

*Lackey Memorial Hospital*  
*Corporate Compliance Manual*  
*And*  
*Code of Conduct*

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Dear Lackey Memorial Hospital associate (employee or agent):

Lackey Memorial Hospital is committed to delivering quality health services. It is our intent to provide these services in alignment with our vision and values while complying with legal and regulatory requirements. A corporate compliance program has been developed which is designed to help all associates make good decisions in patient care, particularly those decisions related to legal and regulatory requirements. The principles involved apply to all associates (employees and any agents who act on behalf) of LMH. Every Associate is encouraged to raise questions about any part of their job if or when they feel that any work processes or actions are not in line with our vision and standards of conduct.

The intent of the Corporate Compliance Program at LMH is to develop policies, procedures, staff education and internal controls that promote adherence to applicable federal and state laws and the program requirements of federal, state and private health plans. Our compliance efforts are designed to establish a culture within our company that promotes prevention, detection and resolution of instances of conduct that do not conform to these standards. The adoption and implementation of voluntary compliance programs significantly advances the prevention of fraud, abuse and waste in these health plans while at the same time furthering the fundamental vision of our company, which is to provide quality care for our patients. LMH's Corporate Compliance Program is also designed to ensure conformity with the HIPAA (Health Insurance Portability and Accountability Act) privacy and security regulations.

Effective compliance policies guide the actions of our managers, employees, physicians, hospital boards and other health care professionals in the efficient management and operation of the company. They are especially critical as an internal control in the reimbursement and payment areas, where claims and billing operations have been a focus of government regulation, scrutiny and sanctions.

It is incumbent upon the leaders of LMH to provide ethical leadership to the organization and to assure that adequate systems are in place to facilitate ethical and legal conduct.

This Compliance Manual and Code of Conduct provides general ethical guidance and is intended to serve as a resource to help resolve questions and appropriate work place conduct. Review this thoroughly. Your adherence to the specific provisions, as well as the spirit of this code, is required and is necessary for our company to continue to provide quality services. No code is substitute for each person's internal sense of values including fairness, honesty, and integrity.

If you have questions regarding this manual and our required code, or if you encounter any situation that you believe violates its provisions, you should *immediately* consult your supervisor, director, Compliance Officer, administrator or report the issue by using the Hotline at (877) 874-8416 and /or log on to the website at [pioneer.silentwhistle.com](http://pioneer.silentwhistle.com).

We believe that all individuals associated with LMH contribute value, and their support helps assure that our company fulfills its vision and provides quality care, services and employment. We also believe that the key to our success is working together to ensure compliance in every area!

Sincerely,

President and CEO

Corporate Compliance Officer

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**Lackey Memorial Hospital**  
**CORPORATE COMPLIANCE PROGRAM**  
**CODE OF ETHICS**

It is the policy of Lackey Memorial Hospital that the Corporate Compliance Program is considered as a guideline to be followed by all members of Corporate, the Hospital Board of Trustees, medical staff, administrative officers, directors, managers, employees at all levels and in all business units. LMH and its affiliates require that its board members, medical

staff, administrative officers, managers and employees maintain high standards of integrity, and business ethics. Furthermore, it is the duty of each employee to encourage other employees to maintain this same high level of integrity. The Hospital Board of Trustees, medical staff, administrative officers, directors, managers, employees at all levels and in all business units must avoid any actions that are, or appear to be, inconsistent with such standards.

The Corporate Compliance Program is an on-going process designed to prevent and detect violations of the law, particularly fraud and abuse. If a situation should arise where there is a question about whether a proposed action is in compliance with a law, regulation or policy, all individuals associated with LMH and its affiliates should contact the Corporate Compliance Officer or a member of the Corporate Compliance Committee.

Conflicts of interest must be avoided. LMH and its affiliates have policies concerning conflicts of interest, which must be followed and any conflicts of interest must be fully disclosed.

LMH and its affiliates are committed to protecting those who report actions in good faith and strictly prohibits retaliation in any manner.

All issues reported will be treated confidentially and may, at request, be anonymous, as discussed in the designated sections of this manual.

This manual outlines the process Lackey Memorial Hospital (LMH) and its affiliates will utilize to assure that they are in compliance with the various laws and regulations established by both the Federal government as well as all of the States LMH and its affiliates operate in. This manual is part of an ongoing process; it will be updated and expanded as the program evolves.

## **LACKEY MEMORIAL HOSPITAL CORPORATE COMPLIANCE PROGRAM STATEMENT OF COMMITMENT TO CORPORATE COMPLIANCE**

The LMH and its affiliates Vision is to:

### **Integrity and Ethical Conduct**

We are truthful and trustworthy, striving to provide quality services to patients, their families and every business partner at the highest professional, ethical and legal standard.

### **Rural Communities**

We are committed to assuring the viability of rural hospitals in the communities we serve.

## **Employees and Families**

We know that our success depends on our people. We are committed to providing workplace practices, resources and a healthy working environment so they can make a meaningful contribution and maintain a healthy life and work balance.

## **Innovation**

We bring creative solutions to healthcare that ensures high quality services to our patients, business partners and employees.

## **Caring and Compassion**

We strive to understand the needs of every patient and offer quality clinical services that ensure those needs are fulfilled.

In order to achieve this vision, LMH and its affiliates are committed to maintaining a work environment that promotes integrity and trust in order that its employees, medical staff, and agents may perform their tasks with the highest ethical standards. These ethical standards require strict adherence to all applicable laws and regulations.

In order to avoid any violations of laws and regulations, a formal Corporate Compliance Program has been implemented at LMH and its affiliates. This program is part of Lackey Memorial Hospital and its affiliates continuing effort to improve quality and performance. Corporate Compliance means that everyone associated with the company will make every effort to understand all legal and any other requirements that relate to their positions; and, will comply with them. (Regulations published by the Center of Medical Services, CMS, and other federal or state agencies). Any deviations are to be immediately reported to a supervisor, the Compliance Officer or the Chief Executive Officer in order to allow immediate and appropriate actions to be taken. If you have any question or concern, please call the Compliance Officer and/or the Hotline at (877) 874-8416. In addition, you may also log onto the website at [pioneer.silentwhistle.com](http://pioneer.silentwhistle.com).

## **LACKEY MEMORIAL HOSPITAL CORPORATE COMPLIANCE PROGRAM OVERVIEW**

In recent years, there has been significant concern regarding “fraud and abuse” in healthcare. In light of this, the Office of the Inspector General (OIG) has issued a document entitled “Compliance Program Guidance for Hospitals.” The OIG has recommended that an effective compliance plan should contain the following seven elements:

1. The development and distribution of written standards of conduct, as well as written policies and procedures that promote the Hospital's commitment to compliance and that address specific areas of potential fraud, such as claims development and submission processes, code gaming, and financial relationships with physicians and other health care professionals;
2. The designation of a chief compliance officer and other appropriate bodies charged with the responsibility of operating and monitoring the compliance program, and who report directly to the CEO and the governing body;

3. The development and implementation of regular, effective education and training programs for all affected employees;
4. The maintenance of a process, such as a hotline and/or P.O. Box, to receive complaints, and the adoption of procedures to protect the anonymity of complainants and to protect complainants from retaliation;
5. The development of a system to respond to allegations of improper or illegal activities and the enforcement of appropriate disciplinary action against employees who have violated internal compliance policies, applicable statutes, regulations or federal health care program requirements;
6. The use of audits and/or other evaluation techniques to monitor compliance and assist in the reduction of identified problem areas; and
7. The investigation and remediation of identified systemic problems and the development of policies addressing the non-employment or retention of sanctioned individuals.

## **LACKEY MEMORIAL HOSPITAL CODE OF CONDUCT**

It is the policy of Lackey Memorial Hospital that all employees and affiliated professional staff will fully comply with all state and federal laws and will conduct themselves in accord with company policies as well as the highest ethical standards.

To help achieve this mission, Lackey has created a Code of Conduct which describes Lackey policies concerning certain laws and regulations affecting many of our business operations. Lackey has established this Code of Conduct to help its employees understand some of the specific laws and policies they are required to adhere to.

Lackey policy is to provide quality services to patients, their families and all business partners at the highest professional, ethical and legal standards. Employees who fail to do so will be subject to discipline up to and including termination of employment. Any person who learns of, or suspects that, someone has violated a state or federal law, this Code of Conduct, or has acted unethically or improperly, must report that information to their supervisor, an Human Resource representative or the Corporate Compliance Office. Supervisors are required to ensure compliance by their staff.

If you are uncomfortable discussing your concerns with a supervisor or feel those concerns are being ignored, you are encouraged to call your Human Resource representative or Corporate Compliance Office to report your concern and seek resolutions. You may also call the Lackey Compliance Hotline to report information regarding unethical or illegal conduct, violations of Lackey Code of Conduct or the Corporate Compliance Program. The Lackey Compliance Hotline allows anonymous reporting of actual or perceived violations. You are not required to leave your name, although you may do so if you wish. The Lackey Compliance Hot Line number is 877-874-8416. Your telephone number will not be identified in any message.

### **Code of Conduct**

## **Confidentiality**

All patient information (including medical records, in any form of medium) must be kept strictly confidential and not released to anyone outside the provider without written patient consent or lawful court order. Consistent with HIPAA Privacy Rule, employees are prohibited from disclosing patient health information to anyone other than the patient, for treatment, payment, healthcare operations, or with authorization from the patient. Internal access by Lackey employees to patient medical records or other protected information is not permitted unless there is a legitimate, work-related need to see the information.

## **Discrimination**

It is against the law to discriminate against an employee or patient on the basis of race, color, sex, age, national origin or other protected status. Patients also cannot be discriminated against because of their ability or inability to pay for care. Any person with information that a provider or individual is improperly discriminating or being discriminated against must report that information.

## **Financial and Business Reporting**

Lackey provides various financial and business reporting processes to ensure accurate and timely recordkeeping for internal transactions, government and client reports. These can include, but are not limited to, employee time and expense reports, internal financial and activity reports, audits, insurance claims reports and performance reports for clients. All reporting processes must be complete and accurate. Employees who intentionally misrepresent or falsify required information on company documents will be subject to disciplinary action up to and including termination of employment. Employees who suspect misrepresentation or false reporting are required to immediately notify their manager, the Human Resource Manager or the Compliance Manager. Failure to do so may result in disciplinary action up to and including termination of employment.

## **Conflicts of Interest**

All Lackey employees must avoid conflicts of interest and situations that even appear to be a conflict of interest. This means that employees will not personally benefit from doing business with Lackey nor have independent formal or informal business relationships with those who deal with Lackey. They cannot use company property for personal benefit without the expressed approval of their supervisor. Lackey employees cannot compete with Lackey. Any potential for conflict of interest should be disclosed to your supervisor. You must also inform your supervisor if, within a year of your employment, you worked for a Medicare intermediary or carrier.

## **Record Retention**

State and federal laws require that providers and others within Lackey keep certain records for specified periods of time. It is our policy to keep records for as long as the law requires. The legal requirements are many and varied. Before you discard any documentation it is wise to

check with your supervisor, medical records or the Corporate Compliance Office regarding any retention requirements that might exist. All employees should learn and follow existing record retention policies.

### **Cooperation with Law Enforcement**

Federal and State agencies, as well as Medicare carriers and intermediaries, have broad rights to investigate matters involving patient care and billing. Lackey policy is to cooperate with enforcement investigations and activities within the bounds permitted by law. Employees, affiliates, Directors or agents of Lackey Memorial Hospital who are approached by governmental enforcement as agents of the Federal Bureau of Investigation (FBI), the Office of the Inspector General (OIG) or the Department of Justice (DOJ) who are or may be conducting an investigation of LMH, or persons affiliated with Lackey Memorial Hospital should immediately notify the Compliance Officer. The Compliance Officer will instruct the person as to his/her rights and obligations to speak to the agents. The Compliance Officer or Administrative Officer will contact legal counsel immediately. If you are presented with a subpoena, warrant, or court order you have the right to an attorney when speaking with the government agent. The Corporate Compliance Office will coordinate the disclosure of documentation. Any person who elects to speak with a law enforcement officer must tell the complete truth. Employees at all business units are encouraged to cooperate or assist with any governmental investigations, after notifying the Compliance Officer or Administration.

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

It is generally illegal to pay for patient referrals or to pay for a recommendation that someone lease or buy something (like equipment, drugs or services) from you, if a government health program (such as Medicare) is paying for the patient services or item. It is Lackey policy not to pay for referrals or recommendations or to accept payment for referrals we make. "Payment" does not have to be cash; it can be anything of value, such as a discount, a free service or piece of equipment. Employees must avoid entertaining or giving gifts or gratuities of more than nominal value to those who can refer patients or business to a Lackey healthcare facility, provider or other business unit. Additionally, employees are prohibited from accepting or soliciting gifts or gratuities of any kind as an incentive or reward for conducting business at any Pioneer facility or business unit.

### **Billing**

It is against federal law (False Claim Act) and Lackey policy to knowingly submit or cause to submit false claims for payment. This requirement applies to all employees and affiliated professional staff at our healthcare facilities, employees in our billing and collections department, accounting department and any other employees who create and submit bills for payment. Submitting a false claim might include intentionally using the wrong billing codes, falsifying the medical record, billing for services not provided and / or not medically necessary. According to the False Claim Act violations can be punished by fines (up to \$11,000 per claim), imprisonment and exclusion from the Medicare or Medicaid programs. Lackey policy is to bill accurately and only for medically necessary services which are provided and documented, and for goods and services actually performed. Any

subcontractors that perform billing services for Lackey must ensure compliance with these billing requirements.

The False Claim Act includes a "whistleblower" provision which allows any person, with actual knowledge of allegedly false claims, to file a lawsuit on behalf of the U.S. Government. The whistleblower is protected under this law from retaliation.

It is each and every employee's personal responsibility to prevent fraud, waste, and abuse. Fraud is the intentional and false statement or claim made to obtain some benefit to which one is not entitled. Abuse is a practice or incident that is inconsistent with sound medical practice and may result in failure to meet recognized standards of care or improper payment. Violating these policies or failing to report violations could subject an employee to disciplinary action, up to and including termination of employment.

### **Referrals and Physician Recruitment**

It is generally against the law for a doctor to refer patients to providers (such as labs) in which he or she (or a family member) has a financial interest or relationship. An example might be a physician referring patients to a lab that he or she owns. Violations can result in fines and exclusion from Medicare or Medicaid. The law is complex and applies only to certain services and has many exceptions. If you suspect that a physician is referring patients illegally, it is best to report this to your supervisor or the Compliance Representative. Lackey sometimes recruits physicians to become part of its rural healthcare systems. It is our policy to comply with the Stark Law, to pay fair market value compensation to recruit and retain physicians and not to offer physicians anything of value in exchange for referrals to Lackey healthcare facilities.

### **Patient Transfers**

Federal law requires that an emergency department not transfer a patient who needs emergency treatment (including psychiatric) unless the patient is stable. A Lackey Hospital Emergency Department cannot refuse or delay treatment on the basis of the patient's insurance or ability to pay, race, color, religion, national origin, gender, age or handicap. All individuals presenting to the Emergency Department shall receive a medical screening examination to determine if an emergency medical condition does exist. If such a condition does exist LMH will provide further medical examination and treatment, within the capabilities of its staff and facilities, to stabilize the medical condition of the patient. Transfers can only be done with appropriate medical personnel approval if the medical benefits of transfer outweigh risk to the patient.

### **Discussion with Competitors**

The antitrust laws prohibit competitors from agreeing on prices or rates. More specifically, it is illegal and against Lackey policy to discuss services, rates, or proposals with competitors. Any questions about whether it is legal to share business information (prices, contract terms, salaries, etc.) with competitors should be raised with the Compliance Representative or your supervisor. Penalties for antitrust violations are substantial and can involve fines and imprisonment.

## **Waste Disposal**

Lackey facilities must comply with various environmental laws which outline the way they dispose of medical waste and other hazardous materials. Individuals must learn and follow their facility waste disposal policies. Spills or releases must be reported promptly.

## **Controlled Substances**

Federal and state laws regulate the handling and dispensing of controlled substances, including narcotics. Lackey will not tolerate unauthorized manufacture, distribution or possession of controlled substances. Anyone having information about a violation of this policy, or the law, must report it promptly, or they may be subject to discipline.

## **Nursing Homes**

The nursing homes and senior care facilities within Lackey must comply with all state and federal requirements relating to the operation of the facility and treatment of patients. Lackey policy is to comply with such requirements. Anyone who suspects that a nursing home or Lackey employee is violating governmental standards, abusing or neglecting patients or allowing that to happen, is required by law to report such concerns to a supervisor or their Compliance Representative.

## **Use of Company Assets**

Lackey provides employees with the assets, tools and other resources necessary to achieve company business goals and objectives. These may include, but are not limited to, office and cellular telephones, computers, pagers, email and internet systems, photocopiers, fax machines, postage meters, vehicles and other equipment specific to individual jobs or functions. Assets also include confidential and proprietary information, goodwill and company financial and business strategic information. Lackey expects that all employees will use these assets solely for the benefit of the company and will not use them in any way that interferes with business processes, inconveniences others, harms the company in any way or creates waste.

## **Individual Responsibility**

Each employee is personally responsible to act in accordance with the policies of Lackey Memorial Hospital as set forth in this Code of Conduct and all other employment policies. Violating these policies or failing to report violations could subject an employee to disciplinary action, up to and including termination of employment. Lackey uses a progressive disciplinary process to correct job performance and work habit problems in the work place. Our objective is to eliminate the unacceptable behaviors and provide guidance for improvement. Penalties may vary based on the frequency and severity of the policy violation or work place misconduct.

## **Employee Participation**

In order to have an effective Corporate Compliance Program, LMH and its affiliates must depend upon the complete participation of all of its employees. Therefore, all employees must comply with all the policies and procedures under the Corporate Compliance Handbook and Code of Conduct. Specifically, all employees must attend required educational and training sessions relating to the Compliance Program and adhere to the policies of the Program. There will be general employee training and job-specific training, if required, by the employee's position at LMH.

All employees must sign a form acknowledging their receipt of the Corporate Compliance Handbook and Code of Conduct. In addition, at an employee's exit interview, he/she must sign a document confirming that the employee has conformed to the policies and procedures as directed in the Corporate Compliance Handbook and Code of Conduct.

Failure to comply with the policies and procedures of the program is a violation of LMH policy and may be grounds for disciplinary action.

## **LACKEY MEMORIAL HOSPITAL COMPLIANCE OFFICER JOB DESCRIPTION**

**The primary responsibilities of the Corporate Compliance Officer shall include:**

- a. Overseeing and monitoring the implementation of the Compliance Program;
- b. Reporting on a regular basis, to the Board, the Chief Executive Officer and the Compliance Committee regarding the progress of implementation; and, assisting them in establishing methods to improve efficiency, quality of services, and to reduce vulnerability to fraud, abuse and waste;
- c. Periodically revising the program in light of changes in the organizational needs, in the law and policies and procedures of government and private payer health plans as approved by the Corporate Compliance Committee and/or the CEO;
- d. Developing and coordinating an educational training program which focuses on and includes the elements of the compliance program;
- e. Ensuring that all medical staff members are aware of the requirements of the compliance program and all policies and procedures relating to the same;
- f. Coordinating personnel issues with the Human Resource Department and each hospital's Medical Staff Office while ensuring that the National Practitioner Data Bank and Medicare Cumulative Sanction Report have been checked with respect to all employees, independent contractors and medical staff applicants, and is checked on a periodic basis
- g. Assisting the Finance Department in coordinating internal compliance review and monitoring activities, including annual or periodic audits and reviews;
- h. Independently investigating and acting on matters related to compliance, including the flexibility to design and coordinate internal investigations (e.g., responding to reports of problems or suspected violations) and any resulting corrective action with all hospital departments, providers, sub-providers, agents and, if appropriate, independent contractors; and

- i. Developing policies and programs that encourage managers and employees to report suspected billing errors, suspected fraud and other possible problems without fear of retaliation.

The Compliance Officer shall have authority to review all documents and other information that are relevant to compliance activities, including, but not limited to, patient records, billing records, and records concerning marketing efforts and arrangements with other parties, including employees, independent contractors, suppliers, agents, physicians and other professionals on staff.

The Compliance Officer shall have the full resources of the organization at his or her disposal to carry out these functions and to implement the Corporate Compliance Program. The Compliance Officer, with the approval of the Chief Executive Officer, may retain legal counsel or other consultants as deemed necessary or desirable to assist in carrying out these functions. It is the intention of the Board that all communications between the Compliance Officer and counsel be privileged to the fullest extent of the law.

### **LACKEY MEMORIAL HOSPITAL COMPLIANCE COMMITTEE STRUCTURE, FUNCTIONS AND DUTIES**

**The Compliance Committee shall be appointed by the Chief Executive Officer and shall consist of:**

Compliance Officer, who shall serve as its Chairperson  
Corporate Compliance Director  
Chief Financial Officer  
Vice President of Hospital Operations  
Corporate Director of Human Resources  
Vice President of Business Development  
Patient Services Officer  
Chief Information Officer  
Chief Medical Officer  
Corporate Legal Counsel  
Other individuals may be requested to serve on the Committee at the discretion of the Compliance Officer or CEO

**The Compliance Committee's functions shall include:**

- a. Analyzing the environment in which LMH and its affiliates do business, the legal requirements with which it must comply and specific risk areas;
- b. Assessing existing policies and procedures that address these areas for possible incorporation into the Compliance Program;
- c. Working with appropriate departments to develop standards of conduct, policies and procedures which promote the Compliance Program;
- d. Recommending and monitoring, in conjunction with the relevant departments, policies and procedures as part of its daily operations;
- e. Determining the appropriate strategy and approach needed to ensure compliance with the program, detection of any potential violations; and
- f. Developing a system to solicit, evaluate and respond to all complaints or problems.

**AFFIRMATION STATEMENT  
FOR COMPLIANCE AND CODE OF CONDUCT**

I am acknowledging that I have received and read a copy of the Corporate Compliance Manual and Code of Conduct. I agree to completely adhere to its instruction which is required of every LMH employee.

I certify that I will cooperate with the Compliance Program and responsibilities as described in the Corporate Compliance Manual and in the Code of Conduct.

I also agree to discuss any questions or concerns regarding the LMH Corporate Compliance Manual and Code of Conduct with my Supervisor, Manager, Director, or Corporate Compliance Officer.

I understand that I have an obligation, as a LMH employee, to report even suspected misconduct to my Supervisor, Manager, Director, Human Resources Representative or Corporate Compliance Officer; or, through any one of the anonymous reporting mechanisms. Furthermore, I understand that LMH will not retaliate against me for making a good-faith report.

I understand that violations of the Compliance Program, as described in this manual, are subject to disciplinary action that may include termination.

I understand that the Compliance Manual and this affirmation statement do not represent any type of employment agreement or contract and that my employment is on an "at will" basis. I also understand that these guidelines may be amended, modified, or clarified at any time and that I will receive any updates that occur related to any material within this manual.

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The original executed copy of this document will be filed in your Human Resource personnel file. Should you request a copy please contact your Human Resource Representative.

If applicable I understand that LMH will conduct an excluded provider background check prior to my employment and periodically thereafter. I understand that LMH reserves the right to terminate my employment or other association if I am an excluded provider.

Name (print): \_\_\_\_\_ Department: \_\_\_\_\_

Job Title: \_\_\_\_\_ Date Training Completed: \_\_\_\_\_

Signature: \_\_\_\_\_ Date Signed: \_\_\_\_\_