

JASPER HEALTH SERVICES, INC. STATEMENT OF COMPLIANCE

Jasper Health Services, Inc. is committed to providing health care services in compliance with all state and federal laws governing its operations, and consistent with the highest standards of business and professional ethics. In order to ensure that the hospital's compliance policies are consistently applied, a Legal Compliance Program was established in December 1996.

CODE OF ETHICS

Jasper Health Services, Inc. is dedicated to providing a high quality of both primary and specialized medical care and health education services to its patients. JHS, Inc. continuous quality improvement and employee accountability toward service excellence will ensure that a high quality of patient care is sustained.

The medical staff will strive to treat and cure disease, and to eliminate or reduce pain and suffering. We recognize the right of the patient to participate in and ultimately define his/her own acceptable quality of life and we will help the patient, patient's family and/or representative in achieving their goals within acceptable medical standards of practice and guidelines.

JHS, Inc. recognizes that our medical staff and employees are the most important source of our strength. Their involvement and support are essential to our mission. All employees will uphold high ethical standards in business practice and marketing strategies, and will endeavor to select firms that hold the same high principles when entering into contractual relationships. The personal dignity and privacy of patients will be respected. All healthcare providers and employees will keep in confidence privileged information concerning our patients. All employees will strive to render care in a professional, compassionate manner. All patients shall be accorded impartial access to treatment that is medically indicated and accommodations which are available, regardless of race, creed, sex, national origin, or sources of payment for care. Financial considerations will never dictate the quality of care. Questions concerning billing will be handled promptly, and conflicts will be resolved on the basis of reasonable and customary billing practices in our area.

The medical staff and hospital personnel acknowledge a moral obligation to work as a professional team to provide the best medical care to patients of which they are capable. Patients and their families will participate in informed decision making concerning their care and in consideration of ethical issues that may arise. Such ethical issues may include withholding of resuscitative services and forgoing or withdrawal of life-sustaining treatment. Whenever hospital personnel have personal objections to participation in withdrawal of life-sustaining equipment, their beliefs will be respected. All members of the healthcare team will endeavor to ensure the safety of the patients with regard to hospital environment, practices, and equipment used in their care and will strive to attain a restraint-free environment.

RESPONSIBILITIES OF DEPARTMENT MANAGERS

Department Managers have committed themselves to setting an example for the hospital staff by complying with all policies and standards of Jasper Health Services, Inc. and by pledging to educate employees who report to them about their department policies and those of the hospital.

CONFIDENTIALITY

Hospital employees and health care professionals possess sensitive information about patients

and their care. The Hospital takes very seriously any violation of a patient's confidentiality. Discussing a patient's medical condition, or providing any information about patients to anyone other than hospital personnel who need the information and other authorized persons, will have serious consequences for an employee. Employees should not discuss patients outside the hospital.

PAYMENTS, DISCOUNTS, AND GIFTS

The Hospital participates in the Medicare and Medicaid programs. 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 prohibits 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 Georgia a parallel state statute applies these same prohibitions to all patients, regardless of payor source.

A. ANTI-KICKBACK LAWS

Federal and state laws prohibit the hospital and its employees from knowingly and willfully offering, paying, asking, or receiving any money or other benefit, directly or indirectly, in return for obtaining favorable treatment in the award of a contract or the referral of patients.

B. ENTERTAINMENT AND GIFTS

The hospital recognizes that business dealings may include a shared meal or other similar social occasion. More extensive entertainment should always be consistent with hospital policy, and if a question should arise, it should be discussed with the employee's department head or the Compliance Officer. Hospital employees may not receive any gift under circumstances that could be construed as an improper attempt to influence the hospital's or an employee's decision or action. If an employee receives a gift that may be considered a violation of this policy, the gift shall be reported to the supervisor and/or Compliance Officer for advice and direction regarding the gift.

MARKET COMPETITION

JHS, Inc. is committed to complying with all anti-trust laws, the purpose of which is to preserve the competitive free enterprise system. The hospital and its employees will not have any written or oral discussions with competitors concerning pricing policies, pricing formulas, bids, discounts, credit arrangements or compensation practices. If an employee is asked to provide a trade association with information about JHS, Inc. business practices, he or she should consult the Compliance Officer prior to disclosing any information.

ENVIRONMENTAL COMPLIANCE

A hospital produces waste of various types. JHS, Inc. is committed to safe and responsible disposal of biomedical waste and other waste products. Compliance with applicable federal and state environmental regulations requires on-going 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. Employees who come into contact with biological waste should report any deviations from the policy to their supervisor, the safety officer, or the Compliance Officer.

CONFLICTS OF INTEREST

Hospital employees should avoid all potential conflicts of interest to ensure total objectivity in carrying out their duties for the hospital.

Hospital employees may not be employed by, act as a consultant to, or have an independent business relationship with any of the hospital's service providers, competitors, or third party payors. Nor may employees invest in any payor, provider, supplier, or competitor unless they first obtain written permission from the Compliance Officer. Employees should not have other employment or business interests that place them in the position of (i) appearing to represent the hospital, (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 may not use hospital assets for personal benefit or personal business purposes, and may not divulge confidential financial information of the hospital for their own personal purposes.

DISCRIMINATION, HARASSMENT, AND WORKPLACE VIOLENCE

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, color, sex, religion, age, national origin, ancestry, disability, or sexual orientation. Our policy of nondiscrimination extends to the care of our patients. If an employee feels that 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, then it should be reported to the Compliance Officer 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 an unlawful discrimination or harassment is encouraged to contact the Compliance Officer to investigate the matter.

MEDICARE SANCTIONS

JHS, Inc. complies with Federal law, which prohibits employing or contracting with persons or companies that have been excluded from participation in a Federal health care program.

DRUG FREE WORKPLACE

The employees of Jasper Health Services, Inc. are a valuable resource and their health and safety is therefore a serious concern. The hospital will not tolerate any drug or alcohol use which imperils the health and well-being of its patients, its employees, or threatens its business. The use of illegal drugs, controlled substances, or alcohol, on or off duty, tends to make employees less productive and reliable, and prone to greater absenteeism. Furthermore, employees have the right to work in an alcohol and drug-free environment and to work with persons free from effects of alcohol or drugs. The hospital will vigorously comply with requirements of the Drug-Free Workplace Act of 1988.

RESPONSE TO INVESTIGATIONS

State and federal agencies have broad legal authority to investigate the hospital and review its records. The hospital will comply with subpoenas and cooperate with governmental investigations to the full extent of the law. The Compliance Officer is responsible for

coordinating the hospital's release of any information. If a department, an employee, or a professional staff member receives an investigative demand, subpoena, or search warrant involving the hospital, it should be brought immediately to the Compliance Officer or the administrator on call. Do not release or copy any documents without authorization from the Compliance Officer, administrator on call, or hospital counsel.

EMERGENCY MEDICAL CARE

Prompt and effective delivery of emergency care may not be delayed in order to determine a patient's insurance or financial status. Each patient presenting at the Emergency Department or elsewhere on hospital property must receive an appropriate medical screening examination. Patients with emergency medical conditions, or a pregnant woman having contractions, must remain in the Emergency Department until their condition is 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 facility outweigh the increased risk to the patient and/or 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 with appropriate 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.

RECORD KEEPING AND RETENTION

Hospital employees are not permitted to alter, remove, or destroy permanent documents or records of the hospital. Medical records must be retained for the time period specified by law. Retention of other records is subject to nationally or state-recognized retention guidelines. This includes paper, magnetic tape, and computer records.

BILLING AND CLAIMS

When claiming payment for hospital or professional services, the hospital has an obligation to its patients, third party payors, and the state and federal governments to exercise diligence, care, and integrity. The right to bill the Medicare and Medicaid programs, conferred through the award of a provider or supplier number, carries a responsibility that may not be abused. The hospital is committed to maintaining the accuracy of every claim it processes and submits. Many people throughout the hospital have the responsibility for entering charges and procedure codes. Each of these individuals is expected to monitor compliance with applicable billing rules. Any false, inaccurate, or questionable claim should be reported immediately either to a supervisor or the Compliance Officer.

A. APC's

The Outpatient prospective payment system for Medicare under the Balanced Budget Act of 1997 groups services into categories called ambulatory payment classifications (APC's). This groups services clinically and in terms of the resources they require. A payment rate is established for each APC. Accurate coding for outpatient services is essential.

B. ADVANCED BENEFICIARY NOTICES

Advanced Beneficiary Notices (ABN's) alert patients that tests which have been ordered by the patient's physician may not be reimbursed by Medicare. Medicare pays only for tests or procedures that it considers to be "medically necessary", depending on the patient's diagnosis. Therefore, there are occasions when Medicare will not pay for services that doctors think are important to a patient's health. Patients may sign for the ABN and be billed personally; they may refuse to sign the ABN and choose not to have the test performed (which should not be done before patients consult their doctor); or the test may be performed without the patient signing the ABN and a claim will be submitted to Medicare under "non-covered services". The patient will then receive a bill if Medicare denies the claim.

LEGAL COMPLIANCE PROGRAM RESPONSIBILITIES

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, and 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 arises as to whether any action complies with hospital policies or applicable law, an employee should present that question to that employee's supervisor, directly to the hospital's Compliance Officer, or to a member of the Compliance Committee. All employees should review the hospital's Legal Compliance Program 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 is expected to report it to his or her supervisor (in case of an employee) or to the Compliance Officer. All persons making such reports are assured that they are treated as confidential; such reports will be shared only on a bona fide need-to-know basis. The hospital will not take adverse action against persons making such reports (which must be submitted in good faith and must not be malicious) whether or not the report ultimately proves to be well-founded.

HIPAA COMPLIANCE

HIPAA is an acronym that stands for the Health Insurance Portability and Accountability Act of 1996. Under this mandate, the Department of Health and Human Services (HHS), with guidance from other federal agencies, has released rules establishing new standards for the transmission and uses of health care information. The regulations establish standards for electronic transactions, privacy, and information security. Taken together, these regulations will fundamentally alter day-to-day functioning of the nation's hospitals and affect virtually every department of every entity that provides or pays for health care.

In mandating the regulations, Congress sought to reduce the administrative costs and burden associated with healthcare by standardizing data facilitating electronic transmission of many administrative and financial transactions. With the belief that the electronic movement of health information creates patient confidentiality and data security concerns, Congress directed the Secretary of HHS to develop standards to protect the privacy and security of individually identifiable health information.

Organizations that deliver health care are now required to educate patients on the uses and disclosures of their health information by giving them a Notice of Privacy Practices, and receipt of this notice must be acknowledged by each patient. This must be done either prior to or at the time of the delivery of care. In addition, healthcare organizations were mandated to develop and implement policies and procedures to protect the privacy of patient health information and to provide education to all employees about the new regulations.

Protected health information (PHI) may be used or disclosed without the patient's authorization for treatment, payment, or health care operations (or when required by law). In all other instances, patient authorization must be obtained. Patients have specific rights under HIPAA with regard to their healthcare information: the right to request restrictions on certain uses and disclosures of protected health information (although hospitals are not required to agree with these); the right to inspect and copy protected health information; the right to amend protected health information; the right to receive an accounting of disclosures of protected health information. Complaints must be sent in writing to the hospital's Compliance Officer, Laura Hammonds. There are civil and monetary penalties for improper release of protected health information.

QUESTIONS

Questions or concerns about JHS, Inc. Legal Compliance Program may be addressed to the Compliance Officer, expressed anonymously through the JHS Compliance Line: Contact Mollie Thomas at 478-454-3550.

JHS, Inc. Compliance Officer, Laura Hammonds, Assistant Administrator, may be reached by phone at (706) 468-6411 ext. 116.