coding and documentation compliance activities, you may contact Derek Jansen at: DrJansen@pmallp.org or on the web at www.pmallp.org

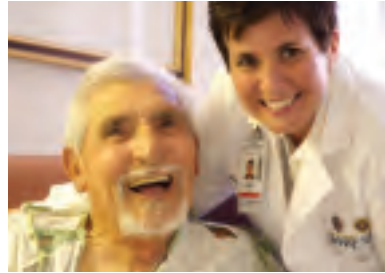
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Sharp HealthCare

THE BEST PLACE TO WORK, PRACTICE MEDICINE, AND RECEIVE CARE



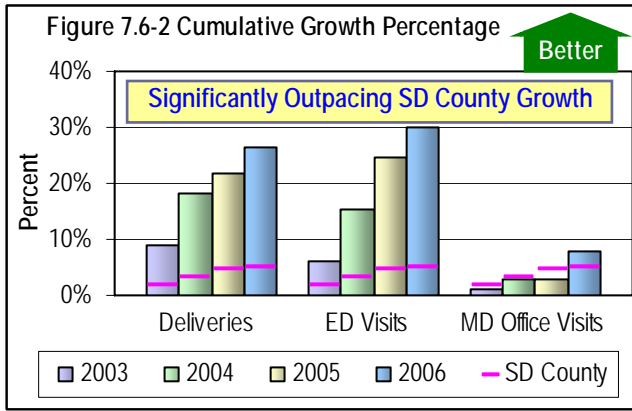
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MALCOLM BALDRIGE NATIONAL QUALITY AWARD APPLICATION
HEALTH CARE CATEGORY

8695 Spectrum Center Blvd., San Diego, CA 92123

Confidential • May 24, 2007 Submission



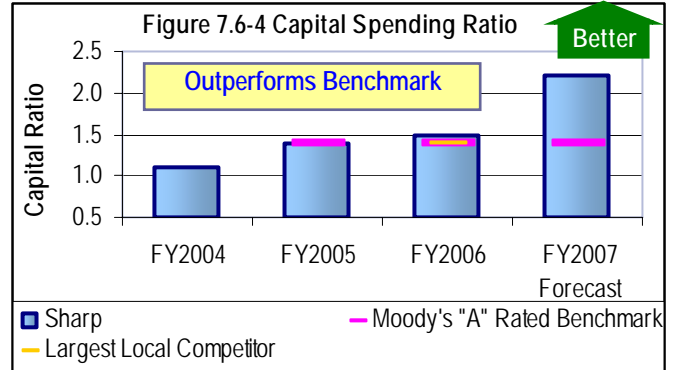


Sharp's Report Card is used to monitor the success of strategic initiatives (P.2b). With the exception of quality measures that change from year to year to stimulate breakthrough improvement, the targets are broad measures of Pillar success. Accomplishment of Sharp's organizational strategy is demonstrated in the year-over-year success of the system Report Card measures listed in Fig. 7.6-3.

Figure 7.6-3 Summary Report Card Performance		
Measure Description	Figure Reference	Improvement % / Measure of Success
Quality Pillar (FY2007 Q1 & Q2)		
Surgical Infection Prevention	7.1-23	9%
ROMACC	7.1-7	170%
Service Pillar (2002 - 2006)		
Inpatient Satisfaction	7.2-1	>150%
Medical Group Patient Satisfaction	7.2-2	>100%
Physician Satisfaction (from 2003)	7.5-2	Approaching top Quartile System-wide
People Pillar (2002 - 2006)		
Employee Satisfaction	7.4-2	Exceeds Best in Class
Employee Turnover (from 2001)	7.4-13	36%
Finance Pillar (2001 - 2007 Q2)		
EBITDA	7.3-4	80%
Growth Pillar (2001 - 2007 Q2)		
Net Revenue	7.3-1	68%
Community Pillar (2003-2006)		
Manager Hours of Community Service	7.6-13	>400%
Evidence of Strategic Success		

Sharp also has identified aging infrastructure as a strategic challenge to be addressed by its growth strategies and monitored by measures such as the capital spending ratio (Fig. 7.6-4). Sharp's capital spending ratio averaged 1.7 for the past five years, reflective of Sharp's significant infrastructure improvements and in excess of its best practice comparison of 1.4 for Moody's "A" rated facilities. Capital spending is a dynamic indicator due to planning and approval

cycles for infrastructure projects. Sharp monitors its capital spending ratio over rolling five-year periods.

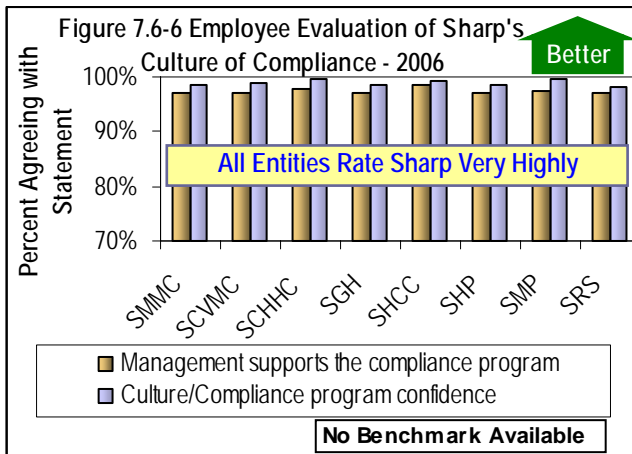


7.6a(2) Ethical Behavior and Stakeholder Trust

Compliance and Privacy issues are investigated, resolved, and reported to the Board. Actions are summarized in Fig.7.6-5.

Score	Fig.7.6-5 Indicators of Corporate Compliance and Ethics Program Effectiveness	Results / Timeframe
+	% of employees completing "Certificate of Understanding" of ethical behavior	100%
+	% of staff trained on corporate compliance	99.3%
+	% of employees trained on ethical behavior	99.3%
++	Additional compliance education offered	49 courses
+	Compliance investigations (intentional or improper behavior)	4
++	Independent auditor results (consolidated financial statements)	0 Irregularities
+	OIG Work Plan audits performed	8
++	# of ethics violations	0
+	Employees denied employment due to exclusions/ sanctions	2
++	# of compliance concerns from EOS Survey	0
+	External assessment of program	Annually
+	Compliance and Ethics Effectiveness Survey	Annually
+	Culture of Ethics Survey	Annually
++	% of employees that believe "Management supports the goal and objectives of the Compliance Program and the Code of Conduct"	98% (7.6-6)
++	% of employees expressing confidence in Sharp's Compliance program and specifically Sharp's culture "to do the right thing"	99% (7.6-6)
Numerous Ethics Process Reviews		

Employees across the system express confidence in management's support of the Compliance Program and Sharp's culture of compliance (Fig.7.6-6).

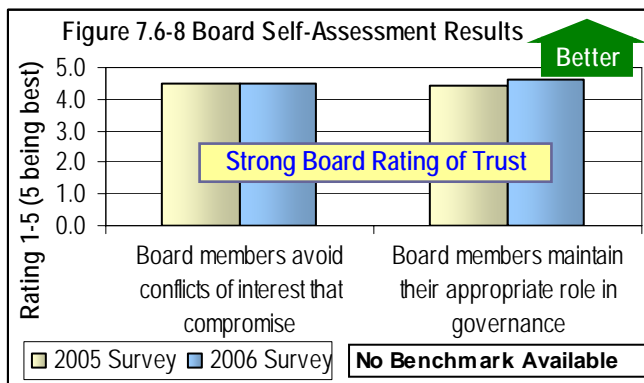


Figures 7.6-7 includes Sharp's results in identifying potential compliance issues and privacy concerns. Sharp has proactively encouraged staff to report any suspected violations but official sanctions remain zero as shown below.

Year	2002	2003	2004	2005	2006
HIPAA Sanctions	0	0	0	0	0

Perfect Performance

The Board self-assessment is an indicator of trust, as each member rates the Board on 28 items including conflicts of interest (Fig.7.6-8). The scores demonstrate strong confidence and trust, whereby a "4" is "agree" and a "5" is "strongly agree."



7.6a(3) Fiscal Accountability

Fiscal accountability is measured and managed through internal and external audits (Fig.7.6-9), resulting in action plans and reports to the independent Audit Committee of the Board.

Financial Audits	Rating		
	2004	2005	2006
A-133	Pass	Pass	Pass
Aetna	Pass	Pass	Pass
Blue Cross	Pass	Pass	Pass
Cigna	Pass	Pass	Pass
Coronado Retirement Plan	Pass	Pass	Pass
Financial Statement (E & Y)	Pass	Pass	Pass
Grossmont Retirement Plan	Pass	Pass	Pass
PacifiCare	Pass	Pass	Pass
Property Tax	Pass	Pass	Pass
Property Tax Audit	Pass	Pass	Pass
Sharp Health Plan	Pass	Pass	Pass
Sharp Saver Defined Benefit Plan	Pass	Pass	Pass
Sharp Saver Retirement	Pass	Pass	Pass
United Government Services Medicare Cost Report	Pass	Pass	Pass
Voluntary Employees' Benefits Association	Pass	Pass	Pass

Excellent Fiscal Accountability

7.6a(4) Organizational Accreditation, Assessment, Regulatory and Legal Compliance

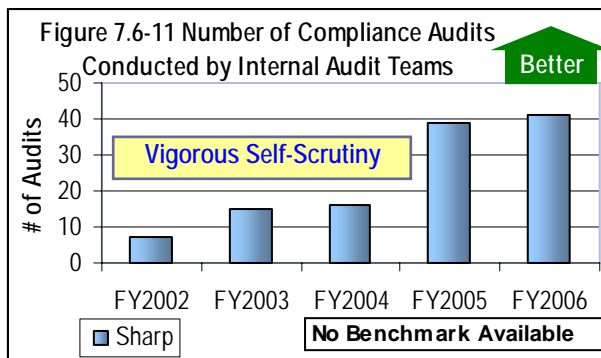
All Sharp hospitals have received JCs "Gold Seal of Approval" for compliance with standards as evidenced by figures throughout Category 7.6.



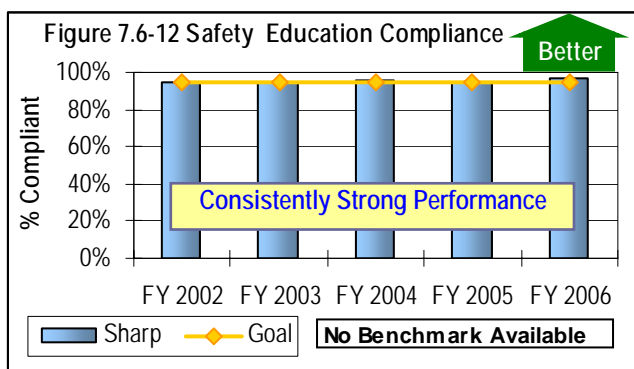
Regulatory Agency Visits	Rating		
	2004	2005	2006
Accreditation Association for Ambulatory Health Care (3 yrs)	Pass	Pass	Pass
American College of Surgeons: Oncology (3 yrs)	Pass	Pass	Pass
American College of Radiology (3 yrs)	Pass	Pass	Pass
ACCME (4 yrs)	Pass	Pass	Pass
ACPE (6 yrs)	Pass	Pass	Pass
ASHP (3 yrs)	Pass	Pass	Pass
College of American Pathologists (2 yrs)	Pass	Pass	Pass
CARF (Rehabilitation) (3 yrs)	Pass	Pass	Pass
DEH County of San Diego - Hazardous Materials Division (HMD)	Pass	Pass	Pass
Department of Managed HealthCare Financial (3 yrs)	Pass	Pass	Pass
FDA Mammography	Pass	Pass	Pass
JC/DHS/IMQ (3 yrs)	Pass	Pass	Pass
NCQA (3 yrs)	Pass	Pass	Pass
Physicist Survey	Pass	Pass	Pass
Radioactive Material License	Pass	Pass	Pass

Excellent Regulatory Compliance

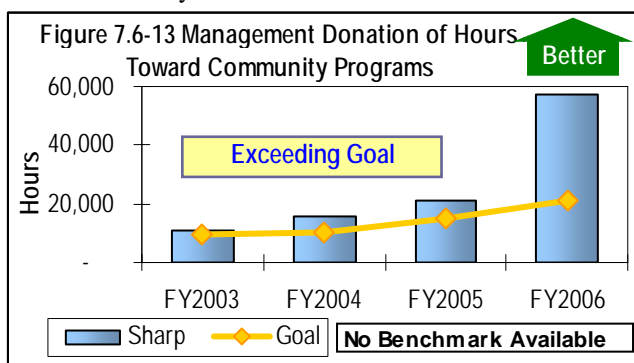
Sharp has substantially increased its participation in internal audits over the past four years by increasing the work force of internal auditors as a method to monitor internal business controls (Fig.7.6-11). The Internal Audit department plans and conducts audits independent of management, under the direction of the Audit Committee of the Board.



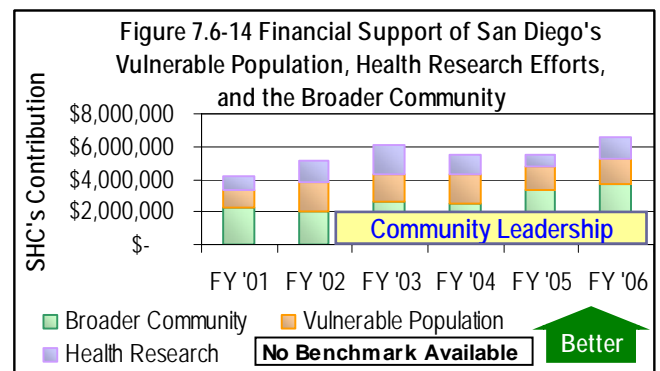
7.6a(5) Organizational Citizenship and Community Support
Safety training is an annual event including TB testing and other regulatory activities. This data is analyzed by system, entity, department, and unit/cost center levels and are available onsite. (Fig.7.6-12)



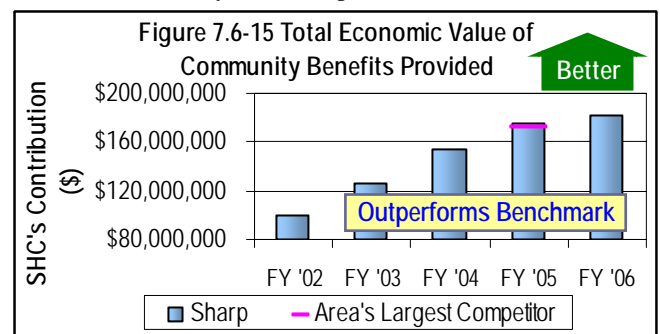
Sharp encourages its Leaders to be involved in the community through volunteer work, and has consistently exceeded this expectation (Fig.7.6-13), demonstrating Sharp's commitment to the Community Pillar.



As a community citizen and not-for-profit organization, Sharp provides substantial value to the community through the care of vulnerable populations, education and outreach, research, and uninsured patient care (Fig. 7.6-14 & 7.6-15). Sharp employees contribute to this work by embracing community support and following the role-modeling of Sharp Leaders.



Sharp provides in excess of \$181 million in under and uncompensated care, measured in terms of the unreimbursed cost of care. Since fiscal 2001, Sharp's community benefits have increased 73 percent (Fig.7.6-15), reflective of Sharp's excellent community citizenship.



Sharp has been recognized many times by local, regional, state, and national organizations. Listed below are just a few of those awards not already mentioned in the application that recognize the discipline, perseverance, and commitment that Sharp Leaders, employees, and partners have demonstrated in the unending journey of The Sharp Experience (Fig. 7.6-16).

Fig.7.6-16 Sharp HealthCare Awards and Honors	
Awards and Honors	Year
National Malcolm Baldrige Quality Program Site Visit	2006
California CAPE Eureka Gold SHC	2006
California CAPE Eureka Silver SHC	2005
California CAPE Eureka Bronze SHC	2004
ANCC Magnet Designation SGH	2006
Excellence in Patient Safety and Health Care Quality based on Leapfrog Survey SMH, SGH	2006
50 Exceptional US Hospitals based on Leapfrog Survey SMH	2005
Press Ganey Summit Award SCHHC (For top 5 percentile in Patient Satisfaction for three consecutive years)	2006
SDBBB Torch Award for Marketplace Ethics SHC	2004
Verispan/Modern Healthcare Top 100 Integrated Healthcare Networks	2005-2007
San Diego Society for Human Resources Management, Workplace Excellence Grand Prize	2004
AHA GWTG Sustained Performance Achievement, SMH	2006
AHA GWTG Performance Achievement, SGH	2006
Evidence of Strategic Success	