



## **CORPORATE COMPLIANCE PLAN**

### **Hacienda HealthCare**

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**For anonymous and confidential reporting of real or suspected violations to this Compliance Plan or any Compliance Policy (including all HIPAA/HITECH Policies), please call 1-844-446-4667.**

## Hacienda HealthCare

### Corporate Compliance Plan

#### I. Introduction

In February 1997, The Honorable June Gibbs Brown, Inspector General for the U.S. Department of Health and Human Services, issued an open letter to all healthcare providers. Ms. Brown stated that the goal of all health care providers should be to promote “a high level of ethical and lawful corporate conduct.” This goal is important because Medicare, Medicaid, and Tri-Care represent taxpayer funds that must be used wisely. In addition, the very act of providing health care services carries with it an obligation to act in a trustworthy manner as we attempt to aid our patients and those who support them.

Hacienda HealthCare (hereafter, ‘the company’) also holds these goals, and not just because of our continuing status as a health care provider. We hold a special position of trust within the communities we serve and with our clients, patients, and residents. As a result, our mission includes operating under the highest ethical standards and, at times, the standard is higher than that required by the applicable law. There is no way to cover every potential challenge that employees will face; a rule of thumb is to feel comfortable enough with your actions so that you can look yourself in the mirror and say “*What I did was right based on the best interests of the patient and the company and it would not discredit me or my fellow employees*”.

It is imperative that we act in accordance with all laws that govern our corporate activities to avoid such things as criminal prosecution, substantial monetary fines, and loss of reputation in the communities we serve.

Therefore, we have implemented a Corporate Compliance Plan and a Compliance & Ethics Program. While there are necessary consequences for those who violate the Plan or Program’s requirements, including termination and even possible criminal charges, this Corporate Compliance Plan is also a guide for ensuring that our conduct as a corporation is commendable. The Plan accomplishes this goal by: establishing standards, providing for regular employee training concerning these standards, monitoring for standards compliance, and providing mechanisms by which any employee can confidentially and anonymously report violations or suspected violations to our compliance hotline or can contact a senior company officer to report and/or discuss potential violations of this Plan.

This Plan is an evolving document that will be updated periodically as needed, or as regulations and/or policies change. If you have suggestions or questions, please submit them to the Compliance Department or to the Corporate Compliance Officer directly. In addition to this Plan, the company will distribute when necessary any memoranda and policy statements describing matters of interest or prohibiting specific activities by all or some of the company’s employees.

We ask each of you to join with us to make this Plan and our Compliance & Ethics Program a success. In so doing, not only will we have accomplished compliance with the laws which govern our corporate business, but we will have made a better organization through which to fulfill our community mission. Compliance is every employee's responsibility. We must all work together and *Do the Right Thing!*

**Perfection is our goal. Excellence will be tolerated.**

This motto underpins all aspects of our service delivery system. Together with our continuous improvement goal, it is embraced by both the Board of Directors and all members of the Management Team.

**II. Mission Statement and Code of Conduct**

It is within the mission of this company to:

- Provide quality services and/or products to all clients, patients, and residents.
- Provide quality information to referring physicians.
- Pursue the latest applicable therapeutic modalities.
- Provide only necessary and/or beneficial services.
- Be active in community affairs.

This company's **Employee Code of Conduct** provides the standards by which we will conduct ourselves in order to protect and promote company-wide integrity, ensure adherence to company values, and enhance our ability to achieve our mission. At all times we will:

- Exercise quality care at all times.
- Strictly adhere to all legal, regulatory, policy, and company requirements.
- Ensure accurate and complete medical and financial records.
- Maintain confidentiality and strictly adhere to all HIPAA/HITECH policies.
- Avoid conflicts of interest.
- Cooperate with all investigations.
- Retain all records securely.
- Be committed to our employment and business relationships.
- Seek guidance when necessary and report all violations.
- Enforce corrective action and/or discipline.

**III. Value Statement**

Quality	Hacienda is committed to <i>quality</i> care of our clients, patients, and residents.
Excellence	Hacienda believes in <i>excellence</i> in care through assurance of well-trained employees and searching for the latest in effective therapeutic modalities.

Integrity	Hacienda conducts relationships with the people we serve with <i>integrity</i> that is based on honesty, fairness, and consistency.
Respect	Hacienda treats all people we serve, including co-workers, with <i>respect</i> , compassion, and courtesy.

#### IV. Policy Statements

It shall be the policy of the company to comply with all federal, state, and local laws that govern the corporate activities of our company.

- 4.1 Medicare/Medicaid Reimbursement Laws – Fraud, Waste and Abuse.  
 One of the primary components of this Corporate Compliance Plan is the reimbursement laws that govern the Medicare and Medicaid programs.

The single most important of these laws are the Medicare fraud-and-abuse laws. These provisions of the Social Security Act prohibit, among other things, any person from offering or paying remuneration to a referral source of Medicare or Medicaid patients or for making or recommending referrals of patients. It also prohibits the submission of false claims for Medicare or Medicaid reimbursement. There are, however, a number of "safe harbors" that permit transactions that are expressly stated and do not violate the fraud and abuse limitations if the intent or actual purpose of the transaction is appropriate. **Employees should never solicit or receive or offer to pay or pay any remuneration of any type (including kickbacks, bribes, or rebates) in return for referring, or recommending the referral of, an individual to another person, physician, hospital or medical entity for services.**

Violation of these laws carry harsh criminal and civil penalties, including fines, federal imprisonment, and exclusion from Medicare and Medicaid Program participation. An administrative or judicial finding that such violations occurred would have a substantially detrimental effect on the company's ability to continue its operation. Therefore, the company expects rigorous adherence to the standards established as part of this Plan. If there are questions as to how these standards should be or have been applied, each employee shall have the affirmative duty to ask/report such questions to the Corporate Compliance Officer. A failure to make such a report will result in the imposition of one of the penalties outlined in this plan.

Hacienda's Accounts Receivable (A/R) department has an additional internal set of policies and procedures that are strictly followed and comply with all State and Federal regulations. The A/R department bills services only when actually provided and documented in accordance with Medicare / Noridian and National Billing Guidelines. The A/R department receives billing information from each individual program. Information received is verified and double-checked before actual billing. All possible errors are

questioned and/or clarified via phone calls or emails to the program contacts prior to billing. The A/R department notifies program directors of all rules and regulations pertaining to billing for their services, e.g., when an Advance Beneficiary Notice (ABN) will be required, when qualifications are not met for a service, when a detailed written order prior to delivery is required, rules and regulations on upcoding and unbundling, etc. The A/R department conducts annual training on these requirements with all program directors.

The company's A/R department quality checks all claims prior to being sent to payers and follows internal policy & procedure with regard to ensuring reimbursement for those claims. Any discounts with providers and payers are in strict accordance with current, signed, and executed contracts, or according to policy for financial assistance/charity requests.

- 4.2 Adherence to all Laws. Though the federal billing and reimbursement laws are a primary focus of this Plan, there are many other laws that also require adherence. Such laws and regulations are those issued by the FDA, OSHA, HIPAA/HITECH, and the EEOC, as well as many others including other laws issued by the State of Arizona. As such, standards, education, and follow-up have been developed in many of these areas as well.
- 4.3 Ethical Practices. The public has a right to expect that the business of Hacienda HealthCare will be conducted ethically and competently by our management and all employees. It is expected that each employee should adhere to the spirit and language of this Plan and strive for excellence in performing his/her duties. Each employee must maintain a high level of integrity in business conduct and avoid any conduct that could be reasonably expected to reflect adversely upon the integrity of the company, its officers, the management team, or any other employee. Furthermore, each employee should encourage other employees to do likewise.
- 4.4 Employee Conduct. It is expected that each employee will perform his/her duties in good faith and in a manner that s/he reasonably believes to be in the best interest of the company, and with the due care that a reasonably prudent person in the same position would use under similar circumstances.

Employees must avoid illegal conduct in both personal and business matters. This includes but is not limited to efforts to circumvent the law by devious means or questionable interpretations. No employee shall take any actions that s/he believes may be in violation of any Federal or State Statute, Law, Rule, or Regulation.

Employees must be open and honest in their business relationships with officers, management, and other employees of the company, its ownership, and lawyers, accountants and other professionals retained by the company. Failure to provide information that is known or thought to be necessary, or the provision of information that is known or thought to be inaccurate, misleading or incomplete, is unacceptable. This unacceptable behavior will lead to disciplinary action.

Employees must be familiar and well versed in our *Employee Behavior and Conduct Policy 2.5* and must understand the sanctions imposed for misconduct as outlined in our *Progressive Discipline Policy 2.11*.

- 4.5 Improper Payments & The Anti-Kickback Statute. No employee shall engage, either directly or indirectly, in any corrupt business practice, including bribery, kickbacks or payoffs, intended to influence or reward favorable decisions of any government personnel or representative, any customer, contractor or vendor in a commercial transaction, or any person in a position to benefit the company or the employee in any way. It is illegal to solicit, pay, offer or receive any remuneration in cash or in kind (money, goods, services), in return for a referral or to induce the referral of a patient, or for ordering, providing, recommending or arranging for the provision of any service reimbursable under a government health care program. This statute prohibits anyone from offering anything of value that is likely to influence a person's decision to select or receive care from the company. Kickbacks or rebates can take many forms and are not limited to direct cash payments or credits. No employee shall make or offer to make any payment or provide any other thing of value to another person with the understanding that such payment is to be used for an unlawful or improper purpose.
- 4.6 Business Entertainment and Gifts. Company personnel may provide ordinary and reasonable business entertainment and gifts of normal value (i.e., sporting event or concert tickets, meals and similar gift items), provided that such entertainment and gifts do not violate the laws of the locale in which the business is transacted *and are not given for the purpose of influencing the business behavior of the recipient.* In any event, such ordinary and reasonable entertainment and gifts may be given only with the prior approval of the CEO. Approved business entertainment and gifts will not exceed \$50.00 per quarter and will be monitored and tracked within the Finance Department. **Cash gifts to referring physicians or any other referral sources are absolutely prohibited. Non-cash gifts to physicians or any other referral sources that exceed reasonable personal entertainment or have a value exceeding \$50 each are prohibited.** If circumstances dictate a gift exceeding this \$50 limit, prior approval must be obtained from the CEO. This approval, along with the reason for the gift, must be documented (both the request and response) in writing.

For more specific information on gratuities, gifts and payments, employees must reference our *Gratuities, Gifts and Payments Policy 2.9*.

- 4.7 Transactions Involving Any Government Employee & The Federal Procurement Integrity Act. There is a public trust associated with transactions between the private sector and government entities and its employees. It is expected that company employees will conduct themselves to the same high standard expected of government employees. All employees must exercise care in any written or oral statement made to any government agency or other payer. The company will not tolerate false statements by employees to a government agency or other payers. Deliberate misstatements to government agencies or other payers will expose the employee involved to criminal penalties and termination.

Company employees or representatives shall take no actions that would cause a government employee to violate, appear to violate, or that would be otherwise inconsistent with their standards of conduct. Specifically, except as otherwise described, no employee or representative may offer or give anything of monetary value, including gifts, gratuities, favors, entertainment or loans, to an employee or representative of a government agency with which the company has or is seeking to obtain contractual or other business or financial relations, or that regulates any of the company's activities or operations. An employee may pay for the reasonable costs of meals of government employees and members of legislative bodies in connection with lawful lobbying efforts, if such activities are permitted by law and undertaken with the knowledge and prior approval of the Corporate Compliance Officer or the company's Board of Directors.

This law specifically prohibits these actions during any bidding process and/or when obtaining or attempting to obtain work from the federal government.

Specific rules and regulations govern the conditions of employment of former U.S. Government employees which may affect the duties that they can perform as employees of the company. All employees to whom such rules or regulations apply shall comply with the letter and spirit of those rules and regulations to avoid any appearance of impropriety.

- 4.8 Integrity of Financial Reporting & Tax Laws. It is management's responsibility to ensure that assets and liabilities are accounted for properly in compliance with all applicable tax and accounting reporting requirements, generally accepted accounting principles, and established accounting and financial policies, to ensure that no false or artificial

records are made, and that there are no unrecorded assets or liabilities. All items of income and expense and all assets and liabilities will be provided to the Finance department and entered as applicable in the financial records; all reports submitted to governmental authorities shall be accurately made; all transactions shall be executed in accordance with management's authorizations; and access to assets shall be permitted only in accordance with authorization from the company directors.

Any Hacienda employee who knows or has reason to believe that a transaction is not recorded in compliance with the above requirements shall promptly report such matter to the Corporate Compliance Officer. Hacienda's Finance department has implemented guidelines regarding internal controls in accordance with generally accepted accounting principles (GAAP), as well as guidelines applicable to the reporting of and accounting for specific financial transactions.

- 4.9 Control of Funds. Each department director must monitor the expenditures under his/her control. To the best of the director's ability, s/he must assure that expenditures are made for valid business purposes, appropriately documented, made pursuant to authority in established Finance department guidelines, and is actually received by the recipient indicated in the records.
- 4.10 Discounts with Payers and Providers. Discounts with payers and providers are a common practice, and are appropriate if based upon:
- a. An account being established where payment is guaranteed
  - b. Documented competitive market factors or
  - c. Contracted monthly volume of service requirements; however, discounts should never be based on the volume or value of Medicare or Medicaid patient referrals.

Any discounts with payers and providers are in strict accordance with current, signed and executed contracts, or according to A/R policy for financial assistance/charity requests.

4.11 Annual Auditing of Billing and Finance Procedures and Plan Compliance.

The Corporate Compliance Officer and select management staff to include but not be limited to the Finance department, A/R department, and Human Resources as necessary will meet with an outside Auditor that has been retained to perform an annual financial audit of Hacienda Healthcare. The report from this annual audit will be provided to the CEO and Treasurer of the Board of Directors.

## V. Policy on Patient Referrals

- 5.1 The company does not pay for patient referrals. The company does not make payments or provide non-cash benefits to anyone - not employees, physicians, or other health professionals - for referrals of patients. The company pays people or entities only for services provided to the company or its subsidiaries. The company requires physicians and health professionals to be contracted as in the case of our Medical Directors, or to submit invoices outlining specific dates, hours, and types of services performed prior to any payment being made to them.

Physicians and health professionals who are not employees of the company are free to refer patients to any person or entity they deem appropriate. Where employees are in a position to make referrals to physicians, health professionals or other healthcare entities, they must make such referrals solely based on what is best for the individual seeking treatment.

- 5.2 No Financial Incentives to Patients. The company does not waive insurance co-payments or deductibles or otherwise provide financial benefits to patients or physicians to encourage referrals.

Under certain circumstances, the company may provide appropriate financial accommodation (such as allowing monthly payments over time) to patients based purely on the financial need of the individual patient. More specific information can be found in the company's A/R department policy on financial assistance/charity requests.

If a company director desires to provide a courtesy discount to an employee, an employee's family member, or a person under contract with a company facility, the same discount must be passed on to that person's insurer or the company must provide the services at no charge to anyone or any insurance company. Under no circumstances may a professional courtesy discount be provided to a referring physician or other referral source.

## VI. Policy for Billing for Services Provided

- 6.1 Billing. The company bills only for services rendered as ordered by a licensed physician or doctor of osteopathy or other qualified health care provider. The company complies with the billing requirements for government-sponsored programs and other payers. The company is committed to accurate and truthful billing to patients and/or third-party payers, and will not misrepresent charges to, or on behalf of, a patient and/or third-party payor.

- 6.2 Waiver of Co-Payment and Deductibles. The company will not routinely

waive co-payments and deductible payments except for financial hardships. In addition, commercial insurers have long viewed waivers of co-payment or deductible obligations, as inappropriate and such practice is illegal under the laws of many states. However, if there is a negotiated discount rate for the company's services, and there is full disclosure of the waiver of the coinsurance/deductible obligation, the waiver may be acceptable. The Corporate Compliance Officer should be consulted when waivers are considered, except when those waivers are in strict conformity with written A/R policies.

The company's A/R department has an additional internal set of policies and procedures regarding billing practices that are strictly followed and comply with all State and Federal regulations.

## **VII. Policy on Conflicts of Interest**

- 7.1 Policy Summary. Conflicts of interest exist where an individual's actions or activities, on behalf of the company or otherwise, involve the obtaining of an improper personal gain or advantage, or an adverse effect upon the interest of the company. In other words, *employees must avoid engaging in any activity, practice or act which conflicts with the interests of the company, its corporate entities, or those it serves.* Employees must avoid situations that would create an actual or even an appearance of a conflict of interest, unless approved in advance, in writing by the Corporate Compliance Officer. Appearances do count when it comes to conflicts of interest, because those on whom the success of the company may depend may judge the conduct of an employee by the appearance of the conduct. Each employee also has a duty of loyalty to the company. While it is not possible to describe all the situations and conditions which involve a conflict of interest or violate the duty of loyalty, the following paragraphs indicate areas where conflicts of interest or violations of the duty of loyalty may arise.
- 7.2 Personal Benefit. Each employee, while s/he remains an employee of the company is expected to conduct the company's business to the best of their ability for the benefit and in the interests of the company. No employee may become involved in any manner with competitors, contractors, customers or suppliers of the company if such involvement would result in improper personal gain or the appearance of improper personal gain. Such employee involvement may include the purchase, sale or lease of any goods or services from or to any customer or supplier of the company, or serving as an officer, director or in any other management or consulting capacity with a competitor, contractor, customer or supplier. An employee is not prohibited from purchasing goods or services from a customer or supplier if those goods or services are purchased on terms generally available to non-employees of the company.

Employees are prohibited from placing the company business with any company or entity in which there is a family or close personal relationship. Neither may an employee hire a family member or family relative or, if the hiring decision is made by someone else within the company, supervise such a person.

For more specific information on the employment of relatives, employees must reference our *Nepotism/Employment of Relatives Policy 1.15*.

- 7.3 Acceptance of Gifts and Entertainment. No employee, nor any member of any employee's family, may accept any personal gift or favor of any substantial value (including complimentary business or personal trips) from any competitor, contractor, customer or supplier, or anyone with whom the employee does business on behalf of the company. Acceptance of perishable gifts, other gifts of a nominal value, or reasonable personal entertainment may be ethically accepted if the gift would not be judged as conducting the company's affairs with the donor. If the value of the gift is over \$50 or there is any question regarding whether the gift meets this standard of reasonableness, the employee must either disclose the details of the gift, seek prior approval to accept the gift, refuse the gift, or promptly return the gift to the donor. Such disclosure (or request for approval) should be made to the Corporate Compliance Officer.

For more specific information on gratuities, gifts and payments, employees must reference our *Gratuities, Gifts and Payments Policy 2.9*.

- 7.4 Outside Business Activities. Employees who have been hired on a full-time or permanent basis are expected to devote their entire working time to the performance of their duties for the company. All outside business or consulting activities that would divert time, interest or talents from the company business must be avoided. Employees are encouraged to engage in charitable activities; however, if such activities require that an employee spend a substantial number of work hours, then s/he should seek the consent of their supervisor.
- 7.5 Confidentiality of Business Information. The company's employees may not use for their personal benefit or their family's benefit any information about the company or proprietary or non-public information acquired as a result of the employee's relationship with the company. Employees should disclose such business information only as required in the performance of their jobs or as expressly authorized. Employees should not under any circumstances use or share "inside information" which is not otherwise available to the general public for any manner of direct or indirect personal gain or other improper use.

Employees possessing patient or provider information must ensure that such information, in whatever forms it exists, is handled in a manner so as to protect its confidentiality and against improper access or use by individuals not entitled to it. Violation of this policy may result in personal liability to the employee for any benefit gained from improper use of such information or any damages sustained by the company as a result of improper disclosure of such information in addition to termination of such employee's employment with the company.

For more specific information on confidential business information, employees must reference our *Confidential Information Policy 1.6*, and our various HIPAA Privacy and Security Rule Policies for further information on the confidentiality of patient, client or resident information.

- 7.6 Disclosure of Possible Conflicts of Interest. Annually, key individual employees must disclose possible conflicts of interest involving themselves or their immediate families' (spouse, parents, brothers, sisters, and children) in writing. The information will be presented to the CEO who will report all possible conflicts to the Board of Directors. The Board will evaluate potential conflicts of interest and determine whether significant conflicts of interest have occurred or might occur and take the necessary steps to protect the company. If an employee believes a conflict of interest exists, the employee must treat the situation as if a conflict definitely exists until the employee and other appropriate officials have resolved the potential conflict.

For more specific information on conflicts of interest, please reference our *Conflict of Interest Policy 1.7*.

## VIII. Policy on Company Marketing Activities

- 8.1 Policy Summary. The company will not make any payments to anyone to induce the use of its services. An employee should never make a payment which, if it were publicly disclosed, would embarrass the employee or the company to avoid the appearance of impropriety, **the company will not provide any payment or reimbursement for expenses incurred by any governmental or public representative or employee.** The company also will not tolerate the making of such payments and will comply with all laws regarding political contributions and the participation of employees in political campaigns. Employees should contact the Corporate Compliance Officer immediately if they have information concerning such unethical or illegal payments being requested offered or made.
- 8.2 Any Advertising/Marketing Material Must Be Truthful. The company does not use advertisements or marketing programs which might cause confusion between our services and those of our competitors. The

company does not disparage the service or business of a competitor using false or misleading representations. Specific claims about the quality of services must be supported by evidence to substantiate the claims made. All price advertising must accurately reflect the true charge for services provided.

Employees must submit all advertising and marketing materials to the Corporate Compliance Officer for approval before use.

For more specific information on our company's marketing, advertising and fundraising efforts, employees must reference our *Marketing and Fundraising Policy 9.24*.

## **IX. Policy on Compliance with Antitrust Laws**

The company was founded on and is committed to the principles of free and fair competition within the free enterprise system. The basic purpose of the antitrust laws is to protect and preserve competition from unreasonable restraints.

- 9.1 Relationship with Competitors. Under federal antitrust law, certain agreements with competitors are unlawful *per se*, in other words, without regard to their reasonableness from a commercial or business viewpoint. Such unlawful agreements generally involve understandings or arrangements, which affect prices or output (i.e., bid-rigging, price-fixing, and market or customer allocations). These *per se* violations are punishable by severe personal and institutional criminal fines and penalties. In no event should any company employee engage in discussions, agreements, or understandings (explicit or implicit) with any competitor concerning prices, or about services, territory, or customer allocation.

In addition to the *per se* violations, other agreements with competitors or customers may constitute punishable crimes and result in civil damages (including triple damages) if they produce an unreasonable restraint of trade or a substantial lessening of competition. Examples of conduct that may be anti-competitive include exclusive buying or selling arrangements.

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. The company recognizes that routine communications with competitors are appropriate and reasonable in many instances, but communication with competitors about matters that could be perceived to have the effect of lessening competition should take place only after consultation with the Corporate Compliance Officer.

- 9.2 Obtaining Information about Competitors. General business information about competitors is important to the company's efforts to maintain and

improve its competitive position in the markets. However, only legal and ethical means should be used to gather information about existing and potential competitors. Agreements to exchange such information are improper. For example, personnel should not:

- a. Respond to any inquiry or survey from a competitor that requests information on prices, wages, marketing activity, development plans, or any other competitive information,
- b. Request from a competitor information on prices the competitor charges or pays for any goods or services; or
- c. Knowingly share with a competitor directly or through a third-party information regarding pay scales, wages, salary ranges, or compensation formulas.

Competitive information should be collected only from generally available industry sources or from information within the public domain. It may be appropriate in some circumstances to respond to requests for competitive information when the information is being gathered confidentially by a third party (i.e., a government entity or an industry association), and will be made available to others only in summary form so that no individual competitor is identifiable. Such requests from governmental agencies may be routinely processed by the company personnel. Such requests from a third party should be reviewed with the Corporate Compliance Officer before any response is forwarded.

Employees should not induce, through social relationships or otherwise, present or former employees of competitors to disclose any proprietary or confidential information. New employees should be advised against disclosing or using confidential information of their former employer; however, all employees are expected otherwise to make full use of the skills, experience and general knowledge learned in their previous employment.

## **X. Policy on Compliance with the Copyright Laws.**

Photocopying and dissemination of material contained in books, newsletters and other periodicals and computer software can result in substantial corporate and personal liability for copyright infringement. However, the "fair use" doctrine potentially can justify some copying of written material and there are certain alternatives available to avoid or minimize exposure for copyright infringement.

### **10.1 Copyright Liability for Photocopying Newsletters and Other Periodicals.**

Copying periodicals, even for internal distribution, can lead to substantial corporate and personal liability for copyright infringement. Copyright law provides harsh penalties against those who infringe registered copyrights, including recovery of costs and attorney's fees, as well as statutory

damages. Statutory damages can range up to \$100,000 per infringement, if intentional copying is shown. Individuals actively involved in copying can be personally liable, even if the copying was done solely within the scope of their employment and solely for the employer's benefit.

- 10.2 The "Fair Use" Defense. The Copyright Act does allow the "fair use" of a copyrighted work, including such use for purposes such as criticism, comment, news reporting, teaching, scholarship or research.

An important factor to consider when determining whether there has been "fair use" is the amount and substantiality of the portion used in relation to the copyrighted work as a whole. Copying an entire newsletter is qualitatively different from copying a single page, likewise, making a hundred copies of one page to disseminate to employees or use in promotional packets is different from making one copy of an entire newsletter for personal use.

The most important factor in determining whether there has been a "fair use" is the effect of the use upon the potential market for or value of the copyrighted work. For instance, the systematic copying on a cover-to-cover basis of a newsletter arguably deprives the newsletter publisher of predictable subscription revenue.

- 10.3 Licensing through CCC. The company's employees should note that publishers of periodicals have often taken the position that a license is required in order to make any copies, no matter how limited in number or distribution. Given the uncertainty in the scope of the "fair use" defense, the only sure method of avoiding liability is to seek a license either directly from the copyright owner or from the Copyright Clearance Center, Inc. (CCC):

CCC  
222 Rosewood Drive  
Danvers, MA 01923  
Office: Toll-free 1-855-239-3415  
<http://www.copyright.com>

CCC is a central licensing organization for approximately 1.5 million journals, books, magazines and newsletters owned by more than 8,500 domestic and foreign publishers. CCC offers two methods of securing permission to photocopy copyrighted articles that have been registered with the CCC.

1. The Transaction Reporting Service permits the making of photocopies, providing that a log is kept and appropriate payments are made.
2. CCC offers the Annual Authorization Service, a blanket annual license granting an organization the right to copy for internal distribution.

- 10.4 Purchasing Subscriptions or Copies. Photocopying newsletters on a

systemic and cover-to-cover basis, even for internal use, creates a high risk of ultimately losing a copyright infringement lawsuit. Rather than engaging in such wholesale copying, and if purchasing a license is not deemed appropriate, company employees will purchase an additional subscription, route existing subscriptions, and/or purchase back issues or reprints.

- 10.5 Computer Software. Unless specially allowed in the license agreement from the computer software company, our policy is that employees will never copy computer software. Such copying is always an infringement on the law. There is no "fair use" doctrine with respect to copying software. Failure to observe this policy can result in serious consequences to the employee, such as termination of employment or a lawsuit brought against the employee by the software company.

If the license specifically allows copying of the software, the employee may do so only after first checking with the company's Information Technology (IT) Department about the actual license agreement to confirm the ability to copy the software lawfully; and to determine whether an additional license fee is due the owner because of the copying.

## **XI. Appointment of Corporate Compliance Officer**

### **11.1 Corporate Compliance Officer.**

Juan Gonzales is the Corporate Compliance Officer. All employees who are unable or unwilling to contact their supervisor or program director concerning matters of corporate compliance may call Juan Gonzales at 602-243-4231 x173, or may write to him at:

Hacienda HealthCare  
*Corporate Compliance Officer*  
Attn: Juan Gonzales  
1402 E. South Mountain Avenue  
Phoenix, AZ 85042

## **XII. Employee-Related Activities**

- 12.1 Employee Plan and Training. Each employee will be provided a copy of this Corporate Compliance Plan within their Paycom 'My Documents' portal and will receive compliance training and testing annually to ensure understanding. This training will be conducted by the Director of Corporate Compliance and the Human Resources (HR) Department. Familiarity with and an understanding of our Corporate Compliance Plan, our Compliance & Ethics Program, and our Compliance Policies and Procedures is mandatory for all employees. Each employee will annually attest that they

have received a copy of the Plan; that they have received training regarding the Plan's principles, standards and requirements; that they understand and will comply with the requirements of the Plan and Policies; and that they will report any suspected or witnessed violations of the Plan, Program, or Policies.

12.1.1. All employees are encouraged to ask questions of the Compliance Department concerning the Compliance & Ethics Program, Plan, policies, standards, and requirements at any time they deem necessary. Employees are also encouraged to ask questions of their Program Director as issues arise departmentally which may be covered by the plan and/or policies.

12.1.2. New employees will receive a copy of this Corporate Compliance Plan and will receive instruction concerning the Plan's principles, standards, and requirements at initial onboarding. New employees will receive additional training on the Compliance & Ethics Program, Compliance Plan, and Compliance Policies and Procedures at their HR Orientation within thirty days of beginning employment with the company.

12.2 Affirmative Obligation to Report. Every employee has the affirmative obligation to report any violation or suspected violation of this Compliance Plan or any Compliance Policy that the employee observes relative to the actions of another employee, or a supplier, vendor, or agent of the company. **The failure of any employee to report a witnessed or suspected violation shall itself be a violation of this Policy and Plan.**

12.2.1. Employees needing to report a real or suspected violation of the Corporate Compliance Plan or any Compliance Policy (to include all HIPAA/HITECH Policies) should do one of the following:

1. Discuss the issue(s) with your Supervisor, Program Director, or Department Head. These individuals know you and the issues in your workplace area better than anyone else. They have access to a variety of resources to address problems as they arise. All reports made to a Supervisor, Program Director, or Department Head must be provided to the Corporate Compliance Officer within 24 hours.

2. Speak to the Director of Corporate Compliance or the Corporate Compliance Officer directly if you feel that your concern is not receiving appropriate attention by your supervisor(s), or if you feel uncomfortable addressing the concern departmentally.

3. If you feel that you are receiving inadequate attention to the problem, or you wish to report a suspected or real violation anonymously, you may also call the Corporate Compliance Hotline at 1-844-446-4667 at any time and leave a message. If leaving a message on the hotline,

please be as detailed and thorough in your report as possible so that the Compliance Department can follow up on real or suspected violations appropriately. All hotline messages will be provided to the Corporate Compliance Officer within 24 hours.

12.2.2. All reports will be confidential. The confidentiality of the employee reporting and the report itself will be protected. The reporting employee's identity will not be revealed to the person suspected of the violation, but the employee may be identified to others within the company's management team on a need-to-know basis during any ensuing investigation. **Under no circumstances will the reporting employee be subject to any punishment or retaliation for making a report of a real or suspected violation of the Corporate Compliance Plan or Policies when their report is made in good faith.**

For more specific information on reporting violations, employees can reference our *Anti-Retaliation Policy 1.3* and the *Anti-Discrimination/Harassment Policy 2.10*.

12.2.3. Any company Supervisor, Program Director, or Department Head who is told of a potential violation of this Plan or any Compliance Policy (to include all HIPAA/HITECH Policies) must document the report and any received details regarding the potential violation and deliver to the Director of Corporate Compliance or the Corporate Compliance Officer within 24 hours. Any Supervisor, Program Director, or Department Head who is told of a potential violation and fails to deliver the report to the Corporate Compliance Department, shall be in violation of this Plan and subject to the discipline outlined below.

12.3 Violations of the Plan. Violating the principles, standards and requirements set forth in this Corporate Compliance Plan and/or all Corporate Compliance/HIPAA/HITECH Policies is a serious matter and will result in disciplinary action. Discipline will range from a:

- ⇒ Final written warning, with possible suspension and/or additional training
- ⇒ Termination

12.3.1 There is no requirement that discipline be progressive for compliance violations. Once a violation report is received and investigated, the Corporate Compliance Officer will recommend the appropriate discipline (Final Written Warning vs Termination of Employment) but may choose to consult with the employee's Supervisor and/or the Corporate Compliance Committee as appropriate. Recommended disciplinary actions will be carried out and enforced at the

sole discretion of the applicable Supervisor, Program Director, or Department Head. Willful or grossly negligent violations will result in immediate termination.

12.3.2 Discipline will be based on the severity of the compliance violation, the employee's work record to date, and the employee's previous disciplinary record. If, after being notified of the discipline to be imposed, the affected employee believes that no violation occurred or the proposed discipline is unjust, that employee may use the corporate grievance procedure for review of the matter.

Employees can reference the *Employee Behavior and Conduct Policy 2.5*, and the *Grievance Procedure Policy 7.5* for more information.

### **XIII. Handling of Corporate Compliance Reports**

13.1 Forwarding Corporate Compliance Reports. All documented and/or verbal reports of real or potential violations must be forwarded to the Director of Corporate Compliance or the Corporate Compliance Officer within 24 hours of receipt. The Director of Corporate Compliance maintains a log which shows the date and time the report was received, the name of the individual making the report and to whom, a brief description of the report's substance, employees involved, a summary of the Corporate Compliance Officer's findings or recommendations, and a statement concerning the risk level of the report. This log shall be maintained in a safe and secure place and will be provided to the Board of Directors on a quarterly basis. This log and related documentation shall be maintained according to the company's document retention policy, but in no case shall these materials be disposed of in less than five years from the date of a Report's disposition.

13.2. Handling Corporate Compliance Reports. Upon receipt of a report, the Corporate Compliance Officer will initiate an investigation to determine whether a violation of the Corporate Compliance Plan or Policies has occurred. The Corporate Compliance Officer may establish a team of individuals to assist in making this determination. This team may include the Director of Corporate Compliance, outside counsel, other members of the management team, the reporting employee, or any other person as appropriate.

13.2.1 If, through the investigation process, the Corporate Compliance Officer determines that it is unlikely that a violation has occurred, the Corporate Compliance Officer or his/her designee shall report this to the person making the report along with an explanation of why no violation exists.

13.2.2 If an investigation is begun and the Corporate Compliance Officer and/or team believe the integrity of the investigation may be compromised because of the presence of employees under investigation, those individuals will be placed on Administrative Leave until the investigation is complete.

13.2.3 If an investigation is begun, the Corporate Compliance Officer and/or team shall take appropriate steps to secure or prevent the destruction of documents or other evidence relevant to the investigation.

13.2.4 Records shall contain the date and time the report was received, the name of the individual making the report and to whom, a brief description of the report's substance and any documentation received, names of employees involved, a summary of the Corporate Compliance Officer or investigative team's findings or recommendations, corrective action forms, Administrative Leave documentation if applicable, and a statement concerning the risk level and outside agency reporting if applicable.

13.3 Discipline Determination. After the investigation is complete, if there is sufficient certainty that a violation of the Corporate Compliance Plan or Policies occurred, the Corporate Compliance Officer will recommend the discipline to be imposed based on the criteria described above. This recommended disciplinary action will be forwarded to the appropriate Department Head or Program Director for enforcement.

13.4 Corrective Action Plans. If a violation is found to exist, the Corporate Compliance Officer or his/her designee will recommend a Corrective Action to be added to the affected department's Compliance Risk Monitoring Plan in an effort to prevent a violation of same nature from occurring in the future. Corrective Actions should be designed to address not only the specific issue, but also to prevent similar problems in other areas. Corrective Actions may require that billing or charting/documentation be handled in a designated way, that additional training take place on a regular basis, or that restrictions be imposed on particular staff.

#### **XIV. Policy for Relating to Non- Company Investigators**

14.1 Policy Summary. It shall be the policy of the company:

14.1.1 To provide full cooperation to properly authorized investigators, whether these investigators represent the federal or state governments or third-party payers, but to assert all protections afforded the company by law in any such investigation or audit,

14.1.2 Refer all non-company investigators and any requests for information from such investigators to the Corporate Compliance Officer or CEO so that their identity and authorization may be verified and a coordinated response to the investigator's request can be organized,

14.1.3 In some circumstances, the company will provide employees of the company with an attorney to accompany them and assist them in any interviews conducted by a non-Company investigator.

14.2 Purpose of the Policy on Relating to Non-Company Investigators. The purpose of this Policy is to provide direction to all employees about how they should deal with all investigators outside the company. This policy will inform employees about their rights if an investigator contacts them. Such contacts naturally are anxiety-producing, but if our employees understand their rights in such situations, it will help them to be more at ease.

This policy is **not** intended as a means to cover-up anything. The company has implemented this Corporate Compliance Plan and Policies that require our employees to report anything that is or might seem to be improper. As a result of the requirements in this Plan, we expect that there is nothing an employee would say to an investigator that hasn't already been reported and appropriately handled.

The purpose of this Policy is also to provide for a coordinated response by the company. Investigators generally know little more than what they are told, so it is important that they hear from those persons within the company who know the whole story. It is also important for the company to provide these investigators with documents that verify the actions we have taken and the reason behind those actions. Our efforts to demonstrate our legal compliance will be greatly hindered if everyone does not work together to provide the necessary information to those inquiring about our company.

14.3 When an Investigator Arrives & Requests for Interview. When an investigator arrives, every employee should be polite. The highest-ranking present employee should notify their Supervisor, Department Head, the Corporate Compliance Officer, and the CEO, and then obtain the following information:

- a. the investigator's name, agency affiliation, address, and business telephone number,
- b. the reason for the visit,
- c. whether or not the investigator has a subpoena or warrant to serve.

**Employees should keep in mind that, unless you are the Statutory Agent of this company, you cannot personally accept a subpoena directed to the company. If an investigator refuses and leaves the**

**subpoena with you, you must immediately forward it to the CEO, along with a notation of the date, time, and the manner in which it was served.**

14.3.1 When any investigator requests an interview, no company employee is obligated to consent to the interview, although the investigator may try to convince them otherwise. A company employee may agree to the interview but may require the interview be conducted during normal business hours and at the company offices or another location.

14.3.2 The interview may be stopped at any time. The employee can request that the investigator return when legal counsel can be present. Company legal counsel should be present for every interview with outside investigators when at all possible. However, if a legal conflict-of-interest arises, employees will be advised that they have the right to their own legal counsel.

14.3.3 If an employee chooses not to respond to the investigator's questions, the investigator may have the authority to subpoena the employee to appear before a grand jury.

14.3.4 Any company employee contacted by an investigator should immediately notify his or her supervisor. The employee should provide their supervisor with as much information and documentation about the investigation as is known. The request for an interview should be immediately reported to the CEO or Corporate Compliance Officer.

14.4 Search of Company Property. If the investigators present a search warrant, they then have authority to enter company offices, search for evidence of criminal activity, and seize those documents listed in the warrant. No staff member has to speak to the investigators but must provide the documents requested in the warrant.

14.4.1 The highest-ranking employee present should request copies of the warrant and the affidavit supporting the warrant. When documents are seized, the investigators are required to provide a copy of the warrant.

14.4.2 The highest-ranking employee present should request the investigator wait until the CEO or Corporate Compliance Officer arrives.

14.4.3 If corporate legal counsel is unavailable, the CEO or Corporate Compliance Officer may contact the appropriate investigator immediately and request that the search be stopped. It is possible to negotiate alternatives to the search and seizure, including provisions to

ensure that all existing evidence will be preserved undisturbed. If the investigator refuses to stop the search, the CEO or Corporate Compliance Officer may request agreement to delay the search to enable the company to obtain a hearing on the warrant.

14.4.4 The company's employees must not alter, remove, or destroy any company documents or records during a search.

14.4.5 All company employees can request an opportunity to consult with the company's legal counsel before the search commences. The CEO or Corporate Compliance Officer will provide legal counsel with a copy of the warrant. If legal counsel can be reached by telephone, they should be put directly in touch with the lead investigator.

14.4.6 Cooperate with the investigators, but do not consent to the search. The highest-ranking employee present should instruct the lead investigator that:

1. The company objects to the search,
2. The search is unjustified because the company is willing to voluntarily cooperate with the government, and
3. The search will violate the rights of the company and its employees.

Under no circumstances should the company's employees obstruct or interfere with the search. Although they should cooperate, all employees should clearly state that their cooperation does not constitute consent to the search. The highest-ranking employee present will, whenever possible, keep track of all documents and all information the documents contain, that are given to the investigators.

14.4.7 The highest-ranking employee present should attempt to negotiate an acceptable methodology with the investigators to minimize disruptions and keep track of the process. Considerations include the sequence of the search; whether investigators are willing to accept copies in place of originals; and if so, who will make the copies and how; whether the company will be permitted to make its own set of copies; and arrangements for access to records seized.

14.4.8 The highest-ranking employee present should point out limitations on the premises to be searched and on the property to be seized. He/she should never consent to an expansion of the search.

Any disputes regarding the scope of the search must be brought to the attention of the prosecutor or the court to be settled. The company's staff members should not prevent the investigators from searching areas they claim to have the right to search.

Investigators generally have the right to seize evidence of crimes that is in their "plain view" during a search regardless of whether such evidence is described in the warrant.

14.4.9 The highest-ranking employee present should take appropriate steps to protect other company personnel by,

1. sending all non-essential personnel home, or temporarily reassigning them to other areas when a warrant is served,
2. assigning select employees to remain along with the highest-ranking employee or company legal counsel to monitor the search, and by,
3. never leaving investigators alone on the company premises or leaving a single employee alone with the investigators.

14.4.10 The highest-ranking employee present should object to any search of privileged documents. If there is any possibility that the search will compromise privileged information, the company should object on that basis, and raise the issue with the court if necessary.

Negotiate a methodology to protect the confidentiality of any privileged information pending a resolution of these objections. For example, segregate the privileged documents from other files and investigators will not read the documents until the court has made a decision or the investigators will seize the document, but place them unread in sealed envelopes until the matter is resolved.

14.4.11 The highest-ranking employee present should keep a record regarding the search.

1. Ask each investigator for proper identification, including their business cards.
2. List the names and positions of all the investigators with the date and time. Verify the list with the lead agent and request he or she sign it.
3. Monitor and record the manner in which the search is conducted. Note in detail the precise areas and files searched, the time periods when each of them was searched, the manner in which the search was conducted, the agents who participated, and which files were seized.
4. Several individuals will probably be needed to monitor the different areas being searched simultaneously.
5. If the monitor is ordered to leave, contact the lead investigator. A person should only be ordered to move if they are in the way, not to avoid being observed. Never provoke a confrontation with an agent.

14.4.12 If possible, do not release any document to the investigators unless legal counsel has reviewed it. **Note: this is not possible if the agents have a search warrant.**

14.4.13 If possible, the highest-ranking employee present should record and make a copy of all records seized.

1. If this is not possible, before the agent leaves the company premises, request an inventory of the documents seized,
2. Request the lead agent to note the date and time the search was completed as well as sign the inventory with the agent's full title, address, and telephone number,
3. Copies of the seized documents should be requested as well, especially medical records, as this is the most efficient way to inventory the documents seized,
4. Download copies of files from hard drives of computers, and copy diskettes, especially if the material is essential to the ongoing operations of the company.

Juan Gonzales has accepted the responsibility of Hacienda HealthCare's Corporate Compliance Officer. All employees who are unable or unwilling to contact their Supervisor, Program Director, or Department Head concerning matters of corporate compliance or any item in this Corporate Compliance Plan or Policies may call Juan Gonzales at 602-243-4231 x173, or may write to him at:

Hacienda HealthCare  
*Corporate Compliance Officer*  
Attn: Juan Gonzales  
1402 E. South Mountain Avenue  
Phoenix, AZ 85042

Compliance Department:

Juan Gonzales, *Corporate Compliance Officer*, 602-243-4231 x173 [compliance@haciendainc.org](mailto:compliance@haciendainc.org)

**For anonymous and confidential reporting of real or suspected violations to this Compliance Plan or any Compliance Policy (including all HIPAA/HITECH Policies), please call 1-844-446-4667.**