

**Western Highlands Network
Communication Bulletin #68
Corporate Compliance Policy
October 29, 2007**

Policy:

Western Highlands Network (WHN) is committed to legal, ethical and professional business practices. Therefore, this compliance policy has been implemented to provide guidance to all employees and contractors of WHN in following all Federal, State and local laws and regulations. As mandated in this policy, all employees and contractors are required to detect, prevent and report any suspicion of fraud, waste, abuse or other compliance issues.

WHN has established this compliance policy to ensure that quality care is delivered in a manner that fully complies with all applicable state and federal laws and regulations. It is the policy of WHN that (1) all employees and contractors are educated about applicable policies and laws and related compliance requirements, (2) there is periodic monitoring and oversight of compliance with those laws, (3) there exists an atmosphere that encourages and enables the reporting of non-compliance without fear of retaliation or retribution, and (4) mechanisms exist to investigate, discipline and correct noncompliance.

The Compliance Officer has been delegated the responsibility of developing and monitoring the WHN Compliance Program. However, each individual employee and contractor remains responsible for his or her own compliance with applicable laws. Substantiated acts of non-compliance will not be tolerated and will be subject to disciplinary action as set out in the established personnel policies and contractual agreements adopted by WHN. Disciplinary actions can include a variety of consequences up to and including dismissal from employment, termination of a contract under the provisions set out in the contract, and/or criminal legal actions when applicable.

Structure

The Compliance Officer reports to the Chief Executive Officer. The Compliance Officer also chairs the Compliance Committee. Primary responsibilities of the Compliance Officer include updating the Compliance Plan as the need arises, overseeing the education of employees regarding compliance matters, monitoring the status of compliance issues, as well as investigating reports of noncompliance and ensuring proper follow-up and correction.

The Compliance Officer is required to report on WHN's compliance activities to the Chief Executive Officer on a regular basis. The CEO will report to the Board at least annually. The report to the Board will include, but is not limited to: (1) level of compliance or non-compliance found as a result of monitoring, (2) the success of efforts to improve compliance, including training and education, and (3) corrective or disciplinary actions taken with respect to those who were found to be non-compliant.

Non-Retaliation/Retribution

It is the policy of WHN that no person shall retaliate, in any form, against a person who reports in good faith an act or suspected act of non-compliance (although employees may be disciplined for making intentionally false reports of non-compliance). Retaliation or retribution against an employee or contractor of WHN for reporting a suspected act of non-compliance shall be deemed as unprofessional conduct. Acts of retaliation or retribution must be reported and investigated by the CEO. Any confirmed act of retaliation or retribution may result in disciplinary action or termination of a contract.

Investigation

The Compliance Officer and/or designee will investigate every report of non-compliance with policies, laws, rules and/or regulations. Investigations will be handled promptly and consist of interviewing personnel, examining documents, and consulting with pertinent individuals, including legal counsel when necessary. All WHN employees and contractors shall cooperate with those investigating such matters.

The Compliance Officer or designee will have full authority to interview employees and contractors and review any document (subject to state and federal laws on confidentiality) deemed necessary to complete the investigation. A written record of each investigation is to be created and maintained by the Compliance Officer in a confidential, secure location. This will include a close-out report that will include the facts of the case, investigative approach and result, conclusions, and disciplinary or corrective action. WHN must protect the rights of anyone made the subject of a report; therefore actions taken in response to reports of non-compliance may not be made public.

Corrective Action

The Compliance Officer will submit the results of *each* substantiated investigation to the CEO for action as deemed fit by the CEO.

Education and Training

The Compliance Officer is responsible for monitoring education for employees and contractors concerning the existence of the compliance program, its contents, and the need to abide by the specific laws and regulations affecting WHN. Compliance education shall occur as part of the orientation process for WHN employees. Contractors receive the WHN Compliance Policy through information on the WHN Website, Communication Bulletins and the WHN Operations Manual.

Monitoring of Contractors

Monitoring of contractors are carried out on-site by WHN employees who conduct a variety of data analyses of provider claims and services information which may reveal irregularities requiring further investigation.

All deficiencies are to be reported to the Compliance Officer.

Both the U.S. Sentencing Commission "Guidelines for Organizations" and the HHS Office of Inspector General (HHS OIG) Compliance Program Guidelines require ongoing monitoring to assure compliance.

Reporting

As outlined in other policies, in order for WHN to remain proactive in our effort to prevent and detect violations of laws, every WHN employee and contractor has the responsibility not only to comply with the laws and regulations but to ensure that others do as well. Any such employee or contractor who perceives or learns of an act of noncompliance should report or seek guidance about their concerns so it can be investigated as soon as possible. This can include unethical behavior or violation of applicable federal or state laws. Any employee or contractor found to have known of such acts but failed to report them may be subject to disciplinary actions and a contractor may be subject to contract termination. If an allegation of non-compliance is made against the Compliance Officer, it must be reported to and investigated by the CEO.

WESTERN HIGHLANDS NETWORK COMPLIANCE PROGRAM SUMMARY

Western Highlands Network is dedicated to providing quality services to the communities which we serve. To that end, this Compliance Program is developed to provide guidance to all employees and contractors in following all federal, state and local laws and regulations. The Compliance Program is developed to demonstrate our commitment to ethical and legal behavior and to effectively communicate expected standards of conduct to all responsible parties. The Compliance Program demonstrates our strong commitment to honest and responsible program and contractor conduct.

SCOPE

The Compliance Program is designed to identify, prevent, reduce and correct violation of legal or ethical conduct. The elements of our Compliance Program include:

- Adherence to WHN Standards of Conduct/Ethics, and Compliance Policy
- Designation of a Compliance Officer
- Establishment of a Compliance Committee
- Establishing and maintaining a system for receiving reports of fraud or abuse
- Development and implementation of education and/or training for our employees and contractors
- Regular monitoring and assessment
- Establishment of a system for investigation and correction of identified problems or abuse

PROCEDURES AND STANDARDS FOR COMPLIANCE

All WHN employees are required to follow the Compliance Program, WHN policies, and all applicable governmental laws and regulations. New employees will receive education about the Compliance Plan during orientation. All contractors in the WHN Network must incorporate all relevant aspects of the WHN Compliance Program into their own policies and/or procedures and training programs.

Every employee will be given the opportunity to read, receive needed clarification and sign the Acknowledgement that they have done so.

Western Highlands Network will not tolerate violations of any portion of the Plan including Standards of Conduct/Ethics, policies and laws.

Through this Compliance Plan, WHN seeks to:

1. Empower all responsible persons to prevent, detect, respond to, and resolve violations and ethical behavior conducted at or on behalf of WHN.
2. Assure that quality, cost-effective services are provided to consumers,

3. Establish a system which allows persons to raise concern about compliance issues without fear of retaliation or retribution; and
4. Provide oversight for the resolution of any identified problems or potential problem areas.

DESIGNATIONS

In an effort to effect successful implementation of our Compliance Program, a Compliance Officer is identified and accessible to all staff and contractors.

The Compliance Officer will:

- Develop a response system to investigate allegations of illegal/improper activities,
- Educate parties regarding the Hotline to ensure access to make confidential and/or anonymous reports,
- Provide information related to substantiated reports or identified areas of concern to the CEO,
- Provide leadership for the Compliance Committee,
- Monitor education and/or training to all employees and contractors,
- Identify and correct systemic problems with the Compliance Program

Additionally, a Compliance Committee will be established with members being appointed by the CEO to:

- Monitor and assess the Compliance Program,
- Identify and monitor risk areas,
- Recommend and monitor internal systems and controls to carry out the Compliance Program, and
- Evaluate and respond to complaints and problems.

WESTERN HIGHLANDS NETWORK STANDARDS OF CONDUCT/ETHICS

Western Highlands Network (WHN) has established these standards by which our employees and contractors will conduct themselves in order to protect our consumers and promote organizational integrity. The WHN Standards of Conduct are a central component of the Compliance Program. It is important to remember that we share the responsibility collectively and individually for assuring ethical behavior in our endeavors.

KNOW AND OBEY THE LAW

As a condition of employment or business association, all employees and contractors are expected to comply with all applicable WHN policies and applicable federal and state laws and regulations. Unfamiliarity is not an acceptable excuse for violations. Questions regarding any aspect of the Compliance Program should be forwarded to the Corporate Compliance Officer.

OUR RELATIONSHIPS WITH OUR PARTNERS

We are committed to ethical and legal business practices in our relationships with contracted organizations and individuals. We select our vendors, suppliers and providers on the basis of location, quality, price and service. Our relationships are outlined in written contracts and memoranda of agreement which comply with all applicable statutes and regulations.

Employees of WHN shall not accept gifts, gratuities, or favors from contractors or parties to sub-agreements.

MARKETING PRACTICES

Materials used to describe and promote our services are accurate, truthful, informative and non-deceptive.

USE OF AGENCY RESOURCES FOR PERSONAL NEEDS

Use of agency resources for personal needs is prohibited.

CONSUMER-STAFF RELATIONSHIPS

Exchanging of gifts between employees/contractors and consumers or ex-consumers is prohibited. Exceptions may be made only if the gift is made by the consumer is of little monetary value and refusal of the gift would be considered counter-therapeutic (clinical supervision must be sought when making these determinations). All gifts must be reported to the supervisor and documented in the consumer's medical record. Separate licensing laws may prohibit acceptance of any gift. Therefore, each professional must adhere to the specific rules of their licensing authority.

WHN employees and contractors shall be aware of the harm that may occur due to relationships with consumers outside the professional sphere and shall avoid such dual relationships whenever possible. If a relationship exists with a consumer prior to becoming a consumer, the employee/contractor shall be expected to excuse him or herself from participating in any treatment planning meetings and to refrain from having contact with any of the consumer's protected health information. In order to protect the confidentiality of both the

employee/contractor and the consumer, employees/contractors shall consult with their direct supervisor when such incidents occur.

SERVICE DELIVERY

Contractors are responsible for informing consumers of the potential benefits and negative consequences of treatment prior to services being rendered. This shall be done initially through the consent for treatment form and explained further during the intake procedure. The only exception to this process shall be when consumers are seen in crisis situations and are not able to consent to treatment at that time. In these situations, consent shall be obtained at the next appointment. Consumers do have a right to express disagreement or dissatisfaction related to service, care or treatment. If the situation cannot be resolved informally, the consumer has the right to file a grievance.

WHN employees and contractors relationships with consumers must be professional at all times. Exploitation of consumers for any reason will not be tolerated and shall be reported to the appropriate authorities.

The consumer must be fully informed about the nature and consequences of his/her participation in any research of WHN or a contractor and any data used in training or research shall be disguised so that the consumer's identity is protected. The consumer has the right to decline participation in any research.

WHN employees and contractors must neither claim nor imply professional qualifications which exceed those possessed, and are responsible for correcting any misrepresentations of these qualifications by others.

WHN employees will only perform professional duties for which they are professionally qualified. Contractors will only deliver those services for which they are professionally qualified and for which they have been licensed, endorsed, and privileged to perform by their agency following the agency's policy. In order to assure competent service, WHN and contractors must recognize the need to seek appropriate supervision and continuing education on an ongoing basis as well as maintain or receive licensure/certification specific to their credentials.

PRIVACY - CONFIDENTIALITY

Records of all activities with consumers are to be considered confidential information and employees and contractors shall have access to this information pursuant to the "Minimum Necessary Standard" of the Privacy Regulations of the Health Insurance Portability and Accountability Act of 1996 (HIPAA). Revelation to others of any protected health information shall occur only upon the expressed authorization of the client or legally responsible person in accordance with the HIPAA Privacy Regulations, Federal Law 42 CFR Part 2 (Confidentiality of Alcohol and Drug Abuse Patient Records) and the General Statutes of North Carolina.

BILLING PRACTICES – FRAUD, WASTE, AND ABUSE

WHN expects all employees and contractors to abide by any and all fraud, waste, and abuse laws. These laws prohibit the following:

1. Direct or indirect or disguised payments in exchange for the referral of consumers.
2. The submission of false, fraudulent or misleading claims to any government entity or third party payer, including claims for services not rendered, or claims which do not otherwise comply with applicable program contractual requirements. Services are to be billed accurately and appropriately.
3. Making false statements to any person or entity in order to gain or retain participation in a program or to obtain payment for any service.

BEHAVE ETHICALLY

Every WHN employee and contractor is expected to adhere to high ethical standards in performing their duties and to comply with the WHN Standards of Conduct. WHN also expects employees and contractors to remain current in their knowledge of all laws relating to ethical business practices. Furthermore, employees and contractors are expected to take appropriate action when there is reason to be concerned about the ethical behavior of other employees or contractors.

Professionals employed in clinical positions are required to abide by the Code of Ethics of their respective professions and/or specific to their licensure/certifications. These shall include but are not limited to the ethical standards from the following groups:

American Psychiatric Association
American Psychological Association
National Board of Certified Counselors
National Association of Social Workers
American Association of Marriage and Family Therapist
North Carolina Substance Abuse Professional Certification Board
American Nursing Association
American Counseling Association
American Mental Health Counselors Association
National Association of Alcohol and Drug Abuse Counselors

WHN employees and contractors who are employed in health information management positions shall also abide by the American Health Information Management Association Code of Ethics.

DUTY TO REPORT

All WHN employees and contractors are required to report or seek guidance on any activity they believe is unethical or violates any federal or state law or requirement. WHN employees and contractors need not be certain the violation has occurred in order to report it. WHN encourages employees and contractors to seek guidance on any question related to potential or actual violations of laws or regulations.

Reporting enables WHN to investigate potential problems quickly and to take prompt action to resolve them. Reports may be made in person, by telephone or by writing to any of the following:

- **Immediate Supervisor/Program Director**
- **Compliance Officer**
- **Confidential Compliance Hotline (1-800-826-6762)**

Individuals reporting suspected violations are encouraged to follow the chain of command of their organization but any of the above reporting methods are acceptable. Individuals seeking guidance or reporting violations may do so without fear of retaliation or retribution and their confidentiality will be protected to the fullest extent possible.

DISCIPLINARY MEASURES

In accordance with the WHN Disciplinary Policy, WHN employees are subject to disciplinary action up to and including dismissal for failure to report a suspected violation of any federal or state law, regulation or program requirement, or violation of a WHN policy. In addition, there is a range of penalties for violation of federal and state healthcare program regulations, including monetary fines, civil and criminal legal actions and Federal program exclusions. WHN's contractors are subject to the same federal and state laws. Moreover, contractor failure to report suspected or known violations may result in the termination of their contract.

What Are Some of the Federal Laws that We Must Comply With?

False Claims Act: criminalizes billing for services that were never delivered, never documented, different than what was delivered, doubly billed to two payors, not medically necessary, not accurately coded. The person must "knowingly" submit a false or fraudulent claim. This includes actual knowledge, "deliberate ignorance", or "reckless disregard".

Penalties: (civil) up to \$10,000 fine per claim plus double or treble damages, (criminal) up to \$25,000 fine and/or 5 years in jail

Anti-Kickback Statute: part of the Social Security Act (42 U.S.C. 1320a7b (b)). Provides criminal penalties for individuals or entities that knowingly and willfully offer, pay, solicit, or receive remuneration in order to induce business payable by a federal health care program. Please note: "safe harbors" do exist to immunize certain payment and business practices that are implicated by the anti-kickback statute from criminal and civil prosecution.

Penalties: classified as a felony, up to \$25,000 fine per claim and/or 5 years in jail and program exclusion

The Federal Self-Referral Law (Stark Law): prohibits the referral of patients or the submission of claims for "designated services" if the referring clinician has a "financial relationship" with the entity that provides the services.

Penalties: up to \$15,000 fine per claim

Health Insurance Portability and Accountability Act of 1996 (HIPAA): created sections 1128C and 1128D of the Social Security Act. There are 3 basic parts to HIPAA: 1). transaction code set regulations which define how we bill and how we transmit protected health information (PHI), 2). privacy regulations which require providers and others who maintain PHI to implement measures to guard the confidentiality of health information, 3). security regulations which mandate implementation of administrative, physical and technical safeguards to guard the integrity PHI. **This law enacted the most stringent federal healthcare confidentiality laws ever.**

Penalties: (civil) up to \$25,000 fine per year, (criminal) up to \$250,000 fine and/or imprisonment.

The Balanced Budget Act of 1997 (BBA): permanently excludes those convicted on 3 health care related crimes from participating in Medicare, Medicaid and other Federally funded health care programs. It also authorized the Secretary of HHS to refuse to enter into agreements with individuals or entities convicted of felonies, and excludes those entities where a person transfers ownership or control to an immediate family member or member of the household in anticipation of, or following a conviction or exclusion.

Penalties: up to \$10,000 fine when a person or entity arranges or contracts with an individual when the person or entity knows or should have known that the individual or entity has been excluded from a federal health care program. The individual or entity would also be subject to an assessment of up to 3 times the amount claimed and to exclusion from federal health care programs.

Violations of any of these laws can also force the organization to enter into a Corporate Integrity Agreement (CIA) with the federal government. CIA's give the government authority to continuously monitor a provider's compliance efforts. Often times this authority extends for a number of years.