

**MEMORIAL HERMANN HEALTHCARE
SYSTEM**

STANDARDS OF CONDUCT

JULY 1, 2008

Dear Employee Partners,

Memorial Hermann Healthcare System is dedicated to providing high quality health services in order to improve the health of the people in Southeast Texas. A key element of this is having ethical standards and integrity. We are committed to achieving our purpose in full compliance with our values as well as all applicable laws. To assist us in fulfilling this commitment while operating in a complex and highly regulated environment, several years ago we implemented a voluntary Corporate Compliance Program. An important part of our Corporate Compliance Program is our Standards of Conduct.

The Standards of Conduct create a uniform code and are guidelines to clarify specific ethical questions that may arise in the course of your work. Please become familiar with the basic concepts outlined in the Standards of Conduct. If any aspect of the Standards of Conduct is unclear to you or if you have questions or concerns about a situation you are facing, I hope you will feel comfortable discussing your questions and concerns with your supervisor or senior management. If you do not wish to do so or if your supervisor/senior management is not able to address your issue, you may call the Compliance Helpline or the Corporate Compliance Officer , which is discussed in more detail in these Standards.

We are committed to honoring the community's trust at Memorial Hermann and are asking you to Partner with us in maintaining our uncompromising values.

Sincerely,

Dan Wolterman
President and CEO
Memorial Hermann Healthcare System

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INTRODUCTION TO THE STANDARDS OF CONDUCT

Memorial Hermann Healthcare System (MHHCS) is committed to the goal of serving our patients, physicians, employee partners and the communities that we serve in an ethical, legal and responsible manner. Further, MHHCS is committed to providing all services in full compliance with all applicable laws, regulations and guidelines, as well as with our own policies and procedures. We are particularly sensitive to requirements applicable to federal health care programs and the submission of accurate billings.

The Standards of Conduct, as well as all statutes, regulations, guidelines, and MHHCS policies and procedures must be observed by everyone: employees and anyone engaged in business with members of the Board of Directors, and anyone else engaged in our work environment or acting on behalf of the organization. No one, regardless of position, will be allowed to compromise adherence to the Standards, statutes or regulations. Failure to comply can result in serious damage to our standing in the community, regulatory action against the corporation and individual employee partners, and employee partner corrective action.

If you have questions about these Standards or about any Memorial Hermann Healthcare System policies or practices, you should raise the questions with your supervisor first. Our supervisory staff has been charged with a special obligation to be available and responsive to employee partners when questions arise about adherence to the Standards. If the response received from the supervisory staff does not resolve the issue(s) concerning applications of the Standards, you are invited to address your concerns to higher levels of management, or call Human Resources or the Corporate Compliance Officer.

The Standards of Conduct adopted by Memorial Hermann Healthcare System are intended to ensure that we meet our compliance goals in a highly regulated business environment. The Standards are designed to provide general guidance, and do not replace the policies and procedures of the corporation. If there is no specific policy, the Standard becomes the policy. If a policy and a Standard seem to conflict, the Standard should be followed. In seeking additional guidance and direction regarding the Standards, employee partners are encouraged to refer to Memorial Hermann Healthcare System Policies and Procedures. The Standards are a "living document," which will be updated periodically to respond to changing conditions. Therefore, Memorial Hermann Healthcare System reserves the right to modify or amend the Standards at any time.

PURPOSE

Memorial Hermann Healthcare System is a not-for-profit, community-owned, health care system with spiritual values, dedicated to providing high quality health services in order to improve the health of the people in Southeast Texas.

VALUES

- ◆ We are committed to assessing and meeting the health care needs of the individuals in our diverse communities.
- ◆ We are stewards of resources and are obligated to be medically, socially, financially, legally and environmentally responsible.
- ◆ We are devoted to providing superior quality, cost-efficient, innovative and compassionate care.
- ◆ We believe in partnerships with our patients, families, physicians, employee partners, volunteers and communities to achieve excellence.
- ◆ We support teaching programs that develop the health care professionals of tomorrow.
- ◆ We support biomedical research as the means by which we expand our knowledge and learn how to provide better care.
- ◆ We provide holistic health care, which addresses with dignity the physical, social, psychological and spiritual needs of individuals.
- ◆ We conduct business utilizing ethical standards and expect integrity, fairness and respect in all our relationships.

PARTNERS IN CARING

A Process

Partners In Caring is an employee partner-driven process that is striving for that unique environment where patients, families, employee partners, physicians, and all others who enter our doors know they are somewhere special. They know, that here, they will be treated with dignity and respect. Partners In Caring has become so critically important in the delivery of our services that it is included in each employee partner's yearly evaluation (Behavioral Expectations Assessment).

A Philosophy

As Partners In Caring, our philosophy is to treat everyone with the same dignity and respect we want for ourselves. The objective is to provide a "Unique Quality Environment" where the keys to quality service are always present for customer, employee partner, and medical staff satisfaction.

The Four Keys that Unlock our Unique Environment

- **Safety** - The safety of the customer is the first priority; it can never be sacrificed.
- **Courtesy** - Consideration and respect for others.
- **Cleanliness** - A pleasant and comfortable environment.
- **Efficiency** - Doing the right thing, the right way, the first time.

We keep our customers' needs at the heart of all we do.

QUALITY OF CARE

STANDARD OF CONDUCT: We are committed to providing quality care and services. Our first responsibility is to our patients and their families we serve.

- ◆ We have a responsibility at every level of the organization to maintain integrity and quality in our job performance.

- ◆ We have a responsibility to address any deficiency or error by reporting it to a supervisor who can assess the problem, take appropriate action and follow the problem to resolution. Knowledge of safety or quality of care concerns are expected to be immediately reported internally to the hospital patient safety officer, to the chief quality officer, to the corporate compliance officer or to the compliance helpline, but may also be reported directly to the Joint Commission on Accreditation of Healthcare Organizations.

- ◆ We will encourage each employee partner to continually evaluate existing methods of delivering services in order to discover more effective ways of serving our patients.

- ◆ We will respect the human dignity of each patient by responding to all patient questions, concerns and needs in a timely and sensitive manner.

- ◆ We will continually monitor and evaluate the delivery of care and related services to assure that appropriate standards of practice are met.

- ◆ We will strive to ensure that patient admissions, transfers, and discharges are medically appropriate and in accordance with legal requirements.

- ◆ We will employ appropriately licensed and properly credentialed providers possessing the expertise and experience to care for our patients.

- ◆ We endeavor to not discriminate against any patient for any reason including race, ethnicity, religion, sex, sexual orientation, national origin, age, marital status, disability, citizenship, or any other classification protected by law.

COMPLIANCE WITH LAWS AND REGULATIONS

STANDARD OF CONDUCT: We are committed to ethical standards of business and professional ethics and integrity. We will provide patient care and conduct business while following all applicable laws, regulations and policies. We aim to:

- ◆ Promptly report to management, the Corporate Compliance Officer or the Helpline when any possible violation of law, regulation or policy has occurred. All compliance issues or reported concerns will be acted upon in a fair and truthful manner. Any retaliation or other negative action against any person who in good faith reports a suspected violation will not be tolerated.
- ◆ Not provide kickbacks, bribes, rebates or anything else of value in order to influence the referral of patients or services.
- ◆ Have all agreements with individuals or organizations that may be possible referral sources in writing and approved by appropriate management and legal counsel.
- ◆ Bill payors and patients in compliance with all applicable laws, regulations and policies.
- ◆ Compete in the market solely on the merit of our services. Marketing information, both oral and written, provided to patients and others shall be clear, correct, and non-deceptive.
- ◆ Maintain complete and accurate patient medical records and keep all such information confidential.
- ◆ Not employ or contract with individuals who have been sanctioned by the OIG or barred from providing services under federal or state healthcare programs.
- ◆ Have employee partners who are providers of professional healthcare services properly licensed and trained prior to administering patient care.
- ◆ Have all drugs or other controlled substances used in patient treatment maintained, dispensed, and transported in compliance with all applicable laws and regulations.
- ◆ Comply with all requirements of the Emergency Medical Treatment and Active Labor Act (EMTALA), including providing a medical screening examination to all who seek emergency treatment.

HUMAN RESOURCES

STANDARD OF CONDUCT: We recognize that our employee partners are our most valuable assets. We are committed to creating a workplace where employee partners are treated with respect and fairness while being empowered to get the job done at or above expectations. We will strive to:

- ◆ Treat everyone with dignity and respect.
- ◆ Provide a work environment for all employee partners free from harassment and intimidation. We will not tolerate verbal or physical harassment (including sexual harassment).
- ◆ Review and evaluate each employee partner's performance periodically in an objective and consistent manner.
- ◆ Continually build confidence and professionalism in every employee partner.
- ◆ Maintain open lines of communication so that the views of each employee partner may be considered and their opinions given proper respect.
- ◆ Show respect and consideration for one another, regardless of status or position.
- ◆ Maintain personal employee partner information with appropriate confidentiality.
- ◆ Apply the Standards of Conduct and personnel policies equally to all employee partners regardless of position in the workplace.
- ◆ Provide reasonable training opportunities to assist employee partners to build and maintain professional skills.
- ◆ Ensure that our employee partners are employed, trained, promoted and compensated on the basis of personal competence and potential for advancement without regard for race, ethnicity, religion, sex, national origin, age or disability, as well as any other classifications as required by law.
- ◆ Encourage each employee partner to continually evaluate existing methods of delivering services in order to discover more effective ways of allocating resources for patient care and support services.
- ◆ Have all employee partners in a position requiring licensure/certification will be properly licensed/certified by the appropriate Federal, State, local or professional agency.

BILLING AND CODING

STANDARD OF CONDUCT: We are committed to fair and accurate billing that is in accordance with all Federal and state laws. Our goal is to:

- ◆ Bill only for services that are medically necessary, actually provided and documented in the patient's medical records.
- ◆ Not knowingly submit for payment or reimbursement a claim we know to be false.
- ◆ Assign diagnostic, procedural and billing codes that accurately reflect the services that were provided. Upcoding, unbundling or any other means of artificially enhancing reimbursement is unlawful and strictly prohibited.
- ◆ Periodically review coding practices and policies, including software edits, to ensure they are consistent with all applicable Federal, state and private payor health care program requirements.
- ◆ Regularly review our records for patient credit balances and promptly refund any overpayments.
- ◆ Not routinely waive insurance co-payments or deductibles.
- ◆ Submit all claims for services to Medicare or other federally funded health care programs with accuracy and correctly identify the services ordered.
- ◆ Maintain all records in a secure location for the period of time required by law. The premature destruction or alteration of any document in response to, or in anticipation of, a request for those documents by any government agency or court is strictly prohibited.
- ◆ Respond in a direct, timely and honest manner to all questions and complaints related to a patient's bill.

PROTECTION AND USE OF INFORMATION, PROPERTY AND ASSETS

STANDARD OF CONDUCT: We are committed to protecting Memorial Hermann Healthcare System's property and information against loss, theft, destruction and misuse. We purpose to:

- ◆ Honor the privacy of patients and not reveal or discuss patient-related information except with health care personnel involved in their care, and with payors and others duly authorized to review patient information.
- ◆ Release patient records only in accordance with Memorial Hermann Healthcare System policies.
- ◆ Maintain the confidentiality of quality assurance, peer review and health care services review information in accordance with laws and regulations.
- ◆ Correctly use and care for all property and equipment entrusted to us.
- ◆ Protect confidential corporate information and not use or reveal such information except in the proper performance of duties.
- ◆ Maintain and keep all supplies secure.
- ◆ Dispose of all surplus or obsolete property and equipment according to established procedures.
- ◆ Not permit creation of unauthorized copies of computer software or using personal software on Memorial Hermann Healthcare System computer equipment.
- ◆ Not knowingly communicate or transfer any information or documents to any unauthorized persons.
- ◆ Not use computers, e-mail, facsimile machines or other technology to communicate privileged and confidential information to unauthorized recipients. Further, the use of technology to send offensive, discriminatory or harassing messages is prohibited.

CONFLICTS OF INTEREST

STANDARD OF CONDUCT: We are committed to acting in good faith in all aspects of our work. We will avoid conflicts of interest or the appearance of conflicts between the private interests of any employee partner and his or her work duties. A conflict of interest may exist whenever an employee partner or a related party (e.g., family member, friend, or business associate) receives a private benefit from any decision or action taken by the employee partner on behalf of the corporation. We are resolute in our intention to:

- ◆ Not offer, accept or provide gifts or favors, such as meals, transportation or entertainment that might be interpreted as an inducement.
- ◆ Maintain unbiased relationships with actual and potential vendors and contractors.
- ◆ Exercise good faith and fair dealing in all transactions that involve our responsibilities to Memorial Hermann Healthcare System.
- ◆ Not misuse our position with Memorial Hermann Healthcare System for personal gain.
- ◆ Not accept outside employment that conflicts with our position with Memorial Hermann Healthcare System.
- ◆ Not employ or have a Memorial Hermann business relationship with a relative without making it known to our supervisor.
- ◆ Report actual or perceived conflicts of interest to a supervisor.
- ◆ Not accept a gift that violates the current policy on Receipt of Gifts and Favors from Vendors.
- ◆ Not employ a person to be supervised by, or to supervise, another member of the person's family unless the situation is warranted by special circumstances. In such situations, special oversight will be arranged so that a conflict of interest does not occur between family members with respect to their Memorial Hermann duties.

HEALTH & SAFETY

STANDARD OF CONDUCT: We are committed to maintaining a workplace that protects the health and safety of our patients and employee partners. We are determined to:

- ◆ Comply with all safety and health requirements whether established by management, federal, state or local laws, or accrediting organizations.
- ◆ Take all reasonable precautions and follow all safety rules and regulations to maintain a safe environment for our patients, employee partners, physicians, visitors, and vendors.
- ◆ Provide an environment that is free from violence. Unauthorized weapons of any kind are strictly prohibited.
- ◆ Follow all laws and regulations regarding the disposal of medical waste and hazardous material.
- ◆ Promptly report to a supervisor any accidents involving injury to an employee partner, physician or visitor.
- ◆ Promptly report to a supervisor all spills or accidents involving medical waste or hazardous materials and take action right away to help prevent harm.
- ◆ Provide training in safe work practices to reduce hazards to the health and safety of employee partners and others.
- ◆ Have supervisors be responsible for inspecting the work area under their control for health and safety risks, eliminating or reporting risks, be familiar with health and safety procedures, and train their employee partners in health and safety precautions.
- ◆ Not permit the manufacture, sale, possession, distribution or use of illegal drugs or alcohol at work. Reporting to work while under the influence of illegal drugs or alcohol will not be tolerated.
- ◆ Safely store, secure and count all drugs and pharmaceuticals. Missing drugs will be promptly reported to supervisors.

PHYSICIANS AND ALLIED HEALTH PROFESSIONALS

STANDARD OF CONDUCT: Memorial Hermann Healthcare System (MHHCS) is committed to providing all services in full compliance with all applicable laws, regulations and guidelines, as well as with its own policies and procedures. MHHCS is particularly sensitive to requirements applicable to federal health care programs. Compliance by physicians who practice as members of the hospital medical staff and other health care professionals (e.g., nurse anesthetists, physician assistants, psychologists, etc.) is important to MHHCS's overall compliance efforts.

- ◆ Physicians and allied health professionals associated with MHHCS must comply with all applicable federal and state standards, laws, regulations and policies.
- ◆ The MHHCS Standards of Conduct shall be made available to all physicians and allied health professionals associated with MHHCS upon application for appointment or reappointment for medical staff credentialing and privileging. By their signature, they shall acknowledge receipt of the Standards and that it is their responsibility to read and comply with the procedures and policies set forth in the Standards.
- ◆ All physicians and allied health professionals who practice at a MHHCS facility are responsible for understanding the requirements of the MHHCS Standards of Conduct.
- ◆ Physicians and allied health professionals associated with MHHCS are encouraged to participate in compliance training and educational programs that complement the MHHCS Standards of Conduct, compliance requirements, and other rules and regulations. Further, they are encouraged to develop compliance programs in accordance with the OIG's Compliance Program Guidance for Individual and Small Group Physician Practices.*
- ◆ MHHCS will endeavor to promptly and thoroughly investigate alleged misconduct by physicians, other health care professionals and consultants performing services within the MHHCS work environment.
- ◆ MHHCS is resolved to have physicians and allied health professionals who provide medical services through MHHCS screened utilizing the Office of Inspector General List of Excluded Individuals and Entities, as well as the General Services Administration "Debarment List."
- ◆ The MHHCS Compliance Officer has authority to request and review all documents and other information that are relevant to compliance activities, including those concerning physicians and allied health professionals.

*provided upon request

VENDORS AND CONTRACTORS

STANDARD OF CONDUCT: Memorial Hermann Healthcare System (MHHCS) is committed to providing all services in full compliance with all applicable laws, regulations and guidelines, as well as with its own policies and procedures. MHHCS is particularly sensitive to requirements applicable to federal and state health care programs and the submission of accurate bills for all services provided. Compliance by vendors, contractors and consultants conducting business on behalf of MHHCS or in the MHHCS work environment is important to MHHCS's overall compliance efforts.

MHHCS:

- ◆ Shall make available the Standards of Conduct to all vendors, contractors, and consultants with whom MHHCS conducts business.
- ◆ Will endeavor to promptly and thoroughly investigate alleged misconduct by vendors, contractors and consultants performing services for or on behalf of MHHCS.
- ◆ Through the MHHCS Compliance Officer, will strive to review all pertinent documents and other information relevant to compliance investigations, including those of or pertaining to outside individuals and entities such as vendors, contractors, consultants, suppliers, agents and others.
- ◆ Shall advise upon and provide access to written compliance policies that identify specific areas of risk to the hospital(s) associated with the services. All contractors, vendors, consultants and others doing business with MHHCS will be responsible for understanding and fully complying with policies applicable to their activities.
- ◆ Will purpose to have all contractors, vendors, consultants and others doing business with MHHCS screened utilizing the Office of Inspector General List of Excluded Individuals and Entities, as well as the General Services Administration "Debarment List."

All outside vendors, consultants and contractors, including physician corporations and professional associations doing business with MHHCS shall be committed to:

- ◆ Complying with all applicable federal and state standards, laws, regulations and policies.
- ◆ Following policies applicable to their presence in or relating to the MHHCS work environment and/or work on MHHCS's behalf such as the Vendor Gift Policy.
- ◆ Participating in, or developing for their own use, compliance training and educational programs which will complement the MHHCS Standards of Conduct, compliance requirements, and applicable rules and regulations.

Further, they are encouraged to develop compliance programs in accordance with applicable OIG Compliance Program Guidance documents.

WHEN IN DOUBT

Warning Signs and a Quick Quiz

There may be times when you are unsure whether an activity or a situation is unethical or illegal. If you are not sure, pursue it until you are confident that it is either resolved, or that the right person in your organization knows the facts and has taken action. A delay on your part could be serious for you, for others, and for the organization.

There are words and phrases that raise "red flags" about potential problems, and should send a warning signal to you. The following are examples of such words and phrases:

"Well, maybe just this once."

"Everyone does it."

"No one will ever know."

"Shred that document -- no problem."

"No one will get hurt."

If you hear comments like these or you begin to say things like this, then the following "quick quiz" could be helpful as a guide for what needs to be done next:

"Does this break a law, regulation, policy or Standard of Conduct?"

"How will I feel about myself afterwards?"

"What would my family, friends, our physicians or patients think?"

"How would this look if it were in the newspaper tomorrow?"

"Am I being fair and honest?"

If you are not comfortable with any of your answers to the above questions, or if you are still not sure whether an activity is wrong, contact your supervisor or another trusted manager in the organization. The four-step communication and reporting process outlined in the next section should be a helpful guide.

COMMUNICATION AND REPORTING PROCESS

If you have a question or concern about an activity being unethical, illegal, or wrong, use the following process to answer questions and report concerns. Throughout this process your identity will be kept confidential as much as possible.

1. Talk to your supervisor. He or she should be familiar with the laws, regulations, and policies that relate to your work.
2. If you are not comfortable contacting your supervisor, or if you don't receive an adequate response, talk to another member of the management team. You may also choose to speak with someone from Human Resources.
3. If for any reason you feel you cannot follow the above steps, or don't want to give your name, call the Memorial Hermann Healthcare System Compliance Helpline at 1-877-448-4140 or 713-448-4140.. The Memorial Hermann Healthcare System Corporate Compliance Officer will address all reports to the Helpline.

COMPLIANCE HELPLINE 1-877-448-4140

We recognize that there are times when questions or problems cannot be addressed through the normal communication and reporting process. When this happens, you should use the Compliance Helpline. We have employed an outside company to take Helpline calls, so callers who do not wish to give their names can remain anonymous. The operators of the Helpline are trained to assist you in resolving questions and reporting concerns. The Helpline may be reached at 1-877-448-4140 or 713-448-4140.

Calls to the Helpline will not be traced or recorded. You will remain anonymous, unless you choose to identify yourself. If you do give your name, your identity will be protected to the extent allowed by law. (See Non-Retaliation Policy below.)

The information from calls made to the Helpline will be reviewed by the Memorial Hermann Healthcare System Corporate Compliance Officer and will be responded to fairly. All concerns will be carefully investigated before any action is taken. The rights of all staff, including anyone who may be the subject of a Helpline call, will be respected and protected. Actions taken will not be made public.

NON-RETALIATION POLICY

No disciplinary action or retaliation will be taken against you when you report a perceived issue, problem, concern, or violation to management, Human Resources, Corporate Compliance, or the Compliance Helpline "in good faith". The "in good faith" requirement means an employee partner actually believes or perceives to be true the information reported and is not making a "crank call". We value and respect the dignity of the individual; therefore, you will be treated fairly and with respect and the organization must make sure that you are treated that way.

RESPONSIBILITY OF EMPLOYEE PARTNERS

All employee partners are expected to follow all laws, regulations, and policies. Anyone who has knowledge of a violation must report this information. If you do not report a violation, you may be subject to disciplinary action even if you were not directly involved. Reporting does not protect you from disciplinary action regarding your own performance or conduct, but, should you be directly involved, your honesty will be considered in evaluating appropriate corrective action.

RESPONSIBILITY OF MANAGEMENT

Management must demonstrate and promote a commitment to ethical and legal behavior that is consistent with Memorial Hermann Healthcare System's purpose and values. As a leader, you have the obligation to ensure that employee partners under your supervision:

- ◆ Know about and follow all laws, regulations, and policies within the scope of their responsibilities;
- ◆ Know the procedure for reporting suspected or actual violations; and
- ◆ Encourage others to ask questions and to report actual or suspected violations.

If an employee partner comes to you with a question regarding compliance with a law, regulation, or policy, you are responsible for:

- ◆ Taking steps to ensure the employee partner does not experience retaliation;
- ◆ Maintaining the employee partner's confidentiality to the extent practical;
- ◆ Collecting accurate information regarding the employee partner's report;
- ◆ Pursuing the right process so that reports of violations or suspected violations can be further investigated; and
- ◆ Informing the employee partner that you have followed through on his or her report.

Certification and Acknowledgement

I have received and I will read the Memorial Hermann Healthcare System Standards of Conduct. I understand that the Standards of Conduct apply to my employment and/or contractual relationship and that following all laws, regulations, policies and the Standards of Conduct is a condition of that relationship. I will seek advice from my supervisor, another manager, a Human Resources representative, or the Corporate Compliance Officer, or I will call the Helpline with any compliance questions or issues.

My signature means that I have received the Memorial Hermann Healthcare System Standards of Conduct dated _____, and that I acknowledge that it is my responsibility to read and comply with the procedures and policies set forth in the Standards.

Signature

Employee Number/Tax I.D. Number

Printed Name

Company/Organization Name

Position Division/Department

Date