Corporate Compliance Program

POLICY: It is the policy of Seattle Children’s to obey all laws that govern its business operations and to require all employees and persons associated with the organization to behave in an ethical manner. Children’s has established and will maintain an effective Corporate Compliance Program for the purpose of preventing, detecting, and correcting illegal, improper and unethical conduct. To promote achieving the policy, Children’s adopts the following goals:

1. To develop and distribute written standards of conduct, as well as written policies and procedures, that promote Children’s commitment to compliance and address specific high-risk areas.
2. To designate a Corporate Compliance Officer charged with the responsibility of operating and monitoring the compliance program who has direct access to the President and CEO and the Board of Trustees.
3. To designate a Corporate Compliance Committee with key employees responsible to assist the Corporate Compliance Officer in the ongoing oversight of the compliance program.
4. To develop and implement regular, effective education and training programs for all of Children’s employees.
5. To develop and maintain methods to receive complaints, concerns or issues and adopt procedures to protect the anonymity of complainants, as well as to protect all complainants from retaliation.
6. To develop a system to respond to allegations of improper or unethical activities and enforce appropriate disciplinary action against employees who have violated internal compliance policies, applicable statutes, regulations or federal health care program requirements.
7. To use regular audits and/or other evaluation techniques to monitor compliance and assist in reducing the number of identified problem areas.
8. To investigate and remedy identified systemic problems.
9. Not to employ or retain individuals and entities who are excluded from participating in Medicare or Medicaid, or debarred from contracting with government programs.

PURPOSE Children’s will achieve its goals as part of a Corporate Compliance Program. The goals of the program, and procedures that will be followed to achieve those goals, are defined in more detail in the addendum below. The Corporate Compliance Program Policy is applicable to all Children’s environments including the hospital, research, and foundation.
BACKGROUND: Since its founding in 1907, Children’s has aspired to the highest ethical behavior. Children’s has always demanded (and received) ethical conduct from its employees, medical staff, and business associates. That ethical conduct requires, at a minimum, compliance with the laws and rules that govern its business operations. Children’s commitment to ethical behavior is embedded within its Mission Statement as adopted by the Board of Trustees and implemented by the CEO.

Achieving ethical conduct requires constant vigilance, ongoing evaluation, and occasional fine-tuning. Children’s has resolved to restate and renew its commitment to complying with the laws that apply to its business operations by implementing a Corporate Compliance Program (the “Program”). The initial focus of the Program will be on demonstrating that Children’s understands and follows the rules that apply to submitting claims to governmental payers. Other areas of emphasis will be on complying with the antitrust laws and the laws that govern the activities of tax exempt organizations. Children’s has in place strong policies and procedures that govern business activity. Under this Corporate Compliance Program, Children’s will, however, develop new policies and procedures to respond to the new laws and regulatory initiatives. What remains constant is the organization’s basic philosophy to “do the right thing” with respect to its patients and its employees.

The Program is designed to encourage and enhance the efforts of everyone to function at the highest possible level of integrity. Ethical behavior will help shield Children’s and its employees from potential liability under the complex laws and regulations that govern the activities of health care providers. Employees must resolve any doubt regarding the interpretation of the Program in favor of ethical behavior.

PROCEDURE: The ADDENDUM below describes the current standards and procedures.

Reviewed by: Corporate Compliance Committee
Audit & Corporate Responsibility Committee

Revised by: Pru Arnquist, Corporate Compliance Officer
Jeff Sconyers, Senior Vice President & General Counsel

Approved by the Board of Trustees: 02/23/2011

APPROVED BY:

Pat Hagan
President
Chief Operating Officer
Page 3: Corporate Compliance Policy/Procedure: Corporate Compliance Program

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Additional Key Words: Code of conduct, Compliance, Copyright, Improper payments, Software licensing, Upcoding, Unbundled billing
ADDENDUM:

I. STANDARDS OF CONDUCT

GOAL 1
To develop and distribute written standards of conduct, as well as written policies and procedures, that promote Children’s commitment to compliance and address specific high-risk areas.

A. Code of Conduct: As the initial step in achieving this goal, Children’s hereby adopts the following Code of Conduct:

1. We strive to deliver excellent quality care to our patients.
2. Integrity, both personal and professional, is and always has been our most important asset.
3. We demand ethical conduct in all our activities.
4. We care not only for the end result, but also how we achieve that result.
5. Our relationships with our patients, other professionals and vendors are essential to our business. They must be built upon credibility and mutual respect.
6. When confronted with a choice, we do the right thing.
7. When in doubt about the rules, we ask.
8. We are committed to an environment that fosters communication and partnerships among patients, families and staff.
9. We strive for excellence in family-centered care, quality, responsible research, cultural competency and workplace engagement.
10. We act in accordance with Children’s Community Standards of Accountability, Respect and Teamwork (ART).

Everyone is expected to follow the Code of Conduct. The Code of Conduct shall be publicized and distributed throughout the organization. The Code of Conduct supplements Children’s mission statement and the leadership philosophy and values.

- The standards set forth in the Code of Conduct are periodically reviewed and evaluated, and are revised when appropriate due to regulatory, program, policy and procedure changes.

When significant changes are made to the Code of Conduct, the revised material will be distributed to all employees. The Compliance Code of Conduct can also be accessed on the Corporate Compliance website. The following material is provided to every employee of Children’s, and to all new employees at new hire orientation:

- The Compliance Code of Conduct

- Compliance Acknowledgment Form

  - The Compliance Acknowledgment Form serves to signify that each employee has received, read and understands the Employee Compliance Code of Conduct.
• Completed Compliance Acknowledgment Forms are kept on file in the employee’s Human Resources file. It is also documented in the learning management system.

B. **Compliance Policy and Procedure Development**

Compliance policies and procedures are developed to provide guidance and information to employees regarding Corporate Compliance activities and related functions. These policies are available to all employees on the Corporate Compliance website and in the Policy and Procedure tab on CHILD. Policies and procedures are established when there is a need for guidance and definition in the organization, and updated when clarification is required. Risk areas have been identified by the Office of Inspector General (OIG) and are assessed, and addressed through the use of the Code of Conduct and policies and procedures.

II. **RESPONSIBLE PERSONS**

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<td>To designate a Corporate Compliance Officer, a Corporate Compliance Committee and others that are charged with the responsibility of operating and monitoring the compliance program, and who have direct access to the Chief Executive Officer (CEO) and the governing body.</td>
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Everyone who works for or at Children’s is expected to obey the law and behave ethically. In addition, the following five classes of individuals have specific responsibilities to oversee or promote compliance with Children’s standards, policies and procedures: (A) the Board of Trustees; (B) the CEO; (C) the Audit and Corporate Responsibility Committee; (D) the Corporate Compliance Officer; (E) the Corporate Compliance Committee and (F) Presidents, Sr.Vice Presidents (SVP), Vice Presidents, Directors, Managers, Supervisors, and all senior management.

A. **The Board of Trustees.**

1. The ultimate responsibility to oversee the activities of the organization rests with the Board of Trustees. The Board discharges that duty, in part, by assuring that information and reporting systems exist in the organization. Those systems must be reasonably designed to provide senior management and the Board with timely and accurate information that senior management and the Board can use to reach informed judgments. Those judgments are made not only with respect to business performance, but also with respect to the organization’s overall compliance with the law. The Corporate Compliance Program is one of the reporting systems upon which the Board relies to discharge its duties.

2. The CEO and/or Corporate Compliance Officer are responsible to make periodic reports to the Board Audit and Corporate Responsibility Committee regarding the Corporate Compliance Program effectiveness in achieving its goal of promoting ethical behavior, and deterring and detecting unlawful or unethical conduct. Reports to the Audit and Corporate Responsibility Committee should occur at a minimum, annually, and more frequently, if warranted.

B. **The Chief Executive Officer.** The CEO shall be responsible to assure that the following is achieved:
1. Communication. That Children’s standards, policies and procedures are communicated effectively to employees and members of the professional staff, including that arrangements are made for employee training.

2. Enforcement. That Children’s standards, policies and procedures are enforced consistently through appropriate disciplinary actions, and require that all supervisors and managers similarly and consistently enforce these standards, policies and procedures.

3. Remedial Action. That reasonable steps are taken to respond to problems that are detected and to prevent those problems from recurring.

C. The Audit and Corporate Responsibility Committee of Children’s Board of Trustees oversees the effectiveness of the Corporate Compliance Program. The Audit and Corporate Responsibility Committee (ACR) is established by the bylaws and has the duties and composition set forth there. The charter of the ACR shall guide its operations. The bylaws and the charter may be amended by the Board where deemed necessary.

D. The Corporate Compliance Officer is responsible for operating and monitoring the Corporate Compliance Program. The Corporate Compliance Officer shall be appointed by the SVP, General Counsel. The title of Compliance Officer may be shared by more than one individual so long as the respective duties of the individuals are clearly defined. However, the title of Corporate Compliance Officer shall be held by only one employee.

1. Reporting structure. The Corporate Compliance Officer shall report to the SVP, General Counsel regarding day-to-day issues of significant importance. In addition, the Corporate Compliance Officer shall report to the ACR and has direct access to the CEO.

2. General Duties. The Corporate Compliance Officer shall do or assure that the following are done:
   a. Report to the ACR periodically and at least annually regarding Children’s Corporate Compliance Program effectiveness, and propose recommendations to improve or modify that Program.
   b. Ongoing assessment and analysis of the legal requirements with which the health care industry must comply, and identifying specific areas that pose a risk of noncompliance to Children’s
   c. Recommend appropriate process changes, systems and controls to respond to those legal requirements and regulatory changes.
   d. Assess and revise as appropriate existing policies, procedures, protocols, codes and/or standards of conduct or behavior (collectively, “Duties”) in areas that pose a risk of noncompliance.
   e. Determine whether to incorporate existing Duties into the Corporate Compliance Program (“Compliance Duties”).
   f. Determine the appropriate strategy/approach to promote compliance and to detect any potential violations using hotlines and other reporting mechanisms.
   g. Monitor the effectiveness of the system utilized to solicit, evaluate and respond to complaints and problems.
   h. Monitor the effectiveness of independent reporting paths for an employee to report fraud, waste or abuse to minimize the possibility that reports could be diverted by supervisors or other personnel.
   i. Monitor the effectiveness of decentralized compliance activities.

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j. Review employee suggestions and grievances that relate to Children’s compliance duties, and recommend appropriate action in response.

k. Conduct investigations into incidents, actions or conduct that may represent a material violation of Children’s compliance duties, and initiate corrective action when instances of non-compliance are discovered. The Corporate Compliance Officer shall report to the applicable executive leaders regarding those investigations. Results of investigations with materiality or other significance shall be reported to the ACR as appropriate.

l. Prompt Notice. The Corporate Compliance Officer shall promptly report to the CEO and ACR any threatened or pending prosecutions or administrative actions commenced against Children’s or its employees or medical staff.

m. Maintain a confidential record of all Corporate Compliance Committee agendas and recommendations and communicate the Committee's actions and recommendations to appropriate corporate officers and/or employees.

n. Oversee the development of and implementation of regular, effective education and training programs for all affected employees.

o. Conduct an annual internal compliance effectiveness assessment, and report the results to the Audit and Corporate Responsibility Committee.

3. **Job Description:** The SVP and General Counsel and the CEO shall establish the job description which shall at all times be fully consistent with this policy. The SVP and General Counsel or CEO shall notify the Audit and Corporate Responsibility Committee of any significant changes to the Corporate Compliance Officer’s job description.

4. **Resources:** Children’s shall provide the Corporate Compliance Officer with the resources necessary to fulfill his/her responsibilities under the Corporate Compliance Program. Recognizing the appropriate role of reporting relationships and other responsibilities, Children’s other personnel, accountants and legal counsel shall be available to assist the Corporate Compliance Officer.

E. **Corporate Compliance Committee**

1. **Membership**
   a. The Chair of the Corporate Compliance Committee shall be the Corporate Compliance Officer
   b. The Co-Chairs shall be the Chief Information Security Officer and the Privacy Officer.
   c. Membership shall be designated by the Corporate Compliance Officer with input from the Co-Chairs and Children’s executive leadership.

2. Duties of the Corporate Compliance Committee are delineated in the committee charter.
   a. Provide support and advice to the Corporate Compliance Officer, Chief Information Security Officer and the Privacy Officer on
strategy, policy and direction in the implementation of the corporate compliance, information security and privacy programs.

b. Reinforce Children’s commitment to complying with the laws and regulations that govern the provision of healthcare. This includes emphasizing the importance of completing the required compliance training courses, as assigned.

c. Recommend and monitor, in conjunction with the relevant departments, the development of internal systems and controls to incorporate Children’s Compliance Duties into each department’s daily operations.

d. When allegations of misconduct are made, review and evaluate the facts, as investigated or reported by the Corporate Compliance Officer, and determine appropriate responses or initiatives. Where appropriate, the Corporate Compliance Officer may report the results of the investigation to the person making an initial allegation of misconduct.

F. All Executive and Senior Leadership Including Presidents, Sr. Vice Presidents, Vice Presidents and all other Directors, Managers, and Supervisors shall have the following responsibilities:

1. **Make Expectations Clear.** Children’s shall advise each of its directors, managers, supervisors, financial and claims staff, department heads and professional staff of their responsibilities under the Corporate Compliance Program through in-service training and by disseminating its standards, policies and procedures. The training shall include identification of circumstances that require notification to, or consultation with, the Corporate Compliance Officer. If an individual is uncertain whether specified conduct is prohibited, he/she must contact the individual’s supervisor, departmental employee with compliance responsibility or the Corporate Compliance Officer for guidance prior to engaging in such conduct.

2. **Disciplinary Action.** A director, supervisor or manager who: (i) directs or approves improper actions by an employee; (ii) is aware of conduct that violates Children’s standards, policies or procedures and does not act appropriately to correct the problem; or (iii) fails to exercise appropriate supervision and oversight with regard to his or her unit's compliance with Children’s standards, policies or procedures, shall be subject to appropriate disciplinary action. That action may include termination.

3. **Decentralized Approach.** Achieving the goals of the Corporate Compliance Program will depend largely upon decentralized actions taken by the supervisors, managers, department employees with compliance responsibilities and department directors throughout the organization who are charged with developing policies and procedures. The Corporate Compliance Officer and/or the Corporate Compliance Committee will develop overall policy goals.

   a. Employees with compliance responsibilities, supervisors, managers and directors will generally be expected to develop the written procedures that implement and achieve those goals.

   b. Employees with compliance responsibilities shall provide periodic reports to the Corporate Compliance Officer on compliance
activities within the decentralized areas. These reports shall be at a minimum annually.

c. The Corporate Compliance Officer shall serve as a resource to assist in resolving issues with respect to the appropriate course of action that should be followed under a particular compliance duty.

d. Employees with compliance responsibilities, directors, managers and supervisors of specific departments or groups shall assist in identifying areas that require training, in the development of the training, and in carrying out such training.

III. EDUCATION AND TRAINING

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<th>GOAL 3</th>
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<td>To develop and implement regular, effective education and training programs for all affected employees and others in leadership positions.</td>
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The proper education and training of corporate officers, managers, employees, physicians and other health care professionals, and the continual retraining of current personnel at all levels, are significant elements of an effective compliance program. This goal is achieved through implementing the following:

A. Distribute Code. Each employee and member of the medical staff of Children’s shall be given a copy of Children’s Corporate Compliance Code of Conduct. When significant changes are made to the Code of Conduct, the revised material will be distributed to all employees.

B. Initial Orientation. Information about the Corporate Compliance Program will be provided as part of the initial orientation of new employees. All members of the Board of Trustees will also receive education on the Corporate Compliance Program.

C. In-Service Education. Periodically (but not less often than annually), Children’s will make available in-service education on the Compliance Program and selected Compliance Duties. All employees are required to complete annual compliance training.

D. Bill Accurately. Children’s shall develop a written policy regarding its commitment to bill accurately for all services that it provides. This policy shall be distributed to all Children’s, employees and professional staff members who provide, document, or bill for services on Children’s behalf. This policy titled Patient Accounts and Reimbursement can be accessed on CHILD in the policy and procedure tab.

E. Educating Persons Who Submit Claims. Children’s shall conduct an orientation program for all persons involved in processing or submitting claims for reimbursement, including financial personnel, billing clerks, medical record personnel and physicians. In addition to a review of proper procedures, the orientation shall include a discussion of the civil and criminal penalties that may arise from improper billing and inadequate record keeping. In response to changes in policies or procedures by payers (but not less often than annually), Children’s shall review with affected employees the rules on billing and reiterate its commitment to complying with all laws that relate to the billing process.
F. **Training About Governmental Programs.** Periodically, personnel involved in providing and documenting the delivery of services shall be trained regarding covered governmental program benefits and the requirements of the programs concerning documenting the provision of covered services. If changes occur to those requirements, they shall be disseminated promptly.

G. **Periodic Training.** Personnel are required to attend specific training on a periodic basis, including appropriate training in federal and state statutes, regulations and guidelines, and the policies of private payers, and training in corporate ethics, which emphasizes Children’s commitment to compliance with these legal requirements and policies.

H. **Training Topics.** Training programs shall include sessions highlighting Children’s Corporate Compliance Program, summarizing fraud and abuse laws, coding requirements, claim development and submission processes and marketing practices that reflect current legal and program standards.

I. **Communicating Effectively.** Children’s shall take steps to communicate effectively its standards and procedures to all affected persons (e.g., by requiring or encouraging participation in training programs and disseminating publications that explain in a practical manner specific requirements).

J. **Documentation.** Accurate coding depends upon the quality and completeness of the provider’s documentation. Active staff physician, Advanced Registered Nurse Practitioner (NP), and Physician Assistant (PA) participation in educational programs focusing on coding and documentation is mandatory.

K. **Some Training is Mandatory.** Attendance and participation in training programs is a condition of continued employment. Failing to comply with training requirements will result in disciplinary action, including possible termination.

L. **Recordkeeping.** Children’s will retain records of its training of employees, including attendance logs and material distributed at training sessions.

### IV. SOLICITING AND RECEIVING INFORMATION

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<th><strong>GOAL 4</strong></th>
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<td>To develop and maintain methods, such as a hotline, to receive complaints, concerns or issues and adopt procedures to protect the anonymity of complainants from retaliation.</td>
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To achieve this goal, Children’s shall do the following:

A. **Hotline.** Children’s hotline called the “Helpline” has been established for report of complaints, comments and “tips” regarding compliance matters, as well as matters relating to accounting, internal accounting controls and auditing. If an employee or other person who leaves a message on the hotline requests anonymity, then, to the extent possible or prudent, Children’s shall keep inquiries confidential. Persons are advised, however, that there may be a point where the individual’s identity may become known or may have to be revealed if governmental authorities become involved.

B. **Investigate.** Matters reported through the hotline or other communication sources that suggest substantial violations of compliance policies, regulations or statutes shall be documented and investigated promptly to determine their validity. Any
matter involving internal accounting controls or auditing shall be referred to the Director of Internal Audit for investigation.

C. **Records.** The Corporate Compliance Officer shall maintain (or oversee the maintenance of) a written log that records reported concerns, complaints and other allegations of misconduct, including the nature of any investigation and its results. Such information should be included in reports to the CEO, the applicable executive leadership, the Corporate Compliance Committee and, if appropriate, to the Board Audit and Corporate Responsibility Committee.

D. **Exit Interviews.** The Corporate Compliance Officer, in consultation and cooperation with the Human Resource Department, shall consider whether, and to what extent, it is appropriate to conduct exit interviews with departing employees. If interviews are conducted, the interviewer shall inquire regarding the employee's reasons for leaving Children’s and solicit the departing employee's observations regarding conditions of employment at Children’s and other regulatory and compliance issues. To enable the employee to share his or her observations regarding Children’s freely, the employee's supervisor shall not participate in the exit interview.

E. **Clarification.** Personnel may seek clarification from the Corporate Compliance Officer or members of the Compliance Committee if there is any confusion or question with regard to a compliance policy or procedure.
V. DISCIPLINARY ACTIONS

GOAL 5
To develop a system to respond to allegations of improper or unethical activities and enforce appropriate disciplinary action against employees who have violated internal compliance policies, applicable statutes, regulations or federal health care program requirements.

Children’s goal is achieved through implementing the following policies and procedures:

A. Disciplinary Action. Failing to comply with Children’s Compliance Duties will lead to disciplinary action, and may result in termination.

B. No Retaliation. Children’s shall not retaliate against anyone who brings to the attention of management a problem or perceived problem.

C. Evaluating Performance. The following factors shall be considered in evaluating the performance of supervisors and management
   1. Whether the person encouraged the disclosure of problems or perceived problems; and
   2. How successful the person was in preventing or detecting unlawful or unethical conduct.

VI. ONGOING MONITORING

GOAL 6
To use audits and/or other evaluation techniques to monitor compliance and assist in the reduction of identified problem areas.

Children’s goal is achieved through implementing the following procedures:

A. Develop Controls. The Corporate Compliance Officer shall oversee or coordinate the development and application of controls to identify improper billing and billing procedures.

B. Develop Auditing Tools. The Corporate Compliance Officer shall oversee or coordinate the development of data collection tools for auditing patient/client records to determine whether services have been appropriately documented.

C. Provide Reports. The Corporate Compliance Officer shall generate and maintain written reports that are shared with the hospital’s senior management and the Audit and Corporate Responsibility Committee.

D. Monitor Credit Balances. No less often than annually, the Corporate Compliance Officer shall assure a review of any reserves the hospital has established for payments that it may owe to Medicare, Medicaid, TRICARE or other federal health care programs has been completed. Any reserves discovered that include funds that should have been paid to Medicare or another government program should be paid promptly, regardless of whether demand has been made for such payment.

E. Consider Techniques. In designing or overseeing monitoring activities, the Compliance Officer shall consider techniques such as:
   1. on-site visits;
2. interviews with personnel involved in management, operations, coding, claim development and submission, patient care, and other related activities;
3. questionnaires developed to solicit impressions of a broad cross-section of the employees and staff;
4. reviews of medical and financial records and other source documents that support claims for reimbursement and Medicare cost reports;
5. reviews of written materials and documentation prepared by the different divisions of a hospital; and
6. trend analyses, or longitudinal studies, that seek deviations, positive or negative, in specific areas over a given period.

F. Document Efforts. Children’s shall document its efforts to comply with applicable statutes, regulations and federal health care program requirements. For example, if Children’s requests advice from a government agency (including a Medicare fiscal intermediary or carrier) charged with administering a federal health care program, the person soliciting the advice should document and retain a record of the request and any written or oral response.

G. Resolve Problems. The system for responding to potential problems is discussed further in connection with the following Goal 7.

VII. FIXING PROBLEMS

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<td>Investigate and remedy identified systemic problems.</td>
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Children’s goal is achieved through the following procedures:

A. Informal Inquiries.
   1. Initial Review. Upon receipt of information that alleges or appears to indicate noncompliance with Children’s Corporate Compliance Code of Conduct, standards, policies or procedures on the part of any employee or professional staff member, the Corporate Compliance Officer shall conduct an initial inquiry. The purpose of the initial inquiry is to determine (i) the accuracy of the information received, (ii) the identity of the individuals involved and (iii) the potential scope of the problem.
   2. Involving Counsel. The results of an attorney-directed investigation may be privileged from discovery under either attorney client privilege or the work product doctrine. If it appears, from the first report of information to the Corporate Compliance Officer, that a statutory or regulatory violation may have occurred, the Corporate Compliance Officer shall consult with the SVP and General Counsel to determine whether the matter is appropriate for an attorney-directed investigation.
   3. Reports. The Corporate Compliance Officer shall report his or her findings to the Audit and Corporate Responsibility Committee, together with his or her recommendations. The Corporate Compliance Officer may recommend further investigation or sanctions, or may propose a corrective action plan. In the alternative, the finding of the Corporate Compliance Officer may be that the information regarding possible violation is without basis and that no further action is warranted.
B. **Formal Inquiries.**

1. **Audit and Corporate Responsibility Committee** may initiate a formal inquiry on its own accord, in response to a problem it has identified, or it may accept a recommendation from the Corporate Compliance Officer that a formal inquiry be conducted.

2. **Overseeing Formal Inquiries.** The Corporate Compliance Officer shall be responsible for overseeing the conduct of any formal inquiry. Children’s shall make available to the Corporate Compliance Officer all resources necessary to conduct the inquiry expeditiously.

3. **Findings and Recommendations.** Findings and recommendations from the formal inquiry shall be presented to the Audit and Corporate Responsibility Committee, which shall review the findings and forward its recommendations to the CEO or, if appropriate, the Board of Trustees.

4. **Determining the Appropriate Response.** If the Audit and Corporate Responsibility Committee's recommendations include sanctions against an employee or member of the professional staff, that recommendation shall be forwarded to the CEO for his review. The CEO may consult with legal counsel to confirm that the recommended action complies with the terms of employment, contractual provisions, or other statute or regulation governing the relationship between Children’s and the individual who may be sanctioned.

C. **Corrective Action.**

1. **Revised Policies and Procedures.** If an initial or formal investigation discloses that illegal or unethical activity has occurred, then the Corporate Compliance Officer shall review Children’s Compliance Duties to determine whether modifications are appropriate. If modifications are appropriate, then the Corporate Compliance Officer shall recommend modifications to the Compliance Oversight Group or the applicable executive member. If approved by the executive team, then the Corporate Compliance Officer shall oversee and confirm that the affected department(s) develop policies and procedures going forward that fix the problem and reduce the likelihood of it recurring.

2. **Voluntary Disclosure.** If illegal or unethical activity is discovered, then the Audit and Corporate Responsibility Committee (in consultation with the Board, if appropriate) shall determine the appropriate corrective action. That corrective action may include a voluntary disclosure of wrongdoing to federal and/or state authorities, as well as a voluntary repayment of any funds improperly paid.
VIII. EMPLOYING SANCTIONED PERSONS

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<td>Not to employ or retain individuals or entities who are excluded from participating in Medicare or Medicaid or debarred from contracting with government programs.</td>
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Children’s goal is achieved through the following procedures:

A. **Consideration in Hiring and Promotion.** The ability of an applicant for employment or promotion to comply with the standards, policies and procedures defined in this Compliance Program will be considered in all hiring and promotion decisions.

B. **Discretionary Authority.** No person who has a propensity to engage in illegal activities shall be delegated substantial discretionary authority to monitor, supervise or implement Children’s standards, policies and procedures.

C. **Checking the Exclusion Data Banks.**
   1. **Employees or contracted individuals:** Before any person is hired by Children’s, the Human Resources Department shall do the following: first, consult the data base maintained by the Office of the Inspector General of the U.S. Department of Health and Human Services to confirm that the candidate has not been excluded from participating in the Medicare or Medicaid programs; and second, consult the data base maintained by the General Services Administration to confirm that the candidate has not been debarred from contracting with the federal government. If a person currently employed by Children’s becomes excluded or debarred, then Children’s shall take appropriate action, which includes termination of employment.
   2. **Non-employees including credentialed and referring providers:** Children’s will also assure non-employees are not on the exclusions lists.
   3. **Vendors:** Before processing invoices, Children’s will assure vendors are not on the exclusions lists.