



Revision Date: June 8, 2010

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. Further, the sale of PHI for remuneration or benefit, whether individual or other entity, is strictly prohibited by CHCA.

Protecting Individual Identity

To the extent applicable, CHCA will develop and incorporate into its business operations, training and controls to protect against identity theft 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

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: HGPII 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 HGPII has a Code of Conduct, adopted from HIGPA in July 2009, which CHCA endorses and has committed to observing. The HGPII 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.

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: _____



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, protected health information (PHI), 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, protected health information (PHI), 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 as a result of my participation with CHCA in venues including but not limited to forum meetings, listservs and websites, data analysis and reporting 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.

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



Revision Date: June 8, 2010

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



Child Health Corporation of America

Revision Date: June 8, 2010