



***HERITAGE PROVIDER NETWORK***

**&**

***AFFILIATED MEDICAL GROUPS***

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**Compliance Plan**

**2023**

## Affiliated Medical Groups

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ADOC Medical Group

Bakersfield Family Medical Center

Coastal Communities Physician Network

Desert Oasis Healthcare

Greater Covina Medical Group

Heritage Sierra Medical Group

Heritage Victor Valley Medical Group

High Desert Medical Group

Lakeside Medical Group

Regal Medical Group

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Revision dates: 05/2013, 10/2014, 5/2015, 7/2016, 1/2017, 11/2017, 02/2018, 09/2018, 01/2019, 04/2019, 07/2019, 01/2020, 05/06/2020, 05/11/2021, 03/22/2022, 02/27/2023

## Message from HPN President and CEO

Dear Heritage Team:

Heritage Provider Network and its Affiliated Medical Groups (HPN) have a tradition of caring for our patients and communities. We must demonstrate consistently that we have a commitment to act with absolute integrity and accountability. Unwritten, but certainly understood in our mission statement, is our continual pledge to comply with all federal, state and local laws and regulations in all facets of our business.



Richard Merkin, M.D.  
President and CEO of HPN

In further demonstration of our commitment, HPN has published a Compliance Plan, which reflects our tradition of caring and provides guidance to ensure that our business is done in an ethical and legal manner. Your adherence to its spirit, as well as its specific provisions, is absolutely critical to our future. We have a rich heritage of integrity and ethics, which are reflected in our Mission, Vision and Values as well as in our Compliance Plan. No compliance plan can substitute for our own internal sense of fairness, honesty, and integrity. Let us commit to demonstrating the highest degree of integrity in everything we do by making ethical decisions while fulfilling our roles and responsibilities.

## Executive Summary

HPN and its affiliated medical groups' ("HPN") comprehensive Compliance Plan is a guide to adhering to all federal, state, and CMS regulations; as such, we acknowledge and comply to the guidelines<sup>1</sup> referenced in the Medicare Manage Care Manual; Chapter 21, Compliance Program Guidelines, as summarized below:

HPN will establish best practices for communication, Monitoring, FWA (Fraud, Waste, and Abuse), Governing body, Training and Education, and Routine Monitoring, Auditing, and Identification of Compliance Risks.

The objectives of the Compliance Plan are to ensure that we meet our ethical standards and comply with applicable laws and regulations. Towards achieving this goal, we have established the following plan:

- To carry out our daily activities, within applicable ethical and legal standards.
- Provide oversight for compliance topics within the laws, regulations, and special conditions imposed upon by any licensing or regulatory authorities.
- Avoid irregularities in payment, reimbursement, and other transactions.
- Assist in maintaining our obligations to patients, affiliated physicians, third-party payers, subcontractors, independent contractors, vendors, consultants, and one another; according to regulatory requirements.
- To provide exceptional patient care.

## Compliance Plan

### Written Standards of Conduct

Heritage Provider Network (HPN) has developed this Compliance Plan to ensure compliance with federal, state, and local laws and regulations. HPN provides a copy of this Compliance Plan to all of its employees, volunteers, First tier, Downstream, and Related entities (FDRs) and vendors. All employees including the management team must sign the Standards of Conduct and Confidentiality Agreement ensuring their understanding and agreement to abide by this Plan.

If an employee, FDR, or vendor is aware of any violation of the Plan, they must report the problem promptly to a supervisor or the affiliated medical group Compliance Officer or CCO without fear of reprisal. All violations or issues of non-compliance may be reported anonymously. If the employee, FDR, or vendor is in doubt as to how a specific ethical or other situation covered by this Compliance Plan should be handled, he or she should contact their supervisor or the Compliance Officer. All employees,

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<sup>1</sup> HPN does not participate in Medicare Part D, therefore CMS Part D requirements were omitted from the summary.

FDRs, and vendors must report promptly if they believe they may have been requested to engage in illegal or unethical conduct.

The Compliance Plan is intended to define the appropriate workplace conduct and it is not meant to substitute other policies and procedures of HPN and its Affiliates. The Compliance Plan is intended to serve as a guide for workplace conduct, but it cannot address every situation that HPN employees, FDRs, or vendors may encounter. HPN expects all of its employees, FDRs, and vendors, at all times, to use good judgment and to exercise personal integrity whether it is addressed in the Compliance Plan or not.

### **Role of Corporate Compliance Officer (CCO)**

The Board of Directors has appointed a Corporate Compliance Officer (CCO) to implement and monitor the HPN Compliance Plan. The expectation and duties of the CCO include but are not limited to the following:

- A full-time employee of Heritage Provider Network and Affiliated Medical Group who reports directly to the Board of Directors.
- Oversees the compliance program, maintained and executed by each HPN Group's Compliance Officer.
- Coordinates an annual review and updates the Compliance Plan as required.
- Designs and coordinates regular audits, to ensure that the Compliance Plan is being adhered to by all individuals involved in HPN's daily operations.
- Reports semi-annually to the Board and HPN's Chief Executive Officer (CEO) the results of the audits, the status of any investigation, and any non-compliant violations to the provisions of HPN's Compliance Plan.
- Ensures that HPN groups provide each employee with a copy of HPN's Compliance Plan immediately after being hired. The employee is required to read the Compliance Plan and acknowledge receipt and understanding of the Compliance Plan.
- Schedules, conducts, and/or oversees new hire and annual training programs, to ensure that all employees understand and adhere to the Compliance Plan.
- Familiarizes with federal and state regulations and laws as they pertain to the Compliance Plan.
- Maintains all records related to the Compliance Plan.
- Ensures that HPN and its Affiliated Medical Groups provide third party agents a copy of the Compliance Plan.
- Provides a process and a procedure to appropriately screen potential employees who have engaged in illegal activities and prevent the hiring of such employees.
- Performs any other activities to ensure the success of the Compliance Plan.



- Maintains a centralized source of information for compliance related to federal and state regulations.
- Creates and maintains a system at the local and corporate level, for reporting potential violations of the compliance plan.

## Corporate Compliance Committee

### Composition

The Compliance Committee shall consist of HPN's CCO, Vice President of Corporate Human Resources (HR), and HPN Group Compliance Officers. The Compliance Officers of HPN's Affiliated Groups directly report to their group's Chief Operation Officer or equivalent (COO). The Compliance Officers of HPN's Affiliated Medical Groups have a dotted line responsibility to the CCO. The members of the committee serve at the discretion of the Board and the Corporate Compliance Officer may be removed without cause. Members may be added to the committee by the Board or Corporate Compliance Officer at any time.

### Duties

The duties of the Compliance Committee include, but are not limited to, investigating, evaluating and reporting facts, and making appropriate recommendations regarding the investigations. The committee members are accessible to the CCO to address compliance issues or to address possible violations of the Compliance Program and/or Standards of Conduct. The committee is responsible for ensuring all HPN Affiliated Medical Groups are compliant with applicable laws and regulations and for ensuring that an effective Compliance Plan exists and is followed. The committee ensures that policies and procedures are appropriately communicated to all employees and such policies are monitored and enforced on an ongoing basis.

### Quorum

The Committee Quorum is made up of the following: at least two-thirds of the committee members. All decisions made by the committee require a majority vote of the members present. The CCO communicates all of the committees' actions to the Board and HPN's Affiliated Group Compliance Officers.

### Meetings

The Compliance Committee meets semi-annually. The Committee is accountable to and provides regular reports to their group's COO, and to the Corporate Compliance Officer, who directly reports to the Board of Directors. The Compliance Officers of the Affiliated Medical Groups conduct real-time investigations of any inquiries and violations, and appropriate corrective actions are addressed. The committee reviews and considers any inquiries, violations, and corrective actions reported during the quarter to evaluate any revision to the Compliance Plan or program activities. The committee reviews the integrity and effectiveness of the Compliance Plan. All meetings are conducted in person or virtually. The Corporate

Compliance Officer provides an agenda to each of the committee members before each meeting. The Board or the CCO at their discretion may request additional meetings of the committee.

### Minutes

All committee meeting minutes and agenda items are prepared and maintained at the office of the CCO, including all records of recommendations made by the Committee.

### **Reporting and Confidentiality**

The committee, through the CCO, submits to the Board and the Department of Managed Health Care (DMHC) a written annual report of all its activities. All documents submitted by the committee are marked “Privileged and Confidential”.

All employees, vendors, and providers are expected to comply with all regulatory requirements and HPN’s policies and procedures. All employees, vendors, and providers are required to report any issues or concerns that are believed in good faith, to violate any law or regulatory code, company policy or procedure, Standards of Conduct, or any other issue related to the Compliance and Antifraud Plan.

The employee, vendor, or provider can report any possible issue or concern, without fear of intimidation or retaliation, or may inquire about the Compliance and Antifraud Plan by:

- Calling the Corporate Compliance Hotline at (855) 625-7894, available 24 hours a day, 7 days a week.
- Contacting Corporate Compliance through the Corporate Compliance Hotline, or by emailing [corporatecompliance@heritagemed.com](mailto:corporatecompliance@heritagemed.com).
- Contacting HPN’s Corporate Compliance Officer, Margaret Ngo-Lee at (661) 480-2058 or at [mngo-lee@heritagemed.com](mailto:mngo-lee@heritagemed.com) or Director of Corporate Compliance, Neil Raj at (661) 480-2087, or at [nraj@heritagemed.com](mailto:nraj@heritagemed.com).
- Sending a confidential email to HPN’s Affiliated Medical Group’s Compliance Officer.
- Leaving a confidential voicemail to HPN’s Affiliated Medical Group’s Compliance Officer.
- Reporting any concerns via email or telephone to his/her immediate supervisor and/or HR Director.

Each issue and/or concern is immediately reviewed by HPN’s Affiliated Medical Group’s Compliance Officer or designee who investigates the issue and/or concern and refers it to the appropriate department manager for review and appropriate corrective action plan. All incidents are documented on the HPN Incident Log and maintained in each group’s compliance folder.

HPN is ethically and legally committed to correcting any wrongdoing, wherever in the organization it may occur. Each person has the responsibility for reporting any activity conducted by any team member,

physician, affiliate, subcontractor or vendor, that appears to violate applicable laws, rules, and regulations or any part of HPN's Compliance Plan.

The CCO and the Committee respect the confidentiality laws and ethical standards while conducting any investigation. All critical documents will be marked "Privileged and Confidential" and are maintained by the Compliance Officer and CCO.

Documents should only be disclosed to:

- Members of the Committee and COOs of the affiliated groups.
- Management or those individuals who have a need to know.
- Those individuals required by law or order of a court of competent jurisdiction.

All individuals who make a report are assured that any, and all documents related to the report are only shared on a need-to-know basis. HPN takes no adverse action on any person who makes a good-faith report, whether the report is found to have any basis or not.

If an employee willfully and knowingly does not report a violation of HPN's policies and procedures and this Compliance Plan, the employee may be subject to disciplinary action up to and including termination.

## **Investigating Compliance Issues**

When a violation is reported to be inconsistent with HPN Compliance policies, the Compliance Officer will determine whether there is a reasonable cause to believe that a risk issue may exist. If this preliminary review indicates that a problem may exist, the Compliance Officer reports the risk issue to the COO, and an inquiry into the matter will be undertaken. HPN employees, providers, affiliated providers, and/or external providers will be expected to cooperate fully with any investigations undertaken.

The responsibility for conducting the investigation will be decided on a case-by-case basis by the Compliance Officer of the Affiliated Medical Group and HR Director. The person(s) responsible for the review, is to use the monitoring tool(s) associated with identifying a compliance issue. Applications such as PCG Software and q.Pedia are utilized for identifying compliance issues for patient-related services. HR tools for identifying employee violations include, but are not limited to, surveillance cameras, internet usage reports, witnesses, and phone records.

The investigative process will adhere to any applicable HPN Compliance and Human Resources policies, regarding personnel action to be taken. To the extent required by law, efforts will be made to maintain the confidentiality of such inquiries and the information gathered. Consequences for conduct inconsistent with HPN's Compliance Plan will be addressed according to the provisions identified in applicable

HPN's policies. The findings will be reviewed by the Compliance Officer to ensure consistency in the review process.

## **Corrective Action Plan**

Violations of HPN's Compliance Plan and failure to comply with federal and state regulations, or any other types of misconduct, are considered a violation of company policy. A reported violation that is substantiated during an investigation puts at risk the reputation of the organization. Any violations that have been identified but are not corrected, can seriously jeopardize the mission, reputation, and legal status of HPN and its Affiliated Groups.

Upon knowledge of suspected non-compliance or breach of the Compliance Plan or any other federal or state regulation, the Compliance Officer and other designated management; will initiate an investigation of the alleged violation. If during an investigation it is determined that a violation has occurred, it is the policy of HPN and HPN's Affiliated Groups to initiate corrective action including, but not limited to, making restitution to any government agency and instituting disciplinary action as necessary. If needed, system changes will also be implemented to ensure similar violations do not occur in the future. Further, violations will be promptly reported to the appropriate individuals of the Affiliated Groups and the health plans as required.

All violators of HPN's Compliance Plan will be subject to disciplinary action up to and including termination. The disciplinary action of the violation will be determined upon the nature, severity, and frequency of the violation and may result in any or all of the following:

- Verbal Warning
- Written Warning
- Suspension
- Termination
- Restitution

Violations that are grossly not consistent with the Compliance Plan will be reported to the appropriate law enforcement agency.

## **Sanctioned/Excluded Individuals and Entities**

Federal law prohibits government reimbursement to individuals or entities that are excluded or ineligible to participate in federally-funded healthcare programs. Violation of this law may result in substantial fines for the organization. HPN does not knowingly arrange, contract with, or bill for services rendered or arranged by an individual or entity that is excluded or ineligible to participate in a federally funded health care program. HPN, upon hire/contracting and monthly thereafter, searches the Office of

Inspector General (OIG) and the General Services Administration (GSA/SAM) for excluded or ineligible persons and entities including, but not limited to, employees, volunteers, contractors, Board Members, and vendors.

If an HPN employee is found to be ineligible for employment due to government sanctions, such employee will be terminated immediately according to HR policies. Any provider who is excluded from participation in programs offered by the Centers for Medicare & Medicaid Services (CMS) or any other government program, does not meet HPN's credentialing requirements and will be excluded from HPN and its Affiliated Medical Groups' provider network.

### **Annual Compliance Review and Reporting**

In conjunction with established reporting requirements, the Corporate Compliance Officer will ensure a review of HPN's status with current compliance and regulatory operations. The purpose of the review is to evaluate whether HPN operations are within substantial compliance with all federal and state laws and local regulations and any other regulatory requirements. A review of the compliance reports, action plans and resolutions will be conducted and summarized by the compliance category. The CCO, with review and comments provided by the Compliance Committee, will prepare the annual compliance report. The resulting report will be included with the documented conclusions of HPN's internal investigations.

A comparative report of the results of HPN's investigations and actions taken for the current year, along with the compliance efforts during the preceding year, will be reported to the Board and HPN's Affiliated Medical Groups' COOs. Annually, work plans addressing strategies for maintaining and improving HPN's compliance efforts will be developed by the Corporate Compliance Officer, approved by the Board of Directors, and designated to the Compliance Committee.

The work plan will be appraised by the annual risk assessment and will include HPN's strategy for educating, training, monitoring, auditing, and enhancing the Compliance Program. Recommendations within the work plan will be considered in the:

- Development of the goals within HPN Strategic Planning.
- Review of the Compliance Program, Policies and Procedures, and Training Materials.
- Review of auditing and monitoring findings and corrective action plans.
- Development of ongoing monitoring mechanisms within HPN Quality Management Plans, and
- Development of expected outcomes within the HPN Utilization Management Plan.

## Education and Training

### Compliance Education

The Committee makes available and ensures that proper education and training of employees (including temporary workers and volunteers), Board Members, senior administrators and managers, and FDRs is conducted upon hire/contract and annually thereafter. The Compliance Plan requires that all individuals complete training that addresses HPN's Compliance Plan. Such training includes CMS Fraud, Waste, and Abuse, CMS General Compliance/Code of Conduct, HIPAA/HITECH Compliance, Cyber Security, Model of Care, Cultural Linguistics/Disability Sensitivity, Harassment, and Injury and Illness Prevention Program. HPN also requires training of all contractors, subcontractors, agents, and other persons who provide patient care or who perform billing, coding, or claims submission functions on behalf of HPN. HPN and its Affiliated Medical Groups have developed and implemented policies and procedures specific to training responsibilities and requirements. The training frequencies are as follows:

- During new hire orientation or within 90 days of hire.
- Annually.
- As deemed appropriate by job functionality.
- As the need arises to address changes in the Compliance Plan, or in applicable federal and state laws and regulations.

Training participation and attendance is necessary and failure to comply with any of the training requirements will result in disciplinary action. HPN's Affiliated Medical Group's Compliance Officer or HR Director retains records of all the training and educational programs including the following: dates of the training, attendance logs, and the topics discussed during the training sessions.

Training will consist of various formats including but not limited to video, PowerPoint, online presentations, classrooms, etc. Participants will be expected to exhibit a demonstrated level of understanding and receive an attestation of completion, maintained by the Compliance Officer and Human Resources. All education materials will be developed and updated by HPN Corporate Compliance with input from its Affiliated Medical Groups and will be reviewed and approved on an annual basis by the Board of Directors.

## Employee Code of Conduct

### Standards of Conduct

HPN is dedicated to the highest ethical and business standards and is committed to upholding all federal and state laws and regulations related to our business practices. The company and its employees (including temporary employees and volunteers), senior administrators or managers, Board members, and

FDRs will always strive to achieve the utmost ethical and professional business standards, to meet or exceed our commitment to the community, our patients, members, and business partners.

The Standards/Code of Conduct and Compliance Plan are an integral part of our business operations and they are our guide to excellence in the performance of our jobs. These programs have been reviewed and accepted by the company's Senior Management Team and Board of Directors, and all are committed to meeting or exceeding all compliance goals and standards. The Standards of Conduct are provided to its employees (including temporary employees and volunteers), senior administrators or managers, Board members, and FDRs upon hire/contract and annually through mandatory Compliance Training, review of Compliance Plan, and company newsletter distribution. All individuals are required to review all Compliance materials and to attend and complete all mandatory training to be compliant with federal and state regulations.

Areas of concern and particular risk that require special attention include but are not limited to:

- Accurate financial and accounting record keeping.
- Accurate and ethical billing and collection processes that focus on current Fraud, Waste, and Abuse laws.
- The protection of protected healthcare information under HIPAA and HITECH.

Should an employee have any questions regarding any compliance-related information, they may contact their Human Resources or Compliance Officer. If an employee suspects or believes any compliance or ethical standards have been violated, the employee is obligated to contact his or her supervisor, Human Resources, or the Compliance Officer.

## **Evaluation of Employee Performance**

Employees are expected to comply with the Code of Conduct and HPN Compliance Plan by completing the necessary training. Employees are required to complete additional training as needed by individual job responsibilities. Annual evaluations will be based on several elements, including job performance, professionalism, Code of Conduct, and Compliance Plan criteria.

## **Employee's Obligation to Report**

HPN employees and contracted affiliates have the responsibility to comply with the Code of Conduct and Compliance Plan. It is their duty to immediately report any potential or suspected violations to Human Resources or the Compliance Officer without fear of intimidation, retaliation, or reprisal. HPN remains committed to maintaining the highest level of accountability and all occurrences will be thoroughly investigated.

## Whistleblower Protection

HPN and its Affiliated Medical Groups prohibit any retaliation, intimidation, or reprisal against any employee, FDR, vendor, or any other person who reports in good-faith any potential or actual violation of the law, company policy, Compliance Plan or Code of Conduct.

Retaliation involves any conduct that would reasonably dissuade or discourage an employee, FDR, vendor or any other person from raising or reporting such concerns through HPN's reporting channels, or from participating in or cooperating with an investigation of such concerns.

## Controlled Substance

In accordance with federal and state laws, HPN maintains strict guidelines regulating the dispensing of narcotics, controlled substances, and other medical supplies. Only licensed personnel are authorized to handle controlled substances in accordance with HPN policies and procedures and within their scope of practice.

Practitioners dispensing medications are required to maintain meticulous record-keeping procedures to ensure regulatory protocols are achieved. Employees in violation of improper documentation, distribution, use, possession, and/or handling will be prosecuted according to company policy and federal and state laws.

## Copyrights

HPN employees must respect and follow all copyright rules and regulations. Under no circumstance does the Company condone unauthorized use or reproduction of materials according to copyright laws.

## Harassment and Workplace Violence

HPN is committed to providing a work environment free of discrimination and harassment. The Company's anti-harassment and discrimination policy applies to all persons involved in the operations of the Company and prohibits harassment or discrimination based on a protected characteristic by any employee of the Company, including supervisors and managers, as well as vendors, independent contractors, customers, and any other persons.

It also prohibits harassment and discrimination based on the perception that anyone has on any of the protected characteristics or is associated with a person who has or is perceived as having any of those characteristics.

Harassment covers a range of behaviors, including subtle and not-so-subtle verbal and non-verbal behavior. It can be engaged in or experienced by both males and females. Harassment may include, but is not limited to, any of the following:



- Epithets, derogatory jokes, comments, slurs, or verbal or physical innuendoes.
- Making verbal or physical conduct of a sexual nature, or the refusal to engage in such conduct, the basis of any employment decision or a condition of an employee's continued employment.
- Subjecting others to obscenity or offensive language.
- Commentary about an individual's body or sexual matters, and
- Retaliation for reporting or threatening to report harassment.

All employees must promptly report any incidents of harassment or discrimination to Human Resources or the Compliance Officer to ensure complaints are resolved quickly and fairly. Employees should also be aware that the Equal Employment Opportunity Commission and the California Department of Fair Employment and Housing will investigate and prosecute complaints of harassment, retaliation, and discrimination in employment.

Harassment also includes incidents of workplace violence. HPN intends to provide a safe workplace for employees and to provide a comfortable and secure atmosphere for customers and others with whom we do business. HPN has zero-tolerance for violent acts or threats of violence.

All employees are expected to always conduct themselves in a non-threatening, non-abusive manner. No direct, conditional, or veiled threat of harm to any employee or HPN property is acceptable. Acts of violence or intimidation of others will not be tolerated. Any employee who commits or threatens to commit a violent act against any person, while on Company premises, will be subject to immediate termination.

Employees share responsibility in the identification and alleviation of threatening or violent behavior in the workplace. Any employee who is subjected to or threatened with violence, or who is aware of another individual who has been subjected to or threatened with violence, should immediately report this information to his or her supervisor, a member of management, or Human Resources. All reports of violence or threats of violence will be investigated and communicated to local law enforcement.

### **Treat All Employees with Respect, Dignity, and Fairness**

To maintain an environment that is respectful and fair, HPN encourages employees to utilize the company's open-door policy to voice concerns of possible inequitable or unfair conduct. HPN values diversity as an asset and encourages equal opportunity, development, and advancement for all employees. Should an employee feel an issue remains unresolved, they may contact Human Resources or the Compliance Officer.

## Health & Safety

Each employee is expected to obey safety rules and to exercise caution in all work activities. Employees must immediately report any unsafe condition to Human Resources. Employees who violate safety standards, who cause hazardous or dangerous situations, or who fail to report or, who do not remedy such situation appropriately, may be subject to disciplinary action, up to and including termination.

To assist in providing a safe and healthful work environment for employees, patients and members, and visitors, and in compliance with California law, the Company maintains an Injury and Illness Prevention Program. The Injury and Illness Prevention Program is provided during new hire orientation and available for review by employees in the Human Resources office.

In the case of accidents that result in injury, regardless of how insignificant the injury may appear, employees should immediately notify the supervisor on site. Such notifications are necessary to comply with laws and initiate insurance and workers' compensation benefits procedures.

Such work injuries or other occurrences may include but are not limited to any injury, loss of personal property, medication error, serious complaints regarding patient care, failure to carry out a physician's order, questionable medical practice, unexpected cardiac arrest, equipment failure, robbery, vandalism, threats of violence.

Human Resources, the Compliance Officer and/or the Safety Committee will be responsible for investigating all health and safety matters.

## Personal Use of Resources

HPN resources must be maintained and utilized according to company rules and regulations. The Company reserves the right to inspect all property to ensure compliance with its rules and regulations, without notice to the employee or consent and/or in the employees' absence at any time consistent with applicable law. Prior written authorization must be obtained from Human Resources or Administration before any HPN property may be removed from the premises.

Employees are prohibited from using Company facilities or equipment including Company computers, copiers, facsimile machines, and other equipment for personal use without prior authorization from their supervisor.

Company equipment purchased for employee use is the property of HPN. All equipment must be returned upon termination or at any time upon the request of the Company.

## Relationships with Healthcare Constituents

### Patient

The goal of each HPN organization is to provide excellent service and quality medical care to all our patients. Patients are consistently treated with respect and dignity, and care is provided only for both medically necessary and appropriate healthcare services. HPN makes no distinction in the high quality of care it provides based on age, color, disability, marital status, national origin, race, religion, sex, sexual orientation, or payment source.

Moreover, medical treatment is not based on race, ethnicity, national origin, religion, sex, age, mental or physical disability or medical condition, such as ESRD, sexual orientation, claims experience, medical history, evidence of insurability (including conditions arising out of acts of domestic violence), genetic information or source of payment.

Additionally, medical treatment is not based on patient or organization economics, but rather on identified patient healthcare needs. HPN ensures that patients are involved in all aspects of their care and have the necessary information to make informed decisions regarding their health care decisions.

Furthermore, following HIPAA and HITECH rules and regulations, the Company maintains strict privacy and confidentiality guidelines to protect our patients' privacy.

### Employees

HPN promotes camaraderie, teamwork, and professional relationships.

To maintain a positive working environment, gift-giving and fundraising campaigns among team members should be reasonable and moderate. Under no circumstances should an employee feel compelled or coerced to participate. Any violations of this directive should be reported to his or her immediate supervisor, Human Resources, or the Compliance Officer.

### Subcontractors and Suppliers

HPN is committed to the highest ethical and business standards in the selection of our subcontractors and suppliers. Selection criteria will be objectively based upon quality, service, price, technical excellence and the overall ability to meet our business needs and will not be determined by personal relationships and friendships.

## Substance Abuse and Mental Acuity

To protect the interests of all individuals working on behalf of HPN, we are committed to providing a drug and alcohol-free work environment. The use of alcohol, illegal drugs, or controlled substances, whether on or off the job, can adversely affect an employee's work performance, efficiency, safety, and

health. In addition, the use or possession of these substances on the job constitutes a potential danger to the welfare and safety of other employees and exposes the Company to the risks of property loss or damage, or injury to other persons.

These Drug and Alcohol-Free Workplace rules and standards of conduct apply to all employees either on Company property or during the workday (including meal and rest periods). Behavior that violates this policy includes but not limited to:

- Possession or use of alcohol or being under the influence of alcohol while on the job.
- Driving on Company business while under the influence of alcohol, drugs, or controlled substances.
- Distribution, sale, or purchase of an illegal drug or controlled substance, or being under the influence of an illegal drug or controlled substance, while on the job.
- Illegally manufacturing, dispensing, selling, or buying alcohol or drugs on Company premises.
- If an employee is taking a legal drug or other substance, whether prescribed or not, which could affect job safety or performance, the employee must notify Human Resources and provide a physician's statement that the substance does not adversely affect the employee's ability to safely and efficiently perform his or her duties and/or provide any work restrictions.

Every HPN employee is expected to report to work fit for duty. Violation of these rules and standards of conduct will not be tolerated and will be subject to disciplinary action, up to and including termination. HPN may also bring the matter to the attention of appropriate law enforcement authorities.

## **Payments, Discounts, and Gifts**

### General

As part of our continued compliance regarding “fraud, waste, and abuse” and “anti-kickback” laws, HPN prohibits any of its employees, physicians, or other business affiliates from receiving or providing “remuneration” in exchange for referrals of patients. Furthermore, HPN prohibits the payment or receipt of such remuneration in return for directly purchasing, leasing, ordering, or recommending the purchase, lease, or ordering of any goods, facilities, services, or items. Employees involved with finance functions, purchasing and facilities operation, laboratory, pharmacy, medical staff administration, and any activity that includes entering into a personal service contract are expected to be vigilant in identifying potential anti-kickback violations and bringing them or any related questions to the attention of the Compliance Officer.

### Entertainment and Gifts

This Compliance Plan provides detailed information regarding HPN's compliance with federal and state regulations as it pertains to accepting and receiving entertainment and gifts.

Employees of HPN are prohibited from accepting or asking for bribes, kickbacks, gratuity, or other forms of payment made to influence a business decision. Additionally, employees or other business affiliates of HPN may not offer anything of value to a government official or other third party, to influence business or to gain special treatment as an individual or as an organization. HPN maintains a strict “gift” policy and all gifts of significance or monetary value (exceeding \$25.00) are forbidden. For further clarification on receiving/providing gifts, please consult with the Compliance Officer.

#### Receiving Gifts from Patients

Employees of the Company should not accept gifts from patients or patient’s family members and under no circumstances should HPN employees solicit gifts from patients. The Company acknowledges that certain circumstances arise regarding the receipt of gifts; however, employees are strictly forbidden from accepting any individual gift of gratuity valued over twenty-five dollars (\$25.00) from any patient, vendor, supplier, or other person doing business with the Company. Gifts include, but are not limited to, acceptance of cash, gift certificates, or lavish entertainment and free travel and lodging. Violations of this policy will not be tolerated and may lead to disciplinary action, up to and including termination.

#### Receiving Business Courtesies

HPN is a professional healthcare organization that is dedicated to rendering quality medical service to patients and families. Employees and other business affiliates of HPN are expected to follow the Compliance Plan guidelines as they pertain to receiving business courtesies. Under no circumstance should an employee receive or solicit events, travel, overnight accommodations, or other business courtesies that would adversely affect an ethical business decision or relationship. Before accepting such invitations, employees should confirm that doing so is consistent with the HPN Compliance Plan and is approved by the Compliance Officer.

#### Extending Business Courtesies

It is critical to avoid the appearance of impropriety when giving gifts to individuals who do business or are seeking to do business with HPN. The corporate policy on business courtesies may from time to time provide modest flexibility to permit appropriate recognition of the efforts of those who have spent meaningful amounts of time on behalf of HPN.

HPN’s policy is to not provide any gifts, entertainment, meals, or anything else of value to any employee of the Executive Branch of the federal government, except for minor refreshments in connection with business discussions or promotional items with the HPN logo, valued at no more than what is permitted by federal or state law.

### **Fair Dealing**

HPN is dedicated to providing quality healthcare services to our community, by maintaining the utmost ethical, legal, and business standards. We are committed to maintaining the highest levels of integrity and

fairness within our Company and industry. Employees are expected to conduct business honestly and fairly without misrepresentation of material facts. Employees are prohibited from manipulation, concealment, and misuse of privileged information, fraud, or other unfair business practice.

## Conflicts of Interest

### Conflicts of Interest

A conflict of interest occurs when an HPN employee, a supervisor, or someone at the management level, exploits in a professional or official capacity in some way to gain personally, in terms of money or other material advantages, at the expense of the employer or organization. Conflicts of interest may include but is not limited to using your position to receive a benefit or to refer a service to a friend or relative, receive a payment, gift, or improper entertainment in exchange for a contract.

For example, a conflict of interest may occur if:

- The employee's outside activities influence or appear to influence the employee's ability to make objective decisions in the course of his or her job responsibilities.
- The demands of an outside activity cause the employee to use HPN's resources for personal purposes.
- An employee or close relative can personally profit from a transaction involving HPN, an employee, or a third party.
- The employee does not act solely in the best interest of HPN, whenever acting as an agent of HPN, in dealings with suppliers, customers, or government agencies.

HPN expects and requires all employees, including Senior Management and the Board of Directors to act honestly and ethically, and to avoid both actual and potential conflicts of interest with HPN. Therefore, the safest course of conduct is to avoid all business relationships, activities, associations or interests in which the employee, his or her family, a close friend, or a business associate can benefit materially at the expense of HPN. It is the employee's obligation to ensure that he or she remains free of conflicts of interest in the performance of his or her responsibilities at HPN. A conflict of interest can have a severe negative impact, even though the conflict may not be so obvious.

If any employee has suspicion that a conflict of interest exists, they are obligated to notify and present all material facts to the Compliance Officer, Human Resources, and/or to the Board of Directors for investigation. If the employee has any question about whether an activity might constitute as a conflict of interest (COI), the employee should consult with the Compliance Officer, Human Resources, company Legal Counsel, Board of Directors, company COO, and/or refer to the appropriate policies for direction before pursuing the activity.

Upon disclosure or discovery of a potential or actual COI, an assessment will be conducted for immediate resolution. Depending on the level of the position(s) involved, the HPN Corporate Compliance Officer, General Counsel, or the Board of Directors will conduct an independent investigation and determine the mitigation of the COI. The resolution may include disciplinary actions as outlined under Correction Action Plan and may also include reevaluation or modification of the working relationship, up to and including termination.

Conflict of Interest policies and questionnaires are sent out upon hire and annually to Senior Management, the Corporate Compliance Officer, and to the Board of Directors.

## **Outside Employment and Activities**

HPN employees will not, directly or indirectly, engage in any conduct that is disloyal, disruptive, or damaging to the company. Employees must avoid outside employment or business activities that materially detract from the time or attention they should devote to their duties. Such activities adversely affect the quality of their work performed, and/or adversely affect HPN's reputation. An employee should not have a direct or indirect financial interest in competitors of HPN. Outside business activities can only be allowed if they do not directly or indirectly compete with HPN's business.

## **Misuse of Company Resources**

HPN Employees shall not use or access HPN's property, information, or position to benefit themselves for personal gain. Employees have a duty to always advance the interests of HPN and to act on its behalf regarding such property, information, or position when the opportunity arises.

## **Quality of Care and Services**

### **Quality of Care and Services**

HPN is committed to providing high-quality health care to its patients and delivering health services in an ethical, professional, and cost-effective manner. HPN treats patients with respect and dignity and provides care that is necessary and appropriate. HPN provides equal access to care for all patients regardless of gender, gender identity or expression, color, age, sexual orientation, disability status, ancestry, race, religious or cultural beliefs, source of payment, or any other classification protected by law.

HPN maintains complete and thorough records of patient information. HPN recognizes the rights of patients to formulate an advance directive and HPN will comply with that directive. All individuals employed to care for HPN's patients are properly licensed and credentialed and have the necessary experience and expertise.

HPN believes that assistance with the provision of high-quality patient care by its physician partners and its hospital service partners is its core function; therefore, patient care decisions will be made by HPN's patients in consultation with their physicians and caregivers. Only qualified personnel with proper licensure or certification will be permitted to make clinical assessments or to develop plans of treatment.

HPN operates an ongoing quality assurance program that includes tracking, review, and feedback regarding its services to further promote the provision of quality care. HPN recognizes the importance of Continuing Medical Education (CME) to ensure that physicians have timely access to information and techniques necessary to ensure quality care.

### Patient Information

To provide quality patient care, HPN collects information regarding patients' medical condition and medical history. HPN realizes the sensitive nature of this information and is committed to maintaining its confidentiality. HPN complies with all federal and state laws protecting the confidentiality of these records. Employees are prohibited from disclosing confidential information in violation of the privacy rights of our patients. Patient-specific information will be released only to persons authorized by law or by the patient's written consent.

The HIPAA and HITECH Act requirements are broad and dictate that such information may be used, in general, only for specific authorized purposes. The regulations further dictate that security standards be maintained to ensure that there is no unauthorized access to electronically stored health information. HPN will maintain the necessary electronic security to ensure the confidentiality and integrity of patient information.

HPN has established HIPAA and HITECH Act Policies and Procedures which govern its treatment of patient information. Every employee, particularly those who deal with identifiable patient information, is expected to abide by the HPN HIPAA and HITECH Act Policies and Procedures.

## Federal, State, and Legal Regulatory Compliance

### **Fraud, Waste, and Abuse**

HPN intends to comply with all laws governing its activities, including those which address fraud, waste, and abuse (FWA) in the health care industry. HPN is committed to the prevention and detection of FWA and educates its employees, FDRs, and vendors on FWA, outlining the following:

#### Fraud

Criminal fraud is knowingly and willfully executing or attempting to execute, a scheme or artifice to defraud any health care benefit program; or to obtain, by means of false or fraudulent pretenses, representations, or promises, any of the money or property owned by, or under the custody or control of,



any health care benefit program (18 USC §1347); it is any intentional submission of false information to get any money or benefit.

### Waste

The overutilization of services, or other practices that, directly or indirectly, result in unnecessary costs to the Medicare Program. Waste is generally not considered to be caused by criminally negligent actions but rather the misuse of resources.

### Abuse

Includes actions that may, directly or indirectly, result in unnecessary costs to the Medicare Program. Abuse involves payment for items or services when there is no legal entitlement to that payment and the provider has not knowingly and/or intentionally misrepresented facts to obtain payment.

## **Fraud, Waste, and Abuse Reporting**

- HPN has the responsibility to maintain an anti-fraud program to deter, detect, and investigate fraud, waste, and abuse (FWA); and to report to the appropriate authorities, including the National Benefit Integrity Medicare Drug Contractor (NBI Medic).
- Reports may be made to HPN's Corporate Compliance by calling the Corporate Compliance Hotline at (855) 625-7894 or by emailing [corporatecompliance@heritagemed.com](mailto:corporatecompliance@heritagemed.com); both are available 24/7.
- Reports may also be made directly to HPN's Corporate Compliance Officer, Margaret Ngo-Lee at [corporatecompliance@heritagemed.com](mailto:corporatecompliance@heritagemed.com) or to the Director of Corporate Compliance, Neil Raj at (661) 480-2087 or at [nraj@heritagemed.com](mailto:nraj@heritagemed.com).
- HPN's Compliance Officer shall submit an annual report to the Department of Managed Health Care (DMHC) describing HPN's efforts to deter, detect, and investigate FWA. Those that were reported to law enforcement shall be included in the report and to the extent known, will include the number of cases prosecuted. This report may include recommendations to improve efforts to combat fraud, waste, and abuse.
- The compliance officer or compliance hotline of the applicable Medicare Advantage Organization Sponsor with whom HPN's participates, are available on each of the organization's websites.

## **Anti-fraud Program**

As indicated by the Health Safety Code §1348 (a-c), HPN maintains a comprehensive anti-fraud program to deter, detect, and investigate fraud. The purpose of this program is to demonstrate our continued commitment to act with absolute integrity and to uphold our pledge to comply with all federal, state, and local regulations. Further, avoiding fraud, waste, and abuse greatly enhances HPN's ability to provide quality care to our members and the communities we serve.

The strategies implemented within the anti-fraud program are aligned to identify and reduce costs caused by fraudulent activities, and to protect our patients in the delivery of health care services.

HPN uses various mechanisms to deter and detect fraud, such as:

- Analyzing of PCG Software (Virtual Examiner), which monitors our internal claims processes to track data for fraudulent, wasteful, and/or abusive billing patterns. The software also evaluates the appropriateness of healthcare claims and encounters. HPN's Claims Managers and Auditors are responsible for executing this process and escalating any adverse findings to the appropriate individuals for further investigation.
- HPN has an automated process to search the Office of Inspector General (OIG) and the General Services Administration/System for Award Management (GSA/SAM) lists for excluded or ineligible persons and entities including, but not limited to, employees, contractors, and vendors prior to hire/contracting and monthly thereafter.
- Reports of potential fraud or other non-compliance issues may be made directly to Corporate Compliance by contacting Margaret Ngo-Lee at [corporatecompliance@heritaged.com](mailto:corporatecompliance@heritaged.com), or to the Director of Corporate Compliance, Neil Raj at (661) 480-2087 or at [nraj@heritaged.com](mailto:nraj@heritaged.com); or through the Corporate Compliance Hotline at (855) 625-7894. Reports may be made anonymously and without fear of intimidation or retaliation.
- Internal audits are conducted regularly, but no less than annually to identify areas of risk and to ensure compliance with regulatory requirements.
- CMS fraud alerts, distributed via Health Plan Management System (HPMS) memos, are tracked, logged, and disseminated to appropriate individuals.
- Other tools utilized to identify fraud or employee violations include, but are not limited to internet usage reports, video surveillance, witnesses, phone records, etc.

HPN utilizes internal expert resources (Claims, Billing, Risk Management, etc.), Compliance Officers, Privacy Officers, and/or General Counsel to assist in the investigation of potential fraud or non-compliance. Depending on the level of concern, HPN may contract with external professionals to further assist in the investigative process.

Any findings of fraud which violate federal or state law will be reported to the appropriate law enforcement agency for prosecution.

As required by the Health & Safety Code section 1348 (b), the contact person to whom inquiries concerning the anti-fraud plan may be directed to either:

Name:	Margaret Ngo-Lee	or	Neil Raj
Phone:	(661) 480-2058		(661) 480-2087
Email:	<a href="mailto:corporatecompliance@heritaged.com">corporatecompliance@heritaged.com</a>		<a href="mailto:nraj@heritaged.com">nraj@heritaged.com</a>

## Under-provision of Services

Failure to provide appropriate services, or provision of an inappropriate lower level of service(s) than required is considered underutilization. HPN's Utilization Management Program monitors any underutilization.

Any denial for a requested service is determined by an HPN's Affiliated Medical Group's Medical Director. A formal appeal process is in place and available for all physicians who work with the Company and for patients. This process and all aspects of the utilization management and authorization program are monitored and tracked regularly.

In addition to the utilization management program in place, HPN has implemented a comprehensive Quality Management (QI) program for monitoring under-provision of care and service. The QI program includes monitoring of preventative measures, disease management, and high-risk patient management programs. HPN maintains the oversight function related to the QI Compliance Program to monitor potential under-provision of services.

## Federal False Claims Act, Program Fraud Civil Remedies Act, State False Medicaid Claims Act

The Federal False Claims Act makes it a crime for any person or organization to knowingly make a false record or file a false claim with the government for payment. "Knowingly" can include deliberate or reckless ignorance of facts that make the claim false. Additionally, the PFCRA creates administrative remedies for making false claims separate from and in addition to, the judicial remedy for false claims provided by the False Claims Act.

Under both federal and state laws, a person who knows a false claim was filed for payment, can file a lawsuit on behalf of either the state or federal government, and, in some cases, receive a reward for bringing original information about a violation to the government's attention. Penalties for violating either the False Claims Act, can be up to three times the value of the false claim, plus a fine of \$5,000 to \$10,000, per claim and in certain situations, potential exclusion from participation in federally funded healthcare programs.

This statute has both criminal and civil penalties which may be applied by the prosecution, depending on the proof of intent to commit the violation.

HPN supports compliance with these laws by:

- Monitoring and auditing to prevent and detect errors in coding or billing.
- Informing Team Members that they are personally obligated to report to HPN any concern about a possible false claim.
- Investigating all reported concerns and correcting any billing errors discovered.

- Protecting Team Members from adverse action when they report any genuine concern.
- Establishing policies and procedures which detail the manner in which HPN detects and prevents fraud, waste, and abuse.

## **Anti-Kickback Statute and Stark Law**

### Anti-Kickback

Physicians affiliated with HPN are frequently in a position, to order therapeutic services using HPN equipment, facilities, and personnel. Since HPN physicians may receive cash distributions from their ownership interests, these relationships could potentially come under scrutiny under the Anti-Kickback Statute.

The Anti-Kickback Statute prohibits knowingly and willfully soliciting, receiving, offering or paying remuneration (including kickback, bribe, or rebate) for referrals for services that are paid in whole or in part under a federal health care program, which includes the Medicare program (42 USC §1320a-7b(b)). Any violations of the Anti-Kickback Statute may include penalties of up to a \$25,000 fine, imprisonment (up to five years), or both a fine and imprisonment.

### Stark Law

The self-referral, or “Stark” law, prohibits providers from making referrals for specific health services to any entity or business in which the provider or a family member has a financial relationship. The Stark Law has exceptions that may apply (42 USC §1395nn). Medicare claims tainted by an arrangement that does not comply with the Stark Statute are not payable. Damages and penalties of the Stark Statute may include up to a \$15,000 fine for each service provided, and/or up to a \$100,000 fine for entering into an arrangement or scheme.

## **Balance Billing**

Balance billing occurs when a provider charges a beneficiary for covered services. Balance billing members who are eligible for Medicare and/or Medi-Cal/Medicaid is prohibited by law. Contracted providers cannot collect reimbursement from a Medicare and/or Medi-Cal/Medicaid Member or persons acting on behalf of a Member for any covered services, except to collect any authorized share of cost co-insurance, co-payment or deductibles, when applicable.

If a provider has been found to engage in balance billing, they may be subject to sanctions up to termination by Heritage Provider Network and its Affiliated Medical Groups and/or may be subject to additional sanctions issued by Health Plans, CMS, DHCS, and other industry regulators.

## **Fee Splitting and Anti-Markup Laws**

Laws prohibit physicians or health care providers from splitting or dividing any patient fee with a referring individual, regardless of whether that person is a referral source. To ensure that HPN complies with state law prohibitions on fee-splitting, all of HPN's employees and representatives must submit in writing any proposed business, financial, or employment arrangements with physicians to HPN's Affiliated Medical Group's COO for review and written approval.

Laws and regulations prohibit health care providers from marking up the cost of services or tests purchased from another health care provider. These laws place disclosure obligations on the health care provider who purchases services or tests from other providers or suppliers. To promote compliance with such state anti-markup laws, HPN employees and representatives should submit in writing any proposed arrangement whereby HPN will purchase health care services from an outside supplier to HPN's Affiliated Medical Groups' COO, for review and written approval.

## **Certificate of Need**

HPN and its Affiliated Medical Groups ensure that all major medical equipment has the appropriate permissions as required by federal and state regulations, before acquiring said equipment. Consent is granted through a "Certificate of Need."

To ensure that HPN complies with federal and state law, all requests for any proposed establishment, construction or acquisition of a healthcare facility or initiation of a new healthcare service must be submitted to HPN's Affiliated Medical Groups' COO for review and written approval.

## **State Registration and Licensure Requirements**

All required state and regulatory licenses are maintained by HPN and its Affiliated Medical Groups to conduct day to day business operations as a risk-bearing organization. HPN and its Affiliated Medical Groups ensure that all equipment necessary for specified healthcare services have the appropriate registration and/or licensure as required by federal and state law.

## **Insurance Laws Relating to Risk-Bearing Provider Networks**

HPN and its Affiliated Medical Groups review all contracts prior to signing, to ensure that all federal and state regulations relating to Risk-Bearing Provider Networks are being followed.

## **Response to Government Investigations**

Various external organizations may contact HPN or its employees to initiate a compliance-related investigation. HPN complies with any lawful and reasonable request or demand made as part of a

government investigation. Employees will cooperate with government investigations and are expected to provide truthful responses to government inquiries. It is imperative, however, that HPN protects the rights of HPN and its personnel. Any employee who receives an inquiry, visit, subpoena, or other legal documents, at work, or home, regarding HPN business from a governmental agency shall notify his or her supervisor, HR Director, and the COO of the Affiliated Medical Group immediately.

## Environmental Compliance

### Environmental Compliance

Healthcare facilities produce waste of various types. HPN is committed to the safe and responsible disposal of biomedical waste and other waste products; and is compliant with all applicable environmental laws and regulations. Effective compliance requires ongoing monitoring. HPN will operate each of its facilities with the necessary permits, approvals, and controls.

HPN facilities use a medical waste tracking system, biohazard labels, and biohazard containers for the disposal of infectious or physically dangerous medical or biological waste. Individuals who encounter biological waste should be familiar with HPN's medical waste policy and procedures and should report any deviations from the policy to their supervisor or the Compliance Officer.

The Director of Clinical Services and HR Director for each of HPN's Affiliated Medical Groups are responsible for training all staff regarding environmental compliance.

## Marketing, Fundraising, and Political Activities

### Antitrust Laws

Federal and state antitrust laws protect the integrity of our free enterprise system. These laws address agreements and practices resulting in the restraint of competition including boycotting suppliers, discussing pricing or patients with competitors, implementing unfair or deceptive business practices, and misrepresenting services. These laws may affect dealings with patients, doctors, payers, suppliers, and competitors of HPN.

For purposes of the antitrust laws, member facilities of HPN are not competitors of one another. However, hospitals and healthcare providers not controlled by HPN should be considered competitors.

At trade association meetings, employees, FDRs, and vendors should be alert to potential situations where it may not be appropriate to participate in discussions regarding prohibited subjects with competitors. Prohibited subjects include any aspect of pricing, the Company's services in the market, key costs such as labor costs, and marketing plans. If a competitor raises a prohibited subject, the

conversation must end immediately. Employees, FDRs, and vendors should document refusal to participate in the conversation by requesting that the objection be reflected in the meeting minutes and should notify the Compliance Officer and the COO of the incident.

In general, sensitive topics should be avoided with competitors or suppliers, unless directed by the Compliance Officer or COO. Information in response to an inquiry concerning any antitrust matters must not be provided without first consulting the Compliance Officer or COO.

## **Marketing of Healthcare Services**

HPN and its Affiliated Medical Groups present themselves to the community through their marketing activities in a manner true to its mission and capabilities. HPN does not make and does not permit any employee, FDR, or vendor to make unethical or illegal payments to anyone to induce the use of HPN healthcare services. Specific claims about the quality of HPN services are supported by evidence to substantiate the claims made. HPN does not use advertisements or marketing programs that might cause confusion between HPN services and those of the competitors. HPN does not disparage the service or business of a competitor.

Additionally, HPN does not selectively market to discriminate against the disabled; or otherwise screen out potential enrollees or perform any health screening on potential enrollees which may be viewed potentially as cherry-picking.

HPN does not permit the acceptance or solicitation of sales or marketing incentives that offer any cash gifts or cash equivalent payments of any kind. Anything that can be converted to cash is not allowed. Nominal non-cash gifts are allowable if they do not exceed the nominal amount allowed of fifteen (\$15.00) dollars per person, up to an aggregate amount of seventy-five (\$75) dollars per person, per year.

## **Fundraising and Contributions**

HPN employees are prohibited from undertaking fundraising activities or accepting contributions or other things of value that may influence the decision-making process with any purchaser, supplier, customer, government official, or other person. HPN preserves and protects its reputation for sound business practices and avoids the appearance of impropriety in all fundraising activities and acceptance of contributions.

## **Political Activities**

HPN complies with all federal and state laws regarding political contributions and gifts to government officials. HPN does not offer, make payments or give anything of value to a government official or government agency representative with which HPN has, or seeking to have a contractual, business, or financial relationship; or that regulates any activities or obligations of HPN. HPN also does not offer,

make, accept or receive payments or anything of value in order to obtain a competitive advantage for contracts that involve the provision of health care services to beneficiaries of any federal, state, or local government healthcare program.

### **Solicitation of Unrelated Business Activities**

Solicitation by employees, physicians, and patients on Company property for self-interest is prohibited. Unauthorized sales and solicitations of orders for any type of product or service to anyone on Company property are prohibited as stated below. Solicitation of employees by other employees and the distribution of associated literature between employees are prohibited during working hours. The term “working hours” refers to the time when the person doing the solicitation, or the person being solicited should be working.

Distribution of literature, pamphlets, and other materials between employees is prohibited in all work areas. For this purpose, the term “work area” includes all places where employees regularly work, confers, or conduct business. Any notices or other materials to be posted in or on Company premises must have prior approval of the Company supervisor ultimately responsible for that area.

### **Media Relations**

All media requests for reports to the general public for information regarding HPN or any Affiliated Medical Groups’ activities are to be referred to the marketing department of the HPN or Affiliated Group. Employees should never release information without the consent of HPN or Affiliated Medical Group’s marketing department.

### **Gathering Information about Competitors**

It is not unusual to obtain information about other organizations, including HPN’s competitors, through legal and ethical means such as public documents, presentations, journal and magazine articles, and other published and spoken information. However, it is not acceptable to obtain proprietary or confidential information about a competitor through illegal means. It is also not acceptable to seek proprietary or confidential information when doing so would require anyone to violate a contractual agreement, such as a confidentiality agreement with a prior employer.

## **Fiscal Responsibility/Cost Effectiveness**

### **Accuracy of Financial Records**

Accurate and complete financial records are essential to HPN’s business. All documents, financial reports, or records, which include the patient’s medical record, are to be completed clearly and accurately. HPN has established and maintained a high standard of accuracy and completeness in its



financial records. These records serve as the basis for managing the business for measuring and fulfilling HPN's obligations to patients, employees, suppliers, and others, and for compliance with tax regulatory and financial reporting requirements.

It is HPN's policy to comply with the reporting requirements of applicable law, established financial standards, and generally accepted accounting principles. HPN's duties regarding financial matters include the following:

- HPN follows accounting and control procedures when preparing purchase requisitions and exercises completion of budgets and financial statements (as well as other financial functions not mentioned here).
- HPN and its Affiliated Medical Groups provide full access to all the financial records, supporting documents, and files requested by auditors.
- Under no circumstances will records be falsified, backdated, intentionally destroyed, or otherwise tampered with, to gain a real or perceived advantage for HPN and its Affiliated Medical Groups. However, appropriate purging of unnecessary documents following proper written procedures is acceptable.
- HPN and its Affiliated Medical Groups hold all financial information confidential. The release of financial information will be made only after consideration of HPN's and its Affiliated Medical Groups' business interest and with express consent and authorization by appropriate management staff.
- Accounting controls should be sufficient, to provide reasonable assurance that:
  - a. Financial contracts are carried out with management's approval.
  - b. All transactions are recorded to help HPN prepare its financial statements and account for assets.
  - c. Access to assets is permitted only with management's approval.
  - d. Recorded assets are periodically compared with assets at hand. Any differences should be reported to management.
  - e. No undisclosed or unrecorded funds or assets should be held by the company. All items of income and expense and all assets, allowances, and liabilities are reported in HPN financial records and are accurately and adequately described; all payments are for the purpose stated.

Each employee must assist in ensuring the accuracy and integrity of these records. If an employee has a reason to believe that any of HPN's books and records are not being maintained accurately or completely, the employee is expected to report this immediately to his or her supervisor or the Compliance Officer.

## **Billing, Charging & Coding for Services**

All staff must be careful to properly charge, code, and bill for services provided. Billing for services not documented or provided could be considered a “false claim” and could result in financial penalties. Employees should never charge, code, or bill solely to be paid if the service was not provided or documented. An individual who has concerns or questions should notify their supervisor or the Compliance Officer.

HPN will comply with all laws governing the submission and review of its bills and will deal with any billing inquiries in a forthright manner. Requests for information will be answered with complete and accurate information and will cooperate fully with payor requests.

To ensure that its payment arrangements comply with the law, fees paid to HPN for its services under the arrangement are consistent with fair market value; the methodology for the fees, whether flat fee, per procedure or percentage of Medicare fee schedule, is determined in advance by written agreement between the parties under standard contracts.

HPN physicians and staff will take great care to ensure that all billings to payors and patients are truthful, accurate, and complete. Toward that end, HPN will seek diligently to:

- Properly and timely document services prior to billing.
- Only bill for claims for which appropriate documentation supports the claim.
- Only bill for diagnosis and reimbursement claims for which medical records and documentation are available to billing staff.
- Not compensate billing consultants in any way to improperly up-code claims.

## **Financial Disclosure**

It is of critical importance that HPN complies with the laws and regulations through full, fair, accurate, timely, and understandable disclosure in reports and documents. Depending on his/her position, an employee may be called upon to provide information to assure that HPN’s financial reports are accurate and meet all legal, regulatory, and accounting requirements.

HPN expects all employees to take these responsibilities very seriously and to provide prompt and accurate information related to disclosure requirements. All employees with supervisory duties should maintain appropriate internal accounting controls over all areas of their responsibility to safeguard HPN’s assets and the accuracy of its financial records and reports.

HPN expects all directors, officers, and employees to adhere to HPN’s procedures and practices for maintaining controls over financial matters in accordance with internal needs and the requirements of applicable laws and regulations.

## Loans

Unlawful extensions of credit by HPN in the form of personal loans to HPN executive officers and directors are prohibited. All other loans by the Company to, or guarantees by the Company of obligations of officers, must be made in accordance with established Company policies approved by the CEO.

## Civil Monetary Penalties

Federal law imposes civil monetary penalties against any person/entity that knowingly submits or files:

- A claim that the person knows or should know is false or fraudulent.
- A claim for an item or service that the person knows or should know was not provided as claimed (this includes the practice of up-coding).
- A claim for services that the person knows or should know was furnished by someone not properly licensed or excluded under the program under which the claim was made.
- A request for payment in violation of the terms of certain agreements with federal and state authorities.
- A claim that is for an item or service that the person knows or should know is not medically necessary.

HPN will not knowingly file any false or fraudulent claim. HPN will also comply with similar federal and state laws that apply to claims submitted by HPN.

## Credit Balance

If a credit balance remains in a patient's account, HPN is committed to accurately tracking, reporting, and refunding the balance. HPN will maintain an information system that allows for accurate tracking of such balances and the Fee-for-Service department supervisor will be responsible to refund any credit balance to the appropriate payor or patient.

## Information Security, Confidentiality and Retention

### Information Security

HPN protects its information and information systems from accidental or unauthorized access, disclosure, modification, or destruction. Every employee should be familiar with HPN's policies regarding the use of electronic mail, the internet, and other forms of electronic information technology and communications. Every employee must comply with the following rules to ensure information security:

- Always comply with federal and state regulatory requirements, accreditation standards, and organizational policy for the creation, management, retention, and destruction of data records.
- Use passwords, encryption and other information security methods to protect computers, handheld devices, and other computing equipment.
- Prevent unauthorized access to HPN's information databases and do not use unauthorized equipment to do business.
- Log off or lock workstation when away and after every work-day, never share passwords with anyone, and always double check fax numbers before sending patient information.
- Do not install, share, or copy non-licensed software programs, or perform any other acts that would violate a vendor's software license agreement or organizational policies.
- All email, voicemail and personal files stored on HPN's computers are company property; therefore, employees should have no expectation of personal privacy in connection with information stored on HPN's computers or servers.

Please report information security weaknesses, suspected or actual instances of computer and information theft or abuse to HPN and its Affiliated Medical Groups' IT Directors, COOs, and Corporate VP of Information Systems. Such information can also be reported through the Compliance Officer.

## **HIPAA Privacy and Security Compliance**

HPN is committed to the integrity, accuracy, and confidentiality of information for the benefit of those it serves. HPN complies and expects all employees, FDRs, vendors, and persons conducting business on behalf of HPN to adhere to federal and state laws and regulations, including HIPAA and HITECH Act regarding the confidentiality of patients' medical, financial, personal and other information. Confidential patient information is not reviewed disclosed without a legitimate business purpose, written authorization in accordance with HPN policies and procedures, or as otherwise required by applicable federal or state law. Breaches of unsecured patient information will be reported to the Office of Civil Rights in accordance with the Health Information Technology for Clinical and Economic Health (HITECH) Act. Violations of privacy and security regulations may be punishable by substantial fines.

HPN's confidential business information must remain confidential. HPN determines PHI access permissions based on the necessity to perform essential job duties and based on the individual's ability to appropriately safeguard the transmission of PHI, as outlined in HPN's Security Policies. Such information, which includes personnel, medical, financial, and other business-related information must be used only for job-related purposes and may not be disclosed to individuals outside the Company. Furthermore, disclosures to individuals inside the Company should only be made if the individual needs to know the information, for the purpose of such individual's job duties.

HPN maintains Business Associate Agreements (BAA) for all FDRs, and vendors when applicable, with provisions that do not authorize the use or disclosure of PHI or ePHI in any manner that would violate

HIPAA/HITECH laws. HPN will immediately address any breach of patient privacy or activity of non-compliance made on the part of the FDR/vendor. If steps of resolution are made unsuccessfully by the FDR/vendor, HPN will terminate the BAA agreement for non-compliance, and/or will report to the Secretary of DHHS or other regulatory authorities, as required.

HPN is committed to the integrity and accuracy of its documents and records. No HPN employee, FDR, or vendor may alter or falsify information on any record or document. Medical records and business documents are retained in accordance with law and HPN's record retention policy and HIPAA Policies and Procedures. HPN's employees, FDRs, and vendors may not tamper with, remove, or destroy records or documents except according to the HPN record retention policy.

## Mitigation of Privacy and Security Violations

HPN implements policies and procedures and conducts risk analyses periodically, no less than annually, to determine potential vulnerabilities and to protect the reputational risk of the organization. All recommended changes are implemented immediately to prevent and/or reduce privacy and security vulnerabilities. HPN maintains Cyber Security insurance to further mitigate any cyber liabilities.

## Record Retention

In the normal course of our business, records are created and maintained to comply with legal, regulatory, and accreditation requirements. HPN record retention policies are reviewed periodically to ensure continued compliance with applicable federal, state, and local laws and regulations. Certain records are required to be maintained for a minimum of ten (10) years or as required by more stringent regulations.

HPN requires adherence to the following guidelines on record retention:

- Records are prepared accurately, completely, and in a timely manner.
- Medical and other patient records are properly safeguarded, and accessibility is permitted only to authorized personnel.
- Records are maintained in a logical, systematic order to facilitate prompt recovery.
- Information is maintained for a minimum of ten (10) years or other time periods as prescribed by federal and state laws or other regulators.
- Destruction of HPN records prior to the expiration of the prescribed time period for record retention is prohibited.

Electronic records are never destroyed in anticipation of a request from any government agency, or in anticipation of, or in connection with, any judicial proceeding or lawsuit.

## **Use of Proprietary Information**

HPN business affairs are only discussed as required in the normal course of conducting business. Employees are required to safeguard confidential information regarding HPN business affairs and are responsible for information security. Employees are prohibited from attempting to obtain confidential information for which they have not received access authorization. Copyrighted information is used in accordance with applicable laws.

## **Electronic Media**

All electronic systems including email, intranet, internet, telephones, and voicemail are the property of HPN and are used for business purposes in accordance with our information system policies and procedures. Individuals who abuse this privilege are subject to disciplinary action and/or termination.

## **Conclusion**

This Compliance Program demonstrates Heritage Provider Network and its Affiliated Medical Groups' continuous commitment to ensuring that its business is conducted ethically, legally, and with the highest level of integrity. The spirit of this mission is driven by the Board of Directors and Senior Management and practiced at all levels of HPN. Compliance is a dynamic process and an integral part of our company culture.

Our devotion to compliance is fundamental in providing efficient and quality health care and in practicing the utmost ethical behavior in our daily operations; while at the same time meeting the challenges imposed by federal and state laws and other regulators.