

McLeod Health

The Choice for Medical Excellence

CORPORATE COMPLIANCE PROGRAM

THE VENDOR CODE OF CONDUCT

FOR ITS SUBSIDIARIES AND AFFILIATES.

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● Page 2

Table of Contents

Introduction - Pages 2-7

- 3 Code of Conduct
- 4 Conflict of Interest
- 4 Confidential Information
- 7 Tips, Gratuities and Gifts
- 7 Reporting Process

Policies - Pages 8-23

- 8 Ethical Conduct in the Workplace
- 8 Proprietary McLeod Health Organization Information
- 8 McLeod Health Organization Property
- 8 No Payments for Patient Referrals;
No Prohibited Arrangements with Physicians
- 9 Compliance with Environmental Laws
- 10 Compliance with Antitrust Laws
- 11 Payments or Gifts to Government Officials
- 12 Safety and Health
- 12 Detection and Prevention of Fraud, Waste and Abuse
- 17 Corporate Integrity Program Certification

Introduction

McLeod Health has been, and continues to be, committed to conducting its business in full compliance with all local, state and federal laws. McLeod has also long been committed to preventing and detecting non-compliance with these laws. The mission of the Corporate Compliance Program is to aid in the detection, prevention and correction of compliance issues. The intent of this Code of Conduct is to ensure that we educate vendors about the program and what is expected of our vendors. McLeod strives to manage its procurement activities with its consultants, subcontractors, suppliers and vendors in a fair and reasonable manner free from conflicts of interest consistent with all applicable laws and in conformity with good business practices.

Creating and reinforcing a corporate culture that embraces compliance is a top priority for the McLeod's Board of Trustees. Our values of quality, caring, the person, and integrity are the very foundation of all that we do at McLeod for our patients and for each other. These values are held dear by our organization and are introduced to employees and vendors alike.

McLeod developed this Vendor Code of Conduct in order to assist vendors in avoiding both the fact of, or even the appearance of, improper corporate activities and to assure that all applicable laws are followed.

The purpose of this Policy on Business Practices is to define the McLeod Health policies and procedures by which all vendors, their representatives and agents must conduct themselves and the business of their respective organization(s) with all McLeod Health entities. This policy is intended to minimize the disruption of patient care and will:

1. Provide guidelines for fair and uniform access to McLeod facilities, staff and physicians;
2. Support the vendor credentialing process, which allows vendors and their representatives and agents access to conduct business with McLeod Health;
3. Provide for periodic reviews and revisions to assure that all policies are current, clear, and consistent with applicable corporate policies and procedures, as well as all applicable regulations and laws;
4. Ensure a program to protect medical staff and employee efficiency and integrity, and ensure patient privacy and confidentiality; and

5. Provide for appropriate penalties for organizations, vendors, their respective representatives and agents, which/who may violate McLeod Health corporate policies.

McLeod Health expects its employees, contract personnel, vendors, and their respective representatives and agents to conduct themselves and the business of their respective organization(s) in accordance with the highest ethical and moral standards.

Prior to conducting any business with the institution, all vendors and/or organizations desiring to provide goods and/or services to McLeod Health must obtain privileges by completing all requirements set forth in the McLeod Health Vendor Credentialing policy.

Organizations or individuals wishing to obtain business privileges with McLeod Health must demonstrate the absence of any sanctions and/or convictions pertaining to a federal health care program and/or a federal procurement or non-procurement program; fiduciary responsibility; financial stability; the willingness to conduct business in a fair, equitable and ethical manner; and the willingness to conduct all business affairs in accordance with all policies of McLeod Health. Those individuals, vendors or their agents and/or representatives failing to comply will be subject to having all privileges to call upon and/or to do business with McLeod Health revoked either temporarily or permanently, depending upon the severity of the offense.

Finally, we pursue and encourage competitive procurement within our organization. Our selection of consultants, subcontractors, suppliers, and vendors is based upon both, subjective and objective criteria which includes such metrics as quality, technical excellence, price, delivery, adherence to schedules, service, and maintenance of adequate sources of supply.

Code of Conduct

All members of McLeod Health, its subsidiary organizations, members of the Medical Staff, organizations doing business with McLeod, as well as the Board of Trustees, are expected to conduct their work-related activities in accordance with the highest personal and ethical standards. Individually and collectively, each Vendor is accountable for conducting McLeod activities with integrity, operating in compliance with the applicable McLeod policies and all applicable laws, and avoiding situations where personal interests are, or appear to be in conflict with the interests of McLeod. All members of the McLeod Health family are expected to comply with all federal healthcare program requirements for all programs in which McLeod participates. McLeod's vendors are expected to know the applicable guidelines for their particular line of business and to adhere to them when conducting business with McLeod. A

copy of the McLeod Health Compliance Manual is available from the McLeod Health Procurement Department or the Corporate Compliance Department. The following provides a summary of certain standards of conduct, which are included in various McLeod Health policies, publications and guidelines.

Conflict of Interest

The term "conflict of interest" refers to situations in which financial or other personal considerations may compromise, or have the appearance of compromising, professional judgment. Such conflicts may affect the collection, analysis and interpretation of data, as well as the hiring of staff, procurement of materials, issues related to public relations and misuse of the McLeod name.

A conflict of interest occurs if one's activities or personal interests appear to or might influence the business decisions required by one's responsibilities, are detrimental to the business of McLeod Health, or result in an improper or illegal gain for you or a third party.

The mere appearance of a conflict of interest may be as serious and potentially damaging as a known conflict of interest, and should be evaluated and managed with the same degree of consideration. Anyone having knowledge of a known or potential conflict of interest shall give prompt notification to the Vice President of Procurement & Construction or the Corporate Compliance Department.

Confidential Information

All vendors have a responsibility to keep information concerning their business dealings with McLeod confidential. Vendors should refrain from revealing any personal or confidential information concerning other vendors at McLeod, McLeod employees or McLeod Health business or financial operations. In some instances, vendors may be exposed to confidential information concerning patients at McLeod. This confidential information (Protected Health Information or PHI), should never be transcribed, communicated, relayed or released to others unless the vendor has obtained the express authority to do so and/or has signed a McLeod Business Associate Agreement (BAA) that indicates agreement to be bound by its terms. Any carelessness or thoughtlessness in this respect leading to the release of such information is not only wrong ethically, but may result in legal action against the vendor, an individual and McLeod Health.

Professional Relationships

McLeod Health does not seek to gain any advantage through the improper use of business courtesies or other inducements. Good judgment and moderation must be exercised to avoid misinterpretation and adverse effects on the reputation of McLeod Health. Offering, giving, soliciting or receiving any form of compensation (cash or in-kind) outside the scope of the contractually agreed terms is prohibited.

Commissions, rebates, discounts and allowances are customary business inducements, but careful attention is needed to avoid illegal or unethical payments. Such payments must be reasonable in value, competitively justified, properly documented and disclosed and made to the business entity to which the original agreement or invoice was made or issued. Inducements of any kind will not be made to individual officers, employees or agents of McLeod, nor should a vendor or its employees accept any inducements from McLeod, any of its employees or agents. No such compensation, commissions, rebates, discounts, or allowances will be given/received in order to induce referrals of patients to McLeod Health.

Tips, Gratuities and Gifts

McLeod Health takes pride in its reputation for excellence in healthcare and service to its patients.

Employees' acceptance of tips, personal gratuities or expensive gifts from vendors is considered improper and highly unprofessional and will not be allowed. If a vendor wishes to present a monetary gift, the vendor should be referred to the McLeod Foundation office. Inexpensive non-monetary gifts (ex. pens, pencils, note pads) that cannot be shared with co-workers may be used for personal purposes, but should otherwise be declined. Whenever there is doubt about the appropriateness of an inexpensive gift, the Vice President Procurement & Construction or the Compliance Department should be consulted.

Vendors hosting an educational opportunity regarding their products or services may provide a meal/food in conjunction with that program. As with all vendor interactions frequency and expense are a consideration. Discounts that are available to all McLeod Health employees and employees of other companies may be accepted.

McLeod employees who deal with vendors must do so in a reputable, professional and legal manner. It is both improper and illegal for any McLeod employee to request that a tip, gift or gratuity be provided as a condition of doing business, or continuing business with McLeod. Any such request received by a vendor should be immediately reported to the Compliance Department.

Government Relations

Vendors are encouraged to be aware of government policies affecting its business relationship with McLeod and to direct any concerns to Administration or the Compliance Department. It is McLeod's intent to adhere to all such rules, regulations, and policies. Vendors shall not make any representation to any government agency concerning its business relationship with McLeod without first informing McLeod of its intent to do so or as otherwise provided by law or contract.

Valuing Individual Diversity

It is a McLeod Health principle to promote cultural diversity and equality of opportunity. Therefore, Vendors should respect the rights, dignity, and cultural differences of individuals at all times. Vendors shall not discriminate against others on the basis of race, color, sex, pregnancy, age, or disability. Harassment of any type will not be tolerated.

Behaviors that Undermine a Culture of Safety

McLeod Health is committed to a workplace environment that is free from threats of violence and the maintenance of a respectful working environment. McLeod affirms the basic right of everyone to have a safe and humane working environment with every person treated with dignity and respect. Acts of aggression, intimidating or disruptive behaviors will not be tolerated.

Acts of aggression include verbal or physical actions that are intended to create fear or apprehension of bodily harm. Examples include, but are not limited to: psychological traumas such as threats, oral or written statements, obscene phone calls, intimidating presence and harassment of any nature to include stalking, swearing or shouting. Intimidating and disruptive behaviors include overt actions such as verbal outbursts and physical threats, as well as passive activities such as refusing to perform assigned tasks, condescending language, or refusal to answer questions. Overt and passive behaviors can undermine team effectiveness and can compromise the respectful working environment and the safety of patients.

Compliance

All vendors are expected to comply with these McLeod Health standards of conduct, and the applicable McLeod Health policies and procedures related to their business relationship with McLeod. When in doubt, it is an individual's responsibility to seek clarification from the Procurement Department or the Corporate Compliance Department. Vendors, or an individual representing a vendor, who conducts themselves in ways incompatible with these standards, risk termination of the business relationship. Vendors who are aware of suspected misconduct, fraud, abuse of the institution's assets, or other violations of the ethical standards of McLeod Health are responsible for reporting such matters to the Procurement Department or the Corporate Compliance Department. Every effort will be made to protect the identity of the reporting individual if desired, or an individual may elect to report anonymously by calling the Corporate Compliance Hotline at 1-888-679-3531. The Corporate Compliance Office shall be primarily responsible for investigating such reports. At the conclusion of the investigation, upon recommendation by the Corporate Compliance Department, management shall take timely action as warranted by the circumstances.

Reporting Process

All members of the McLeod Health family are encouraged to report questionable conduct or concerns. There are many ways to do this.

Hot Line

The purpose of the Hot Line is to encourage the reporting of possible unethical or illegal conduct. Calls to the Hot Line should be thorough and contain enough information to conduct a proper investigation. Confidentiality is assured to the extent possible. No retaliation or harassment will be taken against anyone for using the Hot Line to make a report or to ask a question. The Hot Line number is 1-888-679-3531.

Direct Dial

You can also contact the Compliance Department directly by calling the Chief Corporate Compliance Officer at 777-8097.

Procurement Services Department

Always feel free to report any perceived or known compliance issues to the Vice President of Procurement & Construction or directly to the Compliance Department. The Vice President of Procurement & Construction and Director of Procurement Services serve as Compliance Liaisons and as direct links to the Compliance Department.

Ethical Conduct in the Workplace

All of McLeod Health's business affairs must be conducted with honesty, fairness and integrity. These qualities are evidenced by truthfulness and the absence of deception or fraud. No set of standards, written rules, or procedures can substitute for the personal integrity, good judgment, and common sense required to meet the challenges of the daily work at McLeod. It is essential that vendor's and their employees have a sense of workplace ethics and honesty and that they are committed to those ideals.

Proprietary McLeod Health Organization Information

Proprietary or confidential information developed or acquired by McLeod Health and not generally available to others is a valuable asset of McLeod and must be kept confidential and be protected against theft, loss or improper disclosure. Vendors shall not disclose or permit the disclosure of proprietary McLeod information, data, systems, pricing, finances or policies to any competitor of McLeod or to any person who might be in a position to disclose such matters to McLeod's competitors.

McLeod Health Organization Property

Vendors shall not use McLeod Health property for personal reasons or for reasons not associated with their contractual obligations with McLeod. McLeod's assets, such as equipment and supplies, must not be taken out of McLeod facilities except in circumstances that contribute to the provision of appropriate patient care or as necessitated by contractual obligations.

No Payments for Patient Referrals; No Prohibited Arrangements with Physicians

McLeod Health will comply with all laws pertaining to Medicare and Medicaid and other federal programs, including all laws involving fraud and abuse of these programs.

There are a number of laws governing Medicare and Medicaid and other federal health programs. These laws prohibit the payment of remuneration (cash or in kind) in return for the referral of Medicare or Medicaid patients or to induce the purchase of goods or services to be paid for by Medicare or Medicaid. They also prohibit making false claims for Medicare or Medicaid reimbursement.

No vendor shall solicit or receive, or offer to pay or pay for remuneration of any type (including kickbacks, bribes or rebates) in return for referring or recommending the referral of an individual to another person, hospital or medical facility for services or in return for the purchase of goods or services

No vendor shall offer or grant any benefit to a McLeod physician or other referral source on the condition that such physician or referral source utilizes a particular vendor's products or services. No vendor shall offer or grant any benefit to any physician or other referral source in return for the physician referring patients to McLeod for care and/or services.

McLeod expects vendors to closely examine relationships that involve referral sources. Every agreement involving compensation or cross referrals with a physician or other referral source should be disclosed to McLeod prior to entering into any business relationship with McLeod. Vendors will not enter into improper arrangements with any member of the Medical Staff at McLeod.

Compliance with Environmental Laws

McLeod Health is committed to promoting sound corporate environmental practices that will prevent damage to the environment, enhance human and community resources, and reduce or avoid exposure to environmental liabilities. If an existing or potential condition hazardous to human health or the environment is detected, you should report the condition immediately to the Vice President of Procurement & Construction, the Compliance Department, or the department head or administrator with whom you have a business relationship.

Prompt disclosure of such events is critical to timely prevention and helps to ensure effective remedial action is promptly taken.

Compliance with Antitrust Laws

Under the antitrust laws of the United States, certain agreements, whether explicit or implicit, with vendors, competitors, customers or others may constitute punishable crimes and result in severe personal and institutional civil damages if they produce an unreasonable restraint of trade or substantial lessening of competition.

Examples of conduct that may be anti-competitive include exclusive buying or selling agreements and certain mergers and acquisitions. The facts of a particular course of conduct are important to an evaluation of the anti-competitive consequences of such conduct and require expert legal guidance.

McLeod Health recognizes that routine communications with competitors are appropriate and reasonable in many instances, but communications with competitors about matters that could be perceived to have the effect of lessening competition should take place only after consultation with legal counsel.

General business information about its competitors is important to the McLeod's efforts to maintain and improve upon its competitive position in the markets in which McLeod operates. However, only legal and ethical means should be used to gather information about existing and potential competitors.

Payments or Gifts to Government Officials

There should not be any payments to government officials to secure sales or obtain favorable treatment made by any vendor on behalf of McLeod. Gifts of substantial value to or extravagant entertainment of, government officials or employees is prohibited because these actions could be construed as attempts to influence government decisions. Gifts, assistance or entertainment provided for any government official or employee should not compromise or appear to compromise that person's integrity.

Safety and Health

McLeod Health, its employees and vendors are responsible for maintaining a safe and healthy work environment. The parties must strive to comply with all local, state, and federal safety laws, rules and regulations, including but not limited to those administered by the Occupational Safety and Health Administration (OSHA).

Detection and Prevention of Fraud, Waste and Abuse

McLeod Health is committed to complying with all applicable federal and state laws and regulations. To ensure compliance with such laws, McLeod has policies and procedures in place to detect and prevent fraud, waste, and abuse, and also supports the efforts of federal and state authorities in identifying incidents of fraud and abuse.

Below is an overview of the Federal Civil False Claims and Program Fraud Civil Remedies Acts and applicable state laws.

Background

The submitting of false information and claims to the Federal Government may constitute a fraud that is actionable by enforcement agencies. The Office of Inspector General (OIG), U. S. Department of Health and Human Services conducts a large number of Medicaid audits and evaluations due to improper or fraudulent payments which result in a substantial drain on State and Federal funds.

The Deficit Reduction Act (DRA) of 2005 mandated that any entity receiving or making annual payments under the State Medicaid plan of at least \$5 million must:

- “establish written policies for all employees of the entity (including management), and of any contractor or agent of the entity, that provide detailed information about the False Claims Act (FCA) established under sections 3729 through 3733 of title 31, United States Code, administrative remedies for false claims and statements established under chapter 38 of title 31, United States Code, any State laws pertaining to civil or criminal penalties for false claims and statements, and whistleblower protections under such laws, with respect to the role of such laws in preventing and detecting fraud, waste, and abuse in Federal health care programs (as defined in section 1128B(f)); and,
 - include as part of such written policies, detailed provisions regarding the entity’s policies and procedures for detecting and preventing fraud, waste, and abuse; and
Include in any employee handbook for the entity, a specific discussion of the laws described in subparagraph (A), the rights of employees to be protected as whistleblowers, and the entity’s policies and procedures for detecting and preventing fraud, waste, and abuse.”
1. All employees and vendors must conduct themselves in an ethical and legal manner, including the maintenance of accurate records related to their business activities.
 2. All employees and vendors are responsible for reporting potential or suspected incidents of fraud and abuse, and other wrongdoing directly to their supervisor, Department Director, the Compliance Department and/or executive management, consistent with policy.
 3. McLeod Health has developed policies and procedures designed to educate employees and vendors about fraud and abuse, including the detailed provisions of the FCA, administrative remedies, State laws pertaining to civil or criminal penalties and *Qui Tam* provisions.
 4. The Compliance Department in consultation with legal counsel has the responsibility for receiving and acting upon all information suggesting the existence of possible fraud, abuse or other wrongdoing; and for directing all investigations arising from this information.

Federal and State False Claims Laws

The Role of Federal and State Laws in Preventing Fraud, Waste, and Abuse:

The Federal Government and the State of South Carolina have enacted criminal and civil laws pertaining to the submission of false or fraudulent claims for payment or approval to the federal and state governments and to private payors.

The laws, which provide for criminal, civil, and administrative penalties, provide governmental authorities with broad authority to investigate and prosecute potentially fraudulent activities. The false claims laws also provide anti-retaliation provisions for individuals who make good faith reports of waste, fraud, and abuse.

The Federal Civil False Claims and Program Fraud Civil Remedies Acts, applicable State laws, and anti-retaliation provisions are summarized in the following sections.

1. Federal Civil False Claims Act

The **Civil False Claims Act (31 U.S.C. 3729 *et seq.*)** is a statute that imposes civil liability on any person who:

- knowingly presents a false or fraudulent claim for payment or approval,
- conspires to defraud the government by getting a false or fraudulent claim allowed or paid,
- uses a false record or statement to avoid or decrease an obligation to pay the Government,
- and other fraudulent acts enumerated in the statute.

The term "**knowingly**" as defined in the Civil False Claims Act ("FCA") includes a person who has actual knowledge of the information, acts in deliberate ignorance of the truth or falsity of the information, or acts in reckless disregard of the truth or falsity of the information. No proof of specific intent to defraud is required.

The term "**claim**" includes any request or demand for money or property if the United States Government provides any portion of the money requested or demanded.

Potential civil liability under the FCA currently includes penalties of between \$5,500 and \$11,000 per claim, treble damages, and the costs of any civil action brought to recovery such penalties or damages.

The **Attorney General of the United States** is required to diligently investigate violations of the FCA, and may bring a civil action against a person.

The FCA also provides for **Actions by Private Persons** (or *qui tam* lawsuits), and the private person can bring a civil action in the name of the government for a violation of the Act.

The action is filed and served on the United States Government, and remains under seal for at least sixty days. The United States Government may choose to intervene in the lawsuit and assume primary responsibility for prosecuting the action. If the Government chooses not to intervene, the private party who initiated the lawsuit has the right to conduct the action.

In the event the government proceeds with the lawsuit, the *qui tam* plaintiff may receive between 15 to 25% of the proceeds of the action or settlement. If the *qui tam* plaintiff proceeds with the action without the government, the plaintiff may receive between 25 to 30% of the recovery. In either case, the plaintiff may also receive an amount for reasonable expenses plus reasonable attorneys' fees and costs.

Whistleblower Protection. The Civil False Claims Act also provides for protection for employees from retaliation. An employee who is discharged, demoted, harassed, or discriminated against because of lawful acts conducted in furtherance of an action under the FCA may bring an action in Federal District Court to seek reinstatement, back pay, and other enumerated costs, damages, and fees.

2. Federal Program Fraud Civil Remedies Act of 1986

The **Program Fraud Civil Remedies Act of 1986** ("Administrative Remedies for False Claims and Statements" at 38 U.S.C. 3801 *et seq.*) is a statute that establishes an administrative remedy against any person who submits a claim or written statement that the person knows or has reason to know is false, fictitious, or fraudulent to certain federal agencies (including the Department of Health and Human Services). The Act or "PFCRA" is applicable to allegations of program fraud when the claims are less than \$150,000.

The term "**knows or has reason to know**" is defined in the Act as a person who has actual knowledge of the information, acts in deliberate ignorance of the truth or falsity of the information, or acts in reckless disregard of the truth or falsity of the information. No proof of specific intent to defraud is required.

The term "**claim**" includes any request or demand for money or property if the United States Government provides any portion of the money requested or demanded or will reimburse such recipient or party for any portion of the money paid on such request or demand.

The PFCRA allows for **civil monetary sanctions** to be imposed in administrative hearings, including penalties of \$5,500 per claim and an assessment, in lieu of damages, of not more than twice the amount of the original claim.

3. State Criminal False Claims Statute

Section 38-55-170 of the South Carolina Code ("**Presenting False Claims for Payment**") provides that a person who knowingly presents a false claim to an insurer, health maintenance organization, or to any person (including the State of South Carolina) providing benefits for health care in South Carolina is guilty of:

- a felony if the amount of the claim is \$5,000 or more and may be imprisoned for not more than ten years and/or subject to fines not more than \$5,000;
- a felony if the amount of the claim is more than \$1,000 but less than \$5,000 and may be imprisoned for not more than five years and/or subject to fines within the discretion of the court; or
- a misdemeanor if the amount of the claim is \$1,000 or less and may be fined or imprisoned.

4. State Medicaid False Claims Statute

The South Carolina Medicaid False Claims Statute (S.C. Code Ann. 43-7-60) provides for criminal, civil, and administrative penalties and sanctions related to health care providers who defraud the Medicaid program. The Medicaid False Claims Statute states it is unlawful for a provider to knowingly and willfully make a false statement in a request for reimbursement or a report submitted to the Medicaid program. The Statute also provides that it is unlawful for a provider to knowingly and willfully conceal or fail to disclose any material fact which affects the provider's initial or continued entitlement to reimbursement or the amount of payment under the Medicaid program. Each false claim or concealed fact constitutes a separate offense.

A person who violates the Medicaid False Claims Statute is guilty of a misdemeanor and subject to imprisonment for up to three years and a fine of not more than \$1,000 per offense. In addition, the Attorney General may bring a civil action to recover treble damages and seek penalties of \$2,000 per false claim. The state agency administering the Medicaid program may impose additional administrative sanctions on providers convicted under the Statute.

5. State Insurance Fraud and Reporting Immunity Statute

The **South Carolina Insurance Fraud and Reporting Immunity Statute** (S.C. Code Ann. 38-55-520 *et seq.*) provides for criminal and civil penalties related to insurance fraud. The term "false statement and misrepresentation" under the Statute is defined as a false statement that is made with the intent of obtaining an undeserved economic benefit or deny another a benefit in connection with an insurance transaction. Any person or insurer who makes a "false statement or misrepresentation" is guilty of:

- a misdemeanor for a first offense if the amount of received is \$1,000 or less and may be imprisoned for not more than thirty days or subject to a fine of not more than \$500; or
- a misdemeanor for a first offense if the amount of received is \$1,000 or more and may be imprisoned for not more than three years and/or subject to a fine of not more than \$50,000; or
- a felony for a second or subsequent offense regardless of the amount received and may be imprisoned for not more than ten years and/or subject to a fine of not more than \$50,000; and
- must make full restitution to the victim of the fraud.

In addition to criminal liability, a person who violates the statute faces potential civil fines from between \$5,000 to \$15,000 and may be ordered to pay court costs and attorneys' fees to the director of the Insurance Fraud Division.

The Insurance Fraud and Reporting Immunity Statute also established an **Insurance Fraud Division** in the office of the Attorney General to prosecute violations. Any person, insurer, or agency having reason to believe that another has made a false statement is to notify the Insurance Fraud Division of the suspected fraud. If the person, insurer, or agency acts without malice or in good faith, the person, insurer, or agency is immune from any liability arising out of the report.

6. State Administrative Sanctions

Pursuant to Department of Health and Human Services ("DHHS") Regulations, "**Administrative Sanctions Against Medicaid Providers**" (S.C. Code of Regulations R. 126-400 *et seq.*), the Administrator of Medicaid may invoke administrative sanctions against a Medicaid provider who has been determined to have abused the Medicaid Program. "Abuse" is defined as provider practices that are inconsistent with sound fiscal, business, or medical practices and results in unnecessary cost to the Medicaid Program, reimbursement for medically unnecessary services, or services that fail to meet professionally recognized standards for health care.

Grounds for sanctioning providers under the DHHS regulations include presenting a false claim for services, submitting false information to obtain greater compensation than that to which the provider is entitled, over utilization, conviction for a criminal offense related to Medicaid or Medicare, failure to meet standards required by State or Federal law for participation in Medicaid, and other acts. Sanctions may include educational intervention, recoupment of overpayments, suspension, termination, post-payment or prepayment review of claims, and other sanctions.

7. State Employment Protection Act

State employees who report violations of state or federal law or regulation are provided protection against retaliation or disciplinary action related to the report pursuant to the "**Employment Protection for Reports of State or Federal Law or Regulation**" (S.C. Code Ann. 8-27-10 *et seq.*). The law (which does not apply to nonpublic, private corporations) prohibits a public body from dismissing, suspending, demoting, or taking other adverse actions against an employee based on the employee's filing of a report of wrongdoing with an appropriate authority.

An "appropriate authority" is defined in the Act as the public body that employs the reporting individual or a federal, state, or local government body having jurisdiction over criminal law enforcement, regulatory violations, professional conduct or ethics, or wrongdoing. In the event the appropriate authority that receives the report determines the employee's report to be unfounded or a mere technical violation and is not made in good faith, the public body may take disciplinary action, including termination.

A public body may also impose disciplinary sanctions against any direct line supervisory employees who retaliate against another employee for having filed a good faith report.

If an employee suffers adverse actions related to employment within one year after having timely reported alleged wrongdoing, the employee may institute a non-jury civil action against the public body. Notwithstanding the filing of a report, however, a public body may dismiss, suspend, demote, or decrease the compensation of an employee for causes independent of the filing of a protected report.

McLeod Health expects each vendor to abide by the policies, procedures and directives contained within this Code of Conduct. If a McLeod Health employee or vendor has any questions concerning the above, they should contact the Corporate Compliance Department at 777-8097, or the McLeod Health Corporate Compliance Hot Line at (1-888-679-3531). All calls and inquiries will be treated confidentially.

CODE OF CONDUCT

All staff members, employees, officers, consultants, sub-contractors, agents, suppliers and vendors (i.e. covered person) of McLeod Health and its subsidiary organizations, including its Board of Trustees, are expected to conduct their work-related activities in accordance with the highest personal and ethical standards.

A. McLeod Health has been, and continues to be, committed to conducting its business in full compliance with all federal, state and local laws. McLeod Health has long been committed to preventing and detecting noncompliance. The mission of the Compliance Program is to aid in this prevention and detection.

B. Each covered person must know what is expected by the Corporate Compliance Program, abide by these expectations, and be sensitive to situations that could lead to violations of these expectations. Each covered person is expected to comply with Federal health care program requirements and with McLeod Health's own Policies and Procedures. Every effort will be made to convey each covered person's responsibilities.

C. According to McLeod Health's Corporate Compliance Program requirements, all covered persons are expected to report to the Corporate Compliance Department or the appropriate individual any and all suspected violations of any federal health care program requirements or McLeod Health's own Policies and Procedures and any breaches of the Code of Conduct.

D. Failure of McLeod Health and/or any covered person to comply with Federal health care program requirements and McLeod Health's own Policies and Procedures can result in serious consequences. Consequences for the covered person may result in termination or criminal charges. Criminal prosecution, administrative penalties, substantial monetary fines and the loss of McLeod's reputation for integrity are possible consequences for noncompliance for McLeod Health as an institution.

E. McLeod Health has, and continues, to maintain a Hotline service accessible to all covered persons. A thorough and complete explanation of this service is discussed at all compliance training sessions. This service is bolstered by Human Resource Policy number 18322.900.60, the Non-Retaliation and Open Door Policy. Hotline: 1-888-679-3531. Chief Corporate Compliance Officer - 777-8097.

This is to certify that I have received, read, and understand McLeod Health's Vendor Code of Conduct.

Print, Vendor's Authorized Representative

Date

Signature, Vendor's Authorized Representative

Date

Compliance Officer

Date

Vendor Corporate Compliance Program 17