

*Ashland Hospital Corporation d/b/a
King's Daughters Medical Center
Corporate Compliance Handbook*

Ashland Hospital Corporation d/b/a King's Daughters Medical Center ("Medical Center") conducts itself in accord with the highest levels of business ethics and in compliance with applicable laws. This goal can be achieved and maintained only through the integrity and high ethical standards of our officers and team members. This Corporate Compliance Handbook ("Handbook") is intended as a guide for your conduct, so that the Medical Center fulfills its obligations to observe the laws and to deal fairly and ethically with its patients, physicians, the community and its team members.

This Handbook is a document which is continually evolving. It will be updated and revised periodically to keep team members abreast of the most current information available on these topics and to reflect changes in the law and new regulatory guidelines as they become available. Team member suggestions for improvements in this Handbook are always welcome. The standards of conduct described in this Handbook cannot, nor were they intended to, cover every situation which a team member encounters. When the best course of action is unclear, or if a team member observes a violation of these standards, team members are encouraged to seek guidance of or report the violations to their supervisor, Compliance & Integrity Department Compliance Hotline (1-877-327-4145 or 606-408-4145), or through the on-line Compliance Concern Form.

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There is no greater obligation than to ensure we deliver top quality care in an honest, straightforward manner to the communities, patients and physicians we serve.

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*Ashland Hospital Corporation d/b/a
King's Daughters Medical Center
Corporate Compliance Handbook*

I. COMPLIANCE POLICY STATEMENT

The Medical Center is dedicated to providing quality, cost-effective health care while complying with all applicable state and federal laws. To evidence this dedication, the Medical Center's Board of Directors has adopted, developed and implemented this Corporate Compliance Plan. This Plan is based on the U.S. Department of Health and Human Services Office of Inspector General ("OIG") Compliance Program Guidance for Hospitals and the United States Federal Sentencing Guidelines.

The Corporate Compliance Plan is intended to be a part of the fabric of the Medical Center's routine operations. The Medical Center endeavors to communicate to all team members its intent to comply with applicable law through the Corporate Compliance Plan. Through the Compliance Plan, the Medical Center will:

- Routinely assess the Medical Center's business activities and consequent legal risks;
- Educate and train team members regarding compliance requirements and train team members to enable them to conduct their job activities in compliance with state and federal law;
- Implement monitoring and reporting functions; and
- Include enforcement and discipline components that ensure that all team members take their compliance responsibilities seriously.

Overall responsibility for operation and oversight of the Corporate Compliance Plan belongs to the Board; however, the day-to-day responsibility for operations and oversight of the Plan rests with the Compliance & Integrity Department.

*Ashland Hospital Corporation d/b/a
King's Daughters Medical Center
Corporate Compliance Handbook*

Because of the extreme importance the Medical Center places on understanding and abiding by all applicable laws and acting in accordance with its standards and procedures, the Compliance & Integrity Department will provide access to the Corporate Compliance Plan to all of the following persons: directors, officers, employees (team members), members of the medical staff, contractors, vendors and suppliers.

All these persons receiving the Corporate Compliance Plan will be required to submit to the Compliance & Integrity Department a written certification form which (i) acknowledges access to the Plan; (ii) confirms that the person receiving access to the Plan has read and understood its contents; and (iii) agrees to be bound by and to comply with the Corporate Compliance Plan.

No one associated with the Medical Center has authority to act contrary to any provision of the Corporate Compliance Plan or to condone any such violation by others. Any Medical Center Representative with knowledge of information concerning a suspected violation of law or violation of a provision of the Corporate Compliance Plan is required to report promptly such violation in accordance with the Corporate Compliance Plan's Reporting Policy.

Violations of the Corporate Compliance Plan will be subject to disciplinary measures. However, the Medical Center desires to avoid violations through constant vigilance in preventing, detecting and eliminating concerns before they become violations of the law.

II. ELEMENTS OF THE CORPORATE COMPLIANCE PLAN

The Medical Center's Corporate Compliance Plan contains several elements. All elements are designed to prevent, detect and respond to business conduct that does not conform to applicable laws, regulations or policies of the Medical Center. These elements include:

*Ashland Hospital Corporation d/b/a
King's Daughters Medical Center
Corporate Compliance Handbook*

- **Code of Conduct** – The Corporate Compliance Plan includes development and distribution of the Code of Conduct and related reporting procedures, as well as the development of new or revised written policies and procedures that further promote the Medical Center's commitment to compliance. Such policies are an integral part of the Corporate Compliance Plan.
- **Compliance Office** – Day-to-day oversight of the Corporate Compliance Plan rests with Compliance & Integrity Department, including the Chief Compliance Officer, and the Compliance Officer.
- **Education and Training Program Development and Implementation** – Compliance & Integrity Department works with the Learning and Development Department to provide general compliance education to all team members, as well as focused technical compliance training as needed for specific job functions.
- **Hotline Process Maintenance** – Compliance & Integrity Department maintains an anonymous hotline and an intranet Compliance Concern Form to receive complaints or concerns confidentially and provides protection from retaliation to all team members who report in good faith.
- **Enforcement** – The Corporate Compliance Plan provides for the enforcement of appropriate sanctions or disciplinary actions against team members, medical staff or on-site agents or contractors who violate compliance policies, applicable laws or regulations or federal health program requirements.
- **Monitoring** – The Compliance & Integrity Department performs audits and risk assessments to prevent and detect problems and conducts ongoing compliance monitoring of identified areas.

*Ashland Hospital Corporation d/b/a
King's Daughters Medical Center
Corporate Compliance Handbook*

The Medical Center intends that its Corporate Compliance Plan will significantly reduce the risk of unlawful conduct in operations. This Plan demonstrates the Medical Center's good faith effort to comply with applicable statutes, regulations and other Federal or state health care program requirements, and it will be revised or supplemented as necessary to reflect updates or additions to those statutes, regulations or requirements.

*Ashland Hospital Corporation d/b/a
King's Daughters Medical Center
Corporate Compliance Handbook*

CODE OF CONDUCT

INTRODUCTION. This Code of Conduct sets out basic principles which all of the Medical Center, its sister corporations, directors, officers, and employees (“team members”) must follow. This Code of Conduct applies to all business operations and all team members. Non-team members, such as contracted healthcare providers, sales agents or external advisors and consultants, will be required to conduct themselves in a manner consistent with the Code of Conduct while acting on behalf of the Medical Center.

This Code of Conduct is part of the Medical Center’s Corporate Compliance Plan. Policies and Procedures that support the Code of Conduct can be accessed on the Medical Center’s intranet.

LEGAL AND REGULATORY COMPLIANCE. The Medical Center will comply with all federal, state and local laws and regulations, as well as all provisions of the Medical Center’s Corporate Compliance Program.

- **Adherence to Health and Safety Laws** – The Medical Center’s team members as well as contracted providers will comply with laws designed to improve workplace safety, such as properly controlling and monitoring dangerous materials, maintaining safe equipment, ensuring fire prevention and responding appropriately to accidents and emergencies.
- **Environmental Protection** – Team members and contracted providers will dispose of all materials and store all chemicals and substances in accordance with applicable laws and regulations. It is important to file all necessary environmental reports accurately, honestly and promptly, and to cooperate fully with all governmental authorities in the event of an environmental incident or investigation.

*Ashland Hospital Corporation d/b/a
King's Daughters Medical Center
Corporate Compliance Handbook*

- **Prohibition of Discrimination, Harassment and Violence** - The Medical Center does not discriminate with regard to race, color, religion, gender, sexual orientation, pregnancy, marital status, age, nationality, ethnicity, ancestry, disability or status as a disabled or Vietnam era veteran. The Medical Center has zero tolerance for harassment of any kind by or against team members or contracted providers. Medical Center does not tolerate any aggression or violence on Medical Center premises or by anyone working with or on behalf of Medical Center. Any actual or threatened violence, including someone being disruptive or aggressive, must be reported to a manager and/or the Safety and Security Department. These events should also be reported using the Medical Center's RL6 Event Reporting System. Medical Center reserves the right to search team members' and contract providers' belongings while on Medical Center premises, to ensure a violence-free workplace.
- **Regulation of Controlled Substances** – Prescription drugs, controlled substances and other medical supplies are governed and overseen by regulatory organizations and are to be administered only by physician order. These items must be handled properly and only by team members or contracted providers authorized to do so, in order to minimize risks to the Medical Center and to patients. Medical Center prohibits the unauthorized manufacture, possession, use, sale and distribution of drugs in the workplace. Medical Center also prohibits team members or contracted providers from being under the influence of alcohol, any illegal drug, or any non-prescribed controlled substance while at work or conducting business on behalf of Medical Center. Medical Center reserves the right to search employees' and contract providers' belongings while on Medical Center premises, to ensure the safety and protection of team members, contracted providers, patients and visitors.

*Ashland Hospital Corporation d/b/a
King's Daughters Medical Center
Corporate Compliance Handbook*

- **Screening of Excluded Individuals** – The Medical Center will not knowingly employ or contract with individuals or entities that have been listed as debarred, excluded or otherwise ineligible for participation in federal health care programs. Employees, medical staff, board of director members, and contracted providers and/or parties must notify the Medical Center's Compliance & Integrity Department immediately if they are or, to the best of their knowledge, will be, listed by the Federal Department of Health and Human Services Office of the Inspector General ("OIG"), or by the System for Award Management ("SAM") as a person or entity excluded from participation in federal health care programs.
- **Not-for-Profit Tax-Exempt Status** – The Medical Center is a tax-exempt entity because of its charitable mission. The Medical Center provides healthcare services, including health screenings, education, research and community outreach services to the communities it serves. To maintain its not-for-profit tax-exempt status, the Medical Center will continue to use its resources in a manner that furthers the public good rather than the private or personal interests of any individual, group or entity.

BUSINESS ETHICS. The Medical Center is committed to the highest standards of business ethics and integrity, and requires honesty of its team members and contracted providers. The Medical Center is committed to ensuring that its billing and reimbursement practices fully comply with applicable federal, state and local laws, regulations, guidelines and policies, and that all billing is accurate and thoroughly recorded.

- **Accurate Books and Accounts** - Transactions involving the Medical Center, including payments by or to the Medical Center, must be properly authorized by management or the Board of Directors, and are to be accurately and completely recorded in accordance with generally accepted accounting principles ("GAAP"), consistently applied, and established corporate policies. The Medical Center's high standards for accuracy and documentation are necessary for tax and financial reporting requirements, and to ensure that all payments and other transactions are properly administered. In addition, team members and contracted providers must report all internal dealings at the Medical Center accurately, truthfully and thoroughly. All work-time and expense records must

*Ashland Hospital Corporation d/b/a
King's Daughters Medical Center
Corporate Compliance Handbook*

be accurate, honest and supported by time sheets, receipts, or other appropriate documentation.

- **Anti-Kickback/Bribes** – The Medical Center prohibits its team members and contracted providers from offering, paying, requesting or accepting any money or other benefit in exchange for patient referrals, purchases, leases or orders. All agreements with individuals or entities having the ability to refer patients to the Medical Center, or to influence the referral of patients to the Medical Center, must be reflected in a written agreement that complies with applicable law and the Medical Center's policies and procedures.
- **Antitrust** – The Medical Center engages in activities that are governed by state and federal antitrust laws. These laws generally prohibit competitors from entering into agreements to fix prices or to reduce price competition. Medical Center team members and contracted providers may not provide information about the Medical Center's business or operations to a competitor, or engage in any unfair practices that might restrict competition.
- **Billing** – Medical Center billing will comply with all applicable laws, rules and policies. Team members or contracted providers who handle patient charges, claims and records must accurately document and report services and supplies. Medical Center prohibits its team members and contracted providers from knowingly presenting, or causing to be presented, claims for payment or approval which are fraudulent, fictitious or false.
- **Fraud, Waste and Abuse** – Federal and state laws, as well as Medical Center policies and procedures, prohibit fraudulent claims activity. The Federal False Claims Act, the Patient Protection and Affordable Care Act, and state fraud and abuse prevention laws prohibit conduct such as knowingly submitting a false or fraudulent claim, or using or making a false statement to get a false or fraudulent claim paid. Laws governing Medicaid program integrity also target fraud and waste reduction. The Medical Center, its team members and its contracted providers can be criminally prosecuted for filing inaccurate claims for reimbursement, and can also be subject to civil fines and penalties.

*Ashland Hospital Corporation d/b/a
King's Daughters Medical Center
Corporate Compliance Handbook*

Medical Center expects its team members and contracted providers to report any known or suspected fraudulent activity to the Compliance & Integrity Department. Team members or contracted providers who report such activity in good faith to the Medical Center, or assist in the investigation of such activity, are protected from retaliation to the furthest extent possible under applicable law. Medical Center conducts routine audits, reviews and monitoring, and has internal controls in place, to prevent and detect fraud, waste and abuse.

- **Gifts and Gratuities** – Team members and contracted employees are prohibited from soliciting tips, personal gratuities or gifts from patients or vendors. Team members may accept unsolicited business courtesies from vendors, excluding cash, up to a value of fifty dollars (\$50.00). Any business courtesy from a vendor in excess of fifty dollars (\$50.00) in value must be approved by the Compliance & Integrity Department in advance. Team members and contracted providers may accept an unsolicited gift from a patient or a patient's family member of nominal value (i.e., having a value of less than one hundred dollars (\$100.00)).
- **Intellectual Property** – Medical Center is committed to adhering to all applicable intellectual property laws, including those applicable to books, trade journals, magazines and other resources. All software used for Medical Center business and operations must be properly licensed and used strictly in accordance with that license.
- **Marketing and Advertising** – Marketing and advertising activities undertaken by the Medical Center may be utilized to educate the public, to provide information to the communities served by Medical Center, to increase awareness of services offered by Medical Center and to recruit team members. Marketing material and media announcements will be presented in a truthful, fully informative and non-deceptive manner.
- **Research** – Medical Center is committed to following ethical standards in full compliance with federal and state laws and regulations related to any research, investigations, and clinical trials conducted by it. Medical Center will disseminate only appropriate, valid scientific results in accordance with applicable regulations, guidelines and contract provisions. Medical Center will protect the rights of research participants,

*Ashland Hospital Corporation d/b/a
King's Daughters Medical Center
Corporate Compliance Handbook*

and submit accurate and complete costs related to research grants or sponsored trials or research.

- **Travel and Entertainment** – Travel and entertainment expenses of team members or contracted providers traveling at the request of Medical Center must be consistent with the individual's job responsibilities and the needs and resources of Medical Center. Reimbursement of costs related to such travel and entertainment will be made only if reasonable and supported by appropriate documentation.

CONFLICTS OF INTEREST. Team members and other service providers owe a duty of complete loyalty to Medical Center and may not use their positions to profit personally at the expense of Medical Center, financially or otherwise. All actual or potential conflicts of interest are to be directed to the Compliance & Integrity Department or Legal Services Department for evaluation and resolution.

- **Family and Work** – Employment of immediate relatives (including a spouse, parent, stepparent, children, stepchildren, sister, brother, son-in-law, daughter-in-law, sister-in-law, brother-in-law, mother-in-law, father-in-law) is not permitted if a team member has or would have direct or indirect administrative, supervisory or decision-making authority over the related person.
- **Outside Activities and Employment** – Medical Center team members and other service providers should not, directly or indirectly, perform duties, incur obligations, or engage in business or professional relationships in which there could be, or appear to be, a conflict of interest with the business or operations of Medical Center. No outside activity may interfere with job performance.
- **Political Activity** – Medical Center does not participate in or intervene in any political campaign on behalf of or in opposition to any candidate for political office. Team members and contracted providers are not permitted to use positions in the organization or property or assets of the Medical Center to seek to influence the personal decisions of others to contribute, or to otherwise support political parties or candidates. Medical Center may support specific issues impacting its business or operations with the express approval of its General Counsel.

*Ashland Hospital Corporation d/b/a
King's Daughters Medical Center
Corporate Compliance Handbook*

APPROPRIATE USE OF RESOURCES. Medical Center team members and contracted providers, as well as any other individuals affiliated with Medical Center, have a duty to preserve and protect the assets of the Medical Center and ensure their efficient use. Theft, carelessness and waste directly impact Medical Center's financial position. Medical Center prohibits personal use of its property. Team member and contracted employees may not use equipment, supplies, materials or services for non-work-related purposes or activities. Team members and contracted employees have no expectation of personal privacy in connection with personal or work-related use of Medical Center's electronic resources.

CONFIDENTIALITY. Team members, contracted providers, and others affiliated with Medical Center are obligated to maintain the confidentiality of patients, personnel, business and operational information of Medical Center, and information gained from business or professional relationships with third parties. All such information remains the property of Medical Center, patients or third parties, as appropriate, and may not be disclosed or used by team members or contracted providers other than in providing services for Medical Center consistent with their job duties. Sharing such confidential information with other employees or others outside the Medical Center is strictly forbidden, unless the individual requesting the information has a demonstrated need to know to provide patient care, to further the business and operations of Medical Center, and the disclosing team member or contracted provider has the authority to release the information. Any requests from reporters or the general public for information related to the Medical Center or patients should be referred to the Marketing and Public Relations Department.

PROFESSIONAL CONDUCT. In addition to this Code of Conduct, Medical Center has established codes of conduct specific to the responsibility of healthcare providers to patients and to each other.

RESPONSIBILITY. Any violation of the responsibilities outlined in this Code of Conduct and Medical Center policies and procedures may lead to disciplinary action, up to and including termination of employment or termination of a business relationship. Conduct that violates the law may also result in civil and criminal penalties ranging from fines to imprisonment.

*Ashland Hospital Corporation d/b/a
King's Daughters Medical Center
Corporate Compliance Handbook*

REPORTING. Team members and contracted providers have a responsibility to report any suspected or actual violation of the Code of Conduct or policy of the Medical Center to a supervisor, Mona Thompson (Vice President/Chief Compliance Officer) at 606-408-4496, Paula Willis (Compliance Officer) at 606-408-0161, or the Compliance & Integrity Department. For those who wish to remain anonymous, the report may be submitted through the Compliance Hotline (606-408-4145 or 877-327-4145) or through the on-line Compliance Concern Form. Calls and submissions via the Compliance Concern Form will not be traced and anonymity, if requested, will be protected within the limits of conducting a full and fair investigation. There will be no negative consequences or retaliation for good faith reporting of possible misconduct.