



Revision Date: November 11, 2009

Child Health Corporation of America (CHCA) **ETHICS AND COMPLIANCE PROGRAM**

Welcome to CHCA. As a new employee or upon designation as a long-term contractor, you are required to attend to the following within 45 days of hire/designation:

1. Please read the following CHCA Ethics and Compliance Program document. You will find two forms (*Confidentiality Agreement*, page 16 and *Certification*, page 61) which must be filled out, signed and returned to Nancy Banks in the Corporate Division.
2. Complete the online Conflict of Interest disclosure form.
3. **Complete the two mandatory CHEX online training courses: “Ethics and Compliance Program Overview” and “Understanding the Code of Conduct and Conflict of Interest.”** You will need to read this Ethics and Compliance Program document in order to successfully finish the courses.

The Ethics and Compliance Program document and all associated forms are also located on the CHCA website.

- In your Internet browser type: **www.chca.com**
- Log on using your *first name.last name* and *password*
- In the yellow bar across the top, click on **Resources**
- Scroll down to the section on **CHCA Ethics and Compliance Program**
- Click on **The CHCA Ethics and Compliance Program**



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ETHICS AND COMPLIANCE PROGRAM
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RESOLUTIONS OF CHILD HEALTH CORPORATION OF AMERICA

SUGGESTED RESOLUTIONS FOR THE AUDIT AND COMPLIANCE COMMITTEE:

“RESOLVED: that the Audit and Compliance Committee of Child Health Corporation of America has reviewed and discussed the attached Ethics and Compliance Program and hereby recommends to the Board of Directors the adoption by the Corporation of the Ethics and Compliance Program and its implementation as provided therein.”

SUGGESTED RESOLUTIONS FOR THE BOARD OF DIRECTORS:

“WHEREAS the policy of Child Health Corporation of America (the “Company”) has always been that compliance with federal and state laws and adherence to the Company’s own ethical standards is of primary importance; and

WHEREAS the Directors have continually strived to promote and enforce, in whatever way possible, adherence to this corporate policy by the Company’s officers and employees; and

WHEREAS the Directors believe that adoption of a formal Ethics and Compliance Program is an additional means to foster adherence to the Company’s policy; and

WHEREAS the Directors have considered and evaluated recommendations regarding development of a comprehensive Ethics and Compliance Program;

NOW, THEREFORE, the Directors adopt the following resolutions in order to implement a comprehensive Ethics and Ethics and Compliance Program for the Company:

‘RESOLVED, that the Directors approve the development of standards of conduct and such policies and procedures as are necessary to assure that corporate information gathering and reporting systems exist that are reasonably designed to provide management and the Directors with timely information sufficient to allow them to reach informed judgments concerning the Company’s compliance with applicable law; and

RESOLVED FURTHER, that Nancy Vasto, previously named the Company’s Compliance Officer, has been authorized to develop, implement and maintain the Ethics and Compliance Program, will report periodically to the Directors on issues related to the Ethics and Compliance Program and will report at least annually on any major issues related to the Ethics and Compliance Program; and



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RESOLVED FURTHER, that the Ethics and Compliance Program, dated February 2, 2004, as presented to the Directors (a copy of which is attached), is hereby ratified and approved and the President of the Company is hereby directed to execute the same and take such actions as are necessary to implement the Ethics and Compliance Program on behalf of the Company.”



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Privileged and Confidential

David B. Pursell, Esq.
Husch Blackwell Sanders
4801 Main Street Suite 1000
Kansas City, MO 64111

Re: Request for Legal Advice and Risk Assessments

Dear David:

This letter is to request that your firm provide Child Health Corporation of America (the “Company”) with confidential legal advice and risk assessments with regard to the Company’s compliance with applicable laws and regulations, as well as potential litigation regarding such matters.

In order for you to render this legal advice and risk assessments, you are authorized to conduct an internal review within the Company. In this review, you may interview any employees and review any necessary files and records to obtain information that may not otherwise be available to senior management for this purpose. Employees should be instructed that their communications to you are to relate to matters within the scope of their duties, are to be made in strictest confidence and are necessary to formulate legal advice to management. Senior management will determine the confidentiality of any information provided to you during this review.

In performing your services, you are authorized to utilize accountants, investigators and other Company employees to assist you in ascertaining the relevant facts and rendering legal advice to the Company. Anyone who assists you in this manner will act solely under your direction and report exclusively to you for this purpose.

Please submit your report and legal advice directly to me and to such others as I direct. I will inform the employees of your review and instruct them to fully cooperate.

Very truly yours,

CHILD HEALTH CORPORATION OF
AMERICA

Authorized Officer



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CHILD HEALTH CORPORATION OF AMERICA

Re: Husch Blackwell Sanders Risk Assessments

To All Personnel:

We have requested that Husch Blackwell Sanders provide us with legal advice and risk assessments with regard to the Company's compliance with applicable laws and regulations, as well as potential litigation regarding such matters. We have authorized Husch Blackwell Sanders to talk with our employees in reviewing any necessary files to obtain information for this assessment work. Husch Blackwell Sanders is authorized to use assistants as necessary including consultants.

You are expected to cooperate fully with Husch Blackwell Sanders and provide all files and information request regarding matters within the scope of your duties. We know you will be fully candid in your discussions with them and those assisting them.

It is especially important these communications be held in the strictest confidence by you, and that you not disclose any part of these discussions to any other person. During and after any discussions on these matters, all note taking should be left solely to counsel and their assistants.

You should understand that Husch Blackwell Sanders represents the Company and not you personally or any other individual employed during these discussions. Your communications with counsel are subject to the Company's attorney/client privilege and work product protection, which gives the Company the right to prevent or permit disclosure of the communications to others. The decision to protect or disclose any information will be made by management and not by any individual employee who took part in the communications.

You are to preserve any and all documents related to any matters covered in this assessment. It is extremely important that no document be removed, destroyed, tampered with or altered. Originals of all such documents should be transferred to Husch Blackwell Sanders at its request.

Finally, you should understand that this assessment involves a potentially serious matter. I anticipate your full cooperation.

CHILD HEALTH CORPORATION OF AMERICA

AUTHORIZED REPRESENTATIVE

I have read this letter and agree to cooperate in this confidential investigation.

Print Name: _____

Date: _____



Child Health Corporation of America (CHCA)

ETHICS AND COMPLIANCE PROGRAM

INTRODUCTION

This Ethics and Compliance Program has been approved by CHCA; it is intended as a guide for each employee's conduct so that CHCA may fulfill its obligations to observe federal, state, and local law and public policies affecting its business, and deal fairly with the hospitals who are CHCA's members and the hospitals which contract with CHCA ("Affiliates"), the vendors with which CHCA contracts or may potentially contract to provide goods or services to Affiliates, CHCA or both ("Vendors"), and CHCA's employees and non-employed officers, directors and personnel. The standards of conduct described in this Program are intended to define the scope of conduct that the Program covers. The standards of conduct described in this Program represent CHCA's policies. CHCA's employees are urged to seek the guidance of, or report violations to, the Compliance Officer, currently Nancy Vasto, who may be reached at (913) 262-1436, ext 159. The Compliance Officer may be changed by CHCA without an amendment to this document. In addition, reports may be made to the CHCA Anonymous Compliance Hotline (800) 684-6469 at any time. Reports will be treated confidentially to the extent reasonably possible.

Strict compliance with this Ethics and Compliance Program and the Standards of Conduct set out in this Program is a condition of employment with CHCA. Failure to observe the provisions of this Ethics and Compliance Program can result in serious consequences for CHCA and its employees, including criminal prosecution, substantial criminal and civil monetary fines, damage to its professional reputation, or termination of employment.

All officers, employees, agents and other personnel of CHCA are directed to:

- i. Become familiar with and maintain familiarity with this Ethics and Compliance Program, all applicable legal standards as outlined in the Compliance Plan, and CHCA's policies and procedures;
- ii. Comply with this Ethics and Compliance Program, CHCA's policies and procedures, CHCA's Standards of Conduct and all other applicable legal standards;
- iii. Report non-compliance with this Ethics and Compliance Program, CHCA's policies and procedures and all other applicable legal standards to the proper authorities as stated in this Ethics and Compliance Program or CHCA's policies and procedures; and



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- iv. Assist the Compliance Officer as requested. The assistance of all of CHCA's personnel is required to make this Ethics and Compliance Program operate effectively.

This Ethics and Compliance Program shall be effective the 2nd day of February, 2004. All new employees and required contracted temporary staff will have 45 days from the date of hire (start date) to complete the training and submit the Certification, Confidentiality Agreement and Conflict of Interest Disclosure Statement forms required by this Ethics and Compliance Program.

I. COMPLIANCE STANDARDS AND PROCEDURES

- A. Compliance Standards of Conduct
- B. Compliance Policies and Procedures



A. Standards of Conduct

Medicare and Medicaid Billing

CHCA shall comply with all laws, regulations and policies of the Centers for Medicare and Medicaid Services (formerly the Health Care Financing Administration) and the Medicare Intermediaries that govern billing Medicare for services of hospitals with an ownership interest in CHCA or which otherwise participate in the GPO (“Affiliates”). CHCA shall also comply with all state laws and regulations applicable to Medicaid for such facilities. Federal law imposes a civil monetary penalty on any person for knowingly presenting to any federal health care program a claim for an item or service performed by that person (including a hospital or other entity) that a person knows or should know was not provided as claimed, uses an inappropriate billing code resulting in a greater payment than the proper code, is false or fraudulent, or is for items or services that are not medically necessary. It is the policy of CHCA to provide information within its control that is appropriate to permit Affiliates to accurately and correctly identify and code services or supplies.

Medicare and Medicaid Fraud

Federal law prohibits knowingly and willfully soliciting payment or offering to make payment of anything of value for the purpose of inducing a referral of any form of care reimbursable under Medicare, Medicaid or any other Federally financed health care program. All employees shall strictly comply with this prohibition. Any employee who becomes aware that an employee of CHCA has solicited payment or offered to make any type of payment directly or indirectly for the referral of work reimbursable under Medicare, Medicaid or any other Federally financed health care program shall report such conduct to the CHCA Compliance Officer as soon as possible. It is the intention of CHCA to comply whenever possible with the Group Purchasing Organization (“GPO”) Safe Harbor 42 C.F.R. §1001.952(j) and the Discount Safe Harbor 42 C.F.R. §1001.952(h) to the Federal Anti-Kickback Statute in the course of its dealings with Vendors and Affiliates. Accordingly, all employees shall comply with the Safe Harbor Standard of Conduct in Section I.B.2., below.

Health Care Fraud

Federal law also prohibits knowingly and willfully defrauding or assisting in defrauding any health care benefit program, knowingly and willfully obtaining money from a health care benefit program by means of false pretenses or knowingly and willfully making a false statement in providing or billing health care services. A health care benefit program means *any* public or private plan which pays medical benefits, and includes Medicare, Medicaid, TriCare, any other Federally financed health care programs, state employees health care programs and all forms of private health insurance. All employees shall strictly comply with this prohibition. Any employee who becomes aware of conduct by any employee of CHCA which he or she believes violates this prohibition shall immediately report such conduct to the CHCA Compliance Officer.



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HIPAA

CHCA shall comply with all regulations and policies of the Department of Health and Human Services and the Office of Civil Rights related to the Health Insurance Portability and Accountability Act of 1996, including but not limited to, the standards set forth at 45 CFR Parts 160, 162 and 164, and the requirements of the Health Information Technology for Economic and Clinical Health Act (collectively, "HIPAA") to safeguard Protected Health Information ("PHI"), ensure the integrity of PHI is maintained and abides by the guidance governing uses and discloses PHI in accordance with HIPAA. CHCA shall also require any subcontractor or agent involved with the conduct of standard electronic health care transactions to comply with each applicable requirement of 45 CFR Parts 160 and 162. Under no circumstances may CHCA subcontractors or agents disclose PHI received from or prepared for CHCA to another entity, regardless of whether such entity has an existing contract with CHCA, absent the explicit authorization of CHCA. To the extent applicable, CHCA will develop and incorporate into its daily business operations, a written identity theft prevention program consistent with requirements published at 16 CFR § 681.2 et seq. ("Red Flags Rule").



Standards of Conduct

CHCA may from time to time adopt additional, specific Standards of Conduct under this program which it will circulate to the employees of CHCA. In addition, CHCA has established and maintained policies and procedures not set forth in this Ethics and Compliance Program, such as policies relating to compliance with labor and employment laws and environmental laws. Such additional practices, procedures and policies of CHCA are an integral part of this Ethics and Compliance Program. All employees are expected to comply with all such practices, procedures and policies and are expected to act in accordance with the law and seek guidance from the Compliance Officer or an officer of CHCA if in doubt as to the legality of any conduct.

Integrity of CHCA's Business Practices.

CHCA is committed to the delivery of quality services to its Affiliates.

Ethical practices. CHCA's Affiliates have a right to expect that CHCA will conduct its business ethically and competently. Each employee should adhere to the spirit and language of this Ethics and Compliance Program when performing all duties.

Each employee must maintain a high level of integrity and honesty and avoid any conduct that could reasonably be expected to reflect adversely upon the integrity of CHCA, its officers, directors, employees or Affiliates.

Conduct of CHCA Representatives. Each representative of CHCA, including all employees, officers and directors should perform all CHCA duties in good faith, in a manner those individuals reasonably believe to be in the best interests of CHCA, and with the due care that a reasonably prudent person in the same position would use under similar circumstances.

CHCA's representatives must avoid all illegal conduct, both in business and personal matters, including efforts to circumvent the law by devious means or questionable interpretations. No representative shall take any action in the performance of the representative's duties that the employee believes is in violation of any statute, rule, or regulation. In case of doubt, consult the Compliance Officer.

Each representative should be open and honest in the representative's business relationships with other employees, CHCA's officers, directors and Affiliates, and CHCA's legal counsel, accountants, and consultants. The failure to deliver information to appropriate personnel that is known or thought to be necessary, or the provision of information that is known or thought to be inaccurate, misleading, or incomplete, is unacceptable.

For purposes of this Ethics and Compliance Program, contracted temporary staff members shall be subject to the same standards as employees, unless specifically stated otherwise.



Improper payments. CHCA's personnel shall not engage in or assist in, either directly or indirectly, any corrupt or inappropriate business practice, including bribery, kickbacks, or payoffs, intended to induce, influence, or reward favorable decisions of any government personnel or representative, any Affiliate, patient, physician, Vendor, or any person in a position to benefit CHCA or the employee in any way. No employee shall make or offer to make any payment or provide any other thing of value to another person with the understanding or intention that such payment is to be used for an unlawful or improper purpose.

Code of Conduct. CHCA's personnel as well as non-employee Officers, Directors, Advisors or members of any committee of the Board of Directors, shall be subject to the Code of Conduct incorporated at Section I.B.1., below.

Transactions involving government employees. The public trust associated with transactions between the private sector and government entities imposes special responsibilities on CHCA's employees or individuals who perform services for CHCA. None of CHCA's employees or representatives should intentionally take any actions that would cause a government employee to violate, to appear to violate, or to act in a manner that would otherwise be inconsistent with that standard of conduct. Except as expressly authorized in the next sentence, none of CHCA's employees or representatives should offer or give anything of monetary value, including gifts, gratuities, favors, entertainment, or loans, to an employee or representative of a government agency with which CHCA has or is seeking to obtain contractual or other business or financial relations or that regulates any of CHCA's activities or operations. A CHCA employee may pay for the reasonable costs of meals of government employees and members of legislative bodies in connection with lawful meetings on behalf of CHCA, if such activities are permitted by law and undertaken with the knowledge and prior approval of the CHCA Compliance Officer.

Integrity of financial reporting. It is CHCA's responsibility to ensure that assets and liabilities are accounted for properly in compliance with all tax and financial reporting requirements and CHCA's established accounting and financial policies, no false CHCA records are made, and there are no unrecorded CHCA assets. All items of income and expense and all assets and liabilities shall be entered on the financial records of CHCA; all reports submitted to governmental authorities shall be prepared in good faith; and all transactions shall be executed in accordance with the appropriate authorization from the CHCA Chief Financial Officer, and/or its officers and directors. CHCA's Chief Executive Officer and Chief Financial Officer shall certify all quarterly financial statements issued by CHCA.

Any CHCA employee who knows or has reason to believe that a transaction is not recorded in compliance with the requirements of this section shall promptly report such matter to the CHCA Compliance Officer and the Chief Financial Officer.



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B. Policies And Procedures

1. Code of Conduct
2. GPO and Discount Safe Harbor Compliance
3. Compliance with Antitrust Laws
4. Compliance with Document Retention Rules
5. Compliance with Government Investigations
6. Employment Compliance
7. Intellectual Property Compliance
8. Insurance Programs Compliance



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1. Code Of Conduct

- a. Introduction
- b. Conflict of Interest
- c. Insider Information and Confidentiality
- d. Responsibility and Authority
- e. Investing
- f. Board Representation
- g. Disclosure

Attachment A: Entertainment and Gift Disclosure Form

Attachments B and B-1: Confidentiality Agreements

Attachments C, C-1 and C-2: Conflict of Interest Disclosure Forms

Attachment D: HIGPA Code of Conduct Principles



I. Introduction

Child Health Corporation of America (CHCA) has ethical and legal responsibilities to maintain the confidence of the Owner Hospitals, the regulatory authorities and the public markets and to protect, as valuable assets, confidential and proprietary information developed by or entrusted to it. CHCA employees and contracted temporary staff as well as non-employee Officers, Directors and forum participants are responsible for ensuring that CHCA complies with the HGPII Code of Conduct Principles (see below), adheres to those principles and abides by the conflict of interest and other related guidelines, policies and procedures summarized herein.

The purpose of this “Code of Conduct and Conflict of Interest: Policies, Guidelines and Procedures” is to affirm, in a comprehensive statement, CHCA’s policies with regard to the protection of material, nonpublic, and other confidential information, the stringent ethical and legal prohibitions against insider trading and tipping, restrictions on the acceptance of gifts, entertainment, etc. and on investing, and the expected standards of conduct of all employees in group purchasing organization (GPO) activities and other related business activities by any of the divisions within CHCA.

CHCA is a member and supporter of the Health Industry Group Purchasing Association and the Healthcare Group Purchasing Industry Initiative. The HIGPA has a Code of Conduct, which was adopted on July 24, 2002, which CHCA endorses and has committed to observing. The HIGPA Code of Conduct Principles is incorporated herein in the CHCA Code of Conduct and Conflict of Interest policies by reference.

II. Conflict of Interest

Employees and Contracted Temporary Staff

No employee or contracted temporary staff of CHCA shall conduct any transactions, either personally or on behalf of CHCA, that constitute a conflict of interest. A conflict of interest occurs when an individual has a stake in both sides of any transaction or contemplated transaction. Areas most often subject to conflict of interest scrutiny include but are not limited to: relationships with vendors, referral sources, expense account transactions, stock transactions, outside employment, consulting agreements, loans, real estate transactions, gifts, disclosure of confidential or competitive information, position for solicitation or receipt of donations (whether to CHCA or a philanthropic institution), etc. It is the responsibility of each employee to report any situation that appears to be a conflict of interest to the Compliance Officer. Strict confidentiality will be maintained and employees will be protected from retribution for reporting such incidents. Situations resulting in or judged to result in a conflict of interest may be grounds for immediate dismissal of the employee and may result in legal action being brought by CHCA. All employees shall complete a Conflict of Interest Disclosure Statement-Employees (Attachment C) or online Disclosure as provided in Section VII, Disclosure, below.



Gifts, entertainment, favors, honoraria, personal service payments and discounts from vendors or potential vendors with whom CHCA or Premier (CHCA's contracting partner) contract or may contract (whether for goods or services to be provided to Affiliates, CHCA, or both), or from their owners, affiliates, relatives or friends, are prohibited. This prohibition applies to gifts, entertainment (which includes an in-home stay), etc., including business meals, other than those of Nominal Value. Airline and hotel upgrade awards or coupons and day passes to airline clubs, including those provided by CHCA's travel agent, which are of the type generally available in the travel industry to individuals under criteria not limited to CHCA employees are not considered gifts, discounts or other forms of compensation covered by this policy. Nominal Value is defined as less than \$50 per incident or \$100 per calendar year. Any item that costs less than \$10 will not be counted toward the \$100 per year limit. Generally, employees should decline such offers tactfully. If an employee or contracted temporary staff member is in an awkward position where acceptance of the gift is necessary to avoid embarrassment, the employee must fill out the Gift and Entertainment Disclosure Form (Attachment A) and notify the Compliance Officer as soon as practical, but no later than two weeks afterwards. Arrangements will then be made to either return the gift or to take other appropriate remedial action. This policy applies to CHCA employees and required contracted temporary staff only and does NOT extend to non-employee Officers, Directors or Advisors, including representatives from Owner Hospitals who participate in the materials management, pharmacy, radiology, laboratory or other forums. Those individuals are covered in a separate section below.

Note: Contracted temporary staff members should not be used in any positions where they could influence contracting decisions. The President of CHCA must approve any contracted temporary staff member, who will be involved in any position that would have an opportunity to influence a contracting decision with a Vendor. If a contracted temporary staff member is used in such capacity, he or she must fully comply with this "Code of Conduct and Conflict of Interest: Policies, Guidelines and Procedures." He or she will be required to complete the Conflict of Interest Disclosure Statement (Attachment C), to report gifts, entertainment (which includes an in-home stay), etc. on the Gift and Entertainment Disclosure Form (Attachment A), and to recuse himself or herself, with appropriate documentation, from any contracting decisions related to current or potential participating vendors where he or she has a conflict of interest. Contracted temporary staff that serve in roles as executive assistants, administrative assistants or in activities or for programs and services other than direct vendor contracting are not required to complete the Conflict of Interest Disclosure Statement-Employees (Attachment C), but shall be subject to the other provisions of this "Code of Conduct and Conflict of Interest: Policies, Guidelines and Procedures."

Non-employee Forum Participants and Directors

Non-employee representatives from Owner Hospitals who serve on or participate in forum or forum committees are discouraged from accepting gifts, discounts, entertainment, favors, honoraria or personal service payments. For purposes of this section, normal business luncheons



and dinners are not considered gifts, discounts, entertainment, etc. However, vendor-paid visits to review and evaluate the Vendor's products, capital equipment and/or services are included in this definition. Only the individual whose expenses are paid for by the Vendor will be deemed to have a conflict and other attendees who pay for their own expenses will not be deemed to have a conflict.

Any non-employee member of a forum or forum committee, e.g., Materials Management Executive Committee, in a position of influencing a contracting decision, who accepts a gift, discount, entertainment (which includes an in-home stay), etc. (other than those of Nominal Value) from any vendor with whom CHCA contracts either directly, or indirectly through Premier, should complete the Entertainment and Gift Disclosure Form (Attachment A). This form should be submitted to the related forum or forum committee and the member shall be recused from any negotiations or decisions related to such vendor for a period of one year from the date of such transactions. Nominal Value is defined as less than \$50 per incidence or \$100 per calendar year. Any item that cost less than \$10 will not be counted toward the \$100 per year limit. All Entertainment and Disclosure Forms should be forwarded to the Compliance Officer of CHCA and any minutes, summary notes or other documentation related to the meeting(s) of such forum should clearly document the disclosure and that the individual recused himself or herself from any negotiations or decisions related to such vendor.

Any non-employee member of a forum or forum committee, or member of the Board of Directors or a committee of the Board of Directors of CHCA, who is in a position to influence the GPO contracting decision and who has individual equity interest in any participating vendor, must disclose such ownership, including interests held by immediate family members, to the related forum or forum committee (non-employee member of forum or forum committee) or to the CHCA governing Board (Director or member of a Board committee) and must recuse himself or herself from any negotiations or decisions relating to such participating vendor. As long as the non-employee member of a forum or forum committee or a member of the Board of Directors of CHCA or a related Board Committee holds such individual equity interest, including interests held by immediate family members, such member should recuse himself or herself from any negotiations or decisions related to such vendor. In addition, in the event any member of the Board of Directors or a committee of the Board of Directors of CHCA who is in a position to influence the GPO contracting decision is aware of a direct ownership interest in a Vendor or proposed Vendor by the Owner Hospital which employs such Director, then such Director or member of a Board Committee shall disclose such ownership, but shall not be required to recuse himself or herself solely on the basis of the Owner Hospital's ownership interest. Any minutes, summary notes or other documentation related to the meeting(s) of such forum or forum committee or meeting of the Board of Directors or a committee of the Board of Directors should clearly document the disclosure and that the individual recused himself or herself (if required) from any negotiations or decisions related to such vendor. A standing agenda item for each meeting of the Board of Directors, or committee thereof, will be to document whether there were any discussions about specific Vendor contracting matters and, if so, whether any member of the Board of Directors, or committee thereof, disclosed any equity interests in the participating Vendor by the member of the Board or an Owner Hospital; and, if an equity interest by the member of the Board, the individual must recuse himself or herself from the discussion and related contracting decision for such Vendor. All non-employee members of a group purchasing forum or forum committee are required to complete the then current form of the Conflict of Interest Disclosure Statement-Non-Employee Forum Participants (Attachment C-1) on an annual basis. All Directors of CHCA are required to complete the then current form of the Conflict of Interest Disclosure Statement-Directors (Attachment C-2) on an annual basis.

III. Insider Information and Confidentiality

It is the policy of CHCA that no employee or contracted temporary staff member of the Company should engage in transactions in any securities of public companies, while in possession of material, nonpublic information regarding such securities, so called “insider trading.” Nor should any employee or contracted temporary staff member communicate such material, nonpublic information to any person who might use such information to purchase or sell securities, so-called, “tipping.”

The question of whether information is “material” is not always easily resolved. Generally speaking, information is deemed “material” where there is a substantial likelihood that a reasonable investor could consider the information important in deciding whether to buy or sell the securities in question, or where the information, if disclosed, could be viewed by a reasonable investor as having significantly altered the “total mix” of information available. Where the nonpublic information relates to a possible or contingent event, materiality depends upon a balancing of both the probability that the event will occur and the anticipated magnitude of the event in light of the totality of a company’s activities. Common, but by no means exclusive, examples of “material” information include information concerning a company’s sales, earnings, dividends, significant acquisitions or mergers, and major litigation. Because materiality determinations are often challenged with the benefit of hindsight, if an employee has any doubt whether certain information is “material,” such doubt should be resolved in favor of not trading or communicating such information.

Information is “nonpublic” until it has been made available to investors generally. In this respect, one must be able to point to some fact or event to show that the information is generally public, such as inclusion in reports filed with the Securities and Exchange Commission or press releases issued by a company or reference to such information in publications of general circulation, such as *The Wall Street Journal* or the *New York Times*. In general, information may be presumed to have been made available to investors after two business days from the formal release of such information.

Accordingly, in the handling of information obtained as a result of employment, CHCA employees or contracted temporary staff:

- Must not disclose material, nonpublic, or other confidential information to anyone, inside or outside of CHCA (including family members), except on a strict need-to-know basis and under circumstances that make it reasonable to believe that the information will not be misused or improperly disclosed by the recipient;
- Must refrain from recommending or suggesting that any person engage in transactions in securities, whether of CHCA or any other companies, while in possession of material, nonpublic information about those securities; and



- Must abstain from engaging in any transactions in securities, whether of CHCA or any other companies, while in possession of material, nonpublic information regarding those securities.

An employee's actions with respect to matters governed by this policy are significant indications of the individual's judgment, ethics, and competence. Accordingly, insensitivity to or disregard of the principles of this policy may constitute an important element in the evaluation of an employee for retention, assignment and promotion. Any actions in violation of this policy may be grounds for appropriate disciplinary action, as well as expose such employee to severe civil and criminal liability.

All employees and contracted temporary staff must complete a Confidentiality Agreement-Employees (Attachment B) as provided in Section VII, Disclosure, below.

All participants in forums related to group purchasing activities should complete the Confidentiality Agreement for Forum Participants (Attachment B-1) upon joining the forum. The Senior Vice President of Group Purchasing Services or his/her designee will have responsibility for obtaining such signed agreements and maintaining documentation as to compliance. Attachment B-1 is optional for forums hosted by the Performance Improvement (Discovery and Solutions Teams), Leadership and Learning Strategies and Financial Services divisions. Decisions on whether participants will be required to complete Attachment B-1 will be made by the Senior Vice Presidents of the respective divisions, who will also have responsibility for obtaining such signed agreements and maintaining documentation as to compliance.

IV. Responsibility and Authority

Employees should recognize that certain additional restrictions may be required with respect to those employees whose responsibilities or functions require or involve routine access to confidential and material, nonpublic information, or who are asked to work on sensitive projects or transactions. CHCA shall develop and implement any additional measures or procedures that may be required in order to fully implement the requirements and intent of this policy.

V. Investing

CHCA employees may not have an "individual equity interest" in any Vendor with whom CHCA or Premier has a contract or is negotiating a contract. For this purpose, the term "equity interest" includes stock, securities, options, warrants, debt instruments (including loans) or rights to acquire any of the foregoing in a Vendor. "Equity interest" does not include equity held in mutual funds, completely blind trusts or other financial arrangements over which the individual exercises no investment control. This prohibition of individual equity interest applies to Vendors who have indicated an interest in pursuing a contract with CHCA or Premier (or CHCA's then current GPO partner, if any, at that time), if the employee has knowledge or should have knowledge of such Vendors. All employees should routinely review the CHCA Vendor Contracts list available via the CHCA "Contracting With Us" web page and the Premier website (or such GPO partner's website, if any, as directed by the then current Compliance Officer). CHCA's group purchasing staff will update the online Vendor Contract list with all CHCA and its group purchasing partner's current contracts on a quarterly basis. Existing employees will have until January 16, 2004 and new CHCA employees will have six (6) months from their date of hire to come into compliance with this prohibited investment policy. In the event an employee has an "individual equity interest" in a company in discussions or negotiations to become a Vendor, or which is acquired by a



Vendor in exchange for an “individual equity interest” of such acquiring Vendor, the employee should dispose of such “individual equity interest” within six months of the date that such company becomes a Vendor or such “individual equity interest” is received in such acquisition. During these transition periods, any employee with a prohibited individual equity interest must recuse himself/herself from any contracting discussions or decisions with Vendors in which the employee has such equity interest. The employee is responsible for preparing documentation to support such recusal during this transition period and furnishing such documentation to the President (or if the President to the Chair of the Board of Directors) and to the Compliance Officer of CHCA.

It is also strongly recommended that immediate family members (spouse, significant other, children and other dependents) not own those same individual equity interests. If any immediate family members have individual equity interests in the employee prohibited investments, these equity interests must be disclosed in the Conflict of Interest Disclosure Statement-Employees (Attachment C) and the employee must recuse himself or herself from discussions and decisions related to contracting activities for such Vendor. The employee is responsible for preparing documentation to support such recusal and furnishing such documentation to the President (or if the President to the Chair of the Board of Directors) and to the Compliance Officer of CHCA.

Failure to comply with the requirements in this section may be grounds for disciplinary action under CHCA policies and procedures.

VI. Board Representation

As an employee of CHCA, an individual may be asked to serve on the board, advisory board or in a consulting capacity for a Vendor with whom CHCA or Premier (or CHCA’s then current GPO partner, if any, at that time) has a contract. Prior to serving on a board or advisory board of a Vendor or in a consulting capacity to a Vendor, the employee shall receive approval from the CHCA President and the Compliance Officer. For these services, the individual may receive fees in the form of cash only and may be reimbursed for reasonable travel and related incidental expenses. The fees must not exceed those paid to other consultants or other outside board members. In the absence of such board members, fees must be reasonable when compared with amounts paid to outside directors of similar companies. The employee shall turn over to CHCA all such fees related to said representation.

Information related to any CHCA employee participation as a consultant to a Vendor or on boards or advisory boards of a Vendor will be included in the compliance reports to the Audit Committee and Board of Directors. Any employee serving as a consultant to a Vendor or on a board or advisory board of a Vendor must disclose this relationship and recuse himself/herself from any contracting discussions or decisions with respect to such Vendor. The employee is responsible for preparing documentation to support such recusal and furnishing such documentation to the President (or if the President to the Chair of the Board of Directors) and to the Compliance Officer of CHCA.

Notwithstanding the foregoing, any employee may serve on a board of directors, advisory board or in a consulting capacity (such as focus groups) of any corporation that is a Purchasing Partner if such service is part of the contract or agreement with such Purchasing Partner. Such service on the board of a Purchasing Partner does not need to be pre-approved by CHCA's President or Compliance Officer, but shall be disclosed to the Compliance Officer by the person serving on the board when his or her service



commences and annually in his or her conflict of interest disclosure statement. Any compensation for service on the board of directors of a Purchasing Partner (other than reimbursement for airfare, hotel and related incidentals to attend board meetings) shall be subject to the guidelines set forth in this Section VI.

A "Purchasing Partner" includes any group purchasing partner or insurance vendor partner of CHCA.

VII. Disclosure

Disclosure for New Employees/Contracted Temporary Staff – All new employees and contracted temporary staff must submit a Confidentiality Agreement (Attachment B) and employees must submit a Conflict of Interest Disclosure Statement–Employees (Attachment C) within 45 days from the date of hire (start date).

Annual Disclosure – On an annual basis every employee and all required contracted temporary staff members of CHCA will submit a new Conflict of Interest Disclosure Statement-Employees (Attachment C). As a part of their annual disclosure, employees will indicate outside employment arrangements, service on any boards, advisory boards/councils or consulting arrangements, as well as volunteer and philanthropic roles. Per the CHCA Conflict of Interest policy and Employee Handbook, an outside activity may create a conflict if it: relates to CHCA's competitors, suppliers, the healthcare field or an employee's work responsibilities; involves use of CHCA's resources or employee time unrelated to CHCA work; otherwise could interfere with an employee's ability to meet his or her responsibilities to CHCA. (For example, service as a member of a charity's fundraising committee may place an CHCA employee in a position to solicit or receive donations from a contracted or potential vendor to CHCA or one of its group purchasing or business partners.) If an individual's circumstances change or if s/he becomes aware of a potential conflict, it is their responsibility to disclose the conflict by alerting the Corporate Compliance Officer, stating the conflict and then following appropriate steps to resolve the conflict as soon as possible.

On an annual basis all non-employee Officers and Directors of CHCA will submit a Conflict of Interest Disclosure Statement-Directors (Attachment C-2). The President or the Compliance Officer of CHCA will submit to the Audit and Compliance Committee and the Chair of the Board of Directors a full report on an annual basis on any Conflict of Interest reported and the Compliance Officer will review this information with the Audit and Compliance Committee. On an annual basis all participants in group purchasing forums will submit the Conflict of Interest Disclosure Statement-non-Employee Forum Participants (Attachment C-1). All annual disclosures will be made utilizing the then current versions of the applicable forms, as may be revised by the Compliance Officer. The Senior Vice President, Group Purchasing Services, will submit an annual checklist to the President and to the Compliance Officer of CHCA to document that the Confidentiality Agreements, when applicable, and Conflict of Interest Disclosure Statements were obtained from all group purchasing forum participants.



Revision Date: November 11, 2009

ATTACHMENT A

ENTERTAINMENT AND GIFT DISCLOSURE FORM

CHCA staff and required contracted temporary staff are prohibited from accepting gifts, entertainment, favors, honoraria, personal service payments and discounts from vendors or potential vendors, if the item/event is greater than Nominal Value (i.e., \$50 or more per instance or \$100 or more per calendar year).

Items that do not count toward the \$100 limit: gifts less than \$10 in value and offers generally available in the travel industry to individuals, whose criteria are not limited to CHCA employees.

If you accept a gift, please complete this form and return it to the Compliance Officer as soon as practical (suggested within five (5) business days of any vendor entertainment, gift, etc. event).

1. Employee: _____

2. Department/Title: _____

3. Vendor: _____

4. Date of Event, Gift, etc.: _____

5. Brief Description of Event, Gift, etc.: _____

Employee

Date: _____



Revision Date: November 11, 2009

ATTACHMENT B
CONFIDENTIALITY AGREEMENT
CHCA CONFIDENTIALITY AGREEMENT FOR EMPLOYEES AND CONTRACTED TEMPORARY STAFF

I _____, as an employee or contracted temporary staff of Child Health Corporation of America (“CHCA”), agree to the following terms and conditions relative to my receipt of certain confidential and proprietary information of CHCA:

1. To keep confidential and not disclose to any third party, without CHCA’s written permission, information (“Confidential Information”) presented or made available to me as an employee or contracted temporary staff of CHCA.
2. That such Confidential Information may take many forms, but is likely to include CHCA’s plans, reports, proposals, agreements, organizational documents, studies, forecasts, descriptions, market analyses, financial projections, recommendations, negotiating strategies and positions, due diligence reviews and reports, pricing information, requests for proposals and responses thereto, and other similar information and materials made available to me as a CHCA employee or contracted temporary staff.
3. That this Confidentiality Agreement does not apply to information in the public domain, or any information disclosed to me by a person (other than a CHCA director, officer, employee, contracted temporary staff, agent, committee member or representative) not bound by any confidentiality obligations with respect to such information.
4. That I will continue to honor my obligation under this agreement throughout the duration of my employment or contracted temporary staff participation. In the event that my employment or contracted temporary staff assignment is terminated or otherwise expires, I will maintain the confidentiality of and will not disclose the confidential information made available to me, unless approved in writing by CHCA.

IN WITNESS WHEREOF, this Confidentiality Agreement has been entered into on the date set forth below:

Signature

Title

Print Name

Date

ATTACHMENT B-1

CHILD HEALTH CORPORATION OF AMERICA CONFIDENTIALITY AGREEMENT FOR FORUM PARTICIPANTS

I _____, as a member of the _____ Forum formed by Child Health Corporation of America (“CHCA”), agree to the following terms and conditions relative to my receipt of certain confidential and proprietary information of CHCA:

1. To keep confidential and not disclose to any third party, without CHCA’s written permission, information presented or made available to me as a participant of the forum (“Confidential Information”).
2. That such Confidential Information may take many forms, but is likely to include CHCA’s plans, reports, proposals, agreements, organizational documents, studies, forecasts, descriptions, market analyses, financial projections, recommendations, negotiating strategies and positions, due diligence reviews and reports, pricing information, requests for proposals and responses thereto, and other similar information and materials made available to me as a CHCA forum participant.
3. Not to disclose Confidential Information that I receive at CHCA forum meetings, from its listservs and websites, or on conference calls except to (a) persons who have signed confidentiality agreements similar to this agreement with CHCA; and (b) my employer whom I represent on the forum (assuming my employer is a CHCA Owner) and only to the extent that such disclosure is necessary to perform my duties as an employee or as a member of such forum.
4. That this Confidentiality Agreement does not apply to information which I was aware of prior to CHCA disclosing such information to the forum, or information in the public domain, or any information disclosed to me by a person (other than a CHCA director, officer, employee, agent, committee member or representative) not bound by any confidentiality obligations with respect to such information.
5. That I will continue to honor my obligation under this agreement throughout the duration of my forum participation. In the event that my membership on such forum is terminated or otherwise expires, I will maintain the confidentiality of, and will not disclose the confidential information made available to me for a period of two (2) years.

IN WITNESS WHEREOF, this Confidentiality Agreement has been entered into on the date set forth below:

Signature

Title

Print Name

Date



ATTACHMENT C
CONFLICT OF INTEREST DISCLOSURE STATEMENT- EMPLOYEES

Pursuant to my employment with CHCA, I hereby disclose that I or members of my immediate family have the following personal or financial interests and have taken part in the following transactions that, when considered in conjunction with my position with or in relation to CHCA, may constitute a conflict of interest. For purpose of this disclosure statement, “personal and financial interests” include, but are not limited to, individual interests (stock, securities, options, warrants, debt instruments (including loans), or rights to acquire any of the foregoing), a contract for goods or services, employment, service on a Board of Directors or advisory board, and service in a consulting capacity. **(Check the appropriate choice in Box 1, Box 2 AND Box 3.)**

Box 1- PERSONAL FINANCIAL INTERESTS

I have a personal or financial interest, directly or indirectly, in the following businesses or organizations, which currently have, or currently are in the process of seeking to have contracts with CHCA or Premier, and, to the best of my knowledge, in no others.

<u>Organization</u>	<u>Relationship with Organization</u>	<u>CHCA Relationship with Organization</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____

OR

To the best of my knowledge, I have no personal or financial interest, directly or indirectly, in any business or organization, which currently has, or currently is in the process of seeking to have any contract with CHCA or Premier.

Box 2- EMPLOYMENT, CONTRACTING AND PHILANTHROPY

I participate in the following activities outside my employment with CHCA (including Boards and Advisory Councils):

<u>Organization</u>	<u>Relationship with Organization</u>
_____	_____
_____	_____
_____	_____

OR

I do not engage in any employment, contracting activities or philanthropic arrangements (e.g., Board or Advisory Councils) with organizations outside my employment with CHCA.



ATTACHMENT C (continued)
CONFLICT OF INTEREST DISCLOSURE STATEMENT- EMPLOYEES

Box 3- FAMILY FINANCIAL INTERESTS

- My immediate family member (spouse, significant other or minor children) has (have) a personal or financial interest, directly or indirectly, in the following businesses or organizations, which currently have, or currently are in the process of seeking to have contracts with CHCA or Premier, and, to the best of my knowledge, in no others.

<u>Organization</u>	<u>Relationship with Organization</u>	<u>CHCA Relationship with Organization</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____

OR

- To the best of my knowledge, no immediate family member (spouse, significant other or minor children) has (have) a personal or financial interest, directly or indirectly, in any business or organization, which currently has, or currently is in the process of seeking to have any contract with CHCA or Premier.

In the event that at any future date, I have or acquire a personal or financial interest in any business or organization requiring disclosure hereunder, I will promptly disclose such interest by further letter of this nature.

Signature and Title Required

Print Name

Date



Attachment C-1

CONFLICT OF INTEREST DISCLOSURE STATEMENT - NON-EMPLOYEE FORUM PARTICIPANTS

Pursuant to my participation in the CHCA _____ forum, I hereby disclose that I or members of my immediate family have the following personal or financial interests and have taken part in the following transactions that, when considered in conjunction with my participation in such CHCA group purchasing forum, may constitute a conflict of interest. For purpose of this disclosure statement, "personal and financial interests" include, but are not limited to, individual interests (stock, securities, options, warrants, debt instruments (including loans), or rights to acquire any of the foregoing), service on a Board of Directors or advisory board, and service in a consulting capacity. *(You will make a check mark in box 1 and a check mark in box 2)*

BOX 1 - PERSONAL
Check the appropriate choice

I have a personal or financial interest, directly or indirectly, in the following businesses or organizations, which currently have, or currently are in the process of seeking to have contracts with CHCA or Premier.

<i>Organization</i>	<i>Relationship with Organization</i>	<i>CHCA Relationship with Organization</i>

and, to the best of my knowledge, in no others.

OR

To the best of my knowledge, I have no personal or financial interest, directly or indirectly, in any business or organization, which currently has, or currently is in the process of seeking to have any contract with CHCA or Premier.

BOX 2 - FAMILY
Check the appropriate choice

My immediate family member (spouse, significant other or minor children) has (have) a personal or financial interest, directly or indirectly, in the following business or organizations, which currently have, or currently are in the process of seeking to have contracts with CHCA or Premier.

<i>Organization</i>	<i>Relationship with Organization</i>	<i>CHCA Relationship with Organization</i>

and, to the best of my knowledge, in no others.

OR

To the best of my knowledge, no immediate family member (spouse, significant other or minor children) has (have) a personal or financial interest, directly or indirectly, in any business or organization, which currently has, or currently is in the process of seeking to have any contract with CHCA or Premier.

In the event that at any future date, I have or acquire a personal or financial interest in any business or organization requiring disclosure hereunder, I will promptly disclose such interest by further letter of this nature. **I understand that CHCA will provide a copy of this Disclosure Statement to the CHCA Owner Hospital which is my employer upon its request.**

Signature

Title

Print Name

Date



**ATTACHMENT C-2
CONFLICT OF INTEREST DISCLOSURE STATEMENT-DIRECTORS**

Pursuant to my participation on the Board of Directors of CHCA, I hereby disclose that I or members of my immediate family have the following personal or financial interests and have taken part in the following transactions that, when considered in conjunction with my participation on the Board of Directors, may constitute a conflict of interest. For purpose of this disclosure statement, "personal and financial interests" include, but are not limited to, individual interests (stock, securities, options, warrants, debt instruments (including loans), or rights to acquire any of the foregoing), service on a Board of Directors or advisory board, and service in a consulting capacity. **(Check the appropriate choice in Box 1, Box 2 and Box 3.)**

Box 1

- I have a personal or financial interest, directly or indirectly, in the following businesses or organizations, which currently have, or currently are in the process of seeking to have contracts with CHCA or Premier (*excluding* the Owner Hospital that employs me).

<u>Organization</u>	<u>Relationship with Organization</u>	<u>CHCA Relationship with Organization</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

and, to the best of my knowledge, in no others.

OR

- To the best of my knowledge, I have no personal or financial interest, directly or indirectly, in any business or organization, which currently has, or currently is in the process of seeking to have any contract with CHCA or Premier (other than my employment by the Owner Hospital that employs me).

Box 2

- My immediate family member (spouse, significant other or minor children) has (have) a personal or financial interest, directly or indirectly, in the following businesses or organizations, which currently have, or currently are in the process of seeking to have contracts with CHCA or Premier.

<u>Organization</u>	<u>Relationship with Organization</u>	<u>CHCA Relationship with Organization</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

and, to the best of my knowledge, in no others.

OR

ATTACHMENT C-2 (continued)
CONFLICT OF INTEREST DISCLOSURE STATEMENT-DIRECTORS

Box 2 continued

To the best of my knowledge, no immediate family member (spouse, significant other or minor children) has (have) a personal or financial interest, directly or indirectly, in any business or organization, which currently has, or currently is in the process of seeking to have any contract with CHCA or Premier.

Box 3

The Owner Hospital that employs me has an ownership interest in the following businesses or organizations, which have, or are currently in the process of seeking to have, contracts with CHCA or Premier.

<u>Organization</u>	<u>Relationship with Organization</u>	<u>CHCA Relationship with Organization</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

and, to the best of my knowledge, in no others.

OR

To the best of my knowledge, the Owner Hospital that employs me has no ownership interest in any business or organization, which currently has, or currently is in the process of seeking to have any contract with CHCA or Premier.

In the event that at any future date, I have or acquire a personal or financial interest in any business or organization requiring disclosure hereunder, I will promptly disclose such interest by further letter of this nature.

Signature and Title Required

Print Name

Date



ATTACHMENT D

HEALTH INDUSTRY GROUP PURCHASING ASSOCIATION

CODE OF CONDUCT PRINCIPLES

INTRODUCTION

Hospitals and other health care providers have one principal objective: providing high quality care at an affordable price. Achieving this objective is always difficult, but it is particularly challenging now given a steady rise in the costs of health care items and services, and a sharp decline in payor reimbursement levels.

Group purchasing organizations (GPOs) — which enter into contracts with suppliers on behalf of their provider-members — help providers achieve their objectives of providing quality, affordable health care. GPOs do this in several ways. Most importantly, GPOs leverage purchasing power. That is, GPOs represent large numbers of providers and, as such, are able to negotiate lower prices with suppliers for a particular item than most individual providers, acting on their own, generally could.

GPOs also help their members avoid certain costs. For example, the process of procuring items and services — defining institutional needs, identifying quality products, preparing requests for proposal, analyzing responsive bids, and negotiating contract terms — requires specialized personnel, and is both time consuming and costly. GPOs, which are funded in large part by the fees that they receive from suppliers, are able to furnish those procurement services to their members at a minimal, or no, cost.

The services GPOs provide are of critical importance, especially during an era when providers are faced with a wide-range of challenges that put added constraints on the financial well-being of providers. The challenges include:

- More than 40 million Americans without health coverage;
- Severe hospital and health facility workforce shortages;
- Increasing administrative and regulatory burdens;
- Serious challenges in health care liability insurance;
- Skyrocketing costs for many critical new health care products and services;
- The increasing need for standardization of care and product use to improve patient safety, eliminate adverse events and reduce supply costs;
- Reimbursement systems that erect barriers to full deployment of new drugs and technologies;
- Rising costs and declining reimbursement; and
- A new emphasis on readiness in the wake of September 11.



In rising to these challenges, health care providers have pursued strategies to assure the highest level of uninterrupted care for their patients. At the same time, health systems have an obligation — imposed by public and private payers of care — to deliver such services in the most efficient, cost-effective manner possible. In recognition and appreciation of this obligation, now more than ever before, health systems need access to the cost-saving tools and resources of group purchasing to manage growth in health care costs.

The Health Industry Group Purchasing Association (HIGPA) — in consultation with its member organizations — has prepared these Code of Conduct Principles to help ensure that providers have access to group purchasing organizations that offer necessary services at the lowest possible cost.* The principles cover several areas, including legal compliance, disclosure of vendor payments, conflicts of interest, product innovation, and a diverse manufacturer base with access to the GPO contracting process.

The organizations within HIGPA recognize that cooperation among health care providers is critical to ensure that patients' best interests are always served. Therefore, we collectively affirm our commitment to the following initiatives aimed at assuring patients' receipt of the highest quality care.

HIGPA's GPO Members are committed to observing these Principles, and to implementing company-specific compliance policies and procedures based upon each GPO's unique business structure and relationships. The Principles set forth below underscore the group purchasing industry's commitment to improving health care and advancing technological innovation at the most manageable cost to providers of care and their patients. These initiatives are designed to assure the operation of a thriving, innovative and competitive health care marketplace. Each GPO shall, at a minimum, incorporate these principles into its own Code of Conduct. Further, each GPO shall be committed to the full implementation of these Principles and shall not take any action that would be contrary to the intent and purpose of these Principles.

*These principles were developed through collaboration of HIGPA members and other trade association and industry members. The adoption of these principles affirms the best practices within the industry. Adoption of these principles reflects each GPO's commitment to the highest standards and is not a reflection upon any individual company's past actions or programs.

I. Principles

A. Compliance with Applicable Laws

Each GPO shall comply with applicable laws. Each GPO shall stay abreast of changes and new developments in the law and provide compliance training, guidance and education regarding applicable laws for directors, officers and employees.

B. Conflict of Interest Policies

1. *GPO Employees*

- a. Each GPO shall implement internal policies to require that employees who are in a position to influence the GPO contracting decisions do not accept any gifts, entertainment, favors, honoraria or personal services payments (other than those of Nominal Value) from any Participating Vendor.
- b. Each GPO shall implement internal policies to require that none of its employees who are in a position to influence the GPO contracting decisions for Participating Vendors have an Individual Equity Interest in such Participating Vendors.

2. *GPO Non-Employee Officers, Directors, or Advisors*

- a. Each GPO shall implement internal policies to require that any non-employee officer, director, or member of an advisory board of a GPO, in a position to influence the GPO contracting decisions, who accepts any gifts, entertainment, favors, honoraria or personal services payments (other than those of Nominal Value) from any Participating Vendor discloses such transactions to the appropriate governance body and is recused from any negotiations or decisions relating to such Participating Vendor.
- b. Each GPO shall implement internal policies that require that any non-employee officer, director or member of an advisory board or body of a GPO discloses Individual Equity Interests in any Participating Vendor to the appropriate governance body and is recused from any negotiations or decisions relating to such Participating Vendor.

3. *GPO Corporate Equity Interests*

- a. Each GPO shall implement internal policies ensuring that the GPO does not have any Corporate Equity Interest in any Participating Vendor of Clinical Products or Services, unless the acquisition of such Corporate Equity Interest demonstrably



benefits the GPO's Members by creating a source of a Clinical Product or Service where there is otherwise no other source, or very limited sources.

- b. Each GPO that has a Corporate Equity Interest in a Participating Vendor shall disclose such equity interests to Members in writing. Each GPO in which a Participating Vendor has a Corporate Equity Interest shall disclose such equity interest to Members in writing. Such disclosure should be made (a) at the time the Corporate Equity Interest is obtained if the GPO already has a contract with the Vendor or (b) at the time the GPO enters into a contract with the Vendor if the GPO does not already have a contract with the Vendor, and in each case, at least annually thereafter. GPOs shall also publicly disclose such Corporate Equity Interests.
- c. Each GPO that has a Corporate Equity Interest in a Participating Vendor will impose no obligation, commitment or other requirements or restrictions that in any way obligates any Member to purchase goods or services from such Participating Vendor.

C. Member Relations, Product Evaluation & Vendor Grievances

GPOs shall be committed to identifying and making available to Members innovative products and technologies in order to promote high quality and cost-effective health care, and to the free exchange of information relating to clinical, safety and technological and other innovations within the industry. Toward that end, each GPO shall incorporate the following principles in its contractual and business relationships with Vendors and Members:

1. Member Communications & Relationships with Vendors

- a. Each GPO shall implement its policies and contracts in a manner that permits its Members to (a) communicate directly with Vendors, including Vendors that do not have current contracts with a Member's GPO, (b) assess Products or Services provided by a Vendor that does not have a contract with the GPO, and (c) purchase Clinical Preference Products or Services directly from Vendors that do not contract with the GPO.
- b. Each GPO shall implement a contracting process that (a) informs potential Vendors of the process for seeking and obtaining contracts with the GPO and (b) provides any and all interested Vendors with the opportunity to solicit contracts, including but not limited to posting such information on a GPO's website and promptly responding to Vendor inquiries regarding contract opportunities.



2. *Innovative Product Evaluations*

Each GPO shall individually engage in or otherwise participate in processes and programs that routinely evaluate and provide opportunities to contract for innovative Clinical Products or Services.

3. *Vendor Grievances*

Each GPO shall adopt policies and procedures that endeavor to address Vendor grievances related to access for innovative Clinical Products or Services.

D. Use of Contracting Tools

The goals of the GPO contracting process include promoting quality of patient care and achieving price savings and cost reduction for Members. In order to better achieve those ends, GPOs seek to foster competition among Vendors. To that end, GPOs have contracting tools that include sole source contracting, commitment level requirements, contract length and multi-product line discount arrangements. GPOs should use these tools either alone or in combination only in contracting arrangements that achieve the foregoing goals. These goals are most important in relation to Clinical Preference Products or Services. To the extent that multiple contracting tools are used in the contracting process, each GPO shall consider the following factors in each contractual arrangement to achieve the aforementioned goals: market share of the Participating Vendors, the size of the GPO, the number of Vendors available to provide the relevant product or service, ability of the Participating Vendor to meet the needs of the GPO's Members, and the occurrence of innovation in the relevant product or service category.

E. Compliance, Certification & Implementation

1. *Compliance Officer*

Each GPO shall designate a compliance officer who will be responsible for overseeing compliance with the Code of Conduct adopted by the GPO and the fulfillment of the GPO's reporting requirements.

2. *Certification*

The management of each GPO member of HIGPA shall certify annually to HIGPA that they are in compliance with the principles. HIGPA will publish an annual report identifying those HIGPA members that have certified their

compliance. This certification shall constitute a requirement for membership in HIGPA.

3. *Implementation, Transition & Updating*

- a. Each GPO shall adopt a transition plan supervised by its compliance officer in keeping with these principles in the event (a) an entity becomes a Participating Vendor to a particular GPO, (b) an employee (i) is in a position to influence the contracting decision for Participating Vendors and currently has an Individual Equity Interest in such Participating Vendors or (ii) is hired or transferred to a position in which the employee would influence the contracting decision for Participating Vendors and has an Individual Equity Interest in such Participating Vendors, or (c) other situations arise to which these principles apply. Each GPO shall seek regular, periodic and timely disclosure of information covered by these conflict of interest principles by directors, officers, employees and advisors.
- b. HIGPA shall assess and update the principles consistent with newly identified best practices and as business practices change to ensure that the goals of avoiding conflicts of interest and promoting competition continue to be achieved.

F. Reporting & Education

1. *Industry-Wide Survey*

To promote competition and to evaluate on an ongoing basis the benefits of group purchasing, HIGPA will evaluate and implement, consistent with the antitrust laws, periodic surveys and aggregate reporting of industry-wide information relating to value through cost savings and administrative efficiencies of GPO relationships.

2. *Web-Based Vendor Directory*

In order to foster innovation, HIGPA, with the support of its GPO members, shall make available a web-based directory where Vendors can post product information, including information about products that the Vendors consider to be new and innovative.



Revision Date: November 11, 2009

3. *Educational Programs*

HIGPA shall coordinate the development and implementation of industry-wide educational programs focusing on new developments related to clinical innovations, contracting processes and programs, patient safety, public policy, statutory and regulatory requirements and best practices regarding compliance and Code of Conduct principles. As part of this process, the industry will draw upon representatives of GPOs and any Vendors to promote processes and programs to assure availability of new and innovative products to Members through the GPO contracting process.

G. Disclosure of Vendor Payments

1. *Written Agreement*

Each GPO shall have a written agreement with each Member or Member's agent that authorizes the GPO to act as a purchasing agent to negotiate contracts with Vendors to furnish goods or services to each Member.

2. *Disclosure of Acceptance of Payments*

Each GPO shall disclose in writing to each Member or Member's agent that it receives Payments from Participating Vendors with respect to purchases made by or on behalf of such Member.

3. *Disclosure of Payments Related to Purchases*

Each GPO shall annually report, or cause to be reported, to each Member or Member's agent the amount of all Vendor Payments received with respect to purchases made by or on behalf of the Member.

4. *Disclosure of Payments Not Allocable to Actual Purchases*

Each GPO shall annually report, or cause to be reported, to each Member or Member's agent the amount of Payments received pursuant to a Vendor contract that was utilized by that Member, but is not allocable or otherwise reported with respect to the actual purchases of that or any other Member.

H. Safety, Cost-Reduction & Clinical Comparability

GPOs shall support programs and processes, such as displaying Universal Product Number ("UPN") or machine-readable bar codes at the unit-of-use level, or other programs and processes, that provide for clinical comparability and improve and promote patient safety and supply-chain cost reduction.

I. Diversity

GPOs shall offer or participate in programs that promote diversity among Vendors to include women and minority-owned Vendors.



II. Definitions

- A. **“Clinical Preference Products or Services”** shall mean those Clinical Products or Services which require substantial training to learn to use and which have a demonstrable effect on patient care outcomes. Accordingly, they are products or services for which a provider has a particular preference based on factors such as the provider’s training and experience, the performance or functionality of such products in a clinical setting and patient clinical outcomes.
- B. **“Clinical Products or Services”** shall mean products or services used by providers directly in the provision of health care services to patients.
- C. **“Corporate Equity Interest”** shall mean securities, options, warrants, debt instruments (including loans), or rights to acquire any of the foregoing.
- D. **“GPO”** shall mean any entity that as all or part of its business activities is authorized to act as the agent of a provider of health care services to enter into contracts with Vendors (“Vendor Contracts”), pursuant to which Vendors agree to sell or furnish goods or services consistent with the terms set forth in the Vendor Contracts. GPOs do not typically take title to products.
- E. **“Individual Equity Interest”** shall mean securities, options, warrants, debt instruments (including loans), or rights to acquire any of foregoing, provided, however that the term shall not include: (a) interests in mutual funds or (b) interests held in a blind trust in which all investment decisions are independently managed by a third party and the existence and trust terms are fully disclosed to the appropriate governing body to ensure that the neutrality of the GPO contracting decisions are protected.
- F. **“Members”** shall mean any provider of health care services to patients that has an agreement (directly or through an authorized agent) which authorizes the GPO to act as the provider’s purchasing agent to negotiate contracts with Vendors to furnish goods or services to the provider.
- G. **“Nominal Value”** shall mean any item, service or other thing of value (not including cash or cash equivalents) that does not exceed \$50 per instance or \$100 in any given calendar year. Any item, service or other thing of value that costs \$10 or less shall not be counted toward the \$100 annual limit.
- H. **“Participating Vendor”** shall mean, with respect to a particular GPO, a Vendor that has a contract or submits a formal bid or offer to contract with such GPO to provide goods or services to the GPO’s members.
- I. **“Payments”** shall mean all payments by a Vendor of goods or services to a GPO as part of any agreement to furnish goods or services to Members.



- J.** “Vendors” shall mean manufacturers, distributors, suppliers or other entities that sell goods or services to Members.

2. GPO and Discount Safe Harbor Compliance

The Medicare/Medicaid Anti-Kickback Statute prohibits knowingly and willfully soliciting, offering, or paying any remuneration (broadly defined to encompass anything of value), whether direct or indirect, in cash or in kind, to induce or in return for (a) referring an individual, or (b) purchasing or otherwise arranging for an item or service for which payment may be made under Medicare, other federal health plans, or Medicaid.

The Office of Inspector General – Health and Human Services (“OIG”) has established regulatory “Safe Harbors” that cover fees paid to a GPO and discounts provided to Affiliates. It is the policy of CHCA to meet the GPO Safe Harbor and the Discount Safe Harbor. No CHCA employee may deviate from the following Safe Harbor Standards of Conduct unless approved by CHCA senior management and the Compliance Officer, after consultation with legal counsel.

- a. GPO Safe Harbor Standard of Conduct.** CHCA shall have a written agreement with each Affiliate which provides that Vendors will pay a fee to CHCA fixed at 3 percent (3%) or less of the purchase price of the goods or services provided by the Vendor, or, in the event the fee is not fixed at 3 percent (3%) or less, the agreement shall specify the amount (or if not known, the maximum amount) CHCA will be paid by each Vendor expressed either as a fixed number or a fixed percentage of the value of the purchases from the Vendors. In addition, CHCA shall disclose in writing to each Affiliate, at least annually, and to the Secretary of Health and Human Services upon request, the amount CHCA receives from each Vendor with respect to purchases made by or on behalf of such Affiliate. Commissions earned by CHCA in its capacity as an insurance broker are not subject to this Standard of Conduct.
- b. Discount Safe Harbor Standard of Conduct.** CHCA shall inform Affiliates of their obligations to report discounts and to provide information upon request to the Secretary of Health and Human Services and applicable State agencies and CHCA shall not do anything that would impede the Affiliates’ ability to do so. For purposes of this paragraph, a rebate is any discount the terms of which are fixed and disclosed in writing to the Affiliate at the time of the initial purchase to which the discount applies, but which is not given at the time of sale. For purposes of this paragraph, the term of discount means a reduction in the amount an Affiliate is charged for an item or service based on an arms-length transaction. The term discount does not include:



- i. Cash payment or cash equivalents (except that rebates as defined immediately above may be in the form of a check);
- ii. Supplying one good or service without charge or at a reduced charge to induce the purchase of a different good or service, unless the goods and services are reimbursed by the same Federal health care program using the same methodology and the reduced charge is fully disclosed to the Federal health care program and accurately reflected where appropriate, and as appropriate, to the reimbursement methodology;
- iii. A reduction in price applicable to one payer but not to Medicare or a State health care program;
- iv. A routine reduction or waiver of any coinsurance or deductible amount owed by a program beneficiary;
- v. Warranties;
- vi. Services provided in accordance with a personal or management services contract; or
- vii. Other remuneration, in cash or in kind, not explicitly described in this paragraph.

As part of each employee's duty to comply with the law, each employee is also obligated to report any violations of the law to the Compliance Officer. CHCA has set up an anonymous Compliance Hotline (800) 684-6469 that can be used to report a violation. CHCA is developing procedures to handle reports of suspected wrongdoing, including procedures for taking and documenting the report, consulting with legal counsel where appropriate, investigating the report, and documenting all steps taken. CHCA's legal counsel determines whether it is likely a violation of the law took place and communicates this information to CHCA. Appropriate action will be taken regarding any violations that have taken place, including verbal or written warnings, reassignment of duties, additional reporting requirements (e.g., corrective action plans), suspension or termination of any employee who knowingly violated the law. CHCA policy ensures no one who makes a report will be subjected to reprisal, discipline, or discrimination based on having made a report.



3. Compliance with Antitrust Laws

Statutory prohibitions. The purpose of the federal antitrust laws is to protect and preserve competition.

Price fixing is broadly interpreted to cover all agreements with competitors relating to pricing, including decisions to use a common starting price in negotiations, to establish similar discounts, to limit fee increases, and to limit salaries or compensation to employees. Mere imitation of a competitor's behavior, business initiatives, or prices is not illegal, absent an agreement or understanding to follow the leader. However, because CHCA meets with Premier, vendor groups and hospitals to discuss common issues of concern, CHCA's interaction with these entities and groups must be conducted appropriately.

Antitrust analysis is fact-intensive and can be complex. CHCA's employees and other representatives should be sensitive to antitrust compliance in all of their activities. CHCA's employees and other representatives may not engage in discussions, agreements, or understandings, whether explicit or implicit, with any competitor with regard to establishing fees and terms of contracts, any component of price, or with regard to services, place of operation or business methodologies.

CHCA recognizes that routine communications with competitors are appropriate and reasonable in many instances, but communication with competitors about matters that could be perceived to have the effect of lessening competition or that relate to sensitive matters (e.g., pricing, contractual relations with vendors, or location of providing services) should take place only after consultation with and the approval of the CHCA Compliance Officer and CHCA's legal counsel.

CHCA has established policies and procedures to address access and use of unblinded pricing information in the Pediatric Health Information System ("PHIS") database. It also established policies and procedures to limit access to unblinded rate data in the Managed Care Rate Comparison deliverable and limit access to unblinded compensation data in the physician compensation survey database. As additional products are developed which contain financial, economic or price data which may be disclosed to Affiliates, CHCA will establish policies and procedures to appropriately limit access to such data. CHCA personnel responsible for developing such products shall notify the Compliance Officer as new products are being developed and consult with the Compliance Officer in establishing such policies and procedures.

Only legal and ethical means should be used to gather information about existing and potential competitors. CHCA's employees should not: (a) respond to any inquiry or survey from a competitor that requests information on prices, wages, or development plans; (b) request from a competitor for information on prices the competitor charges or pays for any services; or, (c) knowingly share with a competitor, directly or through a third party, information regarding pay



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scales, wages, salary ranges, or compensation formulas. Competitive information should be collected only from generally available industry sources or from publicly available information.

It may be appropriate in some circumstances to respond to requests for competitive information when the information is being gathered confidentially by a third party and will be made available to others only in summary form so that no individual information is identifiable. The nature of the source requesting the information (JCAHO, government agency, trade association, or other third party) will affect CHCA's decision as to whether or not to respond to the request. All requests should be reviewed with the CHCA Compliance Officer and, where indicated, with CHCA's legal counsel.

It is lawful for CHCA to join with others, including competitors, to engage in lobbying programs or other efforts to influence any branch or agency of government at the federal, state, or local levels with respect to laws or regulations. Competitors also may collaborate in the defense or prosecution of court or administrative agency proceedings. Such activities generally are lawful unless the joint activity or institution of legal proceedings is a mere sham to cover an attempt to harm or eliminate a competitor. CHCA's representatives should consult with the CHCA Compliance Officer and, where indicated, with CHCA's legal counsel before undertaking such activity.

If a CHCA employee has concern about practices possibly violating the antitrust laws, the employee should contact the CHCA Compliance Officer or the CHCA Compliance Hotline (800) 684-6469.



4. Compliance with Document Retention Rules

In order to ensure CHCA maintains documents required by law and necessary to its operations, CHCA's employees should adhere to the following guidelines in document retention.

Documents should be retained for a period long enough to satisfy specific legal requirements. Documents should be disposed of regularly at the expiration of the required retention period. In consultation with CHCA's legal counsel, CHCA may determine to maintain certain key documents (e.g., agreements with Vendors or hospitals) indefinitely for future reference.

GPO and Discount Safe Harbor Reporting Records. The statutes of limitations applicable to criminal and civil false claims offenses are five and six years, respectively. Given the relationship between statements for services and income, the tax implications of statements must also be considered. Internal Revenue Service audits may be conducted as long as seven years after a return was filed. Copies of all reports, records and correspondence relating to required reporting under the GPO and Discount Safe Harbor requirements should be maintained for a period of no less than seven years following the tax year in which the reports were prepared.

Contracts. CHCA will consult with counsel to determine the appropriate time to maintain various contracts, including contracts with Vendors or hospitals, employment agreements, and insurance policies. Decisions regarding retention policies will be based on both legal and practical considerations, including the length of applicable statutes of limitation and the utility of the agreements as reference points for future negotiations.

Employment records. Records relating to employees subject to the Fair Labor Standards Act, including wages, gender, occupations, hours, and conditions of employment, must be maintained. Employment and payroll information may relate to tax issues and should be maintained for seven years. Basic employment records, earning records, work schedules, and evaluations must be maintained for three years from the date the record is made or action (e.g., reprimand, evaluation) is taken. Records of hiring, promotion, demotion, lay off, and rate of pay should also be retained for at least three years. CHCA will consider modifications to these retention periods in consultation with CHCA's legal counsel.

Pension records. Employee benefits and plan description materials must be maintained for six years after the filing date of the documents. Materials to be retained include vouchers, worksheets, receipts, and resolutions.

Tax records. Tax records should be maintained for seven years after the calendar year concerned. Tax records should not be destroyed without checking whether CHCA has agreed to an extension of the tax year.



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E-mail retention policy. E-mail messages may be systematically deleted without having to distinguish among them based on content.

No employee or other person should ever destroy or alter any of CHCA's documents in anticipation of a request for those documents from any government agency or court. If any employee believes such conduct has occurred or may occur, the employee should contact CHCA's Compliance Officer or the CHCA Compliance Hotline (800) 684-6469.



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5. Compliance with Government Investigations

It is CHCA's policy to comply with the law and to cooperate with any reasonable demand made in a government investigation. In so doing, however, it is essential CHCA's legal rights, and those of its employees, be protected. If any employee receives an inquiry, subpoena, or other legal document regarding CHCA's business, whether at home or in the workplace, from any governmental agency, the employee shall notify the CHCA Compliance Officer and CHCA's legal counsel immediately. If an employee is visited at home by a governmental agent concerning CHCA's business, the employee should ask the agent to return and immediately contact the CHCA Compliance Officer and CHCA's legal counsel to discuss the matter. Usually, CHCA will arrange for counsel representing CHCA to accompany any CHCA employee to any interview by a government person.

It is sometimes difficult to tell when a routine government inquiry, audit, or review escalates into a more formal governmental investigation. CHCA relies on the common sense and alertness of its employees to make this determination and to alert the CHCA Compliance Officer if any government investigation is initiated. In case of any doubt, employees should consult with the Compliance Officer.

6. Employment Compliance

In General. All of CHCA's personnel shall comply with applicable labor and related laws that regulate employment and applicable policies and procedures of CHCA. Examples include wage and hour statutes, state and Federal civil rights laws, labor relations laws and anti-discrimination statutes. Some of the more salient employment laws and standards are summarized in the following paragraphs.

Discrimination. As reflected in CHCA's Employee Handbook, it is the policy of CHCA not-to discriminate against any applicant or employee based on race, creed, color, religion, sex, national origin, age, disability, veteran status or other legally prohibited basis. Please refer to the Equal Opportunity Policy in CHCA's Employee Handbook Section "Workplace Environment" for additional information.

Harassment. CHCA is committed to maintaining work environments that are free from any form of sexual or racial harassment. Submission to or rejection of unwelcome sexual advances or conduct of a sexual nature may not be the basis for employment decisions. In addition, CHCA shall not tolerate any sexual or racial conduct that interferes with work performance or creates an intimidating, hostile or offensive work environment. Please refer to the Harassment Policy in CHCA's Employee Handbook Section "Workplace Environment" for additional information.

Health and Safety. The health and safety of patients, visitors and employees is important to CHCA. It is the policy of CHCA to comply with all laws and regulations pertaining to health and safety, including the Occupational Safety and Health Act. It is the responsibility of every employee to understand and comply with the policies applicable to his or her work activities. CHCA's supervisory employees must be aware of all health and safety laws and policies applicable to their departments and assure compliance by all employees they supervise.

At a minimum, each employee shall:

- Review and comply with all safety policies contained in the safety manual and administrative or department policies related specifically to the individual's job function and department.
- Wear seat belts while driving or riding in CHCA's vehicles.
- Report to his or her immediate supervisor or another manager all hazardous conditions which impact the individual's work conditions.
- Report to his or her immediate supervisor or another manager any work-related injury or illness as soon as possible and no later than the day such injury or illness occurs.
- Comply with CHCA's policies relating to a drug-free workplace.



Drug Free Workplace. Except to the extent that service of alcoholic beverages at official CHCA functions is authorized, it is specifically prohibited to use alcohol at CHCA's functions and to possess, use, operate under the influence of, distribute, transfer, manufacture, or sell alcohol (or sell drugs except for the authorized marketing of legal drugs within the authorized scope and course of an employee's employment with CHCA) on CHCA's property, in a CHCA vehicle, as a CHCA representative or on CHCA time. CHCA reserves the right to conduct appropriate random testing for alcohol and/or substance abuse in compliance with applicable laws only in situations in which it is determined, based upon prior conduct of the employee, that testing is necessary to permit CHCA to conduct business in an appropriate manner. No random testing shall be performed on employees other than as stated above. Drug testing may be done under the policy only in the following circumstances: (1) pre-employment; (2) upon reasonable suspicion; or (3) post-accident. Please refer to the Drug-Free Workplace Policy in CHCA's Employee Handbook Section "Workplace Environment" for additional information.

Employee Benefits. Federal and state laws impose criminal penalties and civil sanctions for certain conduct related to employee benefit plans, especially in regard to violations of fiduciary duties, violations of reporting and disclosure requirements and coercive interference with plan and statutory rights. Federal regulation of employee benefit plans is contained in the Employee Retirement Income Security Act of 1974 (ERISA), which generally provides employees with various rights and regulates the conduct of plan fiduciaries. In addition, qualified retirement plans are regulated under the Internal Revenue Code, which contains many of the requirements found in ERISA. Employees whose responsibilities relate in any way to benefit plans shall become familiar with the requirements of ERISA and other applicable statutes. In particular, no employee shall—

- Willfully violate any reporting, disclosure or record-keeping provisions, regulations or orders applicable to any employee benefit plan.
- Attempt to restrain, coerce or intimidate any plan participant or beneficiary for the purpose of interfering with or preventing the exercise of any right under an employee benefit plan, or take any adverse or retaliatory action against any plan participant or beneficiary who has exercised any such right.
- Serve in any position having decision-making authority, custody or control of plan assets if the employee has been convicted of conspiracy to commit, or commission of, robbery, bribery, extortion, embezzlement, fraud, grand larceny, burglary, arson, a felony narcotics charge, murder, rape, kidnapping, perjury, assault with intent to kill, abuse of position in a labor organization or employee benefit plan, and certain other enumerated felonies relating to kickbacks, securities violations, obstruction of justice, mail fraud and racketeering; been found guilty of a breach of any fiduciary duty or been removed from any fiduciary position;

or been a party to a prohibited transaction concerning an employee benefit plan or exempt organization.

- Knowingly place a person disqualified by the previous paragraph in a plan-related position.
- Embezzle, steal or unlawfully and willfully convert to personal use any assets of an employee benefit plan.
- Knowingly falsify documents or conceal or misrepresent facts required to be published, filed, maintained or certified regarding an employee benefit plan.
- Solicit, receive, offer or pay any fee, kickback, commission, gift, loan, money or thing of value with respect to influencing actions relating to an employee benefit plan.
- Engage in any transaction with a plan if such transaction amounts to, or may be perceived as amounting to, an instance of self-dealing or personal use of the assets of an employee benefit plan without the opinion of qualified outside legal counsel that such transaction is not prohibited.

If a CHCA employee has concerns about the general employment practices of CHCA, the employee should contact the CHCA Compliance Officer or the CHCA Compliance Hotline (800) 684-6469. If a CHCA employee has concerns about specific instances of conduct affecting him or her, or another employee of CHCA, the employee should contact the Vice President, Employee Relations and Human Resources.



7. Intellectual Property Compliance

Federal and state laws protect intellectual property which includes copyrights, trademarks, patents and trade secrets. Each of these is described in the following sections.

- A. Copyrights. Copyright laws provide protection automatically to original works of authorship such as books, articles, artwork, computer software programs, music, and audio and videotapes. The Berne Convention Act of 1988 qualifies all authorized works as being copyrighted without requiring display of the familiar copyright notice (for works distributed after March 1, 1989). As a result, it is necessary to assume copyright laws protect all works unless the work is defined as being within the public domain or unless the type of work and the amount of the work copied qualifies as “fair use” as defined in the Copyright Act.

CHCA does not condone the unauthorized reproduction of copyrighted materials, in any format, whether by recording, reproducing, photocopying, filming, electronic or digital storage or transmitting, or printing. Each employee shall comply with the Copyright Act.

- B. Trademarks. Trademark laws protect consumers from confusion about the source and quality of goods or services. Trademarks may become protected either by registration or by actual use, which creates an impression in the public’s mind that there is an association between the trademark and the product or service. Trademark infringement is the use of a similar mark in a manner likely to cause confusion. Employees of CHCA shall consult with the CHCA Compliance Officer before adopting or using any new slogan, name or symbol for goods or services CHCA will use in advertising, public service announcements, or otherwise make available to customers, patients or the public. All advertising, public information, and public communication on behalf of CHCA shall be properly marked to indicate to the public the ownership claims of CHCA’s entities in trademarks, service marks, trade names, designs and logos.
- C. Patents. Patent laws give an inventor the exclusive right to exclude others from making, using, or selling the patented invention. Patents can protect a process, a machine or the manufacture or composition of matter. After a patent issues, the invention is protected for a limited time. Employees shall consult with the Compliance Officer before allowing any new process or device developed internally to be sold or given to others or described in any publication. Employees shall not fail to notify the CHCA Compliance Officer of any notice or information that CHCA may be infringing a patent.
- D. Examples of Sensitive Activities. Following are examples of the types of activities that deserve careful consideration in the intellectual property area:

- Installing computer software on more than one computer system without a proper license.
- Copying an entire issue of a magazine or newsletter.
- Copying or downloading articles, music or artwork from journals, newsletters, magazines or electronic media such as cd-roms or websites for reasons other than limited internal distribution.
- Downloading information from a subscription database for uses beyond temporary reference.
- Creating a new training video or presentation that includes artwork or clips from an existing work by another organization.
- Adopting a new slogan, name or symbol for goods or services CHCA will make available to customers or the public.
- Making and using a new process or device developed internally or selling or giving it to others or describing it in any publication.
- Failing to act upon notice or information that CHCA may be infringing a patent.
- Disclosing to others outside of CHCA any information received in confidence from a supplier or contractor. (See the Confidentiality Agreements, Attachments B & B-1, Section 4.I.B.1., above.)
- Disclosing to others outside of CHCA any confidential or proprietary information belonging to CHCA. (See the Confidentiality Agreements, Attachments B & B-1, Section 4.I.B.1., above.)

If a CHCA employee has concerns about intellectual property compliance, the employee should contact the CHCA Compliance Officer or the CHCA Compliance Hotline (800) 684-6469.



8. Insurance Programs Compliance

CHCA serves as insurance broker for a variety of insurance programs. Some of those insurance programs involve health, life and disability programs (“welfare benefit policies”) that are utilized by various employees of children’s hospitals that are Members of CHCA. CHCA has obtained from the United States Department of Labor (“DOL”) a Prohibited Transaction Exemption (“PTE”) letter that outlines the types of activities to be performed by CHCA in the event CHCA receives commissions attributable to employee-paid premiums for welfare benefit policies of its Member hospitals. Pursuant to the DOL’s PTE, CHCA must return to the welfare benefit plans any commissions received by CHCA attributable to employee-paid premiums. It is CHCA’s policy to take appropriate steps to comply with the requirements of this PTE. CHCA will continually monitor the commission structure associated with all insurance policies written through CHCA and through which CHCA receives a commission. To the extent CHCA is paid a commission that relates to employee-paid premiums for any such welfare benefit policy, CHCA will refund such commission to the applicable plan pursuant to the procedure described in the PTE.

CHCA shall prepare such reports and file such information with the DOL as are appropriate to verify to receipts of commissions attributable to employee paid premiums.

If a CHCA employee has concerns about insurance program compliance, the employee should contact the CHCA Compliance Officer or the CHCA Compliance Hotline (800) 684-6469.



II. COMPLIANCE OFFICER AND COMPLIANCE COMMITTEE

A. Designation of Compliance Officer. The Corporate Compliance Officer shall be a member of the leadership team, appointed by and report to the CHCA Board of Directors. All employees shall be notified of such appointment and of any change in the Compliance Officer appointed by CHCA's Board. The Compliance Officer, on behalf of CHCA, shall have overall responsibility to oversee compliance with the standards of conduct established for CHCA and to oversee the proper functioning of the compliance procedures established under this Ethics and Compliance Program.

B. Duties of the Compliance Officer.

The Compliance Officer:

1. Oversees compliance of CHCA's personnel with this Ethics and Compliance Program.
2. Oversees communication and training regarding this Ethics and Compliance Program to all personnel.
3. Ensures this Ethics and Compliance Program is updated to maintain its viability.
4. Coordinates training of all personnel on this Ethics and Compliance Program, CHCA's policies and procedures and other applicable legal standards.
5. Coordinates and conducts audits to ensure compliance with this Ethics and Compliance Program, CHCA's policies and procedures and other applicable legal standards.
6. Coordinates and maintains a system for reporting possible violations of applicable legal and ethical standards, including a program to encourage employees to report internally suspected fraud and other improprieties.
7. Coordinates and maintains a program for screening employees in positions with discretionary authority, including ensuring that the HHS OIG's Cumulative Sanction Report has been reviewed to determine such employees do not appear in it.
8. Coordinates and maintains a program for the discipline of personnel who violate applicable legal and ethical standards.



9. Certifies reports to CHCA's Audit and Compliance Committee on at least an annual basis regarding this Ethics and Compliance Program. Such reporting:
 - (a) verifies that all of CHCA's personnel have received annual training on this Ethics and Compliance Program, CHCA's policies and procedures and other applicable legal standards;
 - (b) provides a summary of audits and assessments conducted pursuant to this Ethics and Compliance Program;
 - (c) provides a summary of any investigations undertaken pursuant to this Ethics and Compliance Program and of any resulting disciplinary action;
 - (d) verifies this Ethics and Compliance Program has been reviewed and updated; and
 - (e) includes such other information as the CHCA Compliance Officer deems relevant.

C. Audit and Compliance Committee. The Board of Directors of CHCA has established an Audit and Compliance Committee to advise the Compliance Officer and assist in implementation of the Ethics and Compliance Program. The Audit and Compliance Committee consists of individuals approved by the Board of Directors. CHCA will ensure the Audit and Compliance Committee has had adequate training to allow them to complete their responsibilities.

The Audit and Compliance Committee's responsibilities include:

1. analyzing CHCA's regulatory environment, the legal requirements with which it must comply and specific risk areas;
2. assessing existing policies and procedures that address areas for incorporation into the Ethics and Compliance Program;
3. working with appropriate staff to develop standards of conduct and policies and procedures that promote allegiance to CHCA's Ethics and Compliance Program;
4. recommending and monitoring the development of internal systems to carry out CHCA's standards of conduct and policies and procedures as part of its day to day operations;



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5. determining the appropriate strategy to promote compliance with the Ethics and Compliance Program and detection of any potential violations;
6. developing a system to solicit, evaluate, and respond to complaints and problems;
7. monitoring internal and external audits and investigations for the purpose of identifying areas which need improvement in implementing corrective and preventive action; and,
8. ensuring that CHCA's Chief Executive Officer, Chief Financial Officer and Compliance Officer annually certify that, to the best of their knowledge, CHCA has complied with the Ethics and Compliance Program



III. DELEGATION OF AUTHORITY

- A. Policy. It is the policy of CHCA to fill positions of discretionary authority (a “Position”) only with those people who have not demonstrated a propensity to commit illegal, unlawful or unethical actions. The CHCA Compliance Officer shall coordinate the establishment of policies and procedures designed to prevent individuals with a propensity to commit illegal, unlawful or unethical actions from being placed in Positions. This includes, but is not limited to, the establishment of policies and procedures designed to verify that the individual is not listed on the List of Excluded Individuals/Entities maintained by the Office of Inspector General-Health and Human Services at: oig.hhs.gov/fraud/exclusions/listofexcluded.html; and the Lists of Parties Excluded from Federal Procurement and Nonprocurement Programs at: epls.arnet.gov/.
- B. Investigation. Before a Position is offered to an individual (whether as a new hire or a promotion), the Vice President, Employee Relations and Human Resources will review the Position’s areas of discretionary authority and the individual’s propensity (if any) for illegal, unlawful or unethical actions related to such areas of discretionary authority and shall conduct, or have conducted, such investigations as are appropriate. If the investigations reveal such a propensity, the individual shall not be hired or promoted.
- C. Annual Evaluations. In order to assist in the investigation for promotions, all of CHCA’s employees, as part of their annual reviews, shall be evaluated on their individual compliance with the Ethics and Compliance Program, including, but not limited to, their compliance with the Code of Conduct.
- D. Monitoring. The CHCA Compliance Officer shall monitor and periodically test and evaluate these procedures to assure continuing compliance with this policy.



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IV. COMMUNICATION OF STANDARDS AND PROCEDURES

- A. Implementation of Ethics and Compliance Program
- B. Training on Ethics and Compliance Program Standards and Procedures



A. Implementation of Ethics and Compliance Program.

1. Existing Personnel. The Compliance Officer shall ensure this Ethics and Compliance Program is distributed to all of CHCA's personnel for their review. All personnel (including non-employee Officers and Directors and required contracted temporary staff members) shall have reviewed this Ethics and Compliance Program and shall have signed and returned to the Compliance Officer a Certification attesting to their receipt and review of, and agreement to abide by, this Ethics and Compliance Program. Changes to the Ethics and Compliance Program will be promptly distributed by the CHCA Compliance Officer to all employees, and all employees will certify their receipt and review of, and agreement to abide by, such changes.
2. Initial Training. The Compliance Officer will plan, implement and supervise the initial training on the Ethics and Compliance Program with the assistance of CHCA's legal counsel. The CHCA Compliance Officer will select such subject-matter experts as deemed appropriate by the CHCA Compliance Officer to assist in the conduct of the training. The training will be designed to, among other things: (a) demonstrate the need and value of the Ethics and Compliance Program; (b) explain the duties and responsibilities of employees under the Ethics and Compliance Program; (c) provide an adequate understanding of the laws affecting CHCA and its employees; and (d) explain the reporting, auditing, assessment and Compliance Hotline aspects of the Ethics and Compliance Program.
3. Report to CHCA's Board of Directors. The CHCA Compliance Officer shall provide a report to CHCA's Board of Directors verifying that all of CHCA's personnel have received initial training on this Ethics and Compliance Program. The CHCA Compliance Officer annually will report to the Board of Directors on the conduct of the training, as part of the annual compliance assessment report.
4. New Personnel. The CHCA Compliance Officer shall ensure all new personnel review this Ethics and Compliance Program as part of CHCA's new personnel orientation. New employees will receive a copy of this Ethics and Compliance Program within 30 days of reporting for work. All new personnel shall sign Certifications within 45 days after their starting employment acknowledging their understanding of, and agreement to act in accordance with, this Ethics and Compliance Program and the CHCA Compliance Officer will provide training to all new employees within 45 days after their starting employment.
5. Annual Review and Training. The CHCA Compliance Officer will plan, implement and supervise annual training on the Ethics and Compliance Program for all employees. The purpose of this annual training is to: (a) review the matters



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covered in the initial training; (b) explain any changes to the Ethics and Compliance Program since the last training; and (c) provide an adequate understanding of new or changed laws affecting CHCA and its employees. Training shall be verified for all personnel either by written statements signed by the participant or by electronic verification.

6. Documentation of Ethics and Compliance Program Implementation. The CHCA Compliance staff shall maintain all records documenting distribution and review of this Ethics and Compliance Program and shall retain all signed Certifications. The CHCA Compliance Officer shall verify that these records are appropriately obtained and maintained. Records are available upon request to the CHCA Vice President, Employee Relations and Human Resources



B. Training on Ethics and Compliance Program Standards and Procedures

1. Identification of Legal and Ethical Standards. The CHCA Compliance Officer shall coordinate the identification of all substantive legal and ethical standards applicable to CHCA and its personnel. Among those standards are CHCA's Standards of Conduct and CHCA's policies and procedures.
2. Conduct of Training. The CHCA Compliance Officer shall coordinate and supervise annual training of CHCA's personnel on the specific legal and ethical standards with which they are obligated to comply. Training should be accomplished on the following matters as applicable to job-specific functions and the overall organization:
 - General federal and state healthcare compliance principles and specific GPO and Discount Safe Harbor principles;
 - General prohibitions on paying or receiving remuneration to induce referrals;
 - Proper Vendor contracting procedures;
 - Improper alterations to documentation; and
 - Duty to report misconduct.
3. Changes in Legal and Ethical Standards. The CHCA Compliance Officer shall be responsible for coordinating the identification of changes in the legal and ethical standards applicable to CHCA and its personnel. As changes are identified, the CHCA Compliance Officer shall ensure such changes are promulgated to CHCA's personnel who are affected by such changes.
4. Documentation of Training. All training shall be documented and written records of such training shall be retained by the CHCA Compliance staff. The CHCA Compliance Officer shall verify that such records are appropriately obtained and maintained. Records are available upon request to the CHCA Vice President, Employee Relations and Human Resources



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V. ASSESSMENTS, REPORTING SYSTEM AND INVESTIGATIONS

A. Assessments to Ensure Compliance with the Law and the Ethics and Compliance Program

B. Reporting Possible Violations of the Law or this Ethics and Compliance Program

A. Assessments to Ensure Compliance with the Law and the Ethics and Compliance Program

1. Establishment of Assessment Programs. The CHCA Compliance Officer shall coordinate and conduct assessments to ensure CHCA's personnel are complying with the laws affecting CHCA and this Ethics and Compliance Program. Documentation regarding such assessments shall be retained by the CHCA Compliance Officer.
2. Assessment Plan for Ethics and Compliance Program. The CHCA Compliance Officer, on an annual basis, shall verify the following matters to ensure compliance with this Ethics and Compliance Program:
 - a. Distribution of this Ethics and Compliance Program to all personnel at new personnel orientation;
 - b. Execution of Certifications by new personnel acknowledging receipt and review of this Ethics and Compliance Program;
 - c. Execution on a one-time basis of a Confidentiality Statement (consistent with Attachment B to the Code of Conduct) by all employees and contracted temporary staff members of CHCA and a Conflict of Interest Disclosure Statement (consistent with Attachment C to the Code of Conduct) by all employees and by those contracted temporary staff members of CHCA who are involved in contracting as required by the Code of Conduct;
 - d. Attendance by all personnel at annual training sessions regarding this Ethics and Compliance Program, execution of statements by personnel acknowledging annual refresher training on this Ethics and Compliance Program or documentation of annual computer-based training for initial or refresher training on this Ethics and Compliance Program;
 - e. Proper operation of anonymous Compliance Hotline;
 - f. Proper use of this Ethics and Compliance Program in investigating reports of non-compliance;
 - g. Proper use of personnel screening procedures;
 - h. Consistent application of disciplinary policy; and
 - i. Adjustments to this Ethics and Compliance Program as required by legal developments.



3. Assessment Plan. The following Assessment Plan shall be followed for the purpose of ensuring compliance with the laws affecting CHCA.
 - a. Annual Assessment. The CHCA Compliance Officer shall cause an annual independent assessment of CHCA's compliance with applicable legal standards, the Ethics and Compliance Program and all matters relating thereto. The assessment shall be conducted during the first calendar quarter of each year and shall cover the preceding year.
 - b. Ethics and Compliance Program Assessment Plan. The CHCA Compliance Officer shall, in consultation with CHCA's legal counsel, develop an assessment plan each year, which shall be submitted to the Audit and Compliance Committee and the Board of Directors for their approval. Such assessment plan may include, among other things: (i) verification that each employee has a copy of the Ethics and Compliance Program and has submitted a Certification acknowledging receipt and review of this Ethics and Compliance Program; (ii) verification that each employee has received initial and/or annual training on the substantive laws that apply to such employee, and attendance is documented; (iii) a review of the adequacy of the Ethics and Compliance Program in light of CHCA's operations and the applicable laws; (iv) a review of all records applicable to the Ethics and Compliance Program kept by the CHCA Compliance Officer or the applicable CHCA department to determine compliance with record keeping requirements; (v) a review of all reported violations of the Ethics and Compliance Program, the resulting investigations and corrective actions.
 - c. Selection of Assessments. While it is not necessary that each of the following risk areas be assessed, assessments will be considered to determine CHCA's compliance in such risk areas as:
 - Antitrust;
 - Employee Benefits;
 - Employment;
 - Environmental;
 - Fraud and Abuse;
 - Intellectual Property;
 - GPO/Discount Safe Harbor Compliance;
 - Vendor Contracting Issues; and
 - Taxation.



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CHCA's Audit and Compliance Committee shall approve the performance of risk assessments. As appropriate and for the purpose of creating and maintaining the attorney-client and work product privilege, the CHCA Compliance Officer will engage CHCA's Compliance legal counsel to perform all or part of the assessments, with such Compliance legal counsel engaging consultants or experts as may be appropriate.

- d. Cooperation. The CHCA Compliance Officer and all other employees of CHCA shall provide prompt and full cooperation to the individuals conducting the assessments in their conducting of the annual audit.
- e. Assessment Report to the Board of Directors. The individuals conducting the assessments shall provide a draft of their report to the CHCA Compliance Officer for comment. Notwithstanding this opportunity for comment, the individuals conducting the assessments shall be fully responsible for the form and substance of the report, and shall present the report directly to CHCA's Audit and Compliance Committee, who will report the results to the Board of Directors.
- f. Responsive Action. CHCA's Board of Directors shall review the assessment report and shall direct the CHCA Compliance Officer to take such responsive actions as CHCA's Board of Directors shall deem appropriate.



B. Reporting Possible Violations of the Law or this Ethics and Compliance Program

1. Reporting of Violations. CHCA's personnel are encouraged to report possible violations of this Ethics and Compliance Program or the laws governing CHCA to their immediate supervisors. If personnel are uncomfortable discussing such matters with their immediate supervisors, then personnel may report possible violations directly to the CHCA Compliance Officer. Supervisors who receive reports of possible violations are directed to immediately forward such reports to their supervisor or, if appropriate or required by CHCA's policies and procedures, directly to the CHCA Compliance Officer.
2. Prohibition on Reprisals. Personnel who report violations or possible violations shall not be subject to reprisal, provided the reports are made in good faith. No CHCA employee, officer or director shall retaliate in any manner against any individual who reports a violation or possible violation under the Ethics and Compliance Program and suspected bad faith reporting shall be handled solely through CHCA's disciplinary procedures (see Section VII.A., below).
3. Establishment of Reporting Line. The CHCA Compliance Officer shall establish and maintain a phonemail reporting line (the "Compliance Hotline") for the reporting by CHCA's personnel of all possible violations of the law or this Ethics and Compliance Program. The phone number for the CHCA Ethics and Compliance Program anonymous Compliance Hotline is (800) 684-6469. No disciplinary action shall be taken against any personnel based solely on information submitted in good faith through the CHCA Ethics and Compliance Program Compliance Hotline.
4. Written Reports. Written reports also may be provided to the CHCA Compliance Officer at the following address:

Personal and Confidential

Corporate Compliance Officer
Child Health Corporation of America
6803 West 64th Street, Suite 208
Shawnee Mission, KS 66202

5. Confidentiality of Reports. Personnel may submit reports anonymously. The confidentiality of all reports shall be protected to the extent reasonably possible.



VI. INVESTIGATIONS AND RESPONSE TO VIOLATIONS.

1. All Reports Investigated. CHCA and its personnel are committed to operating in conformity with the Ethics and Compliance Program. CHCA will promptly investigate all reports of alleged violations of the Ethics and Compliance Program. In any investigation, all employees shall be treated fairly and courteously. No employee will suffer any penalty or retribution for good faith reporting of any suspected misconduct or impropriety. The CHCA Compliance Officer is available for any questions an employee of CHCA may have concerning the application of any law, regulation, or standard of conduct to CHCA's operations and practices.
2. Reporting. Personnel shall report known or suspected violations to either: (a) the CHCA Compliance Officer; (b) the CHCA Ethics and Compliance Program anonymous Compliance Hotline; or (c) the employee's supervisor. If the alleged violation involves the CHCA Compliance Officer, it shall be reported to CHCA's President.
3. Confidentiality. CHCA shall guard the identity of individuals about or against whom an allegation is brought, unless and until it has been determined a violation has occurred. Any person involved in any capacity in an investigation of a possible violation of the Ethics and Compliance Program must not discuss any related information to anyone outside the investigative process (which shall not preclude consultation with legal counsel), unless required to do so by law or when seeking such employee's own legal counsel. In order to avoid inappropriate disclosure of either CHCA or employee involvement in an investigation, no external communication concerning any investigation will occur without the prior written approval of CHCA's President.
4. Initial Screening. The CHCA Compliance Officer shall screen all reports received from individuals or from the CHCA Ethics and Compliance Program anonymous Compliance Hotline. The CHCA Compliance Officer shall, in confidence, seek such expertise and advice as is needed to perform an initial screening of such information concerning a possible violation. If it is determined the matter is not primarily an issue concerning the Ethics and Compliance Program, then the CHCA Compliance Officer shall refer the matter to the appropriate personnel within CHCA for resolution. If the CHCA Compliance Officer determines the alleged violation is significant enough to warrant further investigation, then the CHCA Compliance Officer shall ensure the matter is reviewed and/or investigated as provided below. Matters not referred for further investigation, but that represent minor infractions of CHCA's policies and procedures, shall be referred to the violator's supervisor for the necessary and appropriate discipline.
5. Preliminary Investigation. If the CHCA Compliance Officer determines the matter is significant, the CHCA Compliance Officer shall notify CHCA's President. CHCA's President shall engage on behalf of CHCA, CHCA's compliance legal counsel



(“Compliance Legal Counsel”) and request them to (a) conduct an investigation; (b) establish the attorney-client privilege; and (c) provide CHCA with legal advice concerning the matter. Compliance Legal Counsel shall conduct a preliminary review to determine whether the matter can be resolved without a formal investigation. If Compliance Legal Counsel determines a formal investigation is not required, Compliance Legal Counsel shall consult with CHCA’s Audit and Compliance Committee and determine a course of action.

6. Formal Investigation. If Compliance Legal Counsel determines the matter cannot be resolved without a formal investigation, and sufficient cause exists for a formal investigation, then the following steps shall be taken:

- (a) If Compliance Legal Counsel requires outside expertise and assistance in conducting the investigation, the request for such expertise or assistance shall be in writing from Compliance Legal Counsel and shall establish that such request is being made for the purpose of either directly providing, or assisting in the provision of, legal advice to CHCA in preparation for anticipated litigation. All members of the investigatory team shall be required to maintain the confidentiality of all information developed in the investigation and to safeguard all information and documents. All legal questions arising during the course of the investigation shall be referred to Compliance Legal Counsel. Because the purpose of Compliance Legal Counsel’s involvement in the investigation is to provide legal advice to CHCA, all information gathered during or pertaining to the investigation is intended to be covered by the attorney-client privilege. Appropriate steps must be taken to protect all information from disclosure. Compliance Legal Counsel shall ensure all members of the investigatory team understand the requirements for maintaining the attorney-client privilege.
- (b) All employees expected to be interviewed in the course of the investigation shall be advised in writing to cooperate with the investigator. Such writing shall also advise the employee of:
 - i. The nature of the interview;
 - ii. The fact that any attorney conducting the investigation represents CHCA and not the individual employee;
 - iii. The attorney gathering information so legal advice may be provided to CHCA; and
 - iv. The intent to have CHCA’s attorney-client privilege protect the contents of the interview.



- (c) The designated investigator conducting the investigation shall orally advise the employee of the matters contained in paragraph (b) above, at the beginning of a formal employee interview. All employees interviewed shall be treated with dignity and fairness. Whenever reasonable and practicable, the designated investigator shall be accompanied by another representative of CHCA during all employee interviews.
 - (d) If, as a result of the investigation, the investigator determines an employee has violated the Ethics and Compliance Program, the investigator shall, where appropriate, interview the violator. In addition to the matters contained in paragraph (b), above, the employee shall be advised orally and in writing that CHCA is contemplating disciplinary action against the employee.
 - (e) If the investigator is not Compliance Legal Counsel, the investigator shall present the results of the investigation to Compliance Legal Counsel for the purpose of assisting in rendering legal advice to CHCA. Compliance Legal Counsel shall then provide legal advice to CHCA's Board of Directors for the purpose of deciding on a course of action. A decision shall also be made by CHCA's Board of Directors, with the assistance of Compliance Legal Counsel, regarding whether or not CHCA shall voluntarily disclose the violation to a governmental agency or regulatory authority. Consideration should be given to prompt (within sixty days if possible) reporting of any violations to the appropriate governmental agency or regulatory authority.
7. External Communications. External communication pertaining to any investigation or the results of such investigation shall not be made without the prior approval of CHCA's Board of Directors.
8. Records and Reports of Investigations. The CHCA Compliance Officer, or, if appropriate, Compliance Legal Counsel, shall maintain all materials collected during investigations and all reports of investigations.
9. Review of Program. After the investigation is complete and the course of action has been decided upon, the CHCA Compliance Officer shall review the Ethics and Compliance Program to determine if any changes should be made to the Ethics and Compliance Program. It is the policy of CHCA, that, if a violation of any applicable law, regulation or standard of conduct relating to the business of CHCA is detected, CHCA shall take all reasonable steps to respond appropriately to the violation and to prevent further similar violations. The action taken may include revising this Ethics and Compliance Program to prevent the occurrence of future violations, revising or increasing CHCA's auditing procedures, removing or reassigning personnel or modifying employee training.

VII. DISCIPLINE AND PROGRAM MODIFICATION

- A. Discipline for Violations. It is the policy of CHCA that the Standards of Conduct set forth in this Ethics and Compliance Program shall be consistently enforced through prompt, appropriate disciplinary mechanisms. Disciplinary actions may include dismissal. Disciplinary action may be imposed on employees who violate the law and may also extend, as appropriate, to individuals responsible for the failure to detect or report an offense. The Compliance Officer shall coordinate with the Vice President, Employee Relations and Human Resources the maintenance of a disciplinary policy (included as part of CHCA's policies and procedures) for those personnel who violate legal or ethical standards or this Ethics and Compliance Program. The Compliance Officer shall ensure that records of all disciplinary actions related to this Ethics and Compliance Program are maintained. All CHCA personnel are expected to act according to the highest legal and ethical standards and will be disciplined if their actions violate such standards.
- B. Updating of this Ethics and Compliance Program. The Compliance Officer shall be responsible for updating this Ethics and Compliance Program in response to changes in legal and ethical standards or as required in order to maintain the viability of this Ethics and Compliance Program. The Compliance Officer shall update this Ethics and Compliance Program on at least an annual basis. The Compliance Officer shall review the HHS OIG website (at *oig.hhs.gov*), including federal regulations, HHS OIG or CMS interpretations, HHS OIG Fraud Alerts and other relevant advisories posted on the website and other resources the Compliance Officer deems appropriate on a regular basis. All CHCA personnel shall assist the Compliance Officer in updating this Ethics and Compliance Program, however, and personnel promptly should inform the Compliance Officer of any changes in the law of which they become aware.

Dated: February 2, 2004

CHILD HEALTH CORPORATION OF AMERICA

By: _____
President



Revision Date: November 11, 2009

CERTIFICATION

I certify that I have received, read, and, to the extent reasonably applicable to my employment responsibilities, understood the Child Health Corporation of America Ethics and Compliance Program. I understand that violation of Child Health Corporation of America's policies, standards, or procedures described in the Program may lead to the disciplinary action, including verbal or written warnings, reassignment of duties, additional reporting requirements (e.g., corrective action plans), suspension or termination.

Signature: _____

Name (Print): _____

Department: _____

Date: _____

Promptly return the signed copy of this page to the CHCA Compliance Officer.

NOTE: All new employees and required contracted temporary staff will have 45 days from the date of hire (start date) to complete the training and submit the Certification, Confidentiality Agreement and Conflict of Interest Disclosure Statement forms required by this Ethics and Compliance Program.



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ETHICS AND COMPLIANCE PROGRAM LOG CHILD HEALTH CORPORATION OF AMERICA

This Log is intended to constitute a record of all actions taken by CHCA in connection with the adoption and implementation of the CHCA Ethics and Compliance Program.

<u>Date</u>	<u>Matter</u>
_____	CHCA Board of Directors authorizes development of standards of conduct and a Ethics and Compliance Program
_____	Performance of risk assessments:
_____	Antitrust
_____	Employee Benefits
_____	Employment
_____	Environmental
_____	Fraud and Abuse
_____	Intellectual Property
_____	Insurance Issues
_____	Taxation
_____	_____
_____	_____
_____	CHCA Directors appoint Audit and Compliance Officer.
_____	CHCA Directors appoint Compliance Committee.
_____	Implementation of voice mail or other means of anonymous communication of compliance issues.
_____	Development of tailored Standards of Conduct and Compliance Policies and Procedures, if needed.
_____	Integration of Delegation of Authority (Tab 4, Section III) and Discipline and Program Modification (Tab 4, Section VII) with current employee policies and procedures regarding employee discipline.
_____	Distribution of Ethics and Compliance Program to employees.
_____	Initial training and meeting with employees.
_____	Obtain signed copies of Certifications from employees.



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_____ Develop Assessment Plan for assessing adequacy of Ethics and Compliance Program.

Hereafter, the Compliance Officer should list the dates of any meetings held with employees pertaining to compliance issues, meetings and communications with legal counsel, conduct of assessments of risk areas, receipt of any reports of violations of the law, disposition of such reports and the annual meeting of the Board of Directors of CHCA at which the Compliance Officer reports on the year's compliance activities.



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COMPLIANCE FORMS

Following are compliance forms useful for maintaining CHCA's Ethics and Compliance Program.

- * Written Exit Interview form may be used in conjunction with the termination of an employee's employment with CHCA. One of its purposes is to collect information that may not otherwise be known and allow CHCA to institute changes based on the responses. The exit interview may be combined with other forms utilized by Employee Relations and Human Resources in connection with an employee termination.



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CHILD HEALTH CORPORATION OF AMERICA WRITTEN EXIT INTERVIEW

1. Did you adhere to CHCA's Ethics and Compliance Program during your tenure (includes written and non-written aspects)? If no, please explain.
2. Are you aware of anyone who has not or is not adhering to the Ethics and Compliance Program? If yes, please identify.
3. Did you ever engage in any illegal activities related to CHCA's business? If yes, please explain.
4. Are you aware of anyone who has engaged or is engaging in illegal activities related to CHCA's business? If yes, please identify.
5. Are you aware of, or have you experienced any sexual, racial or other harassment at CHCA? If yes, please explain.
6. Were you ever pressured or forced to do something at CHCA which you felt was illegal or wrong? If yes, please explain.
7. (If a termination): Do you know why your employment was terminated and do you have any questions or comments about that?
8. (If a resignation): Why are you resigning, were you pressured to do so and is this decision made of your own free will?



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9. If you became aware of any occurrence of non-compliance with government regulations, have you fully disclosed any non-compliance with government regulations to the appropriate person at CHCA? If no, please explain.

10. Is there anything you think we should know before you leave? If yes, please explain.

I certify that I have read and understood the foregoing and have answered the questions honestly, completely and to the best of my ability.

Signature

Witness

Date

Date