

**HUNTERDON HEALTHCARE SYSTEM
ADMINISTRATIVE POLICY AND PROCEDURE MANUAL**

SUBJECT: Corporate Compliance Program: Business Interactions With Vendors & Potential Referral Sources	Reference NO:205	Date Created: 03/26/2015
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I. POLICY:

It is the policy of Hunterdon Healthcare System (HHS) to carry out its business practices with external parties in a manner that embodies honesty, fairness and integrity. As such, this policy and procedure has been developed to assure compliance as defined by the HHS Corporate Compliance Program and the Hunterdon Code of Ethics.

II. PRINCIPLES:

A. Quality of Service

HHS is committed to providing services that meet all contractual obligations and HHS quality standards.

B. Contract Negotiation

HHS has an affirmative duty to disclose current, accurate and complete cost and pricing data where such data are required under appropriate federal or state law or regulation. Individuals involved in the pricing of contract proposals or the negotiation of a contract must ensure the accuracy, completeness and currency of all data generated and given to supervisors and other employees and all representations made to customers and suppliers, both government and commercial. The submission to a federal government customer of a representation, quotation, statement or certification that is false, incomplete or misleading can result in civil and/or criminal liability for HHS, the involved individual and any supervisors who condone or authorize such a practice. All contracts shall be referred to an appropriate administrator for review prior to approval.

C. Competitive Analysis

In conducting market analyses, individuals should not accept or use information known to be proprietary to one of our competitors. Individuals must ensure that a competitor's proprietary information is not improperly obtained or used in any improper fashion.

D. Antitrust Issues

Antitrust laws apply to all commercial and federal domestic (and some foreign) transactions by HHS, and they are designed to ensure that competition exists and to preserve the free enterprise system. Antitrust issues that an individual may encounter are in the areas of pricing, boycotts and trade associate activity.

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Examples of actions that violate the antitrust law and that must not be avoided include, but are not limited to, the following:

- (1) Entering into or negotiating an agreement with one or more competitors to:
 - a. fix prices at any level or to fix other terms of service;
 - b. allocate customers or markets; or
 - c. boycott a supplier or customer
- (2) Discussing pricing strategies or market divisions with competitors
- (3) Implementing reciprocal agreements that require purchasers to buy from HHS under any kind of coercion, expressed or implied.

As this is a highly complex area, and this policy cannot cover all situations in which antitrust laws may apply, individuals should take special care in this area and promptly refer any questions to the Compliance Officer or a Compliance Committee member (See Policy HHS-108), who will consult legal counsel as necessary.

E. Anti-Kickback Issues

Federal and state laws prohibit HHS and its associates from offering a kickback to an entity or person to induce that customer or potential customer to purchase services from or to refer a patient to HHS. Moreover, the laws prohibit asking for or accepting a kickback to use a particular vendor's medical product or to refer a Hunterdon patient to a particular healthcare provider. Examples of the types of actions that could violate the federal Medicare/Medicaid anti-kickback statute and similar state laws include the following:

- (1) Offering, asking for, receiving, or paying anything of value in exchange for referring a patient to Hunterdon or to another healthcare provider;
- (2) Offering or paying anything of value to anyone (patient or referral source) in marketing HHS;
- (3) Soliciting or receiving anything of value for the referral of HHS patients to others.

As this is a highly complex area of the law, this policy cannot list all situations in which the anti-kickback or false claims laws may apply. Therefore, individuals should promptly refer their questions to the Compliance Officer or a member of the Corporate Compliance Committee.

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F. False Claims Act

The False Claims Act prohibits knowingly presenting a false or fraudulent claim for payment or approval. “Knowingly” presenting a false claim includes not only presenting a claim with actual knowledge that it is false, but submitting a claim in deliberate ignorance or in reckless disregard of applicable billing laws.

Examples of the types of actions that could violate the federal False Billing laws include but are not limited to:

- (1) Filing a claim for services that were not rendered at all or were not rendered as described on the claim form;
- (2) Filing a claim for services that were rendered, but were medically unnecessary;
- (3) Submitting a claim containing information you know to be false; or
- (4) Misusing Social Security or Medicare symbols, emblems or names in marketing.

Billing personnel need to comply with the Reimbursement and Billing Policies and Procedures. Billing personnel should refer to specific departmental policies and procedures for further guidance.

G. Charging of Costs/Time Card Reporting

When labor costs for a particular project are billed to an outside party, individuals who submit time sheets related to the project must be particularly careful to ensure that hours worked and costs incurred are recorded correctly, applied to the correct project account, and submitted in a timely manner. The individual’s signature (manual or electronic) on a time sheet is a representation that the time sheet accurately reflects the number of hours worked on the specified project. The supervisor’s signature on a time sheet or expense report is a representation that it has been reviewed and that steps have been taken to verify the validity of the hours or expenses reported and the correctness of the allocation of the hours or expenses. (See Human Resources Policy – Recording Hours of Work - No. V.3:4)

H. Hiring of Federal and State Employees

Complex rules govern HHS recruitment and employment of government employees into private industry. Individuals must obtain prior clearance from the Director of Human Resources to discuss possible employment with, make offers to, or hire (as an employee or consultant) any current or former government employee (military or civilian).

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III. USING HHS RESOURCES PROPERLY:

A. Making Political Contributions

Individuals may not contribute or donate HHS funds, products, services or other resources to any political cause, party or candidate without the advance written approval of an appropriate administrator. However, individuals may make voluntary personal contributions to any lawful political causes, parties, or candidates as long as the individual does not represent that such contributions come from HHS or imply that HHS is supporting the political cause by virtue of the individual identifying himself or herself as a Hunterdon employee. An individual may not obtain the money for these contributions from HHS when the money is given by HHS for the sole purpose of making such a contribution.

B. Providing Business Courtesies to Customers or Sources of Customers

Hunterdon's success in the marketplace results from providing quality services at competitive prices. HHS does not seek to gain an improper advantage by offering business courtesies such as entertainment, meals, transportation or lodging to customers, referral sources or purchasers of HHS services. Individuals should never offer any type of business courtesy to a referral source or a purchaser for the purpose of obtaining favorable treatment or advantage. To avoid even the appearance of impropriety, individuals must not provide any referral source or purchaser with gifts or promotional items of more than nominal value (e.g., pens, calendars, and the like).

Except for additional restrictions that apply in the federal or state government area (See section below titled "Government Customers", individuals may pay for reasonable meal, refreshment and/or entertainment expenses for referral sources and purchasers of HHS services which are incurred only occasionally, are not requested or solicited by the recipient, and are not intended to or likely to affect the recipient's business decisions with respect to HHS. An individual may provide or pay travel or lodging expenses of a customer or source of customers only with the advance approval of the administrator responsible for its unit or group, or a designee, and the additional approval of the Compliance Officer if the travel or lodging is not for a directly business-related purpose.

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C. Educational Grants/Scholarships

Department Heads or those otherwise in a position that represent HHS shall not receive any educational grants or scholarships from vendors or consultants that create even the appearance of impropriety or conflict with government regulations or the standards set by the American Medical Association's Council on Ethical and Judicial Affairs, the Pharmaceutical Manufacturers Association (PhRMA), or the Advanced Medical Technology Association (AdvaMed).

D. Research Grants

HHS shall ensure that any funds provided to support health care research or consulting agreements are provided for bona fide purposes and in a manner that clearly separates such payments from any referrals. All research grants from vendors must be approved by the department head and must be for legitimate, bona fide research.

E. Charitable Contributions

All charitable contributions received from individuals and organizations must directly benefit HHS. Under no circumstances may a charitable contribution be made payable to an individual at HHS. HHS shall not accept any donations that are tied to a marketing effort or sales promotion that requires HHS to purchase supplies from the vendor making the contribution, as a condition of receiving the contribution. Under no circumstances should HHS be required to use the donation to purchase supplies from the vendor making the contribution.

F. Government Customers

HHS, on a regular basis, is a party to numerous government contracts or subcontracts with various governmental agencies. Examples are provider contracts wherein HHS supplies services to or on behalf of the Medicare and Medicaid programs, either directly or as a subcontractor to a Medicare contractor. It is essential that all individuals are knowledgeable of, and comply with, all of the applicable laws, rules and regulations of all such governmental agencies. Billing personnel also should comply with the Reimbursement and Billing Policies and Procedures. Any individuals who may have a concern or question concerning compliance with any governmental contract or subcontract should contact their supervisor or the Compliance Officer.

Individuals may not provide or pay for any meal, refreshment, entertainment, travel or lodging expenses for government employees without the prior approval of an

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appropriate administrator. State, local and foreign governmental bodies may also have restrictions on the provisions of business courtesies, including meals and refreshments. HHS individuals doing business with such governmental bodies are expected to know and respect all such restrictions.

G. Accurate Books and Accounts

All HHS payments and other transactions must be properly authorized by management and be accurately and completely recorded on HHS books and records in accordance with generally accepted accounting principles and established corporate accounting policies. No false, incomplete or unrecorded corporate entries shall be made. No undisclosed or unrecorded corporate funds shall be established for any purpose, nor shall HHS funds be placed in any personal or non-corporate account. All corporate assets must be properly protected, and asset records must be regularly compared with actual assets with proper action taken to reconcile any variances.

IV. AVOIDING ABUSES OF TRUST:

HHS expects individuals to avoid engaging in any activity that might interfere or appear to interfere with the independent exercise of the member's judgment in situations where the member's personal interests might detract from or conflict with the best interest of HHS or the interests of HHS customers or suppliers.

A. Conflict of Interest

No HHS employee may have any employment, consulting or other business relationship with a competitor, customer or other business relationship with a competitor, customer or supplier, or invest in any competitor, customer or supplier (except for moderate holdings of publicly-traded securities) unless advance written permission is granted by an appropriate administrator. Advance written permission is also required before an employee may invest in any privately held company or entity that performs services for HHS or that employs providers who may refer patients to HHS or to which HHS patients may be referred.

Outside employment may constitute a conflict of interest if it places an employee in the position of appearing to represent HHS, involves services substantially similar to those HHS provides or is considering making available, or lessens the efficiency, alertness or productivity normally expected of employees on their jobs. Outside employment may also constitute a conflict of interest if individuals perform services either for (I) individuals or entities (e.g., physicians) whose services are employed by

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HHS or who may refer patients to HHS, or for any individuals or entities that provide services for or employ such individuals or entities, or (2) individuals or entities to which HHS patients may be referred (e.g., providers of ancillary services). All outside employment that raises any question in this regard must be disclosed to HHS and approved in advance by an appropriate administrator. Please refer to the Administrative Conflict of Interest Policy and the Human Resources Outside Employment Policy.

B. Insider Trading

No HHS member shall trade in the securities of any company, or buy or sell any property or assets, on the basis of non-public information acquired through their association at HHS, whether such information comes from HHS or from another company with which HHS has a confidential relationship.

C. Acceptance of Business Courtesies

Never accept anything of value (including the opportunity to earn money) from a person or entity currently doing business with HHS or seeking to do business with HHS, if the item of value is offered or appears to be offered in exchange for any type of favorable treatment or advantage. To avoid even the appearance of impropriety, do not accept any gifts or promotional items of more than nominal value. Gifts received which are valued in excess of \$100 must be reported to an appropriate administrator or the Compliance Officer. An individual may accept meals, drinks or entertainment only if such courtesies are unsolicited, infrequently provided, and reasonable in value. Such courtesies must also be directly connected with business discussions, unless an exception is approved by a supervisor. Do not accept reimbursement for lodging or travel expenses or free lodging or travel without the express written approval of an administrator or the Compliance Officer unless such lodging and travel reimbursement is required by contract (e.g., training for computer systems, technological equipment, etc.).

D. Safeguarding HHS Restricted Information

It is HHS policy to control closely the dissemination of HHS proprietary information. Except as specifically authorized by management pursuant to established policy and procedure, do not disclose to any outside party and non-public business, financial, personnel, commercial or technological information, plans or data acquired during employment at HHS. During the term of association at HHS, an individual should disseminate these types of information

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only to parties having a “need to know” and should protect these types of information from access by unauthorized personnel.

The prohibition against disclosing HHS restricted information extends beyond the period of an individual’s association with HHS as long as the information is not in the public domain. Upon termination of such association, an individual may not copy, take or retain any documents containing HHS restricted information. An individual’s agreement to continue to protect the confidentiality of such

information after the term of association ends is considered an important part of that person’s obligations to HHS.

E. Confidential Information

Individuals must strictly safeguard all confidential information with which they are entrusted and must never discuss such information outside the normal and necessary course of HHS business. In particular, all individuals must protect the confidentiality of all patient records and the information contained in such records. Individuals have an additional obligation to respect and protect the confidential nature of records regarding drug abuse, alcoholism or alcohol abuse, mental illness, HIV, or other personal information of other employees.

F. Government Proprietary and Source Selection Information

HHS does not solicit nor will it receive any sensitive proprietary internal government information, including budgetary, program or source selection information, before it is available through normal processes.

V. EXTERNAL AUDITS:

The Compliance Committee, as a whole, shall have the authority to retain outside counsel and/or other professional consultants, as needed for guidance on issues arising under the Corporate Compliance Program and also may authorize and implement audits by outside counsel and/or other professional consultants, if the need arises. With assistance from outside counsel and/or other professional consultants, the Compliance Committee will identify the specific areas on which the external audit will focus and a timetable for completing the audit. The Compliance Committee will oversee, organize and implement all audits conducted by outside counsel and/or other professional consultants.

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Reviewed: 6/05, 5/14 – No recommended changes
Revised: 8/11, 6/15

Document Owner: Director Corp Compliance-Internal Audit

References:

Original Policy Number and Date: HHS-103, 8/97