

Cumberland County Hospital System, Inc.

Administrative Policy - Procedure

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Director of Corporate Compliance/Internal Audit/HIPAA (Corporate Compliance Officer):

Iris S. Murphy
 3322 Melrose Road
 Fayetteville, NC 28304
 Phone: 910-615-6396

Confidential Message Line: 910-615-6140

Summary of Cape Fear Valley Health System's (CFVHS) Corporate Compliance Policy

The following is a summary of the topics included in the Corporate Compliance Policy:

- A. **General Principles:** It is the policy of CFVHS to comply with applicable federal, state, and local laws and regulations, both civil and criminal. CFVHS employees have a duty to act in a manner consistent with the law and are responsible for reporting any Health System activities that they feel may violate the law or ethical business practices. CFVHS, in turn, has a duty to follow-up on any questions that have been raised in a confidential manner without any reprisal towards the employee.

- B. **Commitments:** CFVHS is committed to the promotion of the public's health, implementation and maintenance of employment practices that comply with applicable federal and state laws, providing appropriate quality of care and maintenance of its accreditation by The Joint Commission. CFVHS is also committed to providing accurate billing of charges to both public and private third-party payers, and to using a competitive bidding process.

- C. **Responsibility:** CFVHS views participation in federal and state medical assistance programs to be an integral part of its mission of the promotion of health to the community. Employees are expected to participate in education classes to promote correct billing of patient claims as well as to report any known or suspected violations of Medicare/Medicaid billing rules or regulations to the Corporate Compliance Officer (see above). CFVHS protects the confidentiality of any employee who makes such a report and no employee experiences retribution by the Health System for reporting.

- D. **Federal and State False Claims Law:** Both Federal and North Carolina law prohibit healthcare providers from submitting false or fraudulent claims for reimbursement for healthcare services. These laws also provide employees protection from discrimination by their employer when employees take lawful acts in bringing or participating in a lawsuit to enforce these laws.

- E. **Patient Care Practices:** CFVHS responds promptly and courteously to patient inquiries and requests, accurately represents the services that are available and treats patient information with confidentiality. CFVHS is committed to staying in compliance with federal/state rules and regulations, and requires its employees to report when there is knowledge/belief that a claim has been, or may be, submitted with actual knowledge of its falsity, deliberate ignorance of its falsity or with reckless disregard of existing state or federal laws.

Revised Effective 5/00, 04/02, 3/03, 8/03, 8/24/05, 9/27/06, 10/3/07, 10/15/07, 7/30/09, 10/25/10	Reviewed/No Change 5/15/09, 11/23/09	Originating Department: Corporate Compliance	Did this Policy Replace Another Policy? Yes No X	If Yes, Old Policy Title:
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- F. **Bidding, Negotiation, and Performance of Contracts:** CFVHS observes the laws, rules and regulations which govern acquisition of goods and services that are paid for in whole or in part by the state or federal government or by private third-party payers. Employees or agents will not directly pay any form of remuneration with the intent of obtaining a service or the referral of business that is paid for by Medicare, Medicaid or by any other third-party payer. CFVHS requires its employees to submit cost or pricing data that the employee feels is current, accurate and complete. Supervisors are not to place pressure on subordinates that could cause them to deviate from acceptable norms of conduct.
- G. **Conflicts of Interest:** CFVHS Board of Trustee members and employees have a duty to avoid financial, business or other relationships that might be against the interests of CFVHS or might cause a conflict with the performance of their duties.
- H. **Reasonableness of Compensation:** The Board has delegated to CFVHS's Chief Executive Officer (CEO) the authority to hire, fire and establish salaries of CFVHS employees and agents. CFVHS makes a good faith effort to benchmark the amount paid to any individual providing goods or services to the Health System against regional or national standards, where available.
- I. **Contracting with Excluded Individuals:** CFVHS does not employ or contract with any individual in any capacity who the Health System knows is excluded from participation in the Medicare or Medicaid programs. CFVHS makes a good faith attempt to determine whether the potential employee is or was ever excluded from participation in the Medicare/Medicaid program.
- J. **Time Card Reporting:** CFVHS employees and independent contractors report only the true and actual number of hours worked. Shifting of costs to inaccurate departments is prohibited.
- K. **Relations with Government Employees:** CFVHS employees may not give, or offer to give, entertainment, meals or gifts that the employee knows are in violation of governmental regulations and/or Health System policy, whichever may apply.
- L. **Complete and Accurate Books, Records and Communications:** CFVHS's financial statements, cost reports, and books and records on which they are based must reflect the transaction in an accurate fashion. Disbursements of funds and receipts must be properly and promptly recorded. Undisclosed or unrecorded funds are not established for any purpose. Claims for payment are prepared according to procedure and are based on documentation CFVHS determines is reasonably necessary to substantiate the claim.
- M. **Consultants and Agents:** Where legally required, independent contractors execute a written agreement that requires the consultants or agents to be obligated to comply with CFVHS's policies and procedures.
- N. **Compliance with Antitrust Laws:** The antitrust laws of the United States prohibit agreements that unlawfully restrain trade in interstate commerce, as well as certain monopolistic practices. It is imperative that legal advice be sought when questions arise regarding this subject.
- O. **Federal and State Tax-Exempt Status:** CFVHS is a not-for-profit entity that is exempt from federal taxation pursuant to Section 501 (c) (3) of the Internal Revenue Code. CFVHS is exempt from federal taxation, in part, because it participates in the Medicare and Medicaid programs and it operates an acute care hospital that provides emergency medical services 24 hours a day. Political contributions and

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activities may jeopardize CFVHS's federal tax-exempt status. CFVHS is also exempt from certain state and local taxes.

- P. **Health System Resources:** CFVHS employees are not to make improper use of CFVHS resources or permit others to do so nor seek any payment, gift or other thing of value from any subcontractor, vendor or supplier for the purpose of obtaining/acknowledging favorable treatment. Each CFVHS employee is also responsible for guarding CFVHS's confidential information against unauthorized disclosure.
- Q. **Security and Privacy of Confidential Information:** Each CFVHS employee is responsible for managing the security of the Health System's confidential and proprietary information, regardless of whether the employee works directly with such information.
- R. **Director of Corporate Compliance/Internal Audit/HIPAA (Corporate Compliance Officer):** When the Corporate Compliance Officer is made aware of a potential violation of standards, the Corporate Compliance Officer contacts CFVHS's Chief Executive Officer (CEO) and, when necessary, the Corporate Compliance Officer is authorized to secure the opinions of outside legal counsel, consultants or experts in compliance issues. The Corporate Compliance Officer reviews and, when deemed necessary, disseminates such information appropriate or necessary for adherence with the Corporate Compliance Policy, such as the Office of the Inspector General's and Department of Health and Human Services exclusion list. The Corporate Compliance Officer also monitors CFVHS's continued compliance with the terms and conditions set forth in any settlement agreement that may be executed by CFVHS with the federal or state government.
- S. **Duty to Report Violations of These Standards:** It is the duty of each CFVHS employee/agent to report any suspected violation of these standards to the Corporate Compliance Officer. Alternatively, suspected violations of these standards may be reported to CFVHS's CEO or Chief Financial Officer (CFO).
- T. **Conclusion:** This policy is intended to communicate CFVHS's Compliance Policy. The CEO reserves the right to change, modify, or waive all provisions in the policy. If any employee has a question regarding this policy, he/she should confer with the Corporate Compliance Officer, CFVHS's CEO or CFO.

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Director of Corporate Compliance/Internal Audit/HIPAA (Corporate Compliance Officer):

Iris S. Murphy
3322 Melrose Road
Fayetteville, NC 28304
Phone: 910-615-6396

Confidential Message Line: 910-615-6140

POLICY:

A. General Principles:

1. It is the policy of Cape Fear Valley Health System (CFVHS or Health System) to comply with applicable federal, state, and local laws and regulations, both civil and criminal.
2. CFVHS employees are not authorized to act in a manner that is contrary to the provisions of the law or to authorize, direct, or condone violations by other employees.
3. An employee or agent of CFVHS who has knowledge of facts concerning the Health System's activities that he or she believes may violate the law or the rules of any Third Party Reimbursement Program has an obligation to report the matter to his or her immediate supervisor promptly after learning such facts. The employee may report also to the Corporate Compliance Officer.
4. An employee or agent of CFVHS has an obligation to report activities that he or she believes may be in violation of the Health Insurance Portability and Accountability Act (HIPAA) to his or her immediate supervisor or to the CFVHS Privacy Officer.
5. CFVHS takes those steps that it determines are reasonably necessary to communicate this policy to all CFVHS employees and agents.
6. CFVHS takes those steps as may be reasonably necessary to achieve compliance with its standards by utilizing monitoring and auditing systems reasonably designed to detect improper conduct and by having in place and publicizing a reporting system whereby employees and agents can report improper conduct by others within the organization without fear of retribution.
7. This Compliance Policy is enforced through the use of disciplinary measures that are case specific. Individuals responsible for the failure to detect improper conduct may be subject to disciplinary action.
8. After a question has been raised, CFVHS takes those steps that it determines are reasonably necessary to respond appropriately to the question and, if the conduct at issue is found by the Health System to be improper, to take such action as CFVHS determines is necessary to prevent similar conduct from occurring in the future, including any necessary modifications to its program to prevent and detect violations of law or this policy.

B. Commitments:

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CFVHS is a tax-exempt organization that is organized for the promotion of the health of the individuals who reside in its service area. In order to further its tax-exempt purposes, CFVHS's Board, officers, employees, and agents hereby express the following commitments:

1. To the community, CFVHS is committed to the promotion of health and to making a good faith effort to address the medical needs of the community while operating the Health System in a fiscally responsible manner.
2. To CFVHS's employees, the Health System is committed to implementing and maintaining employment practices and programs that comply with applicable federal and state laws.
3. To the Health System's patients, CFVHS is committed to providing an appropriate quality of care, consistent with the Health System's facilities and resources, that is responsive to patient needs and complies with state and federal laws and regulations that govern the operation of a tax-exempt hospital. All clinical decisions are based on identified patient health care needs regardless of how the hospital compensates or shares financial risk with its leaders, managers, clinical staff, and licensed independent practitioners. CFVHS is committed to maintaining the confidentiality of individually identifiable Protected Health Information (PHI) as required by federal law and state law. CFVHS is also committed to maintaining its accreditation by The Joint Commission and/or such other accreditation bodies as the Health System may determine.
4. To third-party payers, both private and public, CFVHS is committed to implementing such policies and procedures as the Health System determines are reasonably likely to result in the submission of bills for CFVHS inpatient and outpatient services in a timely and accurate fashion and report reimbursable costs to the Medicare Program and to any other third party in a legally appropriate manner.
5. To CFVHS's suppliers, when the Health System determines that it is either legally required or is in CFVHS's best interest to utilize a competitive bidding process, the Health System is committed to a fair and equitable bidding process.
6. To those who do business with CFVHS, the Health System is committed to making a good faith effort to conduct its business in a manner that is consistent with the Health System's exemption from federal, state, and local taxes and other applicable laws and regulations.

C. Responsibility:

1. CFVHS participates in Medicare and North Carolina Medical Assistance Programs. The Health System views participation in these programs an integral part of CFVHS's Mission of the promotion of health to the community served by the Health System. Doing business with the Centers for Medicare and Medicaid Services and the North

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Carolina Department of Health and Human Resources requires compliance with certain specific laws and regulations.

2. Employees whose job responsibilities include submitting claims to the Medicare or Medicaid Programs are expected to participate in education offered by CFVHS and by various professional groups and associations and be familiar with the laws and regulations governing the billing of Health System inpatients and outpatients under those programs. In the event that an employee is unclear as to whether to, or the appropriate manner in which to, submit a claim to the Medicare or the Medicaid programs in any particular situation, it is CFVHS's policy that the employee exercises reasonable discretion and, when in doubt, seeks appropriate advice. It is each employee's responsibility not to submit a claim to the Medicare or Medicaid programs with actual knowledge of its falsity, in deliberate ignorance of its falsity or with reckless disregard of applicable state or federal law.
3. It is the duty of each CFVHS employee to report known or suspected violations of Medicare or Medicaid billing rules or regulations or these Standards to the Health System's Corporate Compliance Officer. CFVHS protects the confidentiality of any employee who makes such a report. Under both federal and state law, as well as Health System policy, no employee experiences retribution by CFVHS as a result of reporting a violation of law or assisting with the enforcement of these laws, including violations related to Medicare or Medicaid billing rules or regulations or these standards. Any employee with knowledge of such a violation is required to contact the Corporate Compliance Officer.

D. Federal and State False Claims Law:

1. Both Federal and North Carolina law impose civil penalties on persons who defraud the government. These laws, referred to as "False Claims" laws, apply to claims for payment to government health care programs such as Medicare and Medicaid. Specifically, these laws prohibit someone from knowingly presenting a false or fraudulent claim in the course of billing government health care programs as well as knowingly making or using a false record or statement to assist with having such claims paid.
2. Sanctions under both the Federal and State False Claims Acts include monetary civil penalties for each false claim filed plus up to three times the amount of damages that the government sustains. Under similar laws, the submission of false claims or making false statements to the government may also create criminal liability that can result in fines and imprisonment. Administrative penalties also can be imposed for similar conduct.
3. Under the Federal False Claims Act, private individuals with knowledge of the events may bring a lawsuit on behalf of the government for violations of the law. The government has the right to join in these actions. Successful cases or settlements may result in the private plaintiff receiving a portion of any proceeds recovered as well as

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attorney fees.

4. Under both the North Carolina and the Federal False Claims Acts, an employer is not permitted to discharge, demote, harass, or otherwise discriminate against an employee because of lawful acts taken by the employee in bringing or participating in a lawsuit to enforce these laws. For more information on these laws, see 31 U.S.C. §3729-3733 (Federal False Claims Act); 31 U.S.C. Chapter 38 (Federal administrative remedies for false claims and statements; 18 U.S.C. §287 and §1001 (Federal criminal penalties for false claims); N.C. Gen. Stat. §108A70.12 (North Carolina Medical Assistance Provider False Claims Act); N.C. Gen. Stat. §108A-63 (North Carolina criminal penalty for medical assistance provider fraud).

E. Patient Care Practices:

CFVHS's commitment to ethical conduct requires that those who provide services to Health System patients, whether directly or indirectly, strive to achieve the following:

1. To respond promptly and courteously to patient inquiries and requests.
2. To accurately represent our services that are available and the level of licensure and accreditation in our marketing and advertising efforts.
3. To respect the privacy of CFVHS patients, to protect the confidentiality of patient information and to comply with North Carolina and federal laws and regulations governing Civil Rights compliance.
4. To investigate and mitigate complaints concerning breaches of patient confidentiality.
5. To institute policies and procedures that monitor whether quality, cost-effective care has been provided to CFVHS patients.
6. To provide patient billing in good faith compliance with federal and state requirements.
7. To provide a formal process to review patient or other payer questions about charges expeditiously and resolve conflicts or discuss questions that may arise in a collegial manner.
8. To require CFVHS employees to report those instances where an employee has knowledge or belief that a claim has been, or may be, submitted to a third party reimbursement program with actual knowledge of its falsity, in deliberate ignorance of its falsity or with reckless disregard of existing state or federal laws.

F. Bidding, Negotiation, and Performance of Contracts:

1. CFVHS observes the laws, rules and regulations which govern acquisition of goods and services that are paid for in whole or in part by the state or federal government or by private third-party payers. CFVHS employees are not to attempt to obtain information regarding competitors' bids or proposals in circumstances where there is reason to

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- believe the release of such information is unauthorized.
2. CFVHS employees or agents will not directly or indirectly pay any form of remuneration, overt or covert, in cash or in kind, with the intent of obtaining a service or the referral of business that is paid for in whole or in part by the Medicare or Medicaid programs or by any other third-party payer. CFVHS employees are not authorized to obtain access to information that is not subject to release or disclosure or to improperly influence the award of any contract. CFVHS employees and agents are not authorized to submit or concur in the submission of any claims, invoices, bids, proposals, or any other documents of any kind that are false, fictitious, or fraudulent.
 3. CFVHS employees properly report and charge costs to the appropriate account, regardless of the status of the budget for that account. Charging labor or material cost improperly, charging labor or material costs to the wrong account or the falsification of time sheets or other records is not tolerated. CFVHS supervisors are responsible for monitoring whether the time of employees is recorded promptly and accurately.
 4. Where CFVHS requires its employees to submit cost or pricing data, the employee certifies that to the best of his or her knowledge and belief any such data is current, accurate and complete. Costs reported to the federal or state government or to a private third-party payer for reimbursement are reported in a manner that satisfies any applicable governmental or third-party payer requirements.
 5. Supervisors are careful in words and conduct to avoid placing, or seeming to place, pressure on subordinates that could cause them to deviate from acceptable norms of conduct, as defined by applicable Health System policies.

G. Conflicts of Interest:

Board members and employees have a duty to avoid financial, business, or other relationships that might be opposed to the interests of the Health System or might cause a conflict with the performance of their duties. Board members and employees conduct themselves in a manner that is consistent with the Health System's Conflict of Interest Policy.

H. Reasonableness of Compensation:

The Board has delegated to the CFVHS's Chief Executive Officer (CEO) the authority to hire, fire and establish salaries of Health System employees and agents. For the purposes of this section of this policy, the CEO is acting on behalf of the Health System's Board as a committee thereof. CFVHS makes a good faith effort to benchmark the amount paid to any individual, including a "disqualified person," providing goods or services to the Health System against regional or national standards, where available.

A "disqualified person" is defined as a person who during the five-year period up to the date of

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the transaction was in a position to exercise substantial influence over the affairs of the Health System. For the purposes of this policy, the CFVHS Board members and medical staff appointees are presumed “disqualified persons.” The CEO may in his/her discretion determine that any such individual is not a “disqualified person,” but should document his/her rationale for that determination.

When contracting with a “disqualified person,” the reasonableness of any compensation that is paid to the disqualified person is approved by the Health System’s CEO so long as the CEO follows the following procedure:

1. The CEO is not directly or indirectly involved in the arrangement;
2. The CEO obtained and relied upon appropriate data as to comparability (e.g., compensation levels paid by similarly situated organizations, either taxable or tax-exempt, for functionally comparable positions; the location of the organization, including the availability of similar specialties in the geographic area; independent compensation surveys by nationally recognized independent firms; or actual written offers from similar institutions competing for the services of the disqualified person); and
3. The CEO adequately documented the basis for his/her determination (e.g., the record includes an evaluation of the individual whose compensation was being established and the basis for determining that the individual’s compensation was reasonable in light of that evaluation and data).

The Board has directed the CEO to use the Corporate Compliance Resolution herein attached and consistent with this document to establish acceptable compensation ranges for certain positions. So long as any agreement executed by CFVHS’s management is within the ranges established by the CEO, the agreement is deemed to have been approved by CFVHS’s Board. In the event that, after the adoption of these compensation ranges, an individual requests an amount in excess of the ranges that have been approved by the CEO, CFVHS’s CEO attempts to obtain evidence as to whether the request is reasonable. The CEO approves any compensation in excess of the approved ranges and documents his/her rationale for exceeding the previously approved ranges. The CEO or his/her designee(s) shall review the approved compensation ranges annually or more often, through the budget or other processes, if the CEO determines that it is reasonable to do so.

CFVHS’s CEO shall obtain appraisal from an independent third party when the CEO determines that such an appraisal is necessary or when CFVHS is purchasing the assets of a disqualified person. The CEO may waive the requirement of an appraisal, but the CEO should document his/her rationale for that determination.

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I. Contracting with Excluded Individuals:

CFVHS shall not employ or contract with any individual in any capacity who the Health System knows is excluded from participation in the Medicare or Medicaid programs. CFVHS makes a good faith attempt to determine whether the potential employee or agent is or was ever excluded from participation in the Medicare or Medicaid Program. The same policy shall apply to any possible contracts with an Independent Contractor. CFVHS also hereby determines that it is the duty of each medical staff appointee to inform the Health System immediately in the event the Medical Staff appointee is provided with notice that he or she has been excluded from participation in the Medicare or Medicaid programs. In the event of such exclusion, the Medical Staff appointee shall voluntarily relinquish his or her ability to treat Medicare or Medicaid beneficiaries at CFVHS, whichever is applicable, while the exclusion is in effect.

J. Time Card Reporting:

1. Costs should not be allocated to Medicare, Medicaid, or to a private third party payer that are unallowable, misallocated, contrary to a contract provision, or otherwise improper. CFVHS employees and independent contractors report only the true and actual number of hours worked. Shifting of costs to inappropriate departments is prohibited.
2. The Finance Department may conduct time compliance reviews to monitor whether practices conform to timekeeping procedures. Disciplinary actions for violations should be consistent with CFVHS's timekeeping and disciplinary procedures.

K. Relations with Government Employees:

Federal, state, and local government departments and agencies have regulations concerning acceptance by their employees of entertainment, meals, transportation, accommodations, gifts, and any other thing of value from firms and persons with whom the departments and agencies do business or over whom they have regulatory authority. CFVHS employees may not give, or offer to give, entertainment, meals, or gifts that the employee knows are in violation of those regulations or CFVHS policy, whichever may apply.

L. Complete and Accurate Books, Records and Communications:

1. CFVHS's financial statements, cost reports, and books and records on which they are based, reflect the transaction in an accurate fashion.
2. Disbursements of funds and receipts are properly and promptly recorded.
3. Undisclosed or unrecorded funds are not established for any purpose.
4. Claims for payment are prepared in an appropriate manner and are based on such documentation as CFVHS determines is reasonably necessary to substantiate the claim.

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M. Consultants and Agents:

1. CFVHS may utilize consultants and agents when there are specifically defined tasks to be performed requiring specialized expertise and Health System Management determines that it is reasonable to do so. Where legally required, independent contractors execute a written agreement that requires the consultants or agents to be obligated to comply with CFVHS's policies and procedures, including but not limited to, these standards and CFVHS's policy on sexual harassment and policies related to the confidentiality of PHI.
2. CFVHS may periodically monitor whether an individual's classification as an independent contractor is in compliance with current pronouncements of the Internal Revenue Service and all applicable state and local agencies. CFVHS may reclassify any independent contractor and treat that individual or entity as a CFVHS employee for tax purposes if the Health System reasonably determines that such reclassification is necessary to comply with the current pronouncements of the Internal Revenue Service or of any other federal, state, or local agency.
3. Nothing herein shall be construed as a waiver of attorney-client or work product privilege or any other privilege accorded by law.

N. Compliance with Antitrust Laws:

The antitrust laws of the United States prohibit agreements that unlawfully restrain trade in interstate commerce, as well as certain monopolistic practices. Antitrust actions are contrary to public laws and policy, and violate the policy of CFVHS. Employees are expected to report concerns they have with actions taken by CFVHS or with other companies or entities with which the Health System is involved that may involve a violation of the federal antitrust laws. However, given the complexity of the antitrust laws, it is imperative that legal advice be sought when questions arise regarding this subject

O. Federal and State Tax-Exempt Status:

1. The Health System is a not-for-profit entity that is exempt from federal taxation pursuant to Section 501(c)(3) of the Internal Revenue Code. That tax-exempt status could be jeopardized if any of the tax-exempt benefits enjoyed by the Health System inure to the benefit of certain private individuals. Employees, consultants, and agents who contract with the Health System do so in a manner that is consistent with the Health System's federal and state tax-exempt status.
2. The Health System is exempt from federal taxation, in part, because it participates in the Medicare and Medicaid programs and it operates an acute care hospital that provides emergency medical services 24 hours a day. The Internal Revenue Service (IRS) has

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stated that the Health System's federal tax-exempt status may be jeopardized if CFVHS is excluded from participation in the Medicare or Medicaid programs or is found to have not provided emergency medical treatment in a manner that is consistent with the Emergency Medical Treatment and Active Labor Act (EMTALA). Suspected violations by employees, consultants or agents of any law or regulation governing the Medicare or the Medicaid programs, the anti-referral provisions of any state or federal law, or EMTALA are reported to the Corporate Compliance Officer. In addition to the loss of federal tax exemption, violations of these laws may subject CFVHS and the employee involved to criminal prosecution and significant civil penalties. Where applicable, supervisors monitor whether employees in their department receive adequate education of how these laws and regulations affect the employee's duties and make each employee aware of this policy and his or her duty to report suspected violations.

3. Political contributions and activities may also jeopardize CFVHS's federal tax- exempt status. CFVHS funds or assets, including the work time of any employee, are not contributed, loaned, or made available directly or indirectly to any political party or to the campaign of any candidate for a federal, state, or local office. Involvement or participation in a political campaign by CFVHS employees is on an individual basis, on their own time, and at their own expense. Furthermore, if an employee speaks on public issues, the employee should make it clear that the comments or statements made are those of the individual and not of CFVHS.
4. CFVHS is also exempt from certain state and local taxes, including but not limited to North Carolina income tax, North Carolina sales and use tax, and local real estate taxes. Health System employees make a good faith effort not to undertake any activity that may jeopardize CFVHS's exemption from state and local taxation.

P. CFVHS Resources:

1. The CFVHS Board has a fiduciary duty to manage CFVHS's resources in an efficient and effective manner. These resources include personnel, technology, data, buildings, land and equipment. CFVHS employees are not to make improper use of Health System resources or permit others to do so.
2. CFVHS employees are not to seek or accept any payment, gift, or other thing of value from any subcontractor, vendor or supplier for the purpose of obtaining or acknowledging favorable treatment under a private or government contract or subcontract. Other examples of improper uses of CFVHS facilities include the unauthorized appropriation or personal use of CFVHS services, equipment, technology and patents, software, and computer and copying equipment and the alteration, destruction or disclosure of CFVHS data.
3. Each CFVHS employee is also responsible for guarding the confidentiality of the Health System's confidential information against unauthorized disclosure. This duty applies not

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only to patient information, but also to proprietary information developed or purchased by CFVHS or entrusted to the Health System by its clients or suppliers. These restrictions apply whether the information is in written or electronic form, or is simply known by an employee as a result of the employee's duties as a CFVHS employee.

Q. Security and Privacy of Confidential Information:

Each CFVHS employee is responsible for managing the security of Health System confidential and proprietary information, regardless of whether the employee works directly with such information. Employees requiring access to specific information treat Health System's confidential and proprietary information in accordance with CFVHS policy and with any applicable legal, accreditation and regulatory agency requirements governing the safeguarding of CFVHS's confidential information. The unauthorized disclosure or possession of confidential documents or confidential information, or the failure to properly safeguard such information, is a violation of these standards and may subject the employee to possible discharge and/or legal action.

R. Director of Corporate Compliance/Internal Audit/HIPAA (Corporate Compliance Officer):

1. Each CFVHS employee has a duty to report any suspected violations of these standards to the Corporate Compliance Officer. When the Corporate Compliance Officer is made aware of a potential violation of these standards, the Corporate Compliance Officer contacts CFVHS's CEO and, when necessary, the Corporate Compliance Officer is authorized to secure the opinions of outside legal counsel, outside consultants or experts in compliance issues. Investigations of suspected violations of these standards are conducted under the authority of the Corporate Compliance Officer under the guidance of CFVHS's legal counsel.
2. The Corporate Compliance Officer reviews and disseminates such information as determined appropriate or necessary for compliance with this policy. The Senior Reimbursement Analyst (Analyst) reviews, analyzes, interprets, coordinates, and disseminates relevant information according to healthcare government billing regulations, transmittals and intermediary bulletins (governmental payros, etc.), and other periodically published manuals, bulletins, memorandums, and pronouncements or directives from the government's fiscal intermediary or any third-party payer to appropriate personnel. The Analyst also supervises the receipt and maintenance of a central repository for all healthcare regulations and bulletins for billing, disseminates pertinent information to the departments and entities responsible for implementing changes, and coordinates with Corporate Compliance/Internal Audit/HIPAA and Health Information Management if upcoming or pending regulatory changes may need special

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attention and review for possible non-compliance.

3. The Corporate Compliance Officer monitors CFVHS's continued compliance with the terms and conditions set forth in any settlement agreement that may be executed by the Health System with the federal or state government.
4. The Corporate Compliance Officer monitors CFVHS's continued compliance with the Health Insurance Portability and Accountability Act (HIPAA) and oversees the process of investigating reported violations of HIPAA, as in other compliance issues.

S. Duty to Report Violations of These Standards:

It is the duty of each CFVHS employee or agent to report promptly any suspected violation of these standards to the Corporate Compliance Officer at telephone number (910)615-6140. Alternatively, suspected violations of these standards may be reported to CFVHS's CEO or the Chief Financial Officer (CFO). Under no circumstance is a supervisor, manager, director or any other member of management or Cape Fear Valley's workforce to instruct any Covered Person not to report information to, or to withhold information from, the Corporate Compliance Officer.

T. Conclusion:

This policy does not constitute an express or implied employment contract, but rather is intended to communicate CFVHS's Corporate Compliance Policy. CFVHS's CEO reserves the right to change, modify, or waive all provisions herein. If any CFVHS employee has a question concerning a particular provision contained herein, or concerning any practice not addressed in this document, he/she should confer with the Corporate Compliance Officer or CFVHS's CEO or CFO.