



*One Goal. One Priority. Your Healthcare.*

## **Compliance Plan**

**2016**

## Affiliated Medical Groups

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Affiliated Doctors of Orange County

Bakersfield Family Medical Center

Coastal Communities Physician Network

Desert Oasis Health Care

Greater Covina Medical Group

High Desert Medical Group

Heritage Victor Valley Medical Group

Lakeside Medical Group

Regal Medical Group

Sierra Medical Group

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Revision dates: 8/2011, 5/2013, 10/2014, 5/2015

# Message from HPN President and CEO

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Dear Heritage Team:

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



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.

# AZPC Program Effectiveness Evaluation

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Arizona Priority Care's comprehensive Compliance Plan is a guide to adhering to all federal, state, and CMS regulations; as such, we acknowledge and comply to the guidelines\* referenced in the CMS Memo regarding Compliance Plan Effectiveness (dated July 30, 2013, pages 11-14), as summarized below:

## Best Practices

### 1. Communication

Clear communication is critical to ensure that all individuals associated with the company are exposed to and well informed of the compliance expectations.

- Communication to AZPC's employees, and its first-tier, downstream and related entities (FDRs) is disseminated through this Compliance Plan, AZPC's policies and procedures, in any applicable contracts, and through other means such as group meetings, websites, memos, and company newsletters. These methods work cohesively to serve as reminders that a compliant culture is of utmost importance.

### 2. Monitoring and Auditing

Procedures to properly monitor and assess all dealings of the company are essential and required to ensure that CMS requirements are met, if not exceeded.

- AZPC's Compliance Officer monitors all compliance related activities, such as conducting internal audits, incident reports, and corrective actions.
- Compliance related topics and incidents are shared with the Compliance Committee and Board of Directors and are reviewed on a quarterly basis, or sooner based on severity.
- AZPC's Compliance Committee and Officers are trained in accordance with federal and state laws and regulations and are provided the necessary resources to monitor and audit all compliance operations.
- Risk assessment analyses are routinely conducted to address any changes in laws, regulations, CMS requirements, and operational matters.

AZPC Compliance Reference Documents:

Routine Monitoring, Auditing, and Identification of Compliance Risks  
Compliance Program and Policies & Procedures  
Medicare Fraud, Waste & Abuse and Compliance  
Compliance Plan, pages 14 and 16

### 3. **Fraud, Waste, and Abuse (FWA)**

The avoidance of FWA events greatly enhances AZPC's ability to provide quality care to all beneficiaries. AZPC observes the following:

- AZPC conducts comprehensive monitoring of claims for identification of FWA; and reviews reports using systems such as PCG software and iCode to confirm proper billing and payment of all claims.
- AZPC searches the Office of Inspector General (OIG) and the General Services Administration (GSA)/System for Award Management (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.
- AZPC requires that all FDRs attest adherence to CMS requirements, including monitoring the OIG/GSA exclusion lists as outlined in 42 CFR § 1001.1901 and USC § 1395(e)(1).
- CMS fraud alerts, distributed via Health Plan Management System (HPMS) memos, are tracked, logged, and disseminated to the appropriate individuals.

AZPC Compliance Reference Documents:

General Security Controls  
Medicare Fraud, Waste & Abuse and Compliance  
Compliance Plan, pages 17 and 18  
HPMS Memo Log

### 4. **Governing Body**

AZPC's Board of Directors exercise reasonable oversight with respect to the implementation and effectiveness of AZPC's Compliance Plan.

- All compliance related information is shared and discussed at each Board of Directors meeting, including the review of the quarterly Compliance Committee meeting minutes, presentations, and evaluations of any reported non-compliance activities. In addition, the Board of Directors review any updates to the Compliance Plan and/or Policies and Procedures.

AZPC Compliance Reference Documents:

Compliance Program and Policies and Procedures  
Compliance Plan, page 21



## 5. Training and Education

All individuals involved in AZPC's operations are required to complete compliance training addressing topics detailed in the Compliance Plan, including; Fraud, Waste, and Abuse, Code of Conduct, HIPAA, Model of Care, Harassment, and Injury and Illness Prevention.

- AZPC provides training and education addressing compliance to all employees, including senior executives, managers, and Board of Directors, within 90 days of hire and annually thereafter, or more frequently as deemed necessary.
- AZPC requires that all FDRs attest adherence to CMS training requirements, as outlined in 42 CFR 422.503 and 42 CFR 423.504. FDR Compliance Attestations are maintained at the group level; however, adherence is closely monitored and reported at the corporate level.

AZPC Compliance Reference Documents:

General Security Controls

HIPAA and HITECH Training for Staff

Medicare Fraud, Waste and Abuse and Compliance

Compliance Plan, pages 21-22

## 6. Routine Monitoring, Auditing, and Identification of Compliance Risks

AZPC has established and implemented an effective program for monitoring, auditing, and identifying compliance risks.

- AZPC conducts periodic and frequent audits to ensure that all individuals involved with the operations of AZPC have completed the required compliance training and have been checked against the OIG/GSA exclusion lists.
- AZPC routinely performs internal and external site audits to monitor compliance and program effectiveness. Any audit findings of non-compliance are promptly responded to, investigated, and issues of non-compliance and/or FWA are promptly addressed and shared with the Board of Directors and Compliance Committee.
- AZPC utilizes a continuous process improvement program to ensure compliance with all federal and state laws and local regulations, utilizing resources such as the CMS seven elements as our guide to compliance.

AZPC Compliance Reference Documents:

Routine Monitoring and Identification of Risks

Compliance Plan, pages 14 and 18

CMS Elements I-VII

\*AZPC does not participate in Medicare Part D; therefore CMS Part D requirements were omitted from the summary.

# Introduction

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## Statement of Values

We strive to meet our mission and perform all of our work with our operating principles in mind. We facilitate continuous compliance with legal, ethical, and accreditation standards applicable to our business operations. Our primary values are:

- **Communication:** Our success is driven through direct, open and timely communications.
- **Development:** We are committed to providing our employees a dynamic and stimulating work environment that provides personal and professional growth opportunities aligned with the growth of our company.
- **Collaboration:** Our focus on results blended with a team approach will ensure that we provide a place where fresh thinking and innovation are encouraged and rewarded.
- **Integrity:** We strengthen all of the above with our beliefs of keeping our customers first, mutual respect, and unfailing integrity.

## Objective of the Program

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

- Assist in carrying out our daily activities within appropriate ethical and legal standards.
- Provide oversight for compliance with laws, regulations, and special conditions imposed upon it 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.
- Provide excellent patient care.

## Confidentiality Agreement

In consideration of my employment, I hereby acknowledge and agree to the following:

### Proprietary Information

Any and all confidential, proprietary or trade secret knowledge, data or information of Arizona Priority Care (Company), including but not limited to, the Company's strategic plans, new product plans, consumer marketing research and information, business results and financial information, ideas, processes, formulas, source and object codes, data, programs, database developments; research and development; customer lists and information; specialized training; the compensation of contractors, vendors, suppliers, and consultants; and any other confidential, proprietary or trade secret knowledge, data or information, in whatever form, produced by or for the Company.

I agree that, during my employment and thereafter, pursuant to this agreement (Agreement), I will hold in strictest confidence and will not disclose, discuss, transmit, use, lecture upon, or publish any proprietary information, unless such disclosure (i) is required in connection with my work for the Company, or (ii) is expressly authorized in writing by a senior manager of the Company.

### Third Party Information

The Company has an obligation to maintain the confidentiality of any information including trade secret information that the Company receives from third parties, and to use it only for limited purposes for which it was intended.

During the term of my employment and thereafter, I will hold such third party information in the strictest confidence and will not disclose to anyone other than Company personnel who need to know such information in connection with their work or my work for the Company or disclose such information to a third party if expressly authorized by a senior manager of the Company in writing.

### Limitation

Notwithstanding anything to the contrary in this Agreement, Employee shall not be obligated to preserve the confidentiality of any proprietary information or third party information that:

- Known by employee prior to commencement of employment
- Publicly available by other than unauthorized disclosure by employee
- Verifiably shown to have been developed by employee outside the scope of employment
- Employee is requested to disclose pursuant to a valid order issued by a court or governmental agency, provided that employee provides Company with: (i) a prior written notice of such obligation; and (ii) opportunity to oppose such disclosure or obtain a protective order or similar relief.

### Improper Use of Materials

During my employment by the Company, I will not improperly use or disclose any confidential information or trade secrets, if any, of any former employer or any other person to whom I have an

obligation of confidentiality. I will not bring onto Company premises any materials belonging to any former employer or any other person to whom I have an obligation of confidentiality without the consent of the former employer or person and the approval of my direct supervisor.

#### Conflicting Obligations

I represent that my performance of all the terms of this Agreement, and as an employee of the Company, does not and will not breach any agreement to keep information acquired by me in confidence or in trust prior to my employment by the Company. I have not entered into, and I agree I will not enter into, any agreement either written or oral in conflict herewith.

#### Return of Company Documents and Other Company Property

When I leave the Company, I will immediately deliver to the Company any and all notes, memoranda, specifications, devices, formulas, and documents together with all copies thereof; and any other material containing proprietary information of the Company. I will also immediately return all Company property, including but are not limited to laptops, pagers, cell phones, corporate credit cards, keys, and/or access cards.

#### Successors and Assigns

This Agreement will be for the benefit of the Company, its successors and assigns. I expressly agree that the Company has the right to assign this Agreement.

#### Governing Law and Exclusive Forum

This Agreement will be governed according to the laws of the State of California. I hereby irrevocably agree that the exclusive forum for any suit, action, or other proceeding arising out of or in any way related to this Agreement shall be in the state or federal courts in California, and I agree to the exclusive personal jurisdiction and venue of any court only in California.

#### Entire Agreement

This Agreement is the final, complete and exclusive agreement of the parties with respect to the subject matter. No modification of or amendment to this Agreement, nor any waiver of any rights under this Agreement, will be effective unless in writing signed by both parties. Any subsequent change in my duties or compensation will not affect the validity or scope of this Agreement. As used in this Agreement, the period of my employment includes any time during which I subsequently may be retained by the Company as a consultant.

#### Severability

If one or more of the provisions in this Agreement are deemed unenforceable by law, then the remaining provisions will continue in full force and effect. Moreover, it is intended by the parties that this Agreement is to be enforced to the fullest extent permitted by law. Accordingly, if a court of competent jurisdiction determines that the scope and/or operation of any provision of this Agreement is too broad to be enforced as written, the Company and I intend that the court should reform such provision to such narrower scope and/or operation as it determines to be enforceable.

#### Survival

The provisions of this Agreement shall survive the termination of my employment and shall inure to the benefit of any successor in interest of the Company or other assignee.

I agree and understand that nothing in this Agreement shall confer any right with respect to continuation of employment by the Company, nor shall it interfere in any way with my right or the Company's right to terminate my employment at any time, with or without cause. This Agreement shall be effective as of the first day of my employment with the Company. I understand that this Agreement restricts the disclosure and/or use of Company proprietary and confidential information during or subsequent to my employment with the Company.

I have read this Agreement carefully and understand its terms.

\_\_\_\_\_  
Employee's Signature

\_\_\_\_\_  
Date

ACCEPTED AND AGREED TO:

Arizona Priority Care

By: \_\_\_\_\_

Date: \_\_\_\_\_

# Compliance Plan

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## Written Standards of Conduct

Arizona Priority Care (AZPC) has developed this Compliance Plan to ensure compliance with federal, state and local laws and regulations. AZPC provides a copy of this Compliance Plan to all of its employees and first tier, downstream and related entities (FDRs). All employees including the management team must sign the Confidentiality Agreement ensuring their understanding and agreement to abide by this Plan.

If an employee or FDR is aware of any violation of the Plan, they should report the problem promptly to a supervisor or the Compliance Officer without fear of reprisal. All violations or issues of non-compliance may be reported anonymously. If the employee or FDR 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 and FDRs should 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 AZPC. The intent of the Compliance Plan is to serve as a guide for workplace conduct, but it cannot address every situation that AZPC employees or FDRs may encounter. AZPC expects all of its employees and FDRs 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)

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

- Coordinate an annual review and update the Compliance Plan as required.
- Design and coordinate regular audits to ensure that the Compliance Plan is being adhered to by all individuals involved in AZPC's daily operations.
- Report on a quarterly basis to AZPC's Corporate Chief Financial Officer (CFO) and AZPC's Affiliated Medical Group's Chief Executive Officer (CEO) the results of the audits, the status of any investigation and any non-compliant violations to the provisions of AZPC's Compliance
- Ensures that AZPC groups provide each employee a copy of AZPC'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.

- Schedule, conduct and/or oversee new hire and annual training programs to ensure that all employees understand and adhere to the Compliance Plan.
- Familiarize with federal and state regulation and laws as they pertain to the Compliance Plan.
- Maintain all records related to the Compliance Plan.
- Ensure that AZPC and its Affiliated Medical Groups' provide third party agents a copy of the Compliance Plan.
- Provide a process and a procedure to appropriately screen potential employees who have engaged in illegal activities and prevent the hiring of such employees.
- Perform any other activities to ensure the success of the Compliance Plan.
- Maintain a centralized source of information for compliance related to federal and state regulations.
- Create and maintain 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, Compliance Officers, Human Resources Directors and the Corporate Human Resources Director. The Compliance Officers and the HR Directors of HPN's Affiliated Groups directly report to their group's CEO. 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 Corporate CFO and the Corporate Compliance Officer and may be removed without cause. Members may be added to the committee by the Corporate CFO 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 AZPC 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 HPN's Corporate CFO, HPN's Affiliated Group Compliance Officers and all employees.

### Meetings

The Compliance Committee meets quarterly. 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 or violations and corrective actions reported during the quarter to evaluate any revision to the Compliance Plan. The committee reviews the integrity and effectiveness of the Compliance Plan. All meetings are conducted in person. The Corporate Compliance Officer provides an agenda to each of the committee members prior to each meeting. The CFO or the CCO at their discretion may request 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 Corporate CFO and HPN's Affiliated Medical Group Compliance Officers, HR Directors and CEOs a written annual report of all its activities. All documents submitted by the committee are marked "Privileged and Confidential".

All employees are expected to comply with all regulatory requirements and AZPC's policies and procedures. All employees, without fear of retaliation, are required to report any identified issues or concerns regarding AZPC's policies and procedures, Standards of Conduct or practices that the employee believes is a violation of any regulatory code. The employee reports any possible issues or concerns by:

- Calling the Corporate Compliance Hotline at (855) 682-4127.
- Sending a confidential email to the Compliance Officer.
- Leaving a confidential voicemail to the 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 AZPC's Compliance Officer or designee who investigates the issue and/or concern and refers to the appropriate department manager for review and appropriate corrective action plan. All incidents are documented on the AZPC Incident Log and maintained in each group's compliance folder.

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



The CCO and the Committee respects 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 Officers and CCO.

Documents should only be disclosed to:

- Members of the Committee and CEOs 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. AZPC 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 AZPC'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 AZPC 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 CEO and inquiry into the matter will be undertaken. AZPC employees, providers, affiliated providers and/or external providers will be expected to cooperate fully with any inquiries undertaken.

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 use(s) the monitoring tools associated with identifying compliance issue. Applications such as PCG Software and iCode 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 AZPC 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 AZPC's Compliance Plan will be addressed according to the provisions identified in the applicable AZPC's policies. The findings will be reviewed by the Compliance Officer to ensure consistency in the review process.

## Corrective Action Plan

Violations of AZPC's Compliance Plan and failure to comply with federal and state regulations or any other types of misconduct are considered a violation of the 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 not corrected can seriously jeopardize the mission, reputation, and legal status of AZPC 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 AZPC to initiate corrective action including, but not limited to, making restitution to any government agency and instituting disciplinary action as necessary. Any 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 risk managers of the Affiliated Groups and to the health plans as required.

All violators of AZPC'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 which 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. AZPC does not knowingly arrange, contract with or bill for services rendered or arranged for by an individual or entity that is excluded or ineligible to participate in a federally funded health care program. AZPC, 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, contractors and vendors. If a AZPC 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 AZPC's credentialing requirements and will be excluded from AZPC 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 AZPC's status with current compliance and regulatory operations. The purpose of the review is to evaluate whether AZPC 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 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 AZPC's internal investigations.

A comparative report of the results of AZPC's investigations and actions taken for the current year, along with the compliance efforts during the preceding year will be reported to the Corporate CFO and AZPC's CEO. A work plan addressing strategies for maintaining and improving AZPC's compliance efforts will be developed by the Corporate Compliance Officer with the Compliance Committee. Recommendations within the work plan will be considered in the:

- Development of the goals within AZPC Strategic Plan;
- Development of ongoing monitoring mechanisms within AZPC Quality Management Plans; and
- Development of expected outcomes within AZPC Utilization Management Plan.

## **Annual Certification and Agreement of Compliance Form**

### **CORPORATE COMPLIANCE**

#### **ANNUAL CERTIFICATION AND AGREEMENT OF COMPLIANCE FORM**

I certify that I have read the Compliance Plan and fully understand the requirements in the document. I agree specifically to act in accordance with AZPC's policies set forth in that document and understand that I may be subject to disciplinary action up to and including termination for violating those policies or failing to report violations of those policies.

Employee Name: \_\_\_\_\_

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

# Education and Training

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## Compliance Education

The Committee makes available and ensures that proper education and training of Corporate Officers, directors, employees and medical staff are conducted annually. The Compliance Plan requires that all individuals complete training that addresses AZPC's Compliance Plan. Such training includes HIPAA Compliance, Sexual Harassment, Fraud, Waste and Abuse, Code of Conduct, Model of Care, and Injury and Illness Prevention Program. AZPC 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 AZPC and its Affiliated Medical Groups have developed and implemented policies and procedures specific to the 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

The participation and attendance to comply with training and any educational programs is necessary and failure to comply with any of the training requirements will result in disciplinary action. AZPC'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, classroom, 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 by AZPC with input from its Affiliated Medical Groups and will be reviewed and updated on an annual basis by the Board of Directors and the Compliance Committee.

# Employee Code of Conduct

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## Standards of Conduct

AZPC 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 will at all times strive to achieve the utmost ethical and professional business standards in order to meet or exceed our commitment to the community, our patients, members and business partners.

The 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. Employees are required to attend and complete all mandatory training in order to be compliant with federal and state regulations.

Areas of concern and of 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 or wish to report any compliance or ethical standards that he or she believes have been violated, the employee may contact Human Resources or the Compliance Officer.

## Evaluation of Employee Performance

Employees are expected to comply with the Code of Conduct and AZPC Compliance Plan by completing 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

AZPC 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 retaliation or reprisal. The AZPC team

remains committed to maintaining the highest level of accountability and all occurrences will be thoroughly investigated.

## **Controlled Substance**

In accordance with federal and state laws, AZPC 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 AZPC 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**

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

## **Harassment and Workplace Violence**

AZPC 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 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.

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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 investigate and prosecute complaints of harassment, retaliation, and discrimination in employment.

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

All employees are expected to conduct themselves in a non-threatening, non-abusive manner at all times. No direct, conditional, or veiled threat of harm to any employee or to AZPC 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 the 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 law enforcement.

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

To maintain an environment that is respectful and fair, AZPC encourages employees to utilize the company's open-door policy to voice concerns of possible inequitable or unfair conduct. AZPC 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**

AZPC 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 AZPC 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 AZPC. 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 AZPC 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. AZPC makes no distinction in the high quality 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. Moreover, medical treatment is



not based on patient or organization economics, but rather on identified patient healthcare needs. AZPC 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, in accordance with HIPAA and HITECH rules and regulations, the Company maintains strict privacy and confidentiality guidelines to protect our patients' privacy.

### Employees

AZPC promotes camaraderie, teamwork, and professional relationships. In an effort to maintain a positive work 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

AZPC 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 AZPC, 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 the 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 AZPC 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. AZPC 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, AZPC prohibits any of its employees, physicians, or other business affiliates from receiving or providing "remuneration" in exchange for referrals of patients. Furthermore, AZPC 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 AZPC's compliance with federal and state regulations as it pertains to accepting and receiving entertainment and gifts.

Employees of AZPC 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 AZPC 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 an organization. AZPC maintains a strict "gift" policy and all gifts of significance or of 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 AZPC employees solicit gifts from patients. The Company acknowledges that there are certain circumstances that arise regarding the receipt of gifts; however, employees are strictly forbidden from accepting any individual gift of gratuity valued in excess of 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

AZPC is a professional healthcare organization that is dedicated to rendering quality medical service to patients and families. Employees and other business affiliates of AZPC 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. Prior to accepting such invitations, employees should confirm that doing so is consistent with the AZPC 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 AZPC. The corporate policy on business courtesies may from time to time provide modest flexibility in order to permit appropriate recognition of the efforts of those who have spent meaningful amounts of time on behalf of AZPC.

AZPC'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 AZPC logo valued at no more than permitted by federal or state law.

## **Fair Dealing**

AZPC 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

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## Conflicts of Interest

A conflict of interest occurs when a AZPC employee, a supervisor, or someone at the management level exploits professional or official capacity in some way to gain personally, in terms of money or other material advantage, at the expense of the employer or organization. Conflict of interests 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 AZPC's resources for personal purposes.
- An employee or close relative can personally profit from a transaction involving AZPC and the employee or a third party.
- The employee does not act solely in the best interest of AZPC, whenever acting as an agent of AZPC, in dealings with suppliers, customers or government agencies.

AZPC 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 AZPC. 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 benefits materially at the expense of AZPC. 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 AZPC. 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, the employee should consult with the Compliance Officer or Human Resources and refer to the appropriate policies for direction before pursuing the activity.

Conflict of Interest policies and questionnaires are sent out annually to Senior Management and to the Board of Directors.

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## **Outside Employment and Activities**

AZPC 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 AZPC's reputation. An employee should not have a direct or indirect financial interest in competitors of AZPC. Outside business activities can only be allowed if they do not directly or indirectly compete with AZPC's business.

## **Misuse of Company Resources**

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

# Quality of Care and Services

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## Quality of Care and Services

AZPC is committed to providing high quality health care to its patients and to delivering health services in an ethical, professional and cost effective manner. AZPC treats patients with respect and dignity and provide care that is necessary and appropriate. AZPC 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. AZPC maintains complete and thorough records of patient information. AZPC recognizes the rights of patients to formulate an advance directive and AZPC complies with that directive. All individuals employed to care for AZPC's patients are properly licensed and credentialed, and have the necessary experience and expertise.

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

### Patient Information

In order to provide quality patient care, AZPC collects information regarding patients' medical condition and medical history. AZPC realizes the sensitive nature of this information and are committed to maintaining its confidentiality. AZPC 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 no unauthorized access to electronically stored health information. AZPC will maintain necessary electronic security to ensure the confidentiality and integrity of patient information. AZPC 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 AZPC HIPAA and HITECH Act Policies and Procedures.

# Federal, State and Legal Regulatory Compliance

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## Fraud, Waste and Abuse

It is the intent of AZPC to comply with all laws governing its activities, including those, which address fraud, waste, and abuse (FWA) in the health care industry. AZPC is committed to the prevention and detection of FWA; and educates its employees and FDRs 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 in order 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 not legal entitlement to that payment and the provider has not knowingly and/or intentionally misrepresented facts to obtain payment.

- AZPC has the responsibility to report possible provider fraud, waste, and abuse to the appropriate entities, including: AZPC's compliance officer or compliance hotline: 855- 682-4127
- The compliance officer or compliance hotline of the applicable Medicare Advantage Organization Sponsor with whom AZPC's participates; compliance hotline numbers are available on each of the organization's websites
- 1-800 MEDICARE
- AZPC reports any possible Fraud, Waste and Abuse to the National Benefit Integrity Medicare Drug Integrity Contractor (NBI Medic)

## Under-provision of Services

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

Any denial for a requested service is determined by an AZPC'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 on a regular basis.

In addition to the utilization management program in place, AZPC has implemented a comprehensive Quality Management (QM) program for monitoring under-provision of care and service. The QM program includes monitoring of preventative measures, disease management and high risk patient management programs. AZPC maintains the oversight function related to the QM 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 or 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 prosecution depending on the proof of intent to commit the violation.

AZPC 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 AZPC 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 AZPC detects and prevents fraud, waste and abuse.

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

### Anti-Kickback

Physicians affiliated with AZPC are frequently in a position to order therapeutic services using AZPC equipment, facilities and personnel. Since AZPC 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.

## **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 AZPC complies with state law prohibitions on fee splitting, all of AZPC's employees and representatives must submit in writing any proposed business, financial or employment arrangements with physicians to AZPC's CEO 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, AZPC employees and representatives should submit in writing any proposed arrangement whereby AZPC will purchase health care services from an outside supplier to AZPC's CEO, for review and written approval.

## **Certificate of Need**

AZPC and its Affiliated Medical Groups ensure that all major medical equipment has the appropriate permissions as required by federal and state regulations prior to acquiring said equipment. Consent is granted through a “Certificate of Need.”

To ensure that AZPC 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 AZPC's CEO for review and written approval.

## **State Registration and Licensure Requirements**

All required state and regulatory licenses are maintained by AZPC and its Affiliated Medical Groups to conduct day to day business operations as a risk bearing organization. AZPC 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**

AZPC 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 AZPC or employee to initiate a compliance-related investigation. AZPC 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 AZPC protect the rights of AZPC and its personnel. Any employee who receives an inquiry, visit, subpoena, or other legal document, at work or at home, regarding AZPC business from a governmental agency shall notify his or her supervisor, HR Director and the CEO of the Affiliated Medical Group immediately.

# Environmental Compliance

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## Environmental Compliance

Healthcare facilities produce waste of various types. AZPC 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. AZPC will operate each of its facilities with the necessary permits, approvals and controls. AZPC 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 come into contact with biological waste should be familiar with AZPC'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 are responsible for training all staff regarding environmental compliance.

# Marketing, Fundraising and Political Activities

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## 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 AZPC.

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

At trade association meetings, employees/FDRs 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 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 CEO of the incident.

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

## Marketing of Healthcare Services

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

Additionally, AZPC 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.

AZPC 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 cash gifts are allowable if they do not exceed the nominal amount allowed of fifteen (\$15.00) dollars.

## **Fundraising and Contributions**

AZPC 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. AZPC 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**

AZPC complies with all federal and state laws regarding political contributions and gifts to government officials. AZPC does not offer, make payments or give anything of value to a government official or government agency representative with which AZPC has, or seeking to have, a contractual, business or financial relationship; or that regulates any activities or obligations of AZPC 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 is 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 work areas at all times. For this purpose, the term “work area” includes all places where employees regularly work, confers or conducts 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.

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## **Media Relations**

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

## **Gathering Information about Competitors**

It is not unusual to obtain information about other organizations including AZPC'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

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## Accuracy of Financial Records

Accurate and complete financial records are essential to AZPC's business. All documents, financial reports or records, which include the patient's medical record, are to be completed in a clear and accurate manner. AZPC 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 AZPC's obligations to patients, employees, suppliers and others and for compliance with tax regulatory and financial reporting requirements.

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

- AZPC 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).
- AZPC 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 AZPC and its Affiliated Medical Groups. However, appropriate purging of unnecessary documents in accordance with proper written procedures is acceptable.
- AZPC and its Affiliated Medical Groups hold all financial information confidential. Release of financial information will be made only after consideration of AZPC's 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 AZPC 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 AZPC's books and records are not being maintained in an accurate or complete manner, 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.

AZPC 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 we will cooperate fully with payor requests. To ensure that its payment arrangements comply with the law, fees paid to AZPC for its services under 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.

AZPC physicians and staff will take great care to ensure that all of its billings to payors and patients are truthful, accurate and complete. Toward that end, AZPC 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 AZPC 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 AZPC's financial reports are accurate and meet all legal, regulatory, and accounting requirements. AZPC 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 AZPC's assets and the accuracy of its financial



records and reports. AZPC expects all directors, officers and employees to adhere to AZPC'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 AZPC in the form of personal loans to AZPC 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.

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

## **Credit Balance**

If a credit balance remains in a patient's account, AZPC is committed to accurately tracking, reporting, and refunding the balance. AZPC 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

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## Information Security

AZPC protects its information and information systems from accidental or unauthorized access, disclosure, modification or destruction. Every employee should be familiar with AZPC'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 the 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 AZPC'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 your 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 AZPC's computers are company property; therefore, employees should have no expectation of personal privacy in connection with information stored on AZPC's computers or servers.

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

## HIPAA Privacy and Security Compliance

AZPC is committed to the integrity, accuracy and confidentiality of information for the benefit of those it serves. AZPC complies with 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 AZPC 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.

AZPC's confidential business information must remain confidential. 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 has a need to know the information for the purpose of such individual's job duties.

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

## **Mitigation of Privacy and Security Violations**

AZPC 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. AZPC 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. AZPC 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. AZPC 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 for time periods prescribed by federal and state laws or other regulators.
- Destruction of AZPC records prior to expiration of the prescribed time period for record retention is prohibited.

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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**

AZPC business affairs are only discussed as required in the normal course of conducting business. Employees are required to safeguard confidential information regarding AZPC 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 AZPC 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 Arizona Priority Care 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 AZPC. 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.