

**NASSAU HEALTH CARE CORPORATION
EAST MEADOW, NEW YORK 11554**

**SECTION: LEADERSHIP
POLICY/PROCEDURE**

<u>TITLE:</u> COMPLIANCE PLAN
<u>Approved:</u> Julie Mirkin, Sr VP patient care services; Steven Walerstein, MD, Sr VP medical affairs
<u>Cross References:</u>

PURPOSE: To assist NHCC in maintaining, and legal counsel in rendering legal advice regarding compliance with the numerous laws, regulations and policies that govern the conduct of NHCC.

1.0 POLICY

The Nassau Health Care Corporation (“NHCC”) is proud of its long tradition of ethical and responsible conduct. Each NHCC employee is expected to adhere to this high standard whenever he or she acts on behalf of NHCC, whether in dealings with other employees, patients and their families, vendors, government regulators or the general public. Violations of legal or ethical requirements jeopardize the welfare of NHCC, its employees and patients, and the communities it serves.

The Corporate Compliance Plan is intended to define and govern the conduct expected of employees (including contractors and vendors), to provide guidance on how to resolve questions regarding legal and ethical issues, and to establish a mechanism for reporting of possible violations of Federal and State law or ethical principles within NHCC and ultimately ensure that quality patient care is being rendered.

The Compliance Plan comprises the following components:

- The Corporate Compliance Manual, which includes the Code of Conduct and Compliance Guidelines, and this overview. A copy of the Code of Conduct is distributed to each employee and included in the employee manual.
- The Corporate Compliance Officer who has authority to administer the Plan and ultimately is responsible and accountable for compliance matters.
- NHCC is taking steps to communicate effectively its standards and procedures

to all its employees and agents. Periodic educational programs on specific areas of compliance will be provided to all employees under the direction of the Compliance Officer, in consultation with the Department of Legal Affairs. Attendance at such programs is a condition of employment. If an employee is unable to attend a particular program, he or she shall advise his or her supervisor or the Compliance Officer.

2.0 PROCEDURE

2.1 BASIC RULES OF CONDUCT

2.1.1 Comply with all laws and regulatory requirements

Every employee shall observe strictly all laws and regulatory requirements that apply to NHCC.

Every employee is expected to be familiar with the basic legal requirements relevant to his or her duties.

Employees can learn the laws and regulations that apply to their work through in-service training programs, from supervisors, by reviewing NHCC policies, and by asking questions of the Department of Legal Affairs. Employees are expected to ask supervisors when they require assistance in understanding their legal obligations.

Supervisors have a duty to respond to those questions, seek out advice when they do not know the answer and report violations of the Compliance Program to the Compliance Officer. Employees may also report compliance issues directly to the Compliance Officer.

2.1.2 Keep accurate records

Every employee is expected to comply with NHCC and government requirements regarding record keeping. All records and reports shall be prepared accurately, legibly, and retained in accordance with applicable requirements.

All communications within NHCC or to outside agencies must be truthful and documented.

2.1.3 Behave ethically

Every employee shall adhere to high ethical standards when he or she acts on behalf of NHCC. These standards are explained in more detail in the Corporate Compliance Manual (the "Manual") Code of Conduct.

2.1.4 Comply with the corporate conflict of interest policy

Every employee is expected to be loyal to NHCC, to avoid using his or her position for personal

gain, and to comply with the conflict of interest policy, described in Part III D, Employee Loyalty and Conflicts of Interests, of the Manual.

2.1.5 Report possible violations

Every employee shall report any possible violations of law or ethical standards in accordance with the procedure set forth in the following section.

2.2 The Compliance Plan

The Plan should comply, to the extent possible, with Application Note 3(k) on §8AI .2 of the Federal Sentencing Guidelines, which specifies the following seven (7) minimal elements of an effective compliance program:

2.2.1 Required Elements of the Plan

2.2.1.1 established compliance standards and procedures that are reasonably capable of reducing the prospect of criminal conduct;

2.2.1.2 appointment of specific, high-level individual(s) with overall responsibility to oversee compliance;

2.2.1.3 due care not to delegate substantial discretionary authority to individuals with a propensity to engage in illegal activities;

2.2.1.4 steps to communicate effectively the compliance standards and procedures to all employees and agents (e.g., by mandatory training or dissemination of publications);

2.2.1.5 reasonable steps to achieve compliance (e.g. audit and reporting systems);

2.2.1.6 consistent enforcement through appropriate disciplinary mechanisms, including discipline for failure to detect an offense; and

2.2.1.7 reasonable steps to respond appropriately to an offense after detection and to prevent recurrence, e.g., modifying the compliance program.

2.2.2 Structure

2.2.2.1 There shall be appointed a Compliance Officer and members of the Compliance Committee. To avoid any issues related to a conflict of interest regarding legal or financial matters associated with compliance, these individuals report to the NHCC

President/CEO and the Board of Directors.

2.2.2.2 Compliance Committee leadership includes the following:

2.2.2.2.1 Senior VP for Medical Affairs (or equivalent)

2.2.2.2.2 General Counsel to NHCC

2.2.2.2.3 NHCC President/CEO

2.2.2.2.4 Chief Financial Officer

2.2.2.2.5 Compliance Officer

2.2.2.2.6 Others as designated by NHCC President/CEO

2.2.3 Authority of Corporate Compliance Officer-General

NHCC has designated a Compliance Officer who will serve as the focal point for compliance activities. The Compliance Officer has direct access to NHCC's governing body and Chief Executive Officer.

The Compliance Officer has authority to fulfill the following functions:

2.2.3.1 to designate deputies to assist in carrying out his/her functions. For these purposes, these delegates will report to the Compliance Officer;

2.2.3.2 to be sure that all NHCC employees receive, and that all employees acknowledge in writing, that they will abide by the NHCC Code of Conduct;

2.2.3.3 to develop and provide suitable periodic training programs for different functional groups within NHCC, to enhance the likelihood that employees will be deterred from misconduct, and to increase understanding of the legal standards to which NHCC employees are expected to conform, including those relating to billing;

2.2.3.4 to investigate with the assistance of others selected by the Compliance Officer reports of wrongdoing by any NHCC employee and to make independent determinations as to whether wrongdoing occurred. It is within the Compliance Officer's discretion to determine the extent of appropriate investigation;

2.2.3.5 to recommend discipline, discharge or other appropriate action, including notifying the appropriate governmental entity;

2.2.3.6 to perform these tasks on a confidential basis to minimize the risk that any NHCC employee feels any threat of retribution in coming forward with reports of wrongdoing;

2.2.3.7 to establish and maintain systems to document NHCC's efforts to implement this Plan, and to provide for consistent procedures for discipline of violators;

2.2.3.8 to conduct periodically, on the Compliance Officer's initiative, audits of divisions, departments or offices of NHCC to insure that they are in compliance with this Plan;

2.2.3.9 to direct NHCC's internal auditors, security department, and other personnel to assist in administering this Plan. For these purposes, the auditors, members of security department and other such personnel shall report directly to the Compliance Officer;

2.2.3.10 to coordinate the Compliance Officer's efforts with NHCC's outside auditors, to review with them existing controls and consider with them whether other measures are appropriate for effective implementation of the Plan;

2.2.3.11 to develop and institute, with the advice of the General Counsel for Legal Affairs, any programs, systems or processes needed to improve this Plan and to make any changes necessary;

2.2.3.12 to report periodically to the President and Chief Executive Officer and at least quarterly (per the Corporate Integrity Agreement through August 2004) to the Board of Directors regarding the Compliance Officer's experience with how this Plan is working and recommendations, if any, for its improvement; and

2.2.3.13 at the Compliance Officer's request, to call a meeting of the Board of Directors to consider any of the Compliance Officer's findings or conclusions requiring the Board's attention.

2.3 Authority of Corporate Compliance Officer: two major areas of emphasis

The development of appropriate training programs and the process for employees to report information of suspected wrongdoing, should receive particular attention by the Compliance Officer.

2.3.1 Appropriate training

Training programs designed to instruct about particular legal issues, including those that may arise in connection with billing practices and procedures, and to deter wrongful behavior are an essential component of the Compliance Program. Training sessions should be designed and

directed for specific groups of employees. The use of videos, workshops, and presentations by legal staff and outside consultants is encouraged.

Part of the training is the periodic reminder to employees of the contents of the Plan and that NHCC considers compliance with the Plan an essential term of their employment.

2.3.2 Reporting and investigation of complaints

In order to encourage reports of suspected improper behavior, the Compliance Officer shall consider the following:

2.3.2.1 Appointment of delegates in each area of NHCC's operation. The delegates should be persons that others within the delegate's department will trust with confidential information.

2.3.2.2 It is essential to diminish fear of retribution. The Compliance Officer should be vigilant to insist that no one in a position of authority does or says anything that could be understood to threaten or constitute retaliation against anyone who in good faith reports suspected wrongdoing, and to impose appropriate discipline on anyone who does. To the extent consistent with a fair and effective investigation of a report, the confidentiality of the whistle blower's identity should be preserved, notwithstanding the increased risk of frivolous or vengeful complaints.

2.3.2.3 Once a report of wrongful conduct is made to either the Compliance Officer or Deputy Compliance Officer of the Faculty Practice Plan, the Compliance Officer should use discretion to determine whether and to what extent to investigate and to seek assistance from others to conduct the investigation. The Compliance Officer is authorized to supervise the inspection of all documents and records relating to the matter and to interview all employees involved. In view of the importance that NHCC gives to the investigation process, the Compliance Officer is authorized to confer with the General Counsel for Legal Affairs to evaluate whether to retain outside consultants, such as attorneys and accountants, for this purpose.

2.3.2.4 If the results of the investigation demonstrate that a report of suspected criminal behavior or other violation of this policy has a substantial basis, the Compliance Officer should recommend disciplinary action, potentially including discharge, and to discuss with the President and Chief Executive Officer what other response is appropriate.

2.3.2.5 In view of the grave consequences of failure to comply with environmental regulations, the Compliance Officer is authorized to confer with the General Counsel for Legal Affairs to evaluate whether to retain consultants to conduct periodic audits of NHCC's environmental safety procedures.

2.3.2.6 As grave consequences may also arise from failure to prepare accurate bills and submit proper claims in accordance with applicable laws and regulation, the Compliance Officer is authorized to confer with the General Counsel for Legal Affairs to develop a mechanism (including retaining consultants) for conducting periodic audits of NHCC's billing procedures.

2.4 Reporting Possible Legal or Ethical Violations

2.4.1 Where and when to report

2.4.1.1 Reports by an employee of possible violations of law or ethical standards should be made to their supervisor, the Compliance Officer, or the Deputy Compliance Officer for the Faculty Practice Plan.

2.4.1.2 All employees must acknowledge annually that they are in compliance with the conflict of interest policy. Actual or potential conflicts also may be reported to the Compliance Officer at any time.

2.4.2 What to report

An employee need not be absolutely certain that a violation has occurred before making such a report; reasonable belief that a violation is possible is sufficient. Reporting enables NHCC to investigate potential problems quickly and to take prompt action to deal with them.

2.4.3 Consequences of reporting

No employee shall be disciplined because he or she made a report in good faith. Where possible, the confidentiality of the employee making the report will be protected.

2.5 Plan Administration

2.5.1 Investigations

2.5.1.1 Maintain a written record of all compliance program activity, including: a) all reports made by NHCC employees of suspected wrongdoing; b) all steps taken to investigate reports; and c) determinations made as a result of an investigation. In documenting the determinations, decide, depending on the circumstances, whether to detail the reasons for conclusions. It may be convenient to use forms (samples attached) to document initial reports and follow up investigation of routine matters, and to maintain those forms in a loose-leaf notebook (the Compliance Issue Tracking Log and the Report of Suspected Violation of Compliance Program). All written reports of serious matters should be prepared under the

supervision and for the attention of the General Counsel for Legal Affairs.

2.5.1.2 Safeguard confidentiality of reports and investigations.

2.5.1.3 Some uncomplicated kinds of suspected wrongdoing can be referred to the Security Department for efficient investigation. Be sure that those who work in that department are aware of the need to maintain confidentiality and ensure against retaliation.

2.5.1.4 Determine whether, in light of the nature of the actions alleged, outside counsel or other consultants should be involved in the investigation.

2.5.1.5 Immediately after interviewing the person who made the report, collect and review documents relevant to the allegations.

2.5.1.6 In order to diminish the likelihood that rumors will interfere with the investigation, promptly interview everyone else who may have relevant information.

2.5.1.7 If the nature of the suspected wrongdoing makes it unlikely that the confidentiality of the person who made the report can be maintained, discuss this fact and reassure him or her that the corporation will not tolerate retaliation.

2.5.1.8 At the beginning of every interview, remind employees that the Compliance Officer represents the interests of NHCC and that the Compliance Officer is not acting as their personal representative or lawyer.

2.5.1.9 In appropriate circumstances, discuss with the General Counsel for Legal Affairs whether NHCC employees whose interests appear to conflict with those of the corporation should be advised to seek separate counsel.

2.5.2 Other issues

2.5.2.1 Maintain a separate file or loose leaf notebook documenting implementation of the Compliance Program, compliance training of NHCC employees, and the Compliance Officer's activities to administer and audit the Program.

2.5.2.2 Distribute the Code of Conduct, or the Manual as deemed appropriate, to all employees and maintain a file containing each employee's signed acknowledgment form. Each new employee should attend the two-hour corporate compliance training session, receive a copy of the Code and sign the acknowledgment form.

2.5.2.3 Develop a regular schedule of training programs, to be repeated

periodically as frequently as deemed necessary, depending on the subject matter. The training for various groups of employees should focus on the legal requirements most relevant to their jobs. All employees involved in billing should receive regular training and updating.

2.5.2.4 From time to time, discuss with the leaders of NHCC's departments any changes in their operations or in the responsibilities or functions of the employees they supervise. This will assist in developing appropriate training programs.

2.5.2.5 Maintain a record of attendees at every training session, and take steps to ensure that every employee who has been identified for training in a particular area attends the training programs.

2.5.2.6 Monitor developments in applicable areas of the law by reviewing regularly relevant periodicals.

2.5.2.7 Consult with NHCC auditors whether it makes sense to expand the scope of the management letter they deliver in connection with their annual audit to include issues related to the Compliance Program.

2.5.2.8 In consultation with the General Counsel for Legal Affairs, outside counsel and NHCC's auditors, consider, at least annually, appropriate revisions to the compliance plan based on the experiences of the Compliance Officer and on any instances of wrongdoing disclosed in investigations.

2.5.3. Sanctions

2.5.3.1 Corrective Action or Discipline

Every confirmed act of Non-compliance may result in corrective action or discipline. The sanction for a single act of non-compliance will be decided by the Compliance Officer in conjunction with the President/CEO and if appropriate the Medical Board and/or Senior Management. Members of the Compliance Committee may advise on sanctions for severe or repeated instances of non-compliance. Sanctions may include a requirement to follow a certain process or procedure in the future, restitution, and/or discipline. This is not intended as an exhaustive list, and the Compliance Committee may recommend other sanctions.

2.5.3.2 Non-delegation of Authority

The Compliance Officer has the authority to revoke the delegation of discretion to any employee found to be non-compliant. For example, a person responsible for billing clinical services who is found to be coding bills improperly may be required to submit bills to the Compliance Officer or his designee for some period of time necessary to ensure proper compliance.

NASSAU HEALTH CARE CORPORATION

COMPLIANCE PROGRAM

REPORT OF SUSPECTED VIOLATION OF COMPLIANCE PROGRAM

Date, time report received: _____

Name and position of person who received report: _____

Subject matter of report: _____ Personal dispute, not apparent violation of law: _____

~~Name and position of person who made report:~~ _____

Antitrust: _____

Environmental: _____
Division/Department: _____

OSHA: _____

Substance of report: _____

Billing Error or Impropriety:

Other _____ (describe):

Dishonesty, _____ Fraud:

Conflict of Interest:

Policy #

(To be filled out by Compliance Officer:)

Date _____ report _____ received:

Referred _____ for _____ investigation _____ to:

Date _____ received _____ reports _____ on _____ status _____ of _____ investigation:

Action _____ taken, _____ and _____ date:

Person, _____ who made report, _____ informed of action taken: