

MOORE COUNTY HOSPITAL DISTRICT CODE OF BUSINESS CONDUCT AND ETHICS

Introduction

This Code of Business Conduct and Ethics summarizes the values, principles and business practices that guide our business conduct. This Code sets out a set of basic principles to guide employees regarding the minimum requirements expected of them; however, this Code does not provide a detailed description of all employee policies. It is the responsibility of everyone at Moore County Hospital District (MCHD) to maintain a work environment that fosters fairness, respect and integrity; and it is MCHD's policy to be lawful, highly principled and socially responsible in all our business practices. All employees are expected to become familiar with this Code and to apply these guiding principles in the daily performance of their job responsibilities. All employees of MCHD are responsible for complying with this Code. This Code should also be provided to and adhered to by every MCHD agent, consultant or representative.

All employees are expected to seek the advice of supervisors or other appropriate persons within MCHD when questions arise about issues discussed in this Code and any other issues that may implicate the ethical standards or integrity of MCHD or any of its employees. Compliance reporting procedures are set forth in **Reporting Illegal or Unethical Behavior; Compliance Procedures** of this Code.

MCHD has established a Compliance Department to oversee its ethics and compliance efforts and to serve as a resource to employees by providing information and guidance regarding legal compliance and ethical conduct issues. This Department is overseen by MCHD's Chief Compliance Officer who is a member of senior management of MCHD. Any questions or concerns regarding the specifics of any policy or a person's legal or ethical obligations should be directed to one's supervisor, or MCHD's Chief Compliance Officer at 806-934-7804. The Compliance Hotline, at **806-934-7848**, is a telephone based voicemail system available to those who wish to report compliance violations or ask compliance related questions. The Compliance Hotline strives to make sure that all questions are handled discreetly and thoroughly, and if desired by the employee, anonymously.

The Compliance Hotline is available 24 hours a day, year around. See the Compliance Hotline policy and **Reporting Illegal or Unethical Behavior; Compliance Procedures** of this Code for more information about the Compliance Hotline.

Taking actions to prevent problems is part of MCHD's culture. All employees are encouraged to report concerns regarding possible unethical or illegal conduct. Employees reporting activities deemed to be illegal or unethical should not be concerned about retaliation from others. Any employees involved in retaliation will be subject to serious disciplinary action by MCHD.

Failure to abide by the guidelines addressed in this Code will lead to disciplinary action, including dismissal when appropriate. *If you are in a situation which you believe may violate or lead to a violation of this Code, you are urged to follow the reporting guidelines described in MCHD policies.*

For purposes of this Code, references to "employees" include employees, officers and directors of MCHD.

Our Ethical Principles

- *Full compliance with the law.*
- *Delivery of high quality health care services at fair prices which are reasonable and competitive.*
- *Conduct all relationships with integrity, honesty, truthfulness, trustworthiness and responsibility in both professional and personal dealings.*
- *Pursue financial responsibility, stability and growth that meet the highest standards of legal and fiscal principles.*
- *Be a positive influence in the community*
- *Develop mutually beneficial partnerships with competitors, payers, and other providers of health care services, placing the good health of the community above personal or organizational gain.*
- *Treat employees, customers and even competitors fairly and with respect.*
- *Report illegal or unethical practices of our employees, physicians or agents.*

This Code affirms the principles by which MCHD will promote honest and ethical conduct. They are MCHD's basic values and are to guide the behavior of everyone at MCHD.

Compliance with Laws, Rules and Regulations

As stated in the ethical principles above, MCHD has a long-standing commitment to conduct business in compliance with applicable laws, rules and regulations and in accordance with the highest ethical principles. This commitment helps ensure a reputation for honesty, quality and integrity.

Conflicts of Interest

A "conflict of interest" exists when a person's private interest interferes in any way, or even just appears to interfere, with the interests of MCHD as a whole. MCHD expects and requires its employees to act honestly and ethically and to disclose all conflicts of interest with MCHD. Please refer to MCHD's "Conflicts of Interest" policy.

Outside Activities

Although activities outside MCHD are not necessarily a conflict of interest, a conflict could arise depending upon one's position within MCHD and MCHD's relationship with one's other employer or other activity. Outside activities may also be a conflict of interest if they cause or are perceived to cause an employee, to choose between that interest and the interests of MCHD.

MCHD recognizes and encourages employees to engage in community service and a variety of charitable activities in local communities. However, it is every employee's duty to ensure that all outside activities, even charitable or pro bono activities, do not constitute a conflict of interest and are not otherwise inconsistent with their employment by MCHD. Moreover, if such community or charitable activities require that an employee spend a substantial amount of MCHD time, the employee should seek the consent of his or her supervisor for such activities.

Gifts and Entertainment

Business gifts and entertainment are designed to build goodwill and sound working relationships among business partners. All gifts to employees are reported to the department manager. A problem would arise if:

- the receipt by one of our employees of a gift or entertainment would compromise, or could be reasonably viewed as compromising, that individual's ability to make objective and fair business decisions on behalf of MCHD

- the offering by one of our employees of a gift or entertainment appears to be an attempt to obtain business through improper means or an attempt to use improper means to gain any special advantage in our business relationships, or could reasonably be viewed as such an attempt.

The responsibility is on the individual employee to use good judgment and ensure there is no violation of these principles or MCHD policy (see “Gifts from Customers/Vendors” policy). If an employee has any question or uncertainty about whether any gifts or proposed gifts are appropriate, they should contact their supervisor, manager or the Compliance Officer.

Organizational Opportunities

Employees owe a duty to MCHD to advance its legitimate interests when the opportunity to do so arises. Employees are prohibited (without the consent of the Board of Directors or an appropriate committee) from

- taking for themselves opportunities that are discovered through the use of corporate property, information or their positions
- using MCHD property, information or their position for personal gain and competing with MCHD, directly or indirectly.

Antitrust and Fair Dealing

MCHD believes that the welfare of consumers is best served by economic competition. The philosophy of MCHD is to compete vigorously, aggressively and successfully in today's increasingly competitive business climate and to do so at all times in compliance with all applicable antitrust, competition and fair dealing laws. Each employee should endeavor to deal fairly with MCHD's customers, suppliers, competitors and other employees. No employee should take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts or any other unfair-dealing practice.

Federal and State antitrust laws are designed to preserve a competitive economy and promote fair and vigorous competition. Employees involved in marketing, sales and purchasing, contracts or in discussions with competitors have a particular responsibility to ensure that they understand our standards and are familiar with applicable competition laws. Because these laws are complex and can vary from one jurisdiction to another, employees should consult with their manager when questions arise.

Discrimination and Harassment

MCHD is committed to providing a work environment that values diversity among its employees. All human resources policies and activities of MCHD intend to create a respectful workplace in which every individual has the incentive and opportunity to reach his or her highest potential.

MCHD is committed to providing equal employment opportunities to all individuals and will not tolerate any illegal discrimination or harassment of any kind. Please see “Sexual and Other Unlawful Harassment” and the “Equal Employment Opportunity” policies for additional information.

All levels of supervision are responsible for monitoring and complying with MCHD's policies and procedures for handling employee complaints concerning harassment and other forms of unlawful discrimination. Because employment-related laws are complex, supervisors should consult with the Human Resources Department in advance whenever there is any doubt as to the lawfulness of any proposed action or inaction.

Health and Safety

MCHD strives to provide each employee with a safe and healthy work environment. Each employee has a responsibility to ensure that MCHD operations and products meet applicable government and MCHD standards. All employees are required to be alert to environmental and safety issues and to be familiar with environmental, health and safety laws and MCHD policies applicable to their area of business. Since these laws are complex and subject to frequent changes, employees should consult with management if there is any doubt as to the lawfulness of any action or inaction.

Threats or acts of violence and any form of intimidation are not permitted.

The use/misuse and influence of illegal drugs or legalized substances in the workplace will not be tolerated.

Accounting Records, Record-Keeping and Retention

Many people within MCHD record or prepare some type of information during their workday, such as time cards, financial reports, accounting records, business plans, environmental reports, injury and accident reports, expense reports, and so on. Many people, both within and outside MCHD, depend upon these reports to be accurate and truthful for a variety of reasons. MCHD requires honest and accurate recording and reporting of information in order to make responsible business decisions.

All financial statements and books, records and accounts of MCHD must conform to legal requirements, generally accepted accounting principles, and MCHD's system of internal accounting controls. MCHD employees must not conceal from the internal auditors or the independent auditors any information. No transaction may be intentionally misclassified as to accounts, departments or accounting periods or in any other manner. Dishonest reporting within MCHD, or to organizations or people outside MCHD, is strictly prohibited and subject to disciplinary action.

Properly maintaining MCHD records is of the utmost importance. To address this concern, employees should maintain MCHD records for the periods as set forth by MCHD policy.

Additionally, in accordance with these policies, in the event of litigation or governmental investigation or subpoena, employees are required to consult with the MCHD Chief Compliance Officer or other appropriate Senior Management to handle or supervise the production of the required documents. In certain governmental situations, MCHD and its employees bear a risk of a charge of obstructing justice based on how MCHD responds to governmental investigations or subpoenas in respect to the relevant documents. Employees need to be especially sensitive to retaining all possibly relevant documents as early as that time when they believe that such a governmental investigation is reasonably likely or the government has signaled an interest in organizational records.

Confidentiality

Much of MCHD's business information is confidential or proprietary. Confidential information includes all non-public information that might be of use to competitors, or harmful to MCHD or our customers, if disclosed. Employees must maintain the confidentiality of information entrusted to them by MCHD, except when disclosure is authorized by laws or regulations.

It is also MCHD's policy that all employees must treat what they learn about customers, joint venture partners and suppliers and each of their businesses as confidential information. The protection of such

information is very important and must be discharged with great care. Confidential information in this context is information that our customers would consider private, which is not common knowledge outside of their organization and which an employee of MCHD has learned as a result of his or her employment by MCHD.

The obligation not to disclose confidential information of MCHD and our customers continues with an employee even after he or she should leave MCHD. As such, MCHD respects the obligations of confidence that MCHD employees may have from their prior employment, and asks that employees not reveal confidential information obtained in the course of their prior employment.

Proprietary Information

MCHD depends on intellectual property, such as trade secrets, trademarks, and copyrights, as well as business, marketing and service plans, databases, records, salary information and unpublished financial data and reports, for its continued vitality. If MCHD intellectual property is not protected, it becomes available to other companies that have not made the significant investment that MCHD has made to produce this property and thus gives away some of our competitive advantage. All of the rules stated above with respect to confidential information apply equally to proprietary information.

It is the responsibility of every MCHD employee to help protect our intellectual property. Management at all levels of MCHD is encouraged to foster and maintain awareness of the importance of protecting MCHD's intellectual property.

Confidentiality of Patient Information

Patients receiving healthcare or treatment at MCHD provide the organization with personal medical, financial and insurance information as part of their health care and treatment. All patient information is highly confidential; all employees are required to protect patient information. MCHD has policies and procedures describing patient information confidentiality and how patient information may be disclosed or released in compliance with federal, state, and local laws and in accordance with the Health Information Portability and Accountability Act (HIPAA). MCHD employees must never disclose or release confidential patient information in a manner that violates a patient's privacy rights. Patient information may only be discussed, released or used in accordance with facility policies and procedures and with release of information laws that normally require the express written authorization of the patient. MCHD employees should only have access to patient information necessary for job performance ("minimum necessary" according to HIPAA)

Facility policies and procedures provide for release of patient information in emergency situations and when required (or permitted) by law. Use of patient information for marketing purposes is permitted only as provided in facility policies and procedures.

Employees of MCHD should guard against unintentional disclosure of confidential information and take special care not to store confidential information where unauthorized personnel can see it, whether at work, at home, in public places or elsewhere. Situations that could result in inadvertent disclosure of such information include: discussing confidential information in public (for example, in restaurants, elevators, airplanes or social networks); working with sensitive information in public using laptop computers; and transmitting confidential information via fax. Within the workplace, do not assume that all MCHD employees, contractors or other agents should see confidential information. Protection of patient information includes appropriate storage and destruction. MCHD employees must follow MCHD or facility policies for security and destruction of patient information.

Emergency Care for Patients (EMTALA)

Any patient (regardless of ability to pay) who comes to the Emergency Department at MCHD requesting examination or treatment for a medical condition is entitled to and shall be promptly provided an appropriate medical screening examination performed by qualified individuals whether or not an emergency medical condition exists.

If an emergency medical condition is determined to exist, the Emergency Department is required to provide either:

- further medical examination and treatment as required to stabilize the emergency medical condition within the capabilities of the staff and facilities available at the hospital; or,
- an appropriate transfer of the individual to another medical facility in accordance with Emergency Department policies. MCHD and its employees are required not to delay in providing a medical screening examination or initiating such examination or treatment for an emergency medical condition in order to
 - inquire about the patient's method of payment or insurance status
 - seek authorization from the patient's insurance MCHD for its screening or stabilization services.

Billing for Health Care Services

MCHD bills patients and/or third-party payers accurately and in compliance with Federal and State laws and regulations. MCHD is committed to accurate and truthful billing to patients and/or third-party payers, and will not misrepresent charges to, or on behalf of, a patient and/or third-party payer. MCHD must comply with special billing requirements for government-sponsored programs and other payers. All MCHD employees must exercise care in any written or oral statement made to any government agency or other payer. MCHD will not tolerate false statements by its employees to a government agency or other payer.

Financial Arrangements with Physicians or Other Referral Sources (Stark Laws)

MCHD has established policies regarding the financial relationships between with physicians and other referral sources. Federal law generally requires that all agreements with physicians for the payment or receipt of money, goods, services, or anything of value be in writing. All payments made to physicians by MCHD must be pursuant to written agreements and must be fair market value for actual services performed. All agreements with physicians must be approved by both the appropriate officers of MCHD and its board (if appropriate). MCHD's payment to physicians under these agreements must be supported by all required documentation, e.g., certification of hours of service or submission of executed agreement with request for payment. MCHD will not pay for referrals nor will it accept payment for its referrals made to other healthcare entities. MCHD will not consider the value or volume of referrals, or other business generated between it and its physicians, in establishing the compensation under its agreements with its physicians. Promotional gifts of nominal value may be given as part of marketing but must be in accordance to Stark Law regulations.

Protection and Proper Use of MCHD Assets

Collectively, employees have a responsibility to protect, safeguard and make proper and efficient use of MCHD's assets. All of MCHD's assets should be used only for the MCHD's legitimate business purposes. Additionally, all employees have an obligation to prevent MCHD's assets from loss, damage, misuse,

theft, embezzlement or destruction. Theft, loss, misuse, carelessness and waste of assets have a direct impact on MCHD's profitability and may jeopardize the future of MCHD. Any situations or incidents that could lead to the theft, loss, misuse or waste of MCHD assets should be reported immediately to the employee's supervisor or manager as soon as they come to attention.

Relationships with Government Personnel

Employees of MCHD should be aware that practices that may be acceptable in the commercial business environment (such as providing certain transportation, meals, entertainment and other things of nominal value), may be entirely unacceptable and even illegal when they relate to government employees or others who act on the government's behalf. Employees must be aware of and adhere to the relevant laws and regulations governing relations between government employees and customers and suppliers in every legal jurisdiction where business is conducted.

Employees cannot give money or gifts personally to any official or any employee of a governmental entity if doing so could reasonably be construed as having any connection with MCHD's business relationship. Such actions are generally prohibited by law. We expect our employees to refuse to make improper or questionable payments. Employees should be aware that they do not actually have to make the payment to violate the law; merely offering, promising or authorizing such payment is sufficient for a violation. In addition, many jurisdictions have laws and regulations regarding business gratuities which may be accepted by government personnel. Gifts or courtesies that would not be appropriate even for private parties are in all cases inappropriate for government officials.

Political Contributions

MCHD does not make direct contributions to any candidate for federal, state or local offices. Contributions to political campaigns must not be, and must not appear to be, made with or reimbursed by MCHD funds or resources. MCHD funds and resources include (but are not limited to) MCHD facilities, office supplies, letterhead, telephones and fax machines.

MCHD employees who hold or seek to hold political office must do so on their own time, whether through vacation, unpaid leave, after work hours or on weekends. Additionally, all persons must obtain advance approval from MCHD's Chief Compliance Officer prior to running for political office to ensure that there are no conflicts of interest with MCHD business.

Election laws in many jurisdictions allow corporations to establish and maintain political action committees, which may lawfully make campaign contributions. Therefore, legal political contributions may only be made in conformity with applicable election laws or with employee contributions to MCHD-sponsored political action committees. Participation in and contributions to MCHD-sponsored political action committee is entirely voluntary. Any questions about this procedure should be directed to the Chief Compliance Officer. Employees may make personal political contributions as they see fit in accordance with all applicable laws.

Failure to Comply

No Code can address all specific situations. It is, therefore, each employee's responsibility to apply the principles set forth in this Code in a responsible fashion and with the exercise of good judgment and common sense. If something seems unethical or improper, it likely is. Employees should always remember to seek guidance before they act if they are unsure of what to do in a particular situation. A failure by any employee to comply with the laws or regulations governing the MCHD's business, this Code or any other MCHD policy or requirement may result in disciplinary action up to and including

termination, and, if warranted, legal proceedings. All employees are expected to cooperate in internal investigations of misconduct.

Reporting Illegal or Unethical Behavior; Compliance Procedures

Employees of MCHD are expected to conduct themselves in an ethical manner and a manner appropriate for the work environment. Employees are expected to be sensitive to and respectful of the concerns, values and preferences of others.

All employees have a duty and responsibility to promptly report perceived misconduct, including actual and potential violations of law, regulations to this Code and MCHD policies. All reports should be generally be made through the appropriate channels as outlines in this code and MCHD policies and procedures. Employees cannot exempt themselves from the consequences of their own misconduct by reporting the matter, although self-reporting may be taken into account by MCHD in considering the appropriate response.

As a general matter, if an employee has any questions or concerns about compliance with laws or regulations, this Code, MCHD policies and procedures he or she is encouraged to speak first with their supervisor. They should also speak with their supervisor when they are not sure what the “right thing to do” is. If an employee does not feel comfortable talking to his or her supervisor, the employee should contact the Human Resources Director, his or her Administrative Officer, or the Chief Compliance Officer. Employees may also use Compliance Hotline (see “ Compliance Hotline” policy). Each of these reporting means is developed to register all complaints, brought anonymously or otherwise, and direct those complaints to the appropriate channels within MCHD.

Reporting Violations:

If an employee is aware of any violation of law, rules or regulations or of this Code, then the employee is directed to report such violation to the MCHD's Chief Compliance Officer at 806-934-7802 or to MCHD's Compliance Hotline at 806-934-7848.

No Retaliation

If an employee reports in good faith what he or she suspects to be illegal or unethical activities, that employee should not be concerned about retaliation from others. Any employee who commits or condones any form of retaliation will be subject to serious disciplinary action by MCHD, up to, and including, termination. Furthermore, employees should keep in mind that MCHD could be subject to criminal or civil actions for any acts of retaliation against employees who "blow the whistle" to outside enforcement agencies or Congress or the employee's supervisory officials in respect of federal law. It is illegal under federal law for public companies to retaliate against any employee who so provides information or testifies about any such matter that an employee reasonably believes constitutes a violation of such federal laws.

Approval and Adoption

This Code of Business Conduct and Ethics was first adopted by MCHD's Board of Directors on April 28th, 2010.

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