Ozarks Community Hospital
Administrative Manual Policy and Procedure

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Subject: Corporate Compliance Plan **COM 1.0**

Ozarks Community Hospital of Gravette ("Hospital"), through its Board of Directors, desires to accept the invitation of the Department of Health and Human Services, Office of Inspector General and hereby adopts this Corporate Compliance Plan to formalize the Hospital's existing policy of "zero tolerance" toward violation of the Medicare/Medicaid Fraud and Abuse Laws, Anti-kickback laws and other federal and states laws which govern the Hospital's business of providing health care for the community served by the Hospital. The Hospital believes that adoption of this formal plan will further the public purpose for which it was formed and assist it in providing health care to its patients.

I. THE COMPLIANCE PLAN

A comprehensive plan of reporting, auditing and education is necessary to ensure that the Hospital continues to be operated in a lawful and ethical manner. To this end, the Hospital has developed this Corporate Compliance Plan (the "Plan") to set standards for conduct, monitor conduct, and encourage reporting in various areas of the Hospital's activities. Although the implementation and enforcement will be centrally directed, the responsibility for compliance rests with each department or service. Ultimately, compliance is the responsibility of every Hospital Board member, officer, employee, independent professional and contractor who works for, with, or at the Hospital.

II. OPERATION OF THE PLAN

A. Objectives of the Plan

The objectives of the Plan are to assist the Hospital in avoiding unlawful, unethical or unsuitable activities; to assist the Hospital in avoiding irregularities in payment, reimbursement and other transactions; to assist the Hospital's administration in identifying areas of possible concern that might adversely affect the Hospital's good reputation, its participation in public programs, or its status as the holder of public licenses and certificates; to provide additional oversight of the Hospital's compliance with laws, regulations, and special conditions imposed upon it by any licensing or regulatory authorities; and to develop and offer education and training to the Hospital's employees, professional staff, and contractors concerning compliance with fraud and abuse laws, anti-kickback laws, and other federal and state laws governing the Hospital's operation.

B. Compliance Officer

The Hospital has designated a Compliance Officer to be the chief compliance officer and delegated to such person the day-to-day responsibility for the Hospital's compliance effort. The Compliance Officer shall initially be the administrator of the Hospital or such other appropriate

high-level official who is charged with the responsibility of operating the compliance plan as may be appointed by the Board of the Hospital. The success of the Plan depends upon the active participation of the Hospital's Board, administrators, financial and claims staffs, and the leadership of the departments and the professional staff. Through the dissemination of the Policy Manual (attached hereto) and appropriate training, all such persons shall be fully advised regarding their responsibilities for the Plan, and the circumstances in which they should notify the Compliance Officer on a timely basis of matters subject to investigation or review under the Plan.

The Compliance Officer will be provided with the resources necessary to fulfill his responsibility for operation of the Plan. The Compliance Officer may inquire into any matters arising or appearing to arise within the purview of the Plan including, but not limited to, matters involving unlawful conduct; unethical conduct; irregular billing, claims, or payments; regulatory compliance; and any other apparent violation of this Plan or the Policy Manual. The Hospital's other personnel, financial advisors and accountants, and legal counsel shall be available to assist the Compliance Officer in his duties and will report to the Compliance Officer on any matters assigned to them by the Chief Administrative Officer.

The Compliance Officer is empowered to investigate, evaluate and report facts, and make recommendations to Hospital's Board and Administrator of possible responses or initiatives, including disciplinary or other adverse action for misconduct by Hospital employees or agents. From time to time, the Compliance Officer will report to and consult with the Hospital Administrator of the Hospital and with the Hospital's Board.

III. POLICY MANUAL

Because of the importance of compliance with the Hospital's standards and procedures, the Compliance Officer shall make the Hospital's Compliance Policy Manual (the "Manual") available to all employees. In addition, the Compliance Officer shall distribute the Manual to the Hospital's Board members, corporate officers and professional staff.

All recipients of the Manual shall provide to the Compliance Officer a written attestation, in the form attached: (1) acknowledging receipt of the Manual; (ii) confirming that the recipient has read and understood the Manual; and (iii) agreeing to be bound by and to comply with the Compliance Policies contained in the Manual.

IV. ACT OF WRONG DOING

The Compliance Officer shall report to the Hospital Administrator and Board any prosecutions or administrative actions commenced against the Hospital, any Board member, officer, department head of the Hospital, or professional staff, which involve or are alleged to involve any of the following circumstances:

(a) Any criminal action, including conviction, plea of guilty or nolo contenders, involving (i) a felony, (ii) any material crime against the Hospital involving embezzlement or larceny, or (iii) violation of any law relating to performance in a governmental program or regulations by a public body.

(b) Material administrative actions by a regulatory body relating to a finding of illegal or improper conduct by such person.

(c) Placement of his or her name on the employee disqualification list.

The Compliance Officer shall report to the Hospital Administrator and Board demonstrated instances of material violations of the Hospital policy, including those policies outlined in the Manual and other perceived unlawful or unethical conduct by any Board member, officer, employee, professional staff member or contractor of the Hospital. The Compliance Officer may report other matters within his or her discretion.

If any violation of law or other wrongdoing is suspected by the Compliance Officer, the violation or act must be fully investigated. The Compliance Officer must immediately notify the Hospital Administrator and legal counsel upon discovery of any violation or act of wrongdoing, or a significant violation of the practice's policy. The Compliance Officer and Hospital Administrator, in concert with legal counsel, must take all reasonable steps to respond to the offense correct the problem, and prevent similar problems.

Depending on the nature of the problem, misconduct or violation, an investigation will generally include interviews and review of relevant documents. Records should be maintained by the Compliance Officer which document the alleged violation, a description of the investigation, the disciplinary action taken, and the corrective action implemented.

If the Compliance Officer or Committee discovers credible evidence of misconduct and after appropriate investigation has reason to believe that the misconduct either violates criminal laws or constitutes a violation of administrative law, the Hospital shall report the existence of the misconduct to the OIG within a reasonable time period; but no more than thirty (30) days after discovering credible evidence of an alleged violation.

In the event the Compliance Officer or anyone under the Compliance Officer's supervision is suspected of an act of wrongdoing, the investigation shall be performed by the Hospital Administrator and Board of Directors. If for any reason the Compliance Officer should disqualify himself or herself from any investigation, the Hospital Administrator shall appoint another responsible and high level member of management to perform the investigation and reporting hereunder.

V. DISCIPLINARY PROCEDURES

The Compliance Officer shall work with the Hospital Administrator to establish a consistent policy for disciplinary action against any employee who violates the law or any policy related to this compliance plan. Disciplinary action should range from oral warnings to discharge, and may include such actions as suspension or financial penalties. 'This policy shall include a procedure for the termination of any current employee and non-employment of any applicant who:

(a) intentionally violates any federal or state statute related to health care;

(b) is listed by a Federal agency as debarred, excluded or otherwise ineligible for participation in federally funded health programs;

(c) is listed on the disqualification list; or

(d) is convicted of, pled guilty to or nolo contenders in this state or any other state to any class A or B felony violation.

Other violations of state or federal law shall result in appropriate discipline, possibly including termination of employment. Additionally, the Hospital shall appropriately discipline any employee who fails to detect or prevent improper conduct that the employee should have reasonably detected. As an element of evaluating supervisors and managers, the Hospital shall determine whether each such person and those persons over whom the supervisor or manager has

authority has, complied with this Plan and the Policy Manual. Self-reporting may be taken into account as a mitigating factor.

Hospital shall take appropriate retaliatory measures against any outside contractor who violates the Hospital's policies or engages in any misconduct, including refraining to further contract with any such contractor.

VI. CONFIDENTIAL REPORTING PROCEDURES

The Hospital shall establish a confidential reporting system that is accessible to all employees through which employees and other agents may report potential problems within the organization without fear of retribution. As part of this reporting system, the Hospital shall establish and publish a telephone number to be used as a "hot line" for individuals to report possible violations of this Plan, the Policy Manual or any other violation of law. In conducting investigations, the Compliance Officer respects the confidentiality laws and ethical standards.

All files or inquiries shall be marked "Confidential" and maintained by the Compliance Officer on a confidential basis. They shall not be disclosed except to: (1) members of the Hospital's Board; (2) members of management or management representatives having a need to know; and (3) as may be required by law or order of a court of competent jurisdiction.

VII. EDUCATION AND TRAINING

The Compliance Officer shall ensure that all employees and professional staff members receive orientation and education concerning the subjects contained in the Policy Manual, including compliance with fraud and abuse laws, anti-kickback laws, and other federal and state laws governing the Hospital's operation. Reorientation and training should be conducted at least annually.

Policy Manual

1. General Policy

It is the Policy of Ozarks Community Hospital (the "Hospital") to provide services in compliance with all state and federal laws governing its operations, and consistent with the highest standards of business and professional ethics. This policy is a solemn commitment to our patients, to our community, to those government agencies that regulate the Hospital, and to ourselves. In order to ensure that the Hospital's compliance policies are consistently applied, the Hospital has established a Compliance Plan. The Plan is directed by a Compliance Officer charged with reviewing compliance policies and specific compliance situations that may arise.

All Hospital employees, as well as those professionals who enjoy professional staff membership, must carry out their duties for the Hospital in accordance with this policy. Any violation of applicable law, or deviation from appropriate ethical standards, will subject an employee or independent professional to disciplinary action, which may include oral or written warning, disciplinary probation, suspension, reduction in salary, demotion, dismissal from employment, or revocation of privileges. These disciplinary actions also may apply to an

employee's supervisor who directs or approves the employee's improper actions, or is aware of those actions but does not act appropriately to correct them; or who otherwise fails to exercise appropriate supervision.

This Manual includes statements of the Hospital's policy in a number of specific areas. All employees and professional staff members must comply with these policies, which define the scope of Hospital employment and professional staff membership. Conduct that does not comply with these statements is not authorized by the Hospital, is outside the scope of Hospital employment and professional staff membership, and may subject employees and professional staff members to disciplinary action. If a question arise as to whether any action complies with Hospital policies or applicable law, an employee, should present that question to that employee's supervisor, or, if appropriate, directly to the Hospital's Compliance Officer. All employees should review this Manual from time to time to make sure that these policies guide their actions on behalf of the Hospital. If, at any time, any employee or professional staff member becomes aware of any apparent violation of the Hospital's policies, he or she must report it to his or her supervisor (in the case of an employee) or to the Compliance Officer. All persons making such reports are assured that such reports are treated as confidential; such reports will be shared only on a need-to-know basis.

The Hospital has established a "hot line" to make reports pursuant to this Policy Manual and the Corporate Compliance Plan. Employees, professional staff members, and contractors are encouraged to call (479) 344-6724 if they believe that the Hospital, any Board member, officer, employee, professional staff member, or contractor has violated any provision of the Corporate Compliance Plan, this Policy Manual, any law, or ethical standard.

The Hospital will take no adverse action against persons making such reports, whether or not the report ultimately proves to be well-founded. If an employee or professional staff member does not report conduct violating the Hospital's policies, that employee or professional staff member may be subject to disciplinary action, up to and including termination of employment or revocation of privileges.

2. Compensation and Payments

All contracts and agreements must be negotiated at arms length. Compensation provided to health professionals for recruitment, retention, employment, and personal services must be reasonable in the context of the services provided and the need for them. Reasonableness must be analyzed based on overall compensation and benefits. Areas of particular concern are below-market rents, compensation tied to Hospital or department revenues, income guarantees (especially where there is no obligation to repay), below-market loans, and loan guarantees.

If any person is aware of payments by the Hospital to a private individual or organization that may be unrelated to the Hospital's mission or in excess of fair market value, these circumstances should be disclosed to the employee's supervisor or to the Compliance Officer. Penalty for these improper payments are severe. Under the Taxpayer Bill of Rights 2, certain individuals who receive an “excess benefit” or more than what is fair and reasonable may have to pay an excise tax on the excess or private inurement. Any compensation arrangement involving

one of the above benefits or which you believe is unreasonable must be reported to the Compliance Officer.

3. Financial Transactions

The Hospital participates in the Medicare program, a federal program which provides health insurance to the aged and disabled, and the, Medicaid program, a federal/state program which provides health care coverage to low income persons. Federal law makes it illegal for the Hospital to provide or accept "remuneration" in exchange for referrals of patients covered by Medicare or Medicaid. The law also bars the payment or receipt of such remuneration in return for directly purchasing, leasing, ordering, or recommending the purchase, lease, or ordering of any goods, facilities, services, or items covered under the benefits of Medicare or Medicaid. In Missouri, a parallel state statute applies these same prohibitions to all patients, regardless of payer source.

The "fraud and abuse" or "anti-kickback" laws are designed to prevent fraud in the Medicare and Medicaid programs and abuse of the public funds supporting the programs. The Hospital is committed to carefully observing the anti-kickback rules and avoiding any practice that may be interpreted as, abusive. Employees in the finance department, purchasing and facilities departments, laboratory, pharmacy, medical staff administration, and any department entering into personal service contracts are expected to be vigilant in identifying potential anti-kickback violations and bringing them to the attention of the Compliance Officer.

The federal and state anti-kickback laws are broadly written to prohibit the Hospital and its representatives from knowingly and willfully offering, paying, asking, or receiving any money or other benefit, directly or indirectly, in return for obtaining or rewarding favorable treatment in connection with the award of a government contract The anti-kickback laws must be considered whenever something of value is given or received by the Hospital or its representatives or affiliates, that is in any way connected to patient services. This is particularly true when the arrangement could result in over utilization of services or a reduction in patient choice. Even if only one purpose of a payment scheme is to influence referrals, and otherwise it appears to be a legitimate, appropriate business arrangement, the payment may be unlawful.

There are many transactions that may violate the anti-kickback rules. For example, no one acting on behalf of the Hospital may offer gifts, loans, rebates, services, or payment of any kind to a physician who refers patients to the Hospital, or to a patient, without consulting the Compliance Officer. The Compliance Officer should review any discounts offered to the Hospital by suppliers and vendors, as well as discounts offered by the Hospital to insurance companies or other third party payers. Patient deductibles and co-payments may not be waived without the prior authorization of Hospital administration. Rentals of space and equipment must be at fair market value, without regard to the volume or value of referrals that may be received by the Hospital in connection with the space or equipment. Fair market value should be determined through an independent appraisal.

Agreements for professional services, management services, and consulting services must be in writing, have at least a one-year term, and specify the compensation in advance. Payment based on a percentage of revenue should be avoided in most circumstances. Any questions about these agreements should be directed to the Compliance Officer. Joint ventures with physicians or other health care providers, or investment in other health care entities, must be reviewed by the Compliance Officer.

The U.S. Department of Health and Human Services has described a number of payment practices that will not be subject to criminal prosecution under the anti-kickback laws. These so-called "safe harbors" are intended to help providers protect against abusive payment practices while permitting legitimate ones. If an arrangement fits within a safe harbor it will not create a risk of criminal penalties and exclusion from the Medicare and Medicaid programs. However, the failure to satisfy every element of a safe harbor does not in itself make an arrangement illegal. Analysis of a payment practice under the anti-kickback laws and the safe harbors is complex, and depends upon the specific facts and circumstances of each case. Employees should not make unilateral judgments on the availability of a safe harbor for a, payment practice, investment, discount, or other arrangement. These situations must be brought to the attention of the Compliance Officer for review with legal counsel.

4. Billing and Claims

The Hospital has an obligation to its patients, third party payors, and the state and federal governments to exercise diligence, care, and integrity when charging for its services. The Hospital is committed to maintaining the accuracy of every claim it processes and submits. Many people, throughout the Hospital, have responsibility for entering charges and procedures codes. Each of these individuals is expected to monitor compliance with applicable billing rules. Any false, inaccurate, or questionable claims should be reported immediately to a supervisor or to the Compliance Officer.

False billing is a serious offense. Medicare and Medicaid rules prohibit knowingly and willfully making or causing to be made any false statement or representation of a material fact in an application for benefits or payment. It is also unlawful to conceal or fail to disclose the occurrence of an event affecting the right to payment with the intent to secure payment that is not due. Examples of false claims include: claiming reimbursement for services that have not been rendered; filing duplicate claims; "up coding" to more complex procedures than were actually performed; including inappropriate or inaccurate costs on Hospital cost reports, falsely indicating that a particular health care professional attended a procedure or that services were otherwise rendered in a manner they were not; billing for a length of stay beyond what is medically necessary; billing for services for items that are not medically necessary; failing to provide medically necessary services or items; and billing excessive charges.

Hospital employees and agents who prepare or submit claims should be alert for these and other errors. It is important to remember that outside consultants only advise the Hospital. The final decision on billing questions rests with the Hospital.

In compliance with federal law, the Hospital does not permit charging for any Medicaid service at a rate higher than that approved by the state or accepting any payment as a precondition of admitting a Medicaid patient to the Hospital.

The Hospital carefully follows the Medicare rules on assignment and reassignment of billing rights. If there is any question whether the Hospital may bill for a particular service, either on behalf of a physician or on its own behalf, the question should be directed to the Compliance Officer for review. Hospital employees should not submit claims for other entities or claims prepared by other entities, including outside consultants, without approval from the Compliance Officer. Special care should be taken in reviewing these claims, and Hospital personnel should request documentation from outside entities if necessary to verify the accuracy of the claims.

Numerous other federal laws prohibit false statements or inadequate disclosure to the government and mandate exclusion from the Medicare and Medicaid programs. For instance, neither the Hospital nor its agents are permitted to make, or induce others to make, false statements in connection with the Hospital's Medicare certification. The Hospital or individual health care providers will be excluded from the Medicare and Medicaid programs for at least five years if convicted of a Medicare or Medicaid related crime or any crime relating to patient abuse. Medicare and Medicaid exclusion may result if the Hospital or a provider is convicted of fraud, theft, embezzlement or other financial misconduct in connection with any governmental-financed program.

It is illegal to make any false statement to the federal government, including statements on Medicare or Medicaid claim forms. It is illegal to use the U.S. mail in a scheme to defraud the government. Any agreement between two or more people to submit false claims may be prosecuted as a conspiracy to defraud the government financed program.

The Hospital promotes full compliance with each of the relevant laws by maintaining a strict policy of ethics, integrity and accuracy in all its financial dealings. Each employee and professional, including outside consultants, who is involved in submitting charges, preparing claims, billing, and documenting services is expected to maintain the highest standards of personal, professional, and institutional responsibility.

5. Patient Referrals

Patient referrals are important to the delivery of appropriate health care services. Patients are admitted, or referred, to the Hospital by their physicians. Patients leaving the Hospital may be referred to other facilities, such as skilled nursing or rehabilitation facilities. Patients may also need durable medical equipment, home care, pharmaceuticals, oxygen, and may be referred to qualified suppliers of these items and services. The Hospital's policy is that patients, or their legal representatives, are free to select their health care providers and suppliers subject to the requirements of their health insurance plans. The choice of a hospital, a diagnostic facility, or a supplier should be made by the patient, with guidance, from his or her physician as to which providers are qualified and medically appropriate.

Physicians and other health care providers may have financial relationships with the Hospital or its affiliates. These relationships may include compensation for administrative or management services, income guarantees, loans of certain types, or free or subsidized administrative services. In some cases, a physician may have invested as an owner in a piece of diagnostic equipment, designated health service or an entire health care facility.

A federal law known as the "Stark law" applies to any physician who has, or whose immediate family member has, a "financial relationship" with an entity such as the Hospital, and prohibits referrals by that physician to the Hospital for the provision of certain designated health services reimbursed by Medicare or Medicaid. Those designated health services include but are not limited to the following: clinical laboratory; physical therapy; occupational therapy; radiology; durable medical equipment, parenteral and enteral nutrients; equipment and supplies; prosthetics and orthotics; home health services; outpatient prescription drugs; and inpatient and outpatient Hospital services. If a financial relationship exists, referrals are prohibited unless a specific exception is met. 'The Hospital requires that each financial relationship with a referring physician or his or her family member fit within one of the exceptions to the Stark law. Although responsibility for evaluating financial relationships with physicians lies with the Hospital Administrator and the head of each department, and their designees, all employees are expected to monitor financial relationships and report any irregularities to the Compliance Officer.

The exceptions under the Stark law are complex, and several general rules must be followed. Both leases for physician office space and personal services contracts with physicians must be in writing, and signed by the parties. Any premises leased must be specified and must not exceed the space reasonably needed for the physician's legitimate purposes. Rental charges must be set in advance, at fair market value without regard to the volume or value of referrals by the physician. A lease must be commercially reasonable even if no referrals were made between the parties. Similarly, a personal service contract must specify the services to be provided by the physician to the Hospital, which must be reasonable and necessary for legitimate purposes, and must be for at least one year. Compensation paid to physicians must also be set in advance at fair market value, be unrelated to the volume or value of referrals, and be commercially reasonable. Contract services may not involve the counseling or promotion of an illegal business arrangement. Physician incentive plans, which may include volume-based compensation, will be acceptable if certain requirements are met. If these volume-based incentive plans are questioned, the Compliance Officer should be notified.

Physicians purchasing clinical laboratory services or other items or services from the Hospital must pay fair market value. A pathologist, radiologist, or radiation oncologist may provide Hospital laboratory, pathology, diagnostic radiology, or radiation oncology services on his own order or on a consultation request from another physician.

6. Physician Recruitment

The recruitment and retention of physicians require special care to comply with Hospital policy and applicable law. Physician recruitment has implications under the anti-kickback laws and the Stark law. Each recruitment package or commitment should be in writing, consistent

with guidelines established with the Hospital. New or unique recruitment arrangements must be reviewed by the Compliance Officer, who may require legal counsel review and approval. In general, support provided to a new physician is most likely to be acceptable if it is provided in order to persuade the physician to relocate to the Hospital's geographic service area in order to become a member of the professional staff, or if it is provided to a new physician completing his or her training. Support should be of limited duration. The physician cannot be required to refer patients to the Hospital, and the amount of compensation or support cannot be related to the volume or value of referrals.

7. Physician Practice Acquisition

Current policy of Ozarks Community Hospital prohibits the purchase or acquisition of a physician practice by any means.

8. Patient Transfers

Operation of the emergency department is an integral part of the Hospital's service to the community. The emergency department is known as a place where any sick or injured person may come for care regardless of his or her ability to pay. The federal government has enacted an "anti-dumping" law to ensure that patients are not transferred from a Hospital emergency room to another facility unless it is medically appropriate.

Prompt and effective delivery of emergency care may not be delayed in order to determine a patient's insurance or financial status. Each patient who presents at the emergency department must receive an appropriate medical screening examination. Patients with emergency medical conditions, and patients in active labor, must be cared for in the Hospital's emergency department until their condition has stabilized. An emergency may include psychiatric disturbances, symptoms of substance abuse, or contractions experienced by pregnant women.

If necessary, the stabilized patient may be transferred to another hospital that is qualified to care for the patient, has space available, and has agreed to accept the transfer. Before transfer, Hospital staff shall provide the medical treatment which minimizes the risks to the patient's health and, in the case of a woman in labor, the health of the unborn child. A physician must sign a certification that the medical benefits reasonably expected from treatment at another medical facility outweigh the increased risks to the patient (and, if appropriate, the unborn child). No physician will be penalized for refusing to authorize the transfer of an individual with an emergency condition that has not been stabilized. The transfer must be performed by qualified personnel and transportation equipment, including life support measures during transfer if medically appropriate. A copy of the patient's record, including complete records of the emergency department encounter and any other records that are available, must be sent to the receiving hospital.

The "anti-dumping" law carries reporting obligations. Any employee who believes that an emergency patient has been transferred improperly must report the incident to the Compliance Officer. No employee will be penalized for reporting a suspected violation of the patient transfer

law. If an employee or professional staff member believes that an emergency patient has been transferred to the Hospital improperly, the suspected violation must be reported to the Compliance Officer within 72 hours of its occurrence. The name and address of any on-call physician who refuses or fails to appear within a reasonable time to provide necessary stabilizing treatment of an emergency medical condition or active labor is to be reported immediately to the Compliance Officer.

In addition to the Hospital's medical records, the emergency department will maintain an on-call duty roster and a log documenting each individual who comes to the emergency department seeking assistance. The log must document whether the patient refused treatment or was refused treatment, transferred, was admitted and treated, stabilized and transferred, or discharged. When a patient or a patient's legal representative requests a transfer or refuses a transfer, the informed consent or refusal must be documented in writing. If there are questions about the records required under the patient transfer law, the Compliance Officer will answer them or refer them to legal counsel.

9. Market Competition

The Hospital is committed to complying with all state and federal antitrust laws. The antitrust laws clearly prohibit most agreements to fix prices, divide markets, and boycott competitors. They also prescribe conduct that is found to restrain competition unreasonably. This can include, depending on the facts and circumstances involved, certain attempts to tie or bundle services together, certain exclusionary activities, and certain agreements that have the effect of harming a competitor or unlawfully raising prices. Any questions that might arise should be addressed to the Compliance Officer.

(a) Discussion With Competitors

Hospital policy requires that the rates it charges for Hospital care and related items and services, and the terms of its third-party payer contracts, must be determined solely by the Hospital. In independently determining prices and terms, we may take into account all relevant factors, including costs, market conditions, widely used reimbursement schedules, and prevailing competitive prices, to the extent those can be determined in the marketplace. There can be, however, no oral or written understanding with any competitor concerning prices, pricing policies, pricing formulas, bids, or bid formulas, or concerning discounts, credit arrangements, or related terms of sale or service. To avoid the possibility of misunderstanding or misinterpretation, Hospital policy prohibits any consultation or discussion with competitors relating to prices or terms which the Hospital or any competitor charges or intends to charge. Joint ventures and affiliations that may require pricing discussions must be individually reviewed for antitrust compliance. Discussions with competitors concerning rationalization of markets, down-sizing, or elimination of duplication ordinarily implicate market division and must be avoided.

Hospitals are often asked to share information concerning employee compensation. Hospital policy prohibits the sharing with competitive hospitals current information or future plans regarding individual salaries or salary levels. The Hospital may participate in and receive

the results of general surveys, but these must conform to the guidelines for participation in surveys provided under Trade Association below.

Similarly, Hospital policy prohibits consultation or discussion with competitors with respect to its services, selection of markets, territories, bids, or customers. Any agreement or understanding with a competitor to divide markets is prohibited. This includes an agreement allocating shares of a market among competitors, dividing territories, or dividing product lines or customers.

(b) Trade Associations

The Hospital and its health care providers are involved in a number of trade and professional associations. These organizations promote quality patient care by allowing the Hospital and providers to learn new skills, develop policies and, where appropriate, speak with one voice on public issues. However, it is not always appropriate to share business information with trade associations and their members. Sharing information is appropriate if it is used to better inform consumers or to promote efficiency and competition.

The Hospital may participate in surveys of price, cost, and wage information if the survey is conducted by a third party and involves at least five comparably sized Hospitals. Any price, cost, or wage information released by the Hospital must be at least three months old. If an employee is asked to provide a trade association with information about the Hospital's charges, costs, salaries, or other business matters, he or she should consult the Compliance Officer. Joint purchasing through a trade association is probably acceptable, but any joint purchasing plan should be reviewed in advance by the Compliance Officer. If an employee or professional staff member has any question or concern about an activity of a trade association, he or she may ask the Compliance Officer to seek guidance from counsel.

(c) Boycotts

Hospital policy prohibits any agreement with competitors to boycott or refuse to deal with a particular person or persons, such as a vendor, payor, or other provider. These agreements need not be written to be illegal. Any understanding reached with a competitor (directly or indirectly) on such matters is prohibited. All negotiations by Hospital agents and employees must be conducted in good faith. Exclusive arrangements with payors, vendors, and providers must be approved by Hospital administration based on an analysis of the relevant market.

(d) Physician Services

Hospital credentialing and peer review activities also may carry antitrust implications. Because of the special training and experience of physicians, their skills may best be evaluated by other physicians. It is appropriate for physicians to review the work of their peers. Because the physicians reviewing a particular physician may, by virtue of their medical specialties, be the physician's competitors, special care must be taken to ensure that free and open competition is maintained. As a result, credentialing, peer review and physician discipline at the Hospital are conducted only through properly constituted committees. Physicians participating in these activities are expected to use objective medical judgment.

If any Hospital employee is involved in negotiating a contract of employment or a personal services contract with a physician or other health care provider, it is important to review with care any non-competition provisions incorporated in the agreement. The appropriate geographic scope and duration of a non-competition agreement may vary from case to case. Questions about the appropriateness of a non-competition provision should be directed to the Compliance Officer for review with legal counsel. **Unless specifically authorized by the Board of Directors, agreements between physicians and Ozarks Community Hospital should not contain a non-competition provision.**

(e) Unfair or Deceptive Practices

In addition to the antitrust laws, the Hospital is committed to complying with other federal and state laws governing market competition. Such laws, particularly the Federal Trade Commission Act, prohibit the use of "unfair or deceptive acts and practices," including the distribution of labeling, advertising, and marketing materials that are false or misleading. Hospital employees responsible for preparing and distributing such materials must be familiar with these laws. Questions about specific materials should be directed to the Compliance Officer before distribution.

10. Waste Disposal

A Hospital produces waste of various types. The Hospital is committed to safe and responsible disposal of biomedical waste and other waste products. Compliance with applicable federal and state environmental regulations requires ongoing monitoring and care. The Hospital uses a medical waste tracking system, biohazard labels, and biohazard containers for the disposal of infectious or physically dangerous medical or biological waste. Failure to follow the system could result in significant penalties to the Hospital. Employees who come into contact with biological waste should be familiar with the Hospital's medical waste policy and procedures, and should report an deviations from the policy to their supervisor or the Compliance Officer.

The Hospital complies with the Clean Air Act, the Clean Water Act, the Resource Conservation and Recovery Act, and other federal and state laws and regulations governing the incineration, treatment, storage, disposal, and discharge of Hospital waste. If an employee suspects noncompliance or violation of any of these requirements, the circumstances should be reported to a supervisor or to the Compliance Officer. Spills and releases of hazardous materials must be reported immediately, so that necessary reports can be made and cleanup can be initiated.

The Hospital supports ongoing legal and technical review to identify and correct environmental problems. The Hospital will initiate environmental assessments and compliance audits as appropriate.

11. Controlled Substances

The Hospital, through its pharmacy, is registered to compound and dispense narcotics and other controlled substances. Improper use of these substances is illegal and extremely dangerous.

The Hospital requires that its employees comply with the terms of the Hospital's controlled substances registration and with federal and state laws regulating controlled substances. Under Hospital policy, access to controlled substances is limited to persons who are properly licensed and who have express authority to handle them. No health care practitioner may dispense controlled substances except in conformity with state and federal laws and the terms of the practitioner's license. Employees should carefully follow record keeping procedures established by their departments and the pharmacy. Unauthorized manufacture, distribution, use, or possession of controlled substances by Hospital employees is strictly prohibited, and will be prosecuted to the full extent of the law. Any employee who knows of unauthorized handling of controlled substances is to provide the information immediately to his or her supervisor or the Compliance Officer.

The Hospital has additional policies on controlled substances which each employee shall be responsible for knowing.

12. Confidentiality

Hospital employees and health care professionals have access to protected health information about patients and their care. Federal and state law regulate the use and disclosure of protected health information ("PHI"). A federal law known by the acronym "HIPAA" (the Health Insurance Portability and Accountability Act) establishes privacy standards to ensure the security and privacy of individually identifiable PHI. The Hospital has adopted comprehensive standards and policies consistent with HIPAA requirements. Hospital employees, professional staff and business associates are expected to know these policies and comply with both Hospital policy and applicable law. Patients properly expect that their PHI will be used and disclosed in accordance with HIPAA. The Hospital takes very seriously any violation of patient confidentiality. Misuse or unauthorized disclosure of a patient's PHI will have serious consequences for an employee.

13. Discrimination

The Hospital and its affiliates are committed to a policy of nondiscrimination and equal opportunity for all qualified applicants and employees, without regard to race, creed, color, religion, sex (including gender identity, gender expression, sexual orientation, and pregnancy), marital status, national origin, citizenship, age, disability, ancestry, genetics, disabled veteran or Vietnam era veteran status or any other status protected by State or Federal law. The Hospital's complete discrimination policy is contained in its Employee Manual.

If an employee feels he or she or any patient has been discriminated against or harassed on the basis of his or her race, color, sex, or other protected category, he or she should contact

the Hospital Administrator so that an investigation may be initiated in accordance with Hospital policies and procedures. A patient who feels he or she has been the subject of unlawful discrimination or harassment is encouraged to contact the Director of Social Services who will refer the matter to the appropriate Hospital personnel for investigation.

The Hospital is also strongly committed to complying with other federal and state laws governing employment. These laws include:

- Americans with Disabilities Act
- Employee Retiree Income Security Act
- Occupational Safety and Health Act
- Labor Management Relations Act,
- Age Discrimination in Employment Act
- Fair Labor Standards Act
- Immigration Reform and Control Act
- Applicable State Fair Employment Practices Act

The Hospital Administrator can provide employees with information on these laws.

14. Political Contributions

The Hospital encourages each of its employees to participate in civic and political activities in his or her own way. The Hospital's direct political activities are, however, limited by law. Corporations may not make any contributions, whether direct or indirect, to candidates for federal office. Thus, the Hospital may not contribute any money, or lend the use of vehicles, equipment or facilities, to candidates for federal office. Nor may the Hospital make contributions to political action committees that make contributions to candidates for federal office. The Hospital may not require any employees or professional staff members to make any such contribution. Finally, the Hospital cannot reimburse its employees or professional staff members for any money they contribute to federal candidates or campaigns.

15. Conflicts of Interest

Hospital employees, officers, directors and shareholders should avoid all potential conflicts of interest. Adherence to this policy ensures that the Hospital's employees, officers, directors and shareholders act with total objectivity in carrying out their duties for the Hospital.

To this end, Hospital employees, officers, directors and shareholders may not be employed by, act as a consultant to, or have an independent business relationship with any of the Hospital's vendors, providers or third party payors. Hospital officers, directors and shareholders may not be employed by, act as a consultant to or have an independent business relationship with any of Hospital’s competitors. Hospital employees, officers, directors and shareholders may not invest in any vendor, provider, third party payor or competitor (other than through holdings of less than 0.5 percent of the outstanding shares of publicly traded securities).

Employees, officers, directors and shareholders should not have other outside employment or business interests that place them in the position of (i) appearing to represent the Hospital in an official capacity, (ii) providing goods or services substantially similar to those the Hospital provides or is considering making available, or (iii) lessening their efficiency, productivity, or dedication to the Hospital in performing their everyday duties.

Employees, officers, directors and shareholders may not use Hospital assets for personal benefit or personal business purposes. Employees, officers, directors and shareholders may not have an interest in or speculate in products or real estate the value of which may be affected by the Hospital's business. Employees, officers, directors and shareholders may not divulge or use the Hospital's confidential information such as financial data, payer information, computer programs, and patient information for their own personal or business purposes.

Any personal or business activities by an employee, officer, director or shareholder that may raise concerns along these lines must be reviewed with the Compliance Officer and approved in advance by the Board of Directors.

In order for the Hospital to comply with requirements of the Medicare program, every employee must notify the Compliance Officer if he or she was at any time during the year preceding his or her employment with the Hospital employed by the Medicare intermediary or carrier. An employee's failure to make this disclosure at the time of employment could cause the Hospital to lose its right to participate in Medicare.

Because the Hospital participates in state programs such as Medicaid, Hospital employees must inform the Compliance Officer if they have previously been employed by a Missouri Medicare intermediary or carrier.

16. Independent Contractors and Vendors

The Hospital purchases goods and services from many consultants, contractors and vendors. The Hospital's policy is that all consultants, contractors and vendors who provide items or services to the Hospital must comply with all applicable laws and Hospital policies. The Corporate Compliance Officer may, in his or her discretion, require any consultant, contractor or vendor doing business with the Hospital to review the Hospital's Compliance Plan and provide a written affirmation of compliance.

Hospital employees who work with consultants, contractors, and vendors or who process their invoices should be aware that the Hospital's compliance policies apply to those outside companies as well. Employees are encouraged to monitor carefully the activities of contractors in their areas. Any irregularities, questions, or concerns on those matters should be directed to the Compliance Officer. Employees and professional staff proposing to do business with a consultant, contractor or vendor not already on the approved vendor list must obtain prior approval in writing from the Corporate Compliance Officer and Chief Financial Officer.

17. Response to Investigations

Federal and state laws govern the Hospital's business of providing health care for the community served by the Hospital. Investigations of any form may affect the Hospital's participation in government programs; therefore, responding to investigations pertaining to patients, providers and in general the provision of health care services requires oversight and guidance by the Hospital's General Counsel.

If a department, an employee, or a professional staff member receives an investigative demand, subpoena, or search warrant involving the Hospital's provision of health care services, it should be brought immediately to the Hospital's General Counsel. Do not release or copy any documents without authorization from the General Counsel. If an investigator, agent, or government auditor comes to the Hospital, contact the General Counsel immediately. In the General Counsel's absence, contact the Hospital Administrator. Ask the investigator to wait until the General Counsel or his designee arrives before reviewing any documents or conducting any interviews. The General Counsel is responsible for assisting with any interviews, and the Hospital will provide counsel to employees, where appropriate. If Hospital employees are approached by government investigators and agents in regards to an investigation pertaining to patients, providers and in general the provision of health care services, the employee has the right to insist on being interviewed only at the Hospital, during business hours or with counsel present. This policy should not be misconstrued to mean that employees cannot respond privately and confidentially to investigations pertaining to the OCH workplace without notifying OCH management or the General Counsel (see Employee Rights disclaimer below).

If a professional staff member receives an investigative demand at his or her private office regarding the provision of health care services and the investigation may involve the Hospital, the staff member is asked to notify the General Counsel immediately.

Hospital employees are not permitted to alter, remove, or destroy documents or records of the Hospital unless it is specifically permitted by written Hospital Policy or express approval is obtained by the employee's supervisor. This includes paper, tape, and computer records.

Subject to coordination by the General Counsel, the Hospital and its employees will disclose information required by government officials, supply payment information, provide information on subcontractors, and grant authorized federal and state authorities with immediate access to the Hospital and its personnel. Failure to comply with these requirements could mean that the Hospital will be excluded from participating in the Medicare and Medicaid programs.

Subcontractors of the Hospital who provide items or services in connection with the Medicare and/or Medicaid programs are required to comply with the Hospital's policies on responding to investigations. Subcontractors must immediately furnish the General Counsel, Hospital counsel, or authorized government officials with information required in an investigation.

18. Employee Rights

Nothing in this policy is designed to interfere with, restrain, or prevent employee communications regarding wages, hours, or other terms and conditions of employment. OCH Health System employees have the right to engage in or refrain from such activities. OCH Health System is an equal opportunity employer and does not unlawfully discriminate against employees or applicants for employment on the basis of an individual's race, creed, color, religion, sex (including gender identity, gender expression, sexual orientation, and pregnancy), marital status, national origin, citizenship, age, disability, ancestry, genetics, disabled veteran or Vietnam era veteran status or any other status protected by State or Federal law.