

<b>POLICY TITLE</b>	Code of Ethics	
<b>POLICY NUMBER</b>	7070	February 2011
<b>JCAHO FUNCTIONS</b>	HR, LD	
<b>APPLIES TO</b>	Novant Health, Inc.	

## I. SCOPE / PURPOSE

Novant Health maintains a reputation for integrity and honesty in dealing with patients, employees, vendors, and regulating agencies, and the public. We are proud of this reputation; it is our heritage and must be our future. This Code of Ethics is an integral part of Novant Health's Corporate Compliance Plan.

The Code of Ethics captures in written form the ethical principles we have always followed in conducting our business. It provides a clear statement of policy to Novant Health employees, independent contractors, trustees, students, and those who represent Novant. Novant Health maintains many policies that provide guidance on specific topics.

Novant's Code of Ethics is rigorously enforced. No individual who makes a good faith report of suspected wrongdoing shall be penalized for reporting. You should fully disclose to your supervisor or the Corporate Compliance Officer, any violations of the Code (or situations that could give you the appearance of a violation). You may also report potential violations anonymously to The Alert Line at 1-800-350-0094. Anyone who willfully violates the Code of Ethics is subject to disciplinary action up to and including termination.

## II. POLICY

### Bribes and Improper Payments

No employee of Novant or its operating subsidiaries may enter into any agreement or arrangement which calls for a commission, rebate, consultant or service agreement, bribe, kickback, or otherwise, when such employee knows or should suspect from the surrounding circumstances or after reasonable good faith inquiry, that the intent or probable results is to improperly reward, directly or indirectly:

- ◆ Any employee or official or other representative of the government of the United States or any State or any of their constituent departments and agencies or any fiscal intermediary under contract with the government of the United States, any State, or their constituent departments and agencies for administration of any health care insurance program in which Novant or its operating subsidiaries participates;
- ◆ Any officer, director, employee, shareholder, or other representative of a customer, supplier, or other institution with which Novant or any Novant subsidiary has existing or prospective business relations; or
- ◆ Any physician, health care provider, or any other person or entity that is in a position to refer or induce the referral of patients to Novant for the delivery of health care services by Novant's operating subsidiaries.

Employees are prohibited from giving inducements to such individuals to make decisions or take action favorable to or make referrals to Novant, whether relating to obtaining or retaining business or otherwise. The concept of an improper reward includes the giving of anything of value, not just money. No action is permissible merely because it appears to be customary in a particular location or a particular area of business activity.

Novant shall, to the extent feasible, require that all business arrangements between Novant and possible sources of patient referrals conform with the safe harbor regulations under the Medicare/Medicaid Anti-Kickback Statute as codified in the Code of Federal Regulations. Novant shall further require that all remuneration arrangements with physicians who also make referrals to Novant conform with applicable exceptions to the physician self-referral prohibitions as codified at 42 U.S.C § 1395nn (commonly referred to as the "Stark" legislation) and related regulations.

### **Interactions with Physicians**

Federal and state laws and regulations govern the relationship between hospitals and physicians who may refer patients to the facilities. The applicable federal and state laws include but are not limited to the anti-kickback law (also known as AKS) and the prohibitions on self-referral (also known as the Stark Law). In addition, the IRS prohibits any individual, including physicians, from receiving a private benefit as a result of their relationship with a tax-exempt health care organization. A private benefit could be any amount in excess of fair market value related to the contractual arrangement. All contract payments or other benefits provided to physicians should be supported with adequate documentation reflecting the business purpose for which the payment is being made.

It is important that Novant representatives who interact with physicians, particularly when making payments to physicians for services rendered, leasing space, recruiting physicians to the community, acquiring physician practices, and arranging for physicians to serve in leadership positions are aware of the requirements of the laws, regulations, and policies that address relationships between physicians and hospitals or health systems. If relationships with physicians are properly structured but not diligently administered, failure to administer the arrangements as agreed may result in violations of the law. Any business arrangement with a physician must be structured to ensure compliance with legal requirements, our policies and procedures and with any operational guidance that has been issued. All arrangements must be in writing and approved by the Legal Department in advance of making any payment to a physician.

Two overarching principles govern our interactions with physicians:

- We accept patient referrals and admissions based solely on the patient's medical needs and our ability to render the needed services. We do not pay or offer to pay or accept anything of value from anyone—colleagues, physicians, or other persons or entities—for referral of patients.
- We do not accept payments for referrals we make. No Novant employee or any other person acting on behalf of the organization is permitted to solicit or receive anything of value, directly or indirectly, in exchange for the referral of patients. Similarly, when making patient referrals to another healthcare provider, we do not take into account the volume or value of referrals that the provider has made (or may make) to us.

### **Physician Owners and Structuring of Joint Ventures**

It is important to be aware of the significant legal implications when physicians are included as investors, or participants in a health care provider entity. Providers that have physician investors or participants are subject to requirements designed to prevent physicians from benefitting from referrals to entities in which they have a financial or economic interest. The providers and physicians involved must insure that the overall structure of the relationship complies with the requirements related to ownership interest, investment structure, and reporting requirements.

### **Commitment to Charitable Purpose**

As a non-profit, tax-exempt organization, Novant is committed to operate in a manner that furthers its charitable purposes and which complies with all requirements applicable to tax-exempt healthcare organizations.

### **Conflict of Interest**

A conflict of interest occurs when an employee, in the course of his or her duties, has a financial or personal consideration that may compromise or have the appearance of compromising his or her judgment with regard to the best interests of Novant or Novant's patients.

Novant Health is concerned about actual and potential conflicts of interest that could detract from our mission as an ethical, effective and efficient health care organization. Any circumstance that might lead to the appearance of a conflict of interest should be disclosed and fully evaluated to determine if an actual conflict of interest exists. Certain designated employees are to annually disclose actual or potential conflicts of interest. Anytime a potential conflict arises, the annual disclosure should be updated. Novant maintains a Conflict of Interest policy that explains the disclosure process.

### **Gift and Business Courtesies**

Any gifts, favors, or hospitality, whether given or received, should contribute to our mission, vision, and values with highest regard for patient care. Novant and its employees should neither accept nor keep anything of value that has the potential to materially affect the ability to make decisions in the interests of patients. Novant employees are prohibited from soliciting vendors and manufacturer representatives for gifts for any purpose, including door prizes, except as allowed under Novant Health Foundations or for company approved or endorsed fundraising.

The Novant Gifts and Business Courtesies policy provides guidance to employees concerning giving and receiving of gifts and business courtesies, and relationships with referral sources, vendors, industry groups, professional organizations, trade organizations, and patients. It is not intended to represent every situation or circumstance. Good judgment and decisions appropriate to the facts and circumstances should be used when specific guidance is not found in this policy.

### **Speaking Engagements**

Novant encourages employees to participate as a faculty member or speaker at educational programs and functions. Employees who participate in speaking engagements may accept reimbursement from the sponsoring party for travel related expenses and any registration fees that are required as part of the speaking engagement. Any honorarium may be kept by the employee if the employee prepares for and/or participates in the speaking engagement on their own time. Otherwise, the honorarium should be directed to the appropriate foundation. If you are under contract, you must comply with the terms and conditions of your contract regarding an honorarium. Speaking engagement should be disclosed under the Conflicts of Interest Policy.

### **Vendors, Suppliers and Contractors**

We must manage our contractor, vendor and supplier relationships in a fair and reasonable manner, free from conflicts of interest and consistent with all applicable laws and good business practices.

We promote competitive procurement to the maximum extent practicable. Our selection of contractors, suppliers, and vendors will be made on the basis of objective criteria including quality, technical excellence, price, delivery, and adherence to schedules, service, and maintenance of adequate sources of supply. Our purchasing decisions will be made on the supplier's ability to meet our needs, and not on personal relationships and friendships. We employ the highest ethical standards in business practices in source selection, negotiation, determination of contract awards, and the administration of all purchasing activities.

During the selection process, Novant may find it beneficial to visit other facilities who have acquired the vendor's products, or to consult with various technical experts. The cost of such trips should be born by Novant and not by the vendor. The budgeting and purchasing negotiations should accommodate travel and other assessment expenses required to obtain best product or service for Novant.

We do not communicate to any third-party confidential information given to us by our suppliers unless directed in writing to do so by the supplier. We do not disclose contract pricing and information to any outside parties.

Appropriate commissions, rebates, discounts and allowances are permissible if they are compliant with applicable law and authorized policy

Novant Health provides vendors with access to the Code of Ethics and other pertinent policies. Vendors, suppliers and contractors are expected to comply with this Code and healthcare laws and regulations.

### **Engagement of Independent Contractors, Agents, and Consultants**

Novant sometimes needs services offered by independent contractors or consultants who are not employees of the company. Novant shall enter into independent contractor agreements to acquire services that are necessary for legitimate business purposes at a reasonable compensation. All independent contract arrangements shall be covered by a written contract or agreement approved by Novant, and each such contract or agreement shall provide access to the contractor's records in accordance with applicable law.

### **Marketing Practices**

- **Marketing and Advertising**

Novant may use marketing and advertising activities to educate the public, provide information to the community, increase awareness of our services, and to recruit. Novant presents only truthful, fully informative, and non-deceptive information in these materials.

- **Antitrust**

Antitrust laws are designed to create a level playing field in the marketplace and to promote fair competition. These laws could be violated by discussing Novant business with a competitor (such as how our prices are set, disclosing the terms of supplier relationships, allocating markets among competitors, or agreeing with a competitor to refuse to deal with a supplier).

Prohibited subjects may also include any aspect of pricing, our services in the market, key costs, such as labor costs, and marketing plans. If a competitor raises a prohibited subject, the Novant employee must end the conversation immediately and notify the Legal Department.

- **Gathering Information About Competitors**

It is not unusual to obtain public information about other organizations, including our competitors, through legal and ethical means such as public documents, public presentations, journal and magazine articles, and other published and spoken information. However, employees should avoid seeking or receiving information about a competitor through inappropriate means.

### **Charity Care**

Novant provides patients and their families with information about charity care and various financial assistance programs. Novant financial counselors work with patients, their families and sponsors to assure patients are appropriately qualified and referred to these programs. All discounts, relief from collection proceedings and other financial arrangements are made only within the context of established programs.

### **Charging, Coding, and Billing for Services**

Novant has implemented policies, procedures and systems to facilitate accurate billing to government payers, commercial payers, and patients. These policies, procedures, and systems conform to pertinent federal and state laws and regulations.

We prohibit any employee or agent of Novant from knowingly presenting or causing to be presented claims for payment or approval, which are false, fictitious, or fraudulent. Employees who perform billing, coding and charge entry shall take every reasonable precautions to ensure that their work is accurate, timely and in compliance with Novant policies, federal and state laws and regulations.

It is important that all individuals who contribute to patient's medical records provide accurate information and do not destroy any information considered part of the official medical record. Accurate and timely documentation also depends on the diligence and attention of physicians who treat patients in our facilities. We expect those physicians to provide us with complete and accurate information in a timely manner, including the documentation of medical necessity.

Any subcontractors engaged to perform billing or coding services are expected to have the necessary skills, quality control processes, systems, and appropriate procedures to ensure all billings for government, commercial insurance programs, and patient billing are accurate and complete.

It is Novant's policy to implement and maintain a system of controls to assure an appropriate charge capture process including the continual updating of fee schedules and charge lists.

Examples of unacceptable practices include presenting, or causing to be presented a claim for false, improper or fraudulent services and submitting bills with improper billing and coding practices. These improper practices include "upcoding" and "unbundling." Upcoding is the process of using a code to increase the reimbursement for a particular medical procedure even though available evidence suggests another code with a lower reimbursement value is more appropriate. Unbundling is the process of billing separate components of one medical procedure to increase

reimbursement. Novant employed staff is obligated to notify appropriate supervisory or management staff of any request to deviate from accepted billing practices or with any questions they may have in this area.

### **Collection of Medicare Deductible and Coinsurance Amounts**

Novant's policy is to bill patients promptly for the services provided by its operating subsidiaries and to take all necessary and appropriate action to collect its patient accounts. Novant is required to collect deductible and coinsurance amounts from most of its patients.

### **Cost Reports**

Novant maintains a system of internal controls to assure compliance with federal and state laws, regulations, and guidelines relating to all cost reports. These laws, regulations, and guidelines define what costs are allowable and outline the appropriate methodologies to claim reimbursement for the cost of services provided to program beneficiaries.

### **Preserving and Protecting Company Assets**

Novant strives to preserve and protect company assets by making prudent and effective use of resources and properly and accurately reporting the company's financial condition. The company's assets and the services of employees are intended to be used only for our business purposes.

Disclosing or using confidential, special or inside information of or about Novant Health, for personal profit or advantage or to provide an advantage of any vendor or supplier is prohibited.

### **Workplace Fund Raising and Charitable Activities**

Novant engages in a variety of charitable activities such as fund-raising, community events, health and wellness promotions, and various social activities intended to support specific community charities.

When the company or a facility determines to support charitable organizations, no employees should be compelled to contribute to the charitable organization, nor should there be any workplace consequences of non-participation.

### **Copyrights**

Employees may not copy for their own use documents or computer programs or other material in violation of copyright laws or licensing agreements.

### **Research, Investigations, and Clinical Trials**

Our hospitals protect patients and respect their rights during research, investigations, and clinical trials. All patients asked to participate in a clinical investigation or research project are given a full explanation of alternative services that might prove beneficial to them. They are also informed of potential discomforts and are given a full explanation of the risks, expected benefits, and alternatives. The patients are fully informed of the procedure to be followed, especially those that are experimental in nature. Refusal of a patient to participate in a research study will not compromise his or her access to services. Patient informed consent to participate in clinical investigations or research is documented.

We comply with federal and state laws and regulations in any research, investigations and clinical trials conducted within a Novant facility. Any Novant facility or employee applying for or performing research of any type is responsible for following appropriate research guidelines. Our policy is to submit only true, accurate, and complete costs related to research grants. Any Novant facility or employee engaging in human subject research must do so in conjunction with the Institutional Review Board (IRB) and consistent with Company policies regarding human subject research and IRBs.

### **Emergency Treatment**

We follow the Emergency Medical Treatment and Labor Act ("EMTALA") in providing an emergency medical screening examination and necessary stabilization to all patients regardless of ability to pay.

Patients with emergency medical conditions are only transferred to another facility at the patient's request or if the patient's medical needs cannot be met at the Novant facility (e.g., we do not have the capacity or capability) and appropriate care is knowingly available at another facility.

We accept patients by transfer who are in need of our specialized services based upon our capacity and capability to treat and without regard to ability to pay or any other discriminatory basis.

### **Accreditation**

In preparation for, during and after surveys, employees and others providing services and care at Novant facilities shall deal with all accreditation bodies in a direct, open, and honest manner. No action should ever be taken in relationships with accrediting bodies that would mislead the accreditor or its survey teams, either directly or indirectly.

### **Controlled Substances**

Some of our employees routinely have access to prescription drugs, controlled substances, and other medical supplies. Many of these substances are governed and monitored by specific regulatory organizations and must be administered by physician order only. Prescription and controlled medications and supplies must be handled properly and only by authorized individuals to minimize risks to us and to patients. If one becomes aware of inadequate security of drugs or controlled substances or the diversion of drugs from the organization, the incident must be reported immediately.

### **License and Certification Renewals**

Employees, individuals retained as independent contractors, and privileged practitioners in positions which require professional licenses, certifications, or other credentials are responsible for maintaining the current status of their credentials and shall comply at all times with federal and state requirements applicable to their respective disciplines. Novant does not allow any employee, independent contractor or privileged practitioner to work without valid, current licenses or credentials.

### **Privacy and Security Requirements**

Novant Health maintains policies and procedures to comply with the requirements of the Administrative Simplification Act of 1996 (HIPAA) and other applicable laws to assure the appropriate protection of patient privacy and the security and integrity of personal information.

Pursuant to HIPAA, Novant Health provides patients with a written notice of its information practices, and maintains processes for controlling access to disclosure of and use of protected health information. Novant Health maintains an information security program designed to safeguard protected health information. Novant Health also provides guidance on how complaints about privacy practices may be filed. Novant Health provides education to employees on responsibilities for handling and safeguarding protected health information.

### **Patient Rights**

Employees and others providing care and services to patients of Novant Health shall be dedicated to enhancing quality patient care with respect for individual autonomy and dignity, as reflected in the Patient's Bill of Rights. We encourage patient and/or family participation in decisions regarding their care and/or being familiar with advance directive in the event the patient is unable to make decisions for himself/herself.

Patients are admitted to facilities/programs regardless of race, creed and ethnic origin. Decisions related to admission, ongoing care, transfer, and discharge is to be based upon a patient's assessed need and the ability of Novant Health to meet such needs. Referrals are made based on patient need and/or diagnosis. Any benefit to the facility for such referral is disclosed to the patient. The integrity of the clinical decision making process shall be maintained at all times regardless of how the facility compensates or shares financial risk with its leaders, clinical staff and licensed independent practitioners. Financial incentives will not impact decisions for needed services.

The appropriateness and safety of care, treatment, and services does not depend on the patient's ability to pay.

Novant Health fully complies with all applicable laws prohibiting discrimination on the basis of race, color, religion, sex, age, national origin, disability, veteran status, genetic information or sexual orientation.

### **Record Management System**

Effective corporate compliance requires a coherent and comprehensive corporate documents system. Novant's record management policy establishes a system for the creation, distribution, retention and destruction of corporate records.

### **Environmental Compliance**

It is our policy to comply with all environmental laws and regulations as they relate to our organization's operations. This means we:

1. Act to preserve our natural resources to the full extent reasonably possible.
2. Comply with all environmental laws and operate each of our facilities with the necessary permits, approvals, and controls.
3. Diligently employ the proper procedures to provide a good environment of care and to prevent pollution.
4. Comply with all requirements for the proper handling of hazardous materials.
5. Immediately alert supervisors to any situation regarding the discharge of a hazardous substance, improper disposal of hazardous and medical waste, or any situation which may be potentially damaging to the environment.
6. Recycle where possible.
7. Work with authorities to remedy any environmental contamination for which we may be responsible.

### **Government Relations and Political Activities**

Novant complies with all federal, state, and local laws governing participation in government relations and political activities. Novant's policy with respect to the nomination or election of candidates to public office is one of nonpartisanship. Novant does not support or take positions as to political parties or as to the nomination or election of individual candidates to political office. Novant may from time to time, however, take public positions on issues which are important to its welfare and the welfare of its employees, the public and other stakeholders. However, Novant will refrain from taking a public position on an issue when to do so could be construed as an implied endorsement of a candidate for office. In addition, Novant may invite elected officials and candidates for office to address leadership groups for the purpose of education about government issues and challenges but electioneering and fundraising activities shall be prohibited at such events. Novant may employ and consider for employment elected officials and candidates for office.

No corporate funds, properties, or services shall be contributed or used directly or indirectly for the purpose of influencing the nomination or election of any candidate to public office. This includes financial and non-financial donations such as using work time and telephones to solicit for a political cause or candidate or the loaning of Novant property for use in the political campaign. This prohibition includes indirect payments, loans, deposits or guarantees, the performance of services, and the furnishing of anything of value by the employee as part of his or her duties for Novant or its operating subsidiaries.

Novant does not discourage individual voter responsibility on the part of its employees and recognizes that this may include electioneering and personal financial contributions to the election campaigns or political organizations of their choice. All such activities are the employees' sole expense, and no reimbursement in any form shall be made by Novant or its operating subsidiaries. No electioneering or political activities by employees shall be conducted on premises or time of Novant or its operating subsidiaries or under any circumstances which could create the appearance that such activity is sponsored by Novant or its operating subsidiaries.

Novant Health may publicly offer recommendations concerning legislation and regulations being considered when its experience may be helpful. In addition, Novant Health may analyze and take public positions on issues that have a relationship to its operations when our experience contributes to the understanding of the issues. Novant may also promote voter registration and encourage employees and others to participate in the democratic process of voting.

Novant Health has many contacts and dealings with government bodies and officials. All contacts and transactions must be conducted in an honest and ethical manner. Any attempts to influence the decision-making process of a government official by an improper offer of any benefit is absolutely prohibited. Any requests or demands by a government representative for any improper benefit should be immediately reported to Legal Affairs.

### **Health and Safety**

All Novant facilities comply with all government regulations and rules that promote the protection of workplace health and safety. Policies have been developed to protect our workers from potential workplace hazards. Workers must become familiar with and understand how these policies apply to their specific job responsibilities and seek advice from their supervisor whenever they have a question or concern. It is important that each worker immediately advise his or her supervisor of any serious workplace injury or any situation presenting a danger.

#### **Hiring of Former/Current Government Agency or Contractor Employees**

The recruitment and employment (including independent contract arrangements) of former or current federal or state employees may be impacted by regulations concerning conflicts of interest. Hiring employees directly from a government agency or contractor requires certain regulatory notifications. Management should consult with the Corporate Human Resources Department and the Legal Department prior to entering negotiations.

#### **Substance Abuse and Mental Acuity**

Novant is committed to an alcohol and drug-free workplace. All workers must be free of the influence of alcohol and illegal drugs when reporting for work. Using, possessing, or selling controlled substances or illegal drugs while on work time or on Novant property may result in disciplinary action up to and including termination.

#### **Diversity and Equal Employment Opportunity**

The success of Novant Health depends in large measure on our ability to work together to fulfill our vision and goals. This means we treat employees, patients and other persons fairly and without regard to race, color, religion, sex, ethnic origin, age, disability or any other classification prohibited by law.

No form of harassment or discrimination on the basis of race, color, religion, sex, ethnic origin, age, disability or any other classification prohibited by law will be tolerate. Each allegation of harassment or discrimination will be promptly investigated in accordance with applicable human resources policies.

For additional information, refer to Novant Health's policies regarding sexual harassment, discrimination and equal employment opportunity.

#### **Harassment and Workplace Violence**

Each employee has the right to work in an environment free of harassment and disruptive behavior. We do not tolerate harassment by anyone based on the diverse characteristics or cultural backgrounds of those who work with us. Degrading or humiliating jokes, slurs, intimidation, or other harassing conduct is not acceptable in our workplace. Sexual harassment is prohibited. This prohibition includes unwelcome sexual advances or requests for sexual favors in conjunction with employment decisions. Moreover, verbal or physical conduct of a sexual nature that interferes with an individual's work performance or creates an intimidating, hostile, or offensive work environment has no place at Novant.

Harassment also includes incidents of workplace violence. Workplace violence includes robbery and other commercial crimes, stalking, violence directed at employer, terrorism, and hate crimes committed by current or former employees. Employees who observe or experience any form of harassment or violence should report the incident to their supervisor, the Human Resource Department, a member of management, or the Novant Alert Line.

#### **Financial Reporting**

We have established and maintain a high standard of accuracy and completeness in documenting, maintaining and reporting financial information. This information serves as a basis for managing our business and is important to meeting our obligations to patients, colleagues, stakeholders, suppliers, and others. It is also necessary for compliance with tax and financial reporting requirements. All financial information must reflect actual transactions and conform to generally accepted accounting principles in the United States. Novant maintains a system of internal controls to provide reasonable assurances that all transactions are executed in accordance with management's authorization and are recorded in a proper manner so as to maintain accountability of the organization's assets.

**III. DEFINITIONS**

Genetic information: Genetic information includes information about an individual's genetic tests and the genetic tests of an individual's family members, as well as information about any disease, disorder, or condition of an individual's family members (i.e. an individual's family medical history). Family medical history is included in the definition of genetic information because it is often used to determine whether someone has an increased risk of getting a disease, disorder, or condition in the future.

**IV. RELATED DOCUMENTS**

Not applicable

**V. REFERENCES**

Not applicable

**VI. SUBMITTED BY**

Daniel G. Clowers, Human Resources

**VII. KEY WORDS**

Ethics

<b>VIII. INITIAL EFFECTIVE DATE</b>	1/98
<b>DATE REVISED</b>	8/99, 3/00, 12/03, 7/06, 6/2010, 2/2011
<b>DATE REVIEWED</b>	5/09

**POLICY SIGNATURE SHEET (one copy only to be maintained by author)**

<b>Company / Facility(s)</b>	Novant Health
<b>Department</b>	Human Resources
<b>Policy</b>	Code of Ethics
<b>Action</b>	Review

**POLICY APPROVED BY:**

<b>Title</b>	<b>Approved By</b>	<b>Signature</b>	<b>Date</b>
Senior Vice President of Human Resources	Janet Smith-Hill		2/2011

**COMMITTEES APPROVED BY:**

<b>Committee</b>	<b>Chairperson/Designee</b>	<b>Date</b>

**DATES OF APPROVAL:**

<b>Date Revised</b>	5/09, 6/2010, 2/2011
<b>Date to be Reviewed</b>	2/2014