



ST. JOSEPH
HEALTH SYSTEM

Corporate Responsibility Handbook

A Ministry of the
Sisters of St. Joseph
of Orange

Letter from Deborah Proctor

Dear St. Joseph Health System Employee

At St. Joseph Health System, we are committed to conducting ourselves according to the highest ethical standards. Our core values of Dignity, Service, Excellence and Justice form the foundation of all that we do.

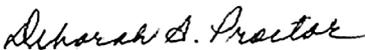
For the past several years, we have operated a Corporate Responsibility Program to help ensure that we hold ourselves accountable to these standards. The Corporate Responsibility Program promotes education and compliance with ethical business standards and practices, and provides employees with a mechanism for preventing, detecting and reporting violations in a confidential manner.

In keeping with state and federal regulations, we have developed this handbook to help you, as a SJHS employee, understand and fulfill your responsibilities in this important area. We also hope this handbook will serve as a resource to facilitate discussion and dialogue among employees and their supervisors, and most importantly, to help us continuously improve our processes.

I want to particularly emphasize that allegations by employees of ethical violations in our organization are taken very seriously. I also want to assure you that these reports are confidential, and that no employee will be subject to retribution or retaliation for reporting violations – whether real or perceived – that they genuinely believe to be true.

It is my sincere hope that each employee will read this handbook in order to understand his or her role as part of the SJHS Corporate Responsibility Program. I also hope that you find this handbook to be a valuable resource to assist you in contributing personally to the Program, and that it will help deepen your understanding of the high ethical standards that characterize this organization.

Thank you in advance for your support and for all you do for St. Joseph Health System.



Deborah Proctor
President and CEO

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Commitment to Values

Throughout St. Joseph Health System, our four core values are central to everything we do. We have the opportunity to demonstrate our values in serving our patients and their families, in creating a quality work environment, in investing in the communities we serve and in planning our future. Because of this, we depend on the consistent and persistent implementation of our values by every person in our System.

OUR VALUES ARE:

Dignity

We respect each person as an inherently valuable member of the human community and as a unique expression of life.

Service

We bring together people who recognize that every interaction is a unique opportunity to serve one another, the community, and society.



Excellence

We foster personal and professional development, accountability, innovation, teamwork and commitment to quality.

Justice

We advocate for systems and structures that are attuned to the needs of the vulnerable and disadvantaged and that promote a sense of community among all persons.

Introduction

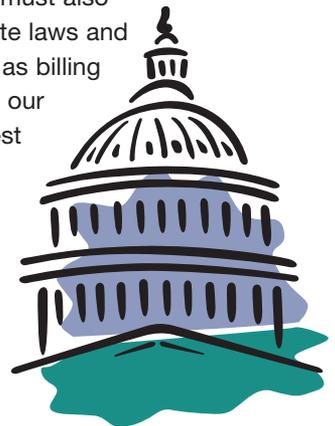
St. Joseph Health System (SJHS) exists to extend the Catholic healthcare ministry of the Sisters of St. Joseph of Orange. We try to accomplish this in a manner consistent with our values. In addition to this, we also try to comply with laws applicable to healthcare providers. To help us do this, we have formally adopted and implemented some policies and procedures intended to ensure that we comply. This handbook is designed to familiarize SJHS employees with the contents of the Corporate Responsibility Program. It also serves as a tool for educating employees on the conduct that SJHS expects them to demonstrate when doing business on behalf of SJHS.

What is the Corporate Responsibility Program?

At St. Joseph Health System, we contribute to a culture of excellence and justice by doing the right thing every time. Our Corporate Responsibility Program (“the program”) is designed to ensure that we comply with federal and state laws. This includes, but does not limit us to, prohibiting unlawful referrals, false billing claims, excess benefit, other fraud and abuse regulations, and violations of the Health Insurance Portability and Accountability Act (HIPAA). Our program seeks to provide all employees of SJHS with education about compliance and to promote compliance through written standards of conduct, the sharing of best practices, and the continual improvement of SJHS operations relating to compliance. As part of the program, we have also established a 24-hour telephone “hotline” where compliance concerns may be reported by employees anonymously.

What is Corporate Compliance?

Along with adherence to our Mission and Values, we must also remain educated and compliant with Federal and State laws and regulations. These laws cover areas of our jobs such as billing practices, contractual relationships, issues relating to our status as a tax-exempt organization, conflict of interest review and management, and patient privacy. As a values-based organization, we hold ourselves to a standard that demands commitment to quality and compliance with federal and state regulations. It is our intent to help to educate all SJHS employees regarding the importance of these laws and to



encourage employees to come forward with any questions or concerns they may have relating to any compliance issue.

Our program is one step in educating our employees and is built upon the following seven elements consistent with the Compliance Program Guidance published by the Office of Inspector General of the U.S. Department of Health and Human Services:

Existing policies and procedures.

-  Oversight by the Compliance Officer.
-  Education and training tools.
-  Maintenance of a hotline to receive complaints and a process to receive complaints anonymously.
-  Consistent enforcement and disciplinary action.
-  Auditing and monitoring processes that proactively identify risk.
-  Processes to immediately investigate and remediate offenses.

Compliance with Statutes

SJHS tries to conduct all of its business in accordance with all applicable laws and regulations. In order to do this, employees must have a practical, working knowledge of the laws and regulations affecting their specific job responsibilities. To accomplish this, we provide educational opportunities such as training and supplemental materials as appropriate to help employees know and comply with the laws and the policies and procedures that affect their jobs. Such education and training focuses on our program itself; the rationale for its adoption and the importance of compliance; the standards, policies and procedures included in the program; and reporting obligations and options. Because adherence to and compliance with the program is a condition of each employee's continued employment or association with SJHS, every employee is required to bring to management's attention suspected violations of applicable laws and regulations. To make sure that this occurs, no individual who reports a concern shall be subject to any retribution or retaliation related to a report which he or she reasonably believes to be true and offered in good faith. Concerns may also be made anonymously by employees and non-employees, via the hotline.



Fraud and Abuse Regulations

Anyone associated with SJHS must also abide by fraud and abuse laws. These laws prohibit anyone from knowingly and willfully offering, paying, soliciting or receiving any money, gifts, kick-backs, rebates or any other type of value, remuneration or services in return for the referral of patients or to induce the purchase, lease or ordering of any item, good, or service for which payment may be made by the federal or state government.

Examples of fraud and abuse include:

- ⊗ Payment of an incentive each time a patient is referred to a SJHS ministry;
- ⊗ Provision or receipt of free or significantly discounted billing, nursing care, rent or other staff services;
- ⊗ Payment for services in excess of fair market value; and
- ⊗ Forgiveness of a debt absent a charitable or risk management purpose.

The following actions are prohibited by SJHS:

- ⊗ Billing for supplies or services not delivered or delivered in less than promised amounts.
- ⊗ Misrepresenting or overcharging for products or services actually provided.
- ⊗ Duplicate billing for services actually rendered.
- ⊗ Falsely certifying that services were medically necessary or failure to perform a service.
- ⊗ Falsely certifying that an individual meets the Medicare requirements for certain services.
- ⊗ Seeking to increase reimbursement by improper billing procedures such as “upcoding” (changing a procedure code in order to obtain higher reimbursement for the procedure actually performed), or “unbundling” (dividing a procedure of service into two or more parts to obtain higher reimbursement).
- ⊗ Offering to or transferring money, gifts, or other items of value to a private party in order to receive that party’s business.
- ⊗ Accepting money, gifts, or other items of value from a private party.
- ⊗ Accepting of overpayments from the government.

SJHS ministries strive to maintain honest and accurate records in compliance with all state and federal False Claims Acts (FCA). In order to do this, ministry employees must be aware of the policies and procedures concerning the provision of healthcare services, submitting accurate claims and the referring of patients. The FCA exists to fight fraud committed against the federal government.

Under the federal FCA, any entity or person who knowingly submits or causes a false claim to be submitted to the government may be liable for damages. Damages can consist of up to three times the payment that was made in error, plus additional penalties of \$5,500 to \$11,000 per false claim.

A person who possesses and comes forward with information regarding false claims is authorized to file a case in federal court and sue, on behalf of the government, those entities that engaged in the fraud. These are called “qui tam” suits. The person coming forward is called a “relator/whistleblower.” Once the suit is filed by the relator/whistleblower, the Department of Justice then decides on behalf of the government whether to join the relator/whistleblower in prosecuting these cases. If the case is successful, the relator may share in the recovery amount. The amount of the relator’s share in the recovery depends on multiple factors.



In addition, the FCA provides a remedy for relators who are discharged, demoted, suspended, or discriminated against by his or her employer in retaliation for filing an FCA case. In order to receive the benefits of the protections of the FCA, the courts generally require the following of the employee:

- ▼ The employee must have been engaged in an activity protected by the FCA in furtherance of a “qui tam” suit;
- ▼ The employer must have known of the employee’s protected activity; and
- ▼ The employer must have retaliated or discriminated against the employee because of those actions.

If a court determines that a relator was terminated or otherwise retaliated against for filing a “qui tam” lawsuit, the employee is entitled to reinstatement at the same level, two times the back pay owed plus interest, litigation costs and reasonable attorneys’ fees and compensation for any “special damages” sustained as a result of the discrimination.

California, Texas and New Mexico have statutes similar to the federal FCA which are applicable to SJHS ministries and those associated with any SJHS ministry. For instance, California law provides that any entity or person who knowingly presents or causes to be presented a false claim for payment shall be liable for a civil monetary penalty of up to \$10,000 for each false claim and the costs of any civil action brought to recover any penalties. Additional penalties of not less than two times and not more than three times the amount of damages may be awarded in certain situations. Criminal penalties can range from imprisonment for one year in the county jail or a fine not exceeding \$1,000, or both such imprisonment and fine, to imprisonment in a state prison for one year or a fine not exceeding \$10,000, or both such imprisonment and fine. In addition to similar federal whistleblower protections, the California FCA also permits punitive damages in appropriate circumstances.

In addition to similar federal protections, remedies for violations of the Texas equivalent of the FCA include restitution, fines of \$1,000 to \$10,000 for each unlawful act, and two times the value of the false claim. Depending upon the value of the payment made in violation of the Texas False Claims Act, criminal penalties can range from a misdemeanor to a felony in the first degree when amounts of \$200,000 or more are involved. The Texas equivalent of the FCA does not appear to contain “whistleblower” protections such as those offered by the federal FCA and California equivalent, but there are certain public policy exceptions to termination of at will employment recognized in case law which can add a measure of protection.

In addition to similar provisions in the federal FCA, the New Mexico equivalent of the FCA provides for penalties of triple the damages resulting from any false claims submitted, in addition to other civil penalties. New Mexico offers “whistleblower” protection similar to the federal FCA and California equivalent of the FCA, but unlike California, does not contain a provision for recovery of punitive damages. The New Mexico equivalent of the FCA does not contain specific criminal sanctions in addition to the civil penalties it provides, but does appear to contemplate the possibility of criminal charges based on other theories arising out of the false claim.

Inappropriate Conflicts of Interest

SJHS employees have a responsibility to make full disclosure of interests that might result in or have the appearance of a conflict. A conflict of interest arises when the personal interests or activities of an employee appear to or may influence that individual’s ability to act in the best interests of SJHS. Because they are expected to be loyal and faithful to SJHS, employees and may not use

their positions to profit personally or to assist others in profiting in any way at the expense of SJHS or by using information not available to the general public. The failure of an employee to uphold his or her fiduciary duty to SJHS can result in penalties to the employee including personal liability, fines levied by the Internal Revenue Service, and the loss of SJHS's tax-exempt status.

Examples of inappropriate activities include:

- ✓ Conducting business on behalf of SJHS with family members without disclosure to and approval of management;
- ✓ Having an interest in a business that competes with SJHS;
- ✓ Accepting a tip from a patient or vendor; and
- ✓ Sharing confidential information regarding future SJHS business plans for personal gain.

Excess Benefit/Tax-Exempt Status Issues

As a nonprofit organization, SJHS and its nonprofit ministries have a legal and ethical obligation to comply with applicable laws, to engage in activities to further its charitable purpose, and to ensure that its resources are used to further our charitable mission rather than the private or personal interest of any one private individual. The requirements for organizations exempt under Section 501(c)(3) of the Internal Revenue Code and similar provisions of state law must be followed.

Excess benefit transactions include any non-fair market value transaction and certain percentage compensation arrangements occurring between an organization that is exempt from paying taxes under the Internal Revenue Code section 501(c)(3) status such as SJHS and a "disqualified person."

(A disqualified person is any person in a position to exert substantial influence over the operations of SJHS). Excess benefit transactions are punishable by the IRS. The IRS may impose an excise tax on a disqualified person or SJHS for participating in, or knowingly approving a transaction that is defined as an excess benefit. The excess benefit involved in a transaction is the amount by which the amount received by the disqualified person exceeds what would have been paid to such person in a fair market value, arm's-length transaction occurring under similar circumstances.

Employees shall not use SJHS resources or property for private use or benefit.

Transactions must be in the best interest of SJHS and negotiated at “arm’s length” for fair market value. SJHS employees must avoid compensation arrangements in excess of fair market value. Employees unsure of how to proceed with sensitive situations should consult with management for guidance.

Examples of inappropriate activities include:

- ▶ Payment of medical director fees at above-market value.
- ▶ Leasing property to a medical group for their private practice at below-market value prices.
- ▶ Contributing money to political action activities beyond advocacy, education and contributions to legally organized Political Action Committees without the approval of SJHS Executive Management.

Computer Stewardship

Information technology is integrated into the delivery of patient care and business operations throughout SJHS. In order to ensure the integrity and confidentiality of data, employees have a responsibility to practice good stewardship in the use of systems.

Although mechanisms are in place at a system level, employees should always remain vigilant. This means:

- ▶ Not opening suspicious email, including email from unknown senders.
- ▶ Not downloading from the Internet software, screensavers or games without permission.
- ▶ Exercising caution before clicking on an Internet link.
- ▶ Complying with patch management processes in order to promote virus protection updates.
- ▶ Following policy and procedures implemented at SJHS and located on CareNet, the SJHS intranet.





HIPAA: Protecting the Privacy of Patients' Health Information

The acronym **HIPAA** stands for the **H**ealth **I**nsurance **P**ortability and **A**ccountability **A**ct. The privacy provisions of the federal law, the Health Insurance Portability and Accountability Act of 1996 (HIPAA), apply to health information related to or maintained by healthcare providers such as SJHS. While SJHS's values demand excellent stewardship relating to our patients' privacy, federal law requires compliance.

The component of HIPAA known as Administrative Simplification consists of the following standards:

-  Privacy
-  Security
-  Electronic Data Interchange (EDI)

Under HIPAA, "covered entities" such as SJHS must comply with regulations, which are enforced by the Department of Health and Human Services, Office of Civil Rights (OCR).

What Information is Protected?

Under the HIPAA Privacy Rule, all medical records and any other information that has the potential to identify an individual, in any form, whether electronic, on paper, or oral is considered protected health information (PHI). This includes any information that relates to the past, present, or future

physical or mental health or condition of an individual (patient); that care has been provided to an individual (such as whether or not the individual is at the hospital receiving treatment or has been in the hospital); or the past, present or future payment for the provision of health care to an individual. Examples include but are not limited to any unique identification numbers, photos, addresses, or birthdates.

Here are some common sense ways that you can protect the patient's privacy:

- Use reasonable efforts to ensure that doors or curtains are closed when discussing treatment and procedures in semi-private rooms.
- Avoid unnecessary discussions of patient information in areas such as elevators, reception areas or any other room used by the general public.
- Do not leave patient records in unattended areas where others can see them, such as common or visitor areas.
- When you are finished accessing patient information, log off the system.
- Ensure that incoming faxes containing PHI are promptly removed from the fax machine.
- When destroying paper information, ensure that it is shredded or destroyed in a secure manner.

Patients' Rights

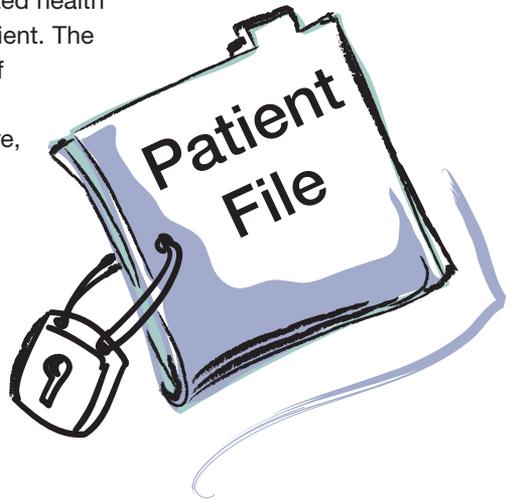
Under HIPAA, patients have significant rights to understand and control how their health information is used, including the following:

- The patient must be provided with a Notice of Privacy Practices which is a written explanation of how SJHS may use and disclose their health information;
- The patient must be provided the opportunity upon making a request, to see and to get copies of their records; to request amendments to their records; and to obtain an accounting of how their information has been used by SJHS;

- ❑ The patient must authorize the use and disclosure of their health information for any non-routine disclosures and most non-health care purposes¹. Patients have the right to withhold or revoke their authorization at any time and to request restrictions on the uses and disclosures of their information; and
- ❑ The patient has the right to file a formal complaint with SJHS, or with the Department of Health and Human Services, Office of Civil Rights, when the patient believes that SJHS has violated the HIPAA Privacy Rule or SJHS policies and procedures.

Disclosures for Treatment, Payment and Health Care Operations

SJHS employees must make reasonable efforts to use or disclose only the minimum necessary amount of protected health information in order to care for the patient. The “minimum necessary” is the amount of information needed to accomplish the intended purpose of the use, disclosure, or request for PHI. Making minimum necessary determinations is a balancing act that must be carefully weighed so that patients’ privacy is not violated, while at the same time their quality of care is not compromised.



Security of PHI

Security standards under HIPAA set forth protections for health information that is stored or transmitted electronically.

The standards are grouped into four general categories and require SJHS to:

- 🔊 implement administrative safeguards such as policies, procedures, and staff training materials to educate employees on protecting patient privacy;

¹With few exceptions, an individual's health information may only be used for health care purposes including treatment, payment and operations.

- 🔊 implement physical safeguards which may include access controls, screen savers, locked filing cabinets, visitor sign-in, and other safeguards to protect patient information;
- 🔊 implement technical security measures such as the use of passwords and may include automatic log off of computers when not in use; and
- 🔊 implement technical security mechanisms such as controls to monitor the access of patient information, and the use of encryption in the transmission of electronic information.

How to Best Protect Electronic Patient Information

If you are authorized to have access to the electronic medical records of patients, the following are common sense ways to protect the privacy of the patient's information:

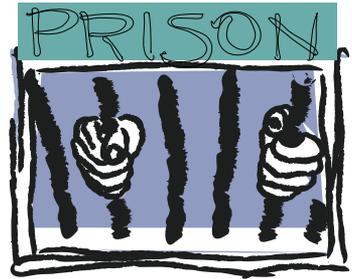
- Protect a patient's information as if it were your own. One way to prevent unauthorized access is by logging off of your computer before leaving the work area for periods of time as indicated in the policy and procedure;
- Point your monitor away from pedestrian areas, public areas, or any other area where persons walking through a hallway can see the patient's information;
- Use great care when handling and sending PHI to other people in the scope of your job duties. Ensure through your supervisor or through the IT department that any PHI authorized to be sent over networks is encrypted, including PHI stored on laptops;
- Do not share your password with anyone and ensure that it is changed regularly;
- When using or transporting a laptop computer or files containing sensitive and confidential information, ensure that the use and transport of the devices are in a way that avoids the theft of devices and the information contained to include password protection.

Violations

Violations of Federal and State laws can result in significant criminal and civil penalties for SJHS ministries and SJHS employees individually, including imprisonment, fines, penalties and damages. Additionally, violations have significant adverse affects on our reputation.

Employees who violate the program or any SJHS policies and procedures including but not limited to the areas described in this handbook are subject to discipline up to and including termination of employment with SJHS.

Specifically, employees who violate policies and procedures relating to the HIPAA regulations, are subject to discipline up to and including termination. Non-compliance with the HIPAA privacy rule, such as accidental disclosure, can result in a \$100 fine per violation (to the employee/SJHS ministry) to a maximum of \$25,000 per requirement per year. Criminal penalties for “wrongful disclosure” can include imprisonment as well as large monetary fines. For example, selling patient information is considered to be a criminal violation and is more serious than accidentally or inadvertently releasing it. Criminal penalties can be as high as \$250,000 or prison sentences up to 10 years.



Reporting Potential or Suspected Violations

All employees have an on-going obligation to report concerns about non-compliance with the program’s standards, policies and procedures. In no event shall any individual who reports a concern be subject to any retribution or retaliation related to a report which he or she reasonably believed to be true and offered in good faith. Confidentiality shall apply to the report and to the person making the report, though investigation of the report may necessitate reasonable disclosure on a “need-to-know” basis. No issue pertaining to the program is too small or unimportant to report. If you have questions or would like to report a potential or suspected violation, you should first speak to your immediate supervisor. If you do not feel as if you can candidly discuss the matter with your supervisor, you may call the local compliance officer at your ministry. If

you are not comfortable speaking with your local compliance officer then you may contact the SJHS Chief Compliance Officer.

If you would prefer to leave an anonymous message, you may call the SJHS Corporate Responsibility Program hotline at 877/808-8133.



Conclusion

The Corporate Responsibility handbook sets forth St. Joseph Health System's expectations of those providing services on its behalf regarding compliance with federal and state regulations and the Corporate Responsibility Program. The program is intended to help individuals recognize, understand and fulfill their responsibilities and to prevent and detect violations. Individuals providing services on behalf of St. Joseph Health System are still expected to take the initiative of asking questions and obtaining answers to those questions.

Employees shall be required as a condition of working with St. Joseph Health System to avail themselves of compliance education and training on a regular and periodic basis (at least annually) of which documentation will be maintained by St. Joseph Health System.

Help us be outstanding corporate citizens and contribute to the success of the Corporate Responsibility Program by adhering to the standards of the program and by reporting any questionable compliance issues. In order to ensure that all employees have read this handbook, and have had a chance to ask questions relating to the information contained herein, all employees are required to sign the statement contained at the back of this handbook which will be maintained by St. Joseph Health System.

Acknowledgement and Confidentiality Form

I acknowledge that I have received a copy of the Corporate Responsibility Handbook, have read its contents, and was provided the opportunity to ask questions that have been answered to my satisfaction. I understand the information contained within this handbook, and I agree to accept the responsibility and obligation to follow all St. Joseph Health System policies and procedures. I also acknowledge that in the course of my employment with St. Joseph Health System I may have access to confidential, sensitive, or proprietary information relating to the business of St. Joseph Health System (and its affiliated ministries) and patient identifiable health information. I acknowledge that unauthorized use or disclosure of such information is illegal and could cause St. Joseph Health System to sustain significant and irreparable damage. Accordingly, I understand and agree to the following:

- 1** I will not in any way divulge, copy, release, sell, loan, revise, alter, or destroy any confidential information except as properly authorized within the scope of my employment with SJHS.
- 2** I will use and safeguard confidential information as necessary and in a manner that is appropriate to perform my legitimate job duties.
- 3** I will not misuse, misappropriate, or disclose any such information directly or indirectly, to any person either during my employment nor at any time thereafter, except as required in the course of my employment or as required by law.
- 4** I will utilize appropriate safeguards and destruction methods including utilizing shred boxes, logging off of my workstation to include securing any laptops, when I leave the immediate area.
- 5** I will not share my password(s) or user code(s) with any other person, and I will change my password when automatically prompted. Further, I will not use any other person's password or user code.
- 6** I understand that the confidentiality of all patient information is required by law including information such as that pertaining to mental health, infectious diseases such as HIV, and chemical dependency such as drug and alcohol abuse.

I will only access information to which I have a need to know in the scope of my job duties and I understand that my access to electronic patient information (as applicable) will be routinely audited to ensure that I am accessing only that patient information to which I am authorized.

I may be subject to disciplinary action, up to and including immediate termination, should I violate St. Joseph Health System policies and procedures, including the Corporate Responsibility Program.

I am responsible for immediately reporting to my supervisor any known or suspected violation of the Corporate Responsibility Program and/or St. Joseph Health System policy and procedures.

BY ATTACHING MY SIGNATURE TO THIS FORM, I ACKNOWLEDGE AND AGREE THAT I HAVE READ THE ST. JOSEPH HEALTH SYSTEM CORPORATE RESPONSIBILITY HANDBOOK AND UNDERSTAND THE CONTENTS AND AGREE TO ABIDE BY THEM.

NAME (PRINT): _____

DATE: _____

SIGNATURE: _____



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Revised 7/07

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