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SUBJECT: **Corporate Compliance Plan & Standards of Conduct**

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## **I. PURPOSE**

Ridgecrest Regional Hospital (“RRH”) is committed to ensuring compliance with all applicable statutes, regulations, and policies governing our daily business activities as a healthcare provider. To that end, RRH has created this Corporate Compliance Plan & Standards of Conduct (“Compliance Program”) and numerous policies to serve as guidance to ensure that all our actions and interactions comply with applicable laws and the highest ethical standards. This Corporate Compliance Plan & Standards of Conduct is designed to help prevent, detect and correct any potential violations of those laws or noncompliance with ethical standards.

RRH is committed to the operation of an effective compliance program in accordance with the “Compliance Program Guidance” documents published by the Office of Inspector General of the U.S. Department of Health and Human Services (“HHS-OIG”) and other guidance documents provided by government agencies such as the Centers for Medicare and Medicaid Services (“CMS”).

This Corporate Compliance Plan is reviewed and approved by the administrative team and Governing Body. This Plan and related policies are specific to the mission, values and corporate culture of RRH.

## **II. DEFINITIONS**

- **Ridgecrest Regional Hospital (“RRH”)** means the hospital, including all inpatient and outpatient services and facilities (including Bella Serra, TCRU, visiting nurses, hospice, rural health clinics, community care clinic) and any other programs or entities operated by RRH, whether licensed or surveyed separately by the California Department of Public Health or operated under separate National Provider Identifiers (“NPI”) from CMS.
- **Personnel** means all employees and others who may be required to comply with or be informed regarding RRH’s Corporate Compliance Plan.

## **III. POLICY**

It is RRH’s policy to:

- comply with the laws regulating the provision of healthcare services
- act in an honest and ethical manner
- devote adequate resources to its Corporate Compliance Program, including the designation of a corporate compliance officer and a corporate compliance committee
- establish clear policies and procedures, as well as standards of conduct, to detect, prevent and correct non-compliance with applicable laws
- educate its employees about applicable laws and provide training on policies and compliance issues
- ensure periodic auditing, monitoring, and oversight of compliance with those laws
- provide an atmosphere that encourages and enables the reporting of non-compliance without fear of retribution, and
- investigate, discipline, and correct non-compliance.

## **IV. OVERVIEW**

### **A. Who is Affected**

All Personnel are required to comply with this Corporate Compliance Plan & Standards of Conduct and the policies and procedures applicable to their job functions. As appropriate, Personnel will receive initial orientation training, annual training, and specific training targeted to their job functions to ensure all Personnel understand RRH's Compliance Program and its commitment to comply with all laws and to act in the highest ethical manner. Such training may be live or online courses.

While many of RRH's contractors, vendors and agents have implemented their own compliance programs, RRH endeavors to ensure that these individuals and entities are adequately informed of RRH's commitment to compliance by providing access to policies and other documents to educate these contractors about RRH's Compliance Program. This will help to ensure that all contractors perform services in a manner that complies with the law. Therefore, agreements with contractors may incorporate certain provisions of this Compliance Program.

### **B. Your Role**

This Compliance Program is effective only if everyone takes it seriously and commits to comply all applicable policies and laws. When in doubt, ask your supervisor, review the appropriate policies, or take other steps to ensure that you are acting in compliance with this Compliance Program and all policies applicable to your job.

Compliance requirements are subject to change as a result of new laws. We must all keep this Compliance Program and RRH's policies current and useful. You are encouraged to let your supervisor know when you become aware of changes in law or hospital policy that might affect this Compliance Program.

### **C. Talk to Your Co-Workers and Supervisors**

Regular dialogue among co-workers and supervisors is a great way to ensure that policies are being uniformly implemented and that all laws are being followed. While such discussion is encouraged, always remember that this Compliance Plan & Standards of Conduct and RRH's policies should guide you on compliance matters. If in doubt, always ask your supervisor, another manager or supervisor, the compliance officer, or call the compliance hotline (760-499-3675).

## **V. CORPORATE COMPLIANCE STANDARDS OF CONDUCT**

These Corporate Compliance Standards of Conduct, along with the Employee Handbook and RRH policies are intended to help guide the actions of all Personnel. The Standards set forth in this section are not intended to be all inclusive. Rather, they are intended to provide guidance related to issues highlighted by the HHS-OIG and CMS as issues to which healthcare providers should pay particular attention in order to help detect and prevent fraud, waste and abuse of Medicare and Medicaid financial resources.

### **A. Federal and State False Claim Acts**

The False Claims laws prohibit the submission of a claim that the person knew or should have known was false or fraudulent to the U.S. government, including claims for payment for services rendered to Medicare and Medicaid patients. Therefore, all Personnel must be honest and diligent in accurately filling out all forms and reports, including documentation in patient medical records, to ensure that RRH is able to submit accurate claims for payment to Medicare, Medicaid, as well as to other payors. Personnel should never knowingly cause a claim to be submitted for services that were not rendered,

were not medically necessary, or were not rendered as set forth in the medical record. Personnel should review RRH's False Claims Act policy, which sets forth specific information regarding the prohibition of filing false claims and discusses protections for individuals that raise concerns about such matters. RRH shall not retaliate against any individual for raising concerns about potential false claims or other potential allegations of non-compliance.

## **B. Anti-Kickback Statute**

The anti-kickback statute is a federal law prohibiting persons from offering, paying, seeking or receiving anything of value to bring about a referral for medical services or goods payable under Medicare or Medicaid. Failure to obey this law can result in fines, jail or exclusion from the Medicare and Medicaid programs. This law prohibits kickbacks, bribes, or gifts given for the purpose of influencing a referral. It also affects the way healthcare entities carry out a broad range of ordinary business deals. RRH Personnel are prohibited from offering or receiving cash, gifts, entertainment, or anything of anything of value in order to influence the referral of patients or as a reward for making referrals. RRH Personnel must never offer, accept or give bribes or kickbacks. RRH must never provide compensation to physicians or others based upon referrals.

## **C. Relationships with Physicians**

The Federal Stark law, the Anti-kickback law, and state laws govern relationships with physicians. These laws prohibit a physician from making referrals to an entity, such as RRH, when the physician (or his/her immediate family member) has a financial relationship with the entity. However, there are numerous exceptions to the laws under which referrals are permissible when the underlying business relationship has been properly structured. It is RRH's policy to ensure that all of its business arrangements with physicians, including Medical Directorship Agreements, Leases, Recruitment Agreements and other business agreements are in strict compliance with the Stark Law, the Anti-Kickback law, and applicable state laws.

## **D. Coding and Billing**

RRH has an obligation to its patients, third party payers, and the federal and state governments to exercise diligence, care and integrity when submitting claims for payment for services rendered. To fulfill this obligation, RRH strives to maintain honest, fair, and accurate coding and billing practices. All individuals involved in coding and billing functions are trained to perform such functions in accordance with federal and state laws and regulations.

RRH has developed coding and billing policies and procedures to provide guidance to billing and coding staff. Policies include, among others, submission of bills only for services actually provided, as supported by medical record documentation; avoid any duplicate billing; proper and timely documentation of the services of health care providers; avoid inappropriate coding unbundling; ensure that the compensation for any employee or contractors (including the billers, coders, and billing consultants) do not provide any financial incentive for the improper submission of claims; avoid billing for non-covered services as if covered; ensure that the written policies and procedures concerning proper billing and coding reflect the current reimbursement principles set forth in the applicable regulations, guidance, and other publications issued by state and federal governmental agencies; and ensure that the Charge Description Master ("CDM") is accurate and up-to-date.

## **E. Confidential Information – HIPAA Privacy & Security**

Information about a patient's medical condition is highly sensitive and its confidentiality must be maintained. No Personnel have the right to any patient information other than that necessary to perform his or her job. Personnel should never release or discuss patient-specific information with others unless it is necessary to provide appropriate medical care to the patient, or it is with the patient's written consent, or it is required by law. Personnel must keep their passwords for computer logons

safe and secure and must never share their passwords. All Personnel must be aware of and follow RRH's Health Insurance Portability and Accountability Act ("HIPAA") policies. All Personnel are required to report to their supervisor, the HIPAA Officer, the Compliance Officer or the CEO any known or suspected breach or violation of HIPAA requirements.

#### **F. Emergency Treatment**

RRH must follow the requirements of the Emergency Medical Treatment and Active Labor Act ("EMTALA") in providing emergency medical treatment to all patients, regardless of their race, religion, national origin, age, gender, physical condition, or ability to pay. RRH has policies that govern compliance with EMTALA and all Emergency Department personnel receive periodic training regarding EMTALA requirements.

#### **G. Refund Obligations**

RRH shall not retain Medicare or Medicaid funds that have not been properly paid. Inaccurate or dishonest record keeping, particularly medical record charting, as well as coding, can lead to a refund obligation.

#### **H. Cost Reports**

RRH shall ensure that accurate and timely cost reports are submitted as required. RRH Personnel engaged in the cost reporting process shall have adequate training.

#### **I. Providing Gifts or Incentives to Patients and Potential Patients**

The Federal Civil Monetary Penalties law prohibits providing gifts or incentives to patients or potential patients to influence the patient to select to receive services from a particular provider, practitioner or supplier. Incentives include the waiver of patient's cost-sharing obligations and deductibles, or the provision of items or services for free or less than fair market value. However, there are numerous exceptions to these prohibitions. RRH has policies governing these issues, including the provision of financial assistance (including waiver of co-payments) based upon a patient's financial need, the provision of free preventive care services as allowed under the law, among others.

#### **J. Respecting Patient Rights – Freedom of Choice**

Upon admission, RRH must provide patients with a written statement of their rights. This statement must include the rights of patients to make decisions regarding their medical care and it must conform to all applicable state and federal laws and regulations. Patients must be given the opportunity to be involved in all aspects of their care and RRH must obtain their informed consent for treatment.

#### **K. Quality of Care**

RRH has developed standards of patient care that reflect federal, state and local laws and regulations, accrediting body standards, and professional clinical practice guidelines. RRH has an extensive Performance Improvement Plan focused upon the quality of patient care. All RRH Personnel involved in patient care are required to participate in the Performance Improvement process to help ensure that all services provided by RRH meet the applicable quality and safety standards.

#### **L. Excluded Persons and Entities**

It is the policy of RRH not to contract with, employ, or bill for services rendered by an individual or entity that is excluded or ineligible to participate in federal or state healthcare programs; suspended or debarred from federal or state government contracts; or has been convicted of a criminal offense related to the provision of healthcare items or services (OIG's exclusions list). In addition, current employees, vendors, and credentialed practitioners are required to immediately inform RRH if they become excluded, debarred, or ineligible to participate in federal or state healthcare programs or have been convicted of a criminal offense related to the provision of healthcare items or services. RRH has

procedures in place to conduct background screenings for all Personnel. Contracts with vendors and independent contracts shall include representations regarding compliance with the OIG's background screening requirements, as well as compliance with HIPAA, and other applicable regulations.

#### **M. Business Conduct**

RRH and its Personnel shall conduct all business activities in an ethical and legal manner. Personnel shall not conspire to defraud any government agency or healthcare benefit program, shall not engage in wire or mail fraud, theft or embezzlement, money laundering or any other illegal or unethical business activities.

#### **N. Conflict of Interest**

A conflict of interest arises whenever an employee's interest or that of an employee's immediate family conflicts or appears to conflict with the interest of RRH. Everyone has a duty to avoid conflicts of interest or the appearance of conflicts of interest. Personnel must withdraw from any decision-making activities in which a conflict of interest exists or the appearance of a conflict exists. Any such conflict, or potential conflict, must be reported to the CEO.

#### **O. Non-Retaliation for Reporting Suspected Non-Compliance**

RRH strictly prohibits retaliation against any individual who in good faith reports a suspected violation of this Corporate Compliance Program or RRH policy, or suspected illegal or unethical conduct. All Personnel are encouraged to raise their concerns with their immediate supervisor, another manager, the Corporate Compliance department, or to call the Compliance Hotline (760-499-3675).

### **VI. SYSTEMS AND PROCESSES**

RRH has established this Compliance Program to consist of the systems and processes set forth by the HHS-OIG to ensure the appropriate structure and support for an effective compliance program. The Governing Board oversees all of RRH's compliance efforts and takes any appropriate and necessary actions to ensure that RRH conducts its activities in compliance with the law and sound business ethics.

#### **A. Compliance Officer and Compliance Committee**

The Corporate Compliance Officer is responsible for operation of the Compliance Program. The Corporate Compliance Officer shall report directly to the CEO and to the Board of Directors or a subcommittee thereof. The Compliance Officer will be provided with resources necessary to fulfill his/her responsibility for operation of the Compliance Program to ensure that RRH at all times maintains business integrity and that all applicable statutes, regulations, and policies are followed. The Compliance Officer may inquire into any matters arising or appearing to arise within the purview of the Compliance Program including, but not limited to, matters involving: unethical conduct; irregular billing, claims, or payments; regulatory compliance; and all arrangements with third parties, including without limitation employees, independent contractors, suppliers, agents, and physicians. The Corporate Compliance Officer has the authority to retain, as he or she deems necessary, outside legal counsel.

RRH has established a Corporate Compliance Committee to provide executive level insight regarding compliance issues and to assist in monitoring this Compliance Program. The Compliance Committee provides the perspectives of individuals with diverse knowledge and responsibilities within RRH. The Corporate Compliance Officer serves as the chairperson of this Committee. This Committee may create various subcommittees from time to time.

In addition, the Hospital shall have a HIPAA Privacy Officer and a Security Officer to implement, oversee and assess the Hospital's compliance with HIPAA. The Hospital shall have a HIPAA subcommittee which shall report to the Corporate Compliance Committee.

## **B. RRH Policies and Standards of Conduct**

RRH's policies, as well as the Standards of Conduct set forth in this Corporate Compliance Program, are designed to ensure compliance with applicable laws and regulations throughout RRH by all Personnel and promote a commitment to ethics and compliance. Personnel should also act in accordance with these Standards of Conduct and the standards set forth in the Employee Manual. In addition, the Medical Staff are required to adhere to the Medical Staff Code of Ethics.

The Corporate Compliance Program and all policies related thereto shall be available on the Hospital's electronic policy system. Various policies shall be assigned as required reading in the Hospital's electronic training system as applicable to overall job responsibilities.

## **C. Training and Education**

Training and education on the RRH Compliance Program and compliance issues (both online courses and in-person trainings) will be provided to new and current RRH Personnel, including the Governing Board, to ensure that each individual who functions on behalf of RRH is fully capable of executing his/her role in compliance with rules, regulations and other standards. New employees will be trained early in their employment and periodically thereafter.

Training topics may include federal and state statutes, regulations, guidelines, and RRH policies and corporate ethics on topics such as:

- An overview of this Corporate Compliance Program
- Federal and State False Claims Acts and the Whistleblower Protections
- Prevention of healthcare fraud and review of the laws
- HIPAA Privacy and Security issues
- Coding and Billing and the importance of accurate medical record documentation
- Restrictions on receiving and giving gifts and on marketing activities
- General prohibitions on paying or receiving remuneration to induce referrals
- Conflicts of interests
- Physician self-referral laws
- Duty to report potential compliance issues

The compliance training described in this program is in addition to any periodic professional education courses that may be required by statute or regulation for certain Personnel. Attendance and participation in compliance training programs is a condition of continued employment. Failure to comply with training requirements will result in disciplinary action, including possible termination.

Compliance with the reading of policies and completion of trainings shall be a part of each employee's annual performance review.

## **D. Lines of Communicating and Reporting**

Several independent reporting methods are available for all Personnel to report potential compliance issues in a free and open manner without fear of retaliation.

### **(i) Open Door Policy**

Personnel are encouraged to seek guidance from their immediate supervisor or manager regarding issues related to compliance and ethics. RRH recognizes that clear and open lines of communication are important to the hospital's success and to the furtherance of its goal to comply with all applicable laws. RRH maintains an open door policy regarding all Compliance Program related matters. Hospital Personnel are encouraged to seek clarification from their supervisor, the Corporate

Compliance Officer or the CEO in the event of any confusion or question about a statute, regulation, or RRH policy related to compliance, as well as any concerns regarding potential lack of compliance.

**(ii) Submitting Questions or Complaints**

RRH has established a telephone Compliance Hotline for use by Personnel to report concerns or possible wrongdoing regarding corporate compliance issues. Reports may be made anonymously. All calls are treated confidentially and are not traced. The caller is not required to provide his or her name. A hotline follow-up process will be used by the Compliance department to demonstrate appropriate follow through. The Compliance Hotline numbers shall be posted in conspicuous locations throughout RRH's facilities. The Compliance Hotline number is (760) 499-3675.

**(iii) Non-Retaliation Policy**

It is RRH's policy to prohibit retaliatory action against any person for making a report, anonymous or otherwise, regarding compliance. However, Personnel cannot use complaints or reports of potential violations to insulate themselves from the consequences of their own wrongdoing or misconduct. False or deceptive reports may be grounds for termination. It will be considered a mitigating factor if a person makes a forthright disclosure of an error or violation of this Compliance Program, an RRH policy, or any governing statutes and regulations. (See Employee Handbook and "Compliance with Federal and State False Claims Act" policy.)

**E. Auditing and Monitoring**

RRH will implement an ongoing evaluation and monitoring process using audit plans designed to minimize the risks associated with improper claims, billing practices, and other areas of potential noncompliance.

If actual or suspected noncompliance issues arise, an investigation to determine the causes will be conducted. If it is determined that the noncompliance was caused by improper procedures or misunderstanding of policies, RRH will take prompt steps to correct the problem(s). An investigation and accountability for follow-up may be conducted by the Corporate Compliance Officer or may be assigned to the appropriate department manager for corrective action and resolution. The corrective action and resolution will be reported to the Corporate Compliance Committee regularly until the Corporate Compliance Committee is satisfied that compliance has been met consistently. Any overpayments discovered as a result of audit or investigations will be returned promptly to the affected payor, with appropriate documentation and explanation. (See "Repayments to Federal Healthcare Programs" policy.)

**F. Enforcement and Disciplinary Procedures**

Disciplinary policies and procedures will be in alignment with this Corporate Compliance Program and relevant policies, as well as any federal or state laws governing the provision of healthcare services, for each job function. The disciplinary standards will be followed fairly and uniformly throughout RRH. (See Employee Handbook and "Sanctions for Privacy and Security Violations – HIPAA" policy.)

RRH will conduct a reasonable and prudent background check as part of every employment application, and prohibit the employment of individuals and contractors who have been convicted of a criminal offense related to healthcare or who are listed as debarred, excluded, or otherwise ineligible for participation in Federal or State healthcare programs.

**G. Corrective Action — Response and Prevention**

Violations of this Compliance Program, failure to comply with applicable federal or state laws, and other types of misconduct threaten RRH's status as a reliable and honest provider of healthcare services. Detected but uncorrected misconduct can seriously endanger RRH's business and reputation,

and can lead to significant sanctions against RRH, including the possible imposition of repayments, fines, penalties and possibly exclusion from participation in the Medicare or other Federal or State healthcare payment programs. Consequently, upon reports or reasonable indications of suspected non-compliance, prompt steps to investigate the conduct in question will be initiated under the direction and control of the Corporate Compliance Officer to determine whether a material violation of applicable law or the requirements of this Compliance Program has occurred. The Corporate Compliance Officer may create a response team to review suspected non-compliance including representatives from the compliance, audit, and other relevant departments.

## **VII. COMPLIANCE AS AN ELEMENT OF PERFORMANCE**

The promotion of, and adherence to this Compliance Plan & Standards of Conduct, as well as compliance with policies relevant to each job function will be a factor in evaluating the performance of all Hospital employees. Employees will be periodically trained regarding this Compliance Program, relevant policies and new compliance policies that are adopted.

In particular, all managers and supervisors must do the following:

- 1) Discuss, as applicable, the compliance policies and legal requirements with all supervised Personnel.
- 2) Inform all supervised Personnel that strict compliance with this Compliance Plan & Standards of Conduct, and with policies relevant to each job function is a condition of continued employment.
- 3) Inform all supervised Personnel that disciplinary action will be taken, up to and including termination of employment or contractor status, for violations of this Compliance Plan & Standards of Conduct or with pertinent policies.

Managers and supervisors will be subject to discipline for failure to adequately instruct their subordinates on matters covered by this Compliance Plan & Standards of Conduct and with pertinent policies, including but not limited to all HIPAA related policies. Managers and supervisors will also be subject to discipline for failing to detect violations of such non-compliance where reasonable diligence on the part of the manager or supervisor would have led to the discovery of a problem or violation and thus would have provided RRH with the opportunity to take corrective action.

## **VIII. PROCEDURE**

This Corporate Compliance Plan & Standards of Conduct shall be available via RRH's online electronic policy system, the electronic training system and on the RRH website. An overview of the concepts contained herein is presented during orientation to all new hires, including students, volunteers and independent contractors that provide healthcare services. An overview of the Corporate Compliance Program is also available via the online electronic policy system and shall be assigned as required reading in the electronic training system. Various other Corporate Compliance policies may also be assigned as required reading. Each Department Manager shall ensure compliance and shall verify that assigned policies have been read.

Vendors, contractors and medical staff can access this Corporate Compliance Plan & Standards of Conduct and the RRH False Claims Act policy via the RRH website.

The Corporate Compliance Officer shall ensure that the above distribution procedures are followed.