

**CAPITAL HEALTH MEDICAL CENTER HOPEWELL  
CORPORATE COMPLIANCE PROGRAM  
POLICY AND PROCEDURE**

<b>TITLE:</b> Code of Ethics		<b>NO:</b> CCP-CO-001 (CHMCH)
<b>ORIGINATING SOURCE:</b> Corporate Compliance		<b>EFFECTIVE DATE:</b>  November 8, 2011
<b>EXECUTIVE APPROVALS:</b>  <hr/> Al Maghazehe, Ph.D., CHE President and CEO  <hr/> Stephen A. Miller, JD Chief Compliance Officer	<b>PERSONNEL:</b> All Capital Health Personnel, Vendors, Agents and Contractors	<b>SUPERSEDES:</b>  November 1, 2008 <b>Page:</b> 1 of 22
	<b>DISTRIBUTION:</b> Capital Link – Corporate Compliance	
		<b>COMMITTEE APPROVALS:</b>  Corporate Compliance Executive Steering Committee  <b>EXECUTIVE APPROVALS:</b>

## **I. PURPOSE**

This Code of Ethics establishes the general policies and procedures with which all Capital Health employees, volunteers, directors, managers, contractors, and agents (“Covered Individuals”) must comply in order to ensure that their conduct conforms to Capital Health’s ethical standards and is in accordance with all applicable laws and regulations. This policy is not intended to address all situations. Any doubts as to the propriety of a particular course of action or situation, whether or not described within this Code of Ethics, should be directed either to your immediate supervisor or to Capital Health's Chief Compliance Officer as appropriate. Capital Health's Corporate Compliance Program is intended to safeguard Capital Health's tradition of ethical and legal conduct.

## **II. FORMS/ATTACHMENT**

None

## **III. EQUIPMENT/SUPPLIES**

None

## **IV. POLICY**

Capital Health's reputation is the sum of the reputations of its employees, volunteers, directors, managers, contractors, and agents. It is critically important that all Covered Individuals, in the scope of their activities, meet the high standards of legal and ethical conduct set forth in this policy. Capital Health will take appropriate disciplinary/corrective action regarding any Covered Individual who violates any provision of this Code of Ethics. Disciplinary action may include termination of employment.

## **V. PROCEDURE**

### **A. Chief Compliance Officer**

Capital Health will maintain a Chief Compliance Officer to develop and oversee Capital Health’s Corporate Compliance Program. The Chief Compliance Officer is responsible for:

1. Developing and maintaining a system of policies, procedures, technical and administrative controls, in accordance with industry standards (including regular auditing and monitoring activities), that will promote Capital Health’s compliance with applicable laws and regulations associated with participation in Federal Health Care Programs;

2. Serving as a contact for employees to report any potential violation of laws, regulations, or program policies, procedures and standards;
3. Directing the investigation of allegations of non-compliance in accordance with Capital Health policy;
4. Recommending to management effective corrective action to cure identified deficiencies, including recommending appropriate disciplinary action against violators of any such laws, regulations, or the program;
5. Reporting to the Chief Executive Officer and the Board of Directors as appropriate and necessary regarding Capital Health System's compliance with law and regulation and the operation of Capital Health's Corporate Compliance Program.

The Chief Compliance Officer reports directly to the Chief Executive Officer, with a "dotted-line" reporting relationship with the Board of Directors.

The Chief Compliance Officer chairs Capital Health's Corporate Compliance Committee and is responsible for recommending membership on the Committee to the Chief Executive Officer and the Board of Directors.

## **B. Compliance With Law and Regulation**

Covered Individuals will comply with all federal, state and local laws and regulations and will promptly report to the Chief Compliance Officer any actual or perceived violation of this Code of Ethics, Corporate Compliance Program policy or procedure or any violation of law or regulation.

### **1. Participation In Federal Health Care Programs and False Claims Laws**

To meet the health care needs of our community, Capital Health is committed to participation in Federal and State health care programs such as Medicare and Medicaid. Participation in these programs carries with it special legal duties and obligations. It is the policy of Capital Health to implement and enforce procedures to detect and prevent fraud, waste and abuse regarding its participation in these programs, and to provide protections for those who make good faith reports of actual or suspected wrongdoing.

The following information is provided to assist our employees, contractors and agents to promote Capital's full compliance with these laws:

a. *The Federal False Claims Act, 31 U.S.C. §3729, et. seq.*

The Federal False Claims Act (“FCA”), first enacted in the wake of Civil War profiteering, imposes civil liability on organizations and individuals that submit claims for payment to the government that are false, fraudulent or misleading. The FCA authorizes federal prosecutors to file a civil action against any person or entity that knowingly files a false claim with a federal health care program, including the Medicare or Medicaid programs. The FCA applies to providers, beneficiaries, and health plans doing business with the federal government, billing companies, contractors, and other persons or entities connected with the submission of claims to the government.

The government can use the FCA against both organizations and individual employees who commit billing fraud. It applies to anyone who commits any of the following acts:

- Knowingly presents or causes to be presented, a false or fraudulent claim for payment or approval to an officer or employee of the United States government;
- Knowingly makes, uses or causes to be made or used, a false record or statement to get a false or fraudulent claim paid or approved by the government;
- Conspires to defraud the government by getting a false or fraudulent claim allowed or paid; or
- Knowingly makes uses or causes to be made or used, a false record or statement or to conceal, avoid, or decrease an obligation to pay or transmit property to the government.

Penalties for violating the False Claims act include civil penalties of not less than \$5,500 and not more than \$11,000 per claim, plus three times the amount of the damages sustained by the government as a result of the false claim. The government may also exclude violators from participating in Medicare, Medicaid and other federal programs. Intentional submissions of false claims can also be subject to federal criminal enforcement, including terms of imprisonment of up to 5 years. Defendants found liable for submitting false claims may also be liable to the United States government for the costs of civil action brought to recover any penalties or damages.

b. ***Program Fraud Civil Remedies Act 31 U.S.C. §§ 3801 – 3812***

The Program Fraud and Civil Remedies Act (“PFCRA”) creates administrative remedies for making false claims and false statements. These penalties are separate from and in addition to any liability that may be imposed under the Federal False Claims Act.

The PFCRA imposes liability on people or entities who file a claim that they know or have reason to know:

- Is false, fictitious, or fraudulent;
- Includes or is supported by any written statement that contains false, fictitious, or fraudulent information;
- Includes or is supported by a written statement that omits a material fact, which causes the statement to be false, fictitious, or fraudulent, and the person or entity submitting the statement has a duty to include the omitted fact; or
- Is for payment for property or services not provided as claimed.

A violation of this section of PFCRA is punishable by a \$5,000 civil penalty for each wrongfully filed claim, plus an assessment of twice the amount of any unlawful claim that has been rewarded. In addition, a person or entity violates the PFCRA if they submit a written statement which they know or should know:

- asserts a material fact that is false, fictitious or fraudulent; or
- omits a material fact that they had a duty to include, the omission caused the statement to be false, fictitious, or fraudulent, and the statement contained a certification of accuracy.

Examples of the types of actions that could violate the FCA and PFCRA include:

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

***c. New Jersey Medical Assistance and Health Services Act -Criminal Penalties N.J.S. 30:4D-17(a)-(d), and -Civil Remedies N.J.S. 30:4D-7h.; N.J.S. 2C:21-4.2 and 4.3; N.J.S. 2C:51-5***

The New Jersey Medical Assistance and Health Services Act makes it a criminal offense for individuals and entities to engage in fraud or other criminal violations relating to Federal Healthcare programs, including the Medicare, Medicaid and Tri-care programs. Potential penalties include a fine of up to \$10,000 and imprisonment for up to 3 years for fraudulent receipt of payments or benefits; filing false claims, statements or omissions, conversion of benefits or payments; paying or accepting kickbacks and bribes. The law provides for a fine of up to \$3,000, or imprisonment for up to 1 year for making false statements or representations about conditions or operations of an institution or facility to qualify for program payments.

In addition to the criminal sanctions discussed above, violations of the New Jersey Medical Assistance and Health Services act can also result in the following civil sanctions. Civil penalties can include recovery of overpayments, interest, treble damages, and a fine of \$5,500 to \$11,000 for each violation. A violation of this law can result in the exclusion of an individual or entity from participation in all health care programs funded in whole or in part by the N.J. Division of Medical Assistance and Health Services.

***d. Health Care Claims Fraud Act, N.J.S. 2C:21-4.2 and 4.3; N.J.S. 2C:51-5***

This New Jersey Health Care Claims Fraud Act provides criminal penalties for health care fraud, including the submission of false claims to programs funded in whole or in part with state funds.

Under this law a health care practitioner who knowingly commits health care claims fraud is guilty of a crime of the second degree. Penalties for intentional violations of this law include a fine of up to 5 times the pecuniary benefits obtained and permanent forfeiture of the practitioner's professional license. A practitioner who recklessly commits health care claims fraud is guilty of a crime of the third degree. Penalties for a reckless violation of this law includes a fine of up to 5 times the pecuniary benefit obtained and the suspension of the practitioner's professional license for up to 1 year.

Non-health care practitioners can also violate this law. A person who is not a practitioner can violate this law if that person knowingly commits health care claims fraud. Non-practitioners who knowingly violate this law may be subject to a fine of up to 5 times the monetary benefit

obtained. Where the non-practitioner commits a reckless violation of this law he or she may be subject to a fine of up to 5 times the monetary benefit obtained.

- e. New Jersey False Claims Act, P.L. 2007, Chapter 265, enacted January 13, 2008, and effective 60 days after enactment, adding N.J.S. 2A:32C-1 to 2A:32C-17, and amending N.J.S. 30:4D-17(e)*

Similar to the Federal False Claims Act, this law prohibits the submission of false, fictitious or fraudulent claims for healthcare services to the State of New Jersey through the New Jersey Medicaid program or other State funded healthcare programs. The law contains whistleblower protections similar to the Federal False Claims Act and establishes that violations of the NJ False Claims Act also give rise to liability under the NJ Medical Assistance and Health Services Act. The law establishes a \$5,500 to \$11,000 per false claim civil penalty for violation of the law.

- f. Conscientious Employee Protection Act, N.J.S. 34:19-1 et. seq.*

New Jersey law includes protections for employees that who report violations of law, who provide information to public bodies investigating potential violations of law, and who refuse to participate in activity they reasonably believe violates the law. In general, to be protected from retaliation, the employee must notify the employer in writing that the employee believes the employer is violating the law and give the employer a reasonable opportunity to correct the activity. Disclosure to the employer is not required where the employee fears physical harm as a result of the disclosure and the situation is emergent in nature.

Capital Health policy requires employees to report to the Chief Compliance Officer when they reasonably suspect that Capital Health System may be in violation of law. This policy also prohibits Capital employees from taking retaliatory action against employees who report potential violations. Anyone who believes that they have been the subject of retaliatory action should report the violation as soon as possible to the Chief Compliance Officer.

#### ***Reporting Violations of Law***

The law prohibits employers from retaliating against employees who report to a supervisor or to a public body an activity of their employer that the employee reasonably believes violates a statute or regulation. The law also protects employees licensed or certified as a health care professional when they report activities that they reasonably believe constitute improper quality of patient care.

### ***Providing Information***

Employees are protected from retaliation when they provide information to or testify before a public body that is conducting an investigation, hearing or inquiry into a legal violation by the employer or the quality of patient care provided by the employer. This includes providing:

Information involving the deception of, or a misrepresentation to, a shareholder, investor, client, patient, customer, employee, former employee, retiree or pensioner of the employer or any governmental entity;

Information regarding perceived criminal or fraudulent activity which the employee reasonably believes may defraud a shareholder, investor, client, patient, customer, employee, former employee, retiree or pensioner of the employee or any governmental entity.

### ***Refusal to Participate in Illegal Activity***

The law protects employees from retaliation by their employer when the employee objects to, or refuses to participate in, activities which the employee reasonably believes violates a statute or regulation, including activity that is fraudulent, or criminal. The law also protects licensed or certified health care professionals when they object to, or refuses to participate in activity that they reasonably believe constitutes improper quality of patient care.

## 2. Whistleblower Protections and Reporting of Suspected or Actual Wrongdoing

The laws described above create a comprehensive scheme for controlling waste, fraud and abuse in federal and state health care programs by giving appropriate governmental agencies the authority to seek out, investigate and prosecute violations. Enforcement activities are pursued in three available forums -- criminal, civil and administrative. This provides a broad spectrum of remedies to battle the problem of healthcare fraud. The government relies heavily on the federal and state false claims acts to prosecute billing fraud. The FCA authorizes what is known as *qui tam* actions and awards to *qui tam* plaintiffs. The FCA's *qui tam* provisions permit private individuals to bring a civil action on behalf of the government, against persons or entities who knowingly have presented the government with false or fraudulent claims and share in any proceeds ultimately recovered as a result of the suit.

The FCA includes provisions that make it illegal for an employer to retaliate against employees for initiating *qui tam* lawsuits. Any employee who is terminated, demoted, harassed, suspended or in any way discriminated against because of acts performed in support of an action under the FCA has a right to sue the employer for “all relief necessary to make the employee whole,” including reinstatement with the same seniority status, twice the amount of back pay, with interest, and compensation for any other damages the employee suffered as a result of the discrimination. The employee also can be awarded litigation costs and reasonable attorneys’ fees.

Covered Individuals must report known or suspected violations of the FCA, the PFCRA or any other law related to Capital’s submission of claims to Federal and State health care programs to Capital Health’s Chief Compliance Officer, either directly or through Capital’s Anonymous Reporting System at (609) 815-7494 or (877) 482-2908 though the internet at [www.capitalhealth.org](http://www.capitalhealth.org). Capital Health policy supports the confidentiality of, and prohibits any form of retaliation against, individuals who make good faith reports of suspected wrongdoing or non-compliance.

3. Policies, Procedures To Detect and Prevent Fraud and Abuse

Capital Health maintains a comprehensive Corporate Compliance Program that is designed to detect and prevent fraud, waste and abuse regarding Capital’s participation in Federal and State health care programs. The Program includes polices, procedures, technical and administrative controls as well as regular monitoring and auditing activity, that reduce the risk of potential legal violations. Employees involved in charging for services, and submitting claims to Federal and State health care programs will comply with Capital Health's Corporate Policy on Reimbursement and Billing, Billing Standards of Conduct, Coding Standards of Conduct, Charity Care, Professional Courtesy Discounts, Waiver of Co-pays and Deductibles, and any other policies and procedures concerning the charging of services or submitting claims to Federal Health Care Programs.

4. Accurate Books and Accounts

All of Capital Health’s payments and other transactions must be properly authorized by management and be accurately and completely recorded on Capital’s books and records in accordance with generally accepted accounting principles and established corporate accounting policies. No false, incomplete or unrecorded corporate entries shall be made. No undisclosed or unrecorded corporate funds shall be established for any purpose, nor shall Capital’s’ funds be placed in any personal or non-corporate account. All corporate assets must be properly protected, and asset records must be

regularly compared, with actual assets with proper action taken to reconcile any variances.

Capital Health's Corporate Compliance policies and procedures can be obtained by all employees through Capital Health's intranet. If you do not have access to the Capital Intranet please contact Capital's Chief Compliance Officer to obtain any corporate compliance program policy. Questions regarding Capital Health's Corporate Compliance Policies, or its participation in Federal and State health care programs, should be directed to Capital's Chief Compliance Officer at (609) 394-6105.

5. Anti-kickback and Self-referral: Abuses of Trust

Capital Health recognizes that maintaining the trust of the patients and community it serves is an essential integral part of Capital fulfilling its role as a community and regional health care provider. Capital is committed to fostering an environment where medical decisions are free from inappropriate and illegal influences, where purchasing decisions are based on price and quality and to complying with Federal and State laws concerning kickbacks and self-referrals.

Federal and state laws prohibit Capital and Covered Individuals from offering anything of value to induce an individual or entity to either refer patients to Capital or to purchase services from Capital ("kickback"). These laws also prohibit Capital and its employees from accepting kickbacks as a reward for the referral of patients or for the purchase of items or services.

Examples of conduct that could violate Anti-kickback and similar statutes include:

- a. Offering to give, or giving, anything of value to a physician in exchange for referring a patient to Capital Health;
- b. Offering or paying anything of value to anyone (patient or referral source) in marketing Capital;
- c. Soliciting or accepting anything as a payment or reward for referring a patient to a physician or other health care provider;
- d. Accepting a gift from someone that does business with Capital Health.

Covered Individuals will not offer or give anything of value to a physician or anyone for the purpose of improperly influencing his or her medical decision-making, including decisions regarding the referral of patients. Similarly, Covered Individuals will not accept anything of value, where the item is offered for the purpose of inducing or rewarding the referral of a patient.

6. Business Courtesies: Relationships with Vendors, Customers, Patients and Physicians

Capital Health's success in the marketplace results from providing high quality services at competitive prices. Capital makes decisions that affect the care and treatment of its patients based on the quality and price of the services and items that it purchases: not on gifts, personal advantage or other inappropriate factors. Improper relationships between health care providers, their vendors, customers, patients and physicians can implicate broad anti-kickback rules and do serious harm to the health care provider's reputation. To avoid even the appearance of impropriety, Covered Individuals will abide by the rules set out below when dealing these stakeholders.

a. Relationships with Vendors, Referral Sources and Customers

Covered Individuals will not seek to gain an improper business advantage by offering courtesies such as promotional items or gifts, entertainment, meals, transportation or lodging to customers, referral sources or purchasers of Capital's services. Similarly, Covered Individuals will not seek improper personal gain by accepting promotional items or gifts, entertainment, meals, transportation or lodging from vendors, referral sources or customers of Capital Health.

1) Gifts, Marketing and Promotional Items

Covered Individuals will not accept from, or provide to, any vendor, referral source or customer, gifts or promotional items of more than minimal value.

Promotional items include only items that are business related such as pens, "sticky notes" or calendars embossed with a corporate logo. Promotional items do not include sporting equipment or other non-business related items.

2) Business Meals and Refreshments

Covered Individuals may pay for, or accept, meals and refreshments only where:

- i. The meal or refreshments are directly associated with a business function or purpose;
- ii. Are incurred only occasionally;

- iii. Are not requested or solicited by the recipient; and
- iv. Are modest in value as judged by local standards.

Capital Health departments do not accept meals from vendors, even where such meals are offered as a part of an educational presentation.

3) Gifts, business courtesies and entertainment.

Covered Individuals do not accept or provide gifts, business courtesies or entertainment of any kind regardless of value.

4) Travel and Lodging Expenses

Capital employees may accept, or provide, travel or lodging where:

- i. The expenses are directly associated with a business function or purpose;
- ii. Are incurred only rarely;
- iii. Are not requested or solicited by the recipient;
- iv. The expenses are modest in value as judged by local standards; and
- v. The employee receives advance approval of the Vice President responsible for his or her unit or group. Vice Presidents or other Senior Managers will request advance approval of the Chief Compliance Officer.

b. Relationships with Patients

1) Gifts, Food and Marketing and Promotional Items

Providing care to our patients is a team effort. Capital Health System strives to provide each patient with the same level of clinical care, regardless of ability to pay and without regard to a patient's expressions of thanks or generosity. Gifts from patient raise sensitive issues regarding our independence and objectivity in providing care to all of our patients. It is imperative that Capital avoid even the appearance that patients can purchase a higher level of care or attention through the giving of gifts.

- i. Covered Individuals will only accept individual gifts that are of minimal value;
- ii. Employees will not accept gifts of cash or cash equivalents (gift certificates, gift cards, etc);
- iii. Gifts of food can be accepted on behalf of an entire unit, floor or department and must be made available to all staff on the unit at the time the gift is offered.

All gifts will be reported to the supervisor in charge of the unit.

Gifts offered from patients that are more than minimal value, will be refused or returned to the patient. Gifts that cannot be returned will be delivered to the Capital Health System Foundation for appropriate disposition.

Covered Individuals will not give gifts to patients other than promotional items of minimal value, without prior written approval of the Chief Compliance Officer.

Promotional items include only items that are business related such as pens, “sticky notes” or calendars embossed with a corporate logo. Promotional items do not include sporting equipment or other non-business related items.

Gifts do not include healthcare items or services.

c. Relationships with Physicians

Offering, providing or paying anything of value to a physician raises special concerns under Federal and state self-referral laws. Employees will only offer, provide or pay anything of value to a physician where the provision of such item of value is in compliance with Capital policy on Financial Relationships with Physicians.

Anti-kickback and self-referral laws are broad, and highly complex. This policy cannot list all situations in which these laws may apply. Therefore, employees must take special care in this area, and promptly refer any questions to the Chief Compliance Officer, who may refer the question to legal counsel, if appropriate.

Capital Health has adopted various policies designed to ensure compliance with federal and state anti-kickback and self-referral laws.

For further information, please refer to the following Corporate Compliance Policies: Direct-to-Consumer Marketing and Patient Waiver of Co-Payments and Deductibles; Charity Care; Charitable Contributions and Research Grants; Managed Care; Physician Practice Acquisitions; Reimbursement and Billing Policies and Procedures; and Financial Arrangements with Physicians.

### **C. Dealing Honestly with Customers, Suppliers and Consultants**

#### 1. Quality of Service

Capital Health is committed to providing services that meet all contractual obligations and recognized standards of care and practice for all patients.

#### 2. Disclosure of Information

Capital Health has an affirmative duty to disclose current, accurate and complete cost and pricing data where such data are required under appropriate federal or state law. Employees involved in the pricing of contract proposals or the negotiation of a contract must ensure the accuracy, completeness and currency of all data generated and given to supervisors and other employees and all representations made to customers and suppliers, both government and commercial. The submission to a federal or state government customer of a representation, quotation, statement or certification that is false, incomplete or misleading can result in civil and/or criminal liability for Capital under the laws discussed at Section B, above and for the individual involved and any individual who condones such a practice.

#### 3. Competitive Analysis

In conducting market analyses, Capital Health employees should not improperly obtain information known to be proprietary to one of our competitors.

#### 4. Antitrust Issues

Antitrust laws apply to all commercial and federal domestic (and some foreign) transactions by Capital, and they are designed to ensure that competition exists. As this is a highly complex area, and this policy cannot cover all situations in which antitrust laws may apply, employees should take special care in this area, and promptly refer any questions to the Chief Compliance Officer, who will consult legal counsel as required. Antitrust issues that an employee may encounter are in the areas of pricing, boycotts and trade association activity.

Examples of actions that violate the antitrust law and that must not be engaged in under any circumstances include entering into or negotiating an agreement with one or more competitors to

- a. fix prices at any level or to fix other terms of service;
- b. allocate customers or markets; or
- c. boycott a supplier or customer

In addition, employees must refrain from engaging in unfair practices that might restrict competition. For example, employees should refrain from any discussion of pricing schemes or market divisions with competitors to avoid implicating these prohibitions. In addition, employees must refrain from reciprocal agreements and must not require purchasers to use the services of CHS under any kind of coercion, express or implied.

#### 6. Charging of Costs/Time Card Reporting

Employees who submit time sheets must be careful to do so in a complete, accurate and timely manner. Employees must be particularly careful to ensure that hours worked and costs incurred are applied to the account for which the effort was required.

The employee's signature on a timesheet is a representation that the timesheet accurately reflects the number of hours worked on the specified project. The supervisor's signature on a timecard or expense report is a representation that it has been reviewed and that steps have been taken to verify the validity of the hours or expenses reported and the correctness of the allocation of the hours or expenses. Supervisors must avoid placing pressure on subordinates that could lead them to believe that deviations from appropriate time reporting or cost charging practices will be condoned.

#### 7. Hiring of Federal and State Employees

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

#### 8. Emergency Care

Capital Health will provide treatment to all individuals who have an emergency medical condition. Capital employees will not delay the treatment or the provision of an appropriate medical screening in order to inquire about the individual's method of payment or insurance coverage.

Individuals will only be transferred from Capital to another facility in limited circumstances after the individual has been stabilized. See Capital Health's Policy on Emergency Care.

9. Advance Directives and Right to Die

Employees shall comply with all Capital Health policies and procedures and federal and state laws and regulations governing advance directives and right to die issues.

**D. Using Capital Health Sources Properly**

1. Making Political Contributions

Employees may not contribute or donate Capital Health funds, products, services or other resources to any political cause, party or candidate without the advance written approval of the Chief Compliance Officer. However, employees may make voluntary personal contributions to any lawful political causes, parties or candidates as long as the individual does not represent that such contributions come from Capital and as long as the individual does not obtain the money for these contributions from Capital.

2. Educational Activities Grants

Department Directors or those otherwise in a position that represent Capital Health shall not receive any educational activities grants that create even the appearance of impropriety or conflict with the "Gifts to Physicians from Industry" Guidelines adopted by the American Medical Association's Council on Ethical and Judicial Affairs and the Pharmaceutical Manufacturers Association (now Pharmaceutical Manufacturers and Research Association) in December 1990. See Capital Health's Policy on Charitable Contributions and Research Grants.

3. Research Grants

Capital Health shall ensure that any funds provided to support health care research or consulting agreements are provided for bona fide purposes and in a manner that clearly separates such payments from any referrals. All research grants from vendors must be approved by the department directors and must be for legitimate, bona fide research. See Capital' Policy on Charitable Contributions and Research Grants.

4. Charitable Contributions

All charitable contributions received from vendors must directly benefit Capital Health. Under no circumstances may a check be made payable to an individual at Capital. Capital shall not accept any donations that are in conjunction with a marketing effort or sales promotion.

Under no circumstances shall donations be accepted that require Capital to use the donation to purchase supplies from the vendor making the contribution. See Capital Health's Corporate Policy on Charitable Contributions and Research Grants.

5. Government Customers

Capital Health, on a regular basis, is a party to government contracts or subcontracts with various governmental agencies. Examples are provider contracts wherein Capital supplies services to or on behalf of the Medicare and Medicaid programs, either directly or as a subcontractor to a Medicare contractor. It is essential that all Covered Individuals are knowledgeable of, and comply with, all of the applicable laws, rules and regulations of all such governmental agencies. Billing Personnel also should comply with any Capital policy addressing the creation and submission of claims to Federal Health Care Programs. Any Covered Individual who may have a concern or question concerning compliance with any governmental contract or subcontract should contact their supervisor or the Chief Compliance Officer.

Employees also may not provide or pay for any meal, refreshment, entertainment, travel or lodging expenses for government employees without the prior approval of the Chief Compliance Officer. State, local and foreign governmental bodies may also have restrictions on the provision of business courtesies, including meals and refreshments. Capital' employees doing business with governmental bodies are expected to know and respect all such restrictions.

**E. Avoiding Abuses of Trust**

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

1. Conflict of Interest

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

Outside employment may constitute a conflict of interest if it places an employee in the position of appearing to represent Capital, involves services substantially similar to those Capital provides or is considering making available, or lessens the efficiency, alertness or productivity normally expected of employees on their jobs. Outside employment may also constitute a conflict of interest if employees perform services either for

- a. Individuals or entities (e.g., physicians), whose services are employed by Capital or who may refer patients to Capital, or for any individuals or entities that provide services for or employ such individuals or entities, or
- b. Individuals or entities to which Capital patients may be referred (e.g., providers of ancillary services). All outside employment that raises any question in this regard must be disclosed to Capital and approved in advance by the Chief Compliance Officer.

2. Safeguarding Capital' Restricted Information

It is Capital Health's policy to control closely the dissemination of Capital's proprietary information. Except as specifically authorized by management pursuant to established policy and procedure, do not disclose to any outside party any non-public business, financial, personnel, commercial or technological information, plans or data acquired during employment at Capital. During the term of employment at Capital, an employee should disseminate these types of information only to individuals having a "need to know" and should protect these types of information from access by unauthorized personnel. Upon termination of employment, an individual may not copy, take or retain any documents containing Capital's restricted information. The prohibition against disclosing Capital's restricted information extends beyond the period of employment as long as the information is not in the public domain. An individual's agreement to continue to protect the confidentiality of such information after the term of

employment ends is considered an important part of that person's obligations to Capital.

3. Confidential Information

Employees must strictly safeguard all confidential information with which they are entrusted and must never discuss such information outside the normal and necessary course of Capital's business. In particular, all employees must protect the confidentiality of all patient records and the information contained in such records. See Capital policies on the Use and Disclosure of Protected Health Information.

4. Refraining from Substance Abuse

It is the policy of Capital to provide employees and customers with a working environment that is free of the issues associated with the use and abuse of controlled substances and the abuse of alcohol. See Capital's Policy on Drug Free Workplace.

The consumption, possession, sale or purchase of alcohol on Capital property is prohibited with the exception of events approved in advance by management in approved conference, meeting or recreational facilities. Capital also prohibits the use of alcohol by employees either directly before or during the workday whether in connection with business or on personal time. If an employee is found to be in violation of this policy, management will determine the appropriate disciplinary action, which may include termination.

**F. Implementation and Training**

1. In consultation and coordination with Capital management, the Chief Compliance Officer shall ensure that all Capital Health System employees, directors, managers, volunteers, and contractors have, on a yearly basis, participated in a training program dealing with compliance with laws, the Corporate Compliance Program and with this Code of Ethics.
2. The Chief Compliance Officer shall establish standards for other training or dissemination of information to all employees concerning the necessity to comply with all applicable laws and with this Code of Ethics.
3. The Chief Compliance Officer shall make a yearly report to Capital's Chief Executive Officer concerning compliance with the above training requirements.

### **G. Report To Board Of Directors**

At least annually, the Chief Compliance Officer shall report to Capital Health's Board of Directors concerning Capital's adherence to the standards of legal and ethical conduct contained in the Corporate Policy on Code of Ethics and the Compliance Program, generally.

### **H. Reporting Violations And Discipline**

Strict adherence to this Code of Ethics is vital. Supervisors are responsible for ensuring that Covered Individuals are aware of and adhere to the provisions of the Code of Ethics. For clarification or guidance on any point in the Code of Ethics, please consult the Chief Compliance Officer.

Covered Individuals are expected to report any suspected violations of the Code of Ethics the Chief Compliance Officer. If the Covered Individual wishes to remain completely anonymous, that Covered Individuals may submit his/her report through the Corporate Compliance Anonymous Reporting System at 1-877-482-2908 or (609) 815-7494 or at [www.capitalhealth.org](http://www.capitalhealth.org). All reports must contain sufficient information for the Chief Compliance Officer to investigate the concerns raised. No adverse action or retribution of any kind will be taken by Capital against a Covered Individual because he or she reports a suspected violation of this Code of Ethics by any person other than the reporting Covered Individual. Capital will attempt to treat such reports confidentially to the maximum extent consistent with fair and rigorous enforcement of the Code of Ethics.

Upon receipt of a credible report of suspected non-compliance, in accordance with Capital Health Corporate Compliance policy the Chief Compliance Officer will, as soon as practicable, begin an investigation and recommend corrective action where appropriate. Violations of the Code of Ethics may result in discipline ranging from warnings and reprimand to discharge or, where appropriate, the filing of a civil or criminal complaint. Disciplinary decisions will be made by operating management in consideration of the recommendations of the Chief Compliance Officer and the Vice President of Human Resources and Leadership Enhancement.

### **I. Limitation On Effect Of Code Of Ethics**

Nothing contained in this Code of Ethics is to be construed or interpreted to create a contract of employment, either express or implied, nor is anything contained in this Code of Ethic intended to alter a person's status of employment with Capital to anything but an "employment at-will" relationship.

**J. Reservation Of Rights**

Capital Health reserves the right to amend the Code of Ethics, in whole or in part, at any time and solely at its discretion.

## **VI. REFERENCES**

Federal Sentencing Guidelines, Sentencing Manual, Chapter 8, Sentencing Organizations, U.S.S.G. §8, November 1, 2006

Deficit Reduction Act of 2005, S. 1932 (February 8, 2006)

Federal False Claims Act, 31 USC §3729, et. seq.

Program Fraud Civil Remedies Act, 31 U.S.C. §§ 3801 – 3812

United States Department of Health and Human Service, Office of Inspector General's Supplemental Compliance Guidance to Hospital, January 27, 2005, 70 F.R. 4858

United States Department of Health and Human Service, Office of Inspector General's Compliance Guidance to Hospital, February 23, 1998, 63 F.R. 8987

Conscientious Employee Protection Act, P.L. 1986. c.105 (C.34:19-1 et seq.).

New Jersey Medical Assistance and Health Services Act – Criminal Penalties, N.J.S. 30:4D-17(a) – (d)

New Jersey Medical Assistance and Health Services Act – Civil Remedies, N.J.S. 30:4D-7.h; N.J.S. 30:4D-17(e) – (i); N.J.S. 30:4D-17.1.a.

Health Care Claims Fraud Act, N.J.S. 2C:21-4.2 and 4.3; N.J.S. 2C:51-5