

**KEYSTONE HUMAN SERVICES**  
**CORPORATE INTEGRITY AND COMPLIANCE PLAN**

**Adopted by the Board of Directors**  
**January 24, 2006**

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**Table of Contents**

<u>Document</u>	<u>Page</u>
Keystone Human Services Board of Directors Resolution Re: Corporate Integrity and Compliance Plan.....	3
Code of Conduct.....	5
Fraud and Abuse Compliance Policy .....	15
Enforcement and Prevention Policy .....	17
Financial Examination/Audit Chronology .....	20
Compliance Report Form.....	25

**Keystone Human Services  
Board of Directors  
Resolution  
Re: Corporate Integrity and Compliance Plan**

Presented January 24, 2006

Keystone Human Services, (KHS) Board of Directors (Board) is committed to conducting their business in compliance with the law. In some circumstances, the interpretation and application of the law is highly technical, and common concepts of right and wrong lend little guidance. Thus, employees, and agents who believe that they are conducting themselves properly may, in fact, be violating applicable laws. Violations of the law by employees, and agents, even when these violations are unwitting, can subject KHS to the risk of substantial fines and public embarrassment.

KHS can meet this commitment only through the efforts of our highly skilled care givers and dedicated support staff. It is they who must earn the trust and respect of the people we serve and others by continuing to conduct their daily affairs with honesty, integrity, and in compliance with the letter and spirit of all applicable laws. Although honesty and integrity are individual attributes, and each individual ultimately is responsible for his or her own conduct, KHS is committed to maintaining a working environment that promotes these ideals and permits our employees, and agents to demonstrate the highest ethical standards in performing their daily tasks.

In order to avoid violations of law, the Board hereby adopts a formal Corporate Integrity and Compliance Plan, which encompasses all of KHS's operations. This action in directing KHS's Officers and Management in the development and implementation of a Corporate Integrity and Compliance Plan should not be interpreted as concern that present management systems are inadequate. Rather, development and implementation of a Corporate Integrity and Compliance Plan is an element in KHS's continuing effort to improve quality and performance. The Board also recognizes that federal and state agencies responsible for enforcement of Medicare and Medicaid laws and regulations recently have encouraged the development and implementation of Corporate Integrity and Compliance Plans.

WHEREFORE, BE IT RESOLVED ON THIS DATE THAT:

1. The Officers and Management of KHS are directed to dedicate the necessary resources toward development of an effective Corporate Integrity and Compliance Plan designed to prevent and detect violations of federal or state law in the conduct of KHS's operations by employees and agents.
2. Compliance Activities of the Corporate Integrity and Compliance Plan shall be reported to the Board of Directors having the operational oversight of the Corporate Integrity and Compliance Plan.
3. The Corporate Integrity and Compliance Plan will meet or exceed the elements of an effective compliance program as required by law, which requires an organization to:
  - (a) Establish compliance standards and procedures reasonably capable of reducing the prospect of wrongful conduct;
  - (b) Appoint specific, high-level individual(s) with overall responsibility to oversee compliance with such standards and procedures;
  - (c) Exercise due care not to delegate substantial discretionary authority to individuals with a propensity to engage in unlawful activities;

- (d) Take steps to communicate effectively the compliance standards and procedures to all employees and agents by, for example, mandatory training sessions or the dissemination of publications;
  - (e) Take reasonable steps to achieve compliance by, for example, utilizing monitoring and auditing systems, and by publicizing a reporting system whereby employees and agents can report perceived wrongful conduct by others within the organization without fear or retribution;
  - (f) Consistently enforce its standards through appropriate disciplinary mechanisms, including, as appropriate, discipline of individuals for failure to detect non-compliance; and
  - (g) Take responsible steps to respond appropriately to non-compliance after detection and to prevent recurrence, which may require modifications to the compliance program.
4. The development and implementation of specific standards, educating and training employees with respect to those specific standards, reviewing and enhancing internal controls, as necessary and monitoring systems will be time-consuming. Accordingly, the Officers are directed to proceed in phases, but the Officers should make steady progress toward the creation and implementation of specific standards and systems relating to all material areas of KHS's operations where there are compliance obligations. The Officers shall provide periodic progress reports to the Board.
5. The Board of Directors of KHS adopts the Code of Conduct, Fraud and Abuse Compliance Policy, Enforcement and Prevention Policy, and Auditing Policy all in the form presented to the Board, and copies of which are filed with the original Board Minutes.

# Keystone Human Services

## Code of Conduct

### PURPOSE

This Code of Conduct has been adopted by the Board of Directors of the Keystone Human Services (the "Organization"). The purpose of this Code of Conduct is to provide standards by which employees of the Organization must conduct themselves in order to protect and promote organization-wide integrity and to enhance the Organization's ability to achieve the Organization's mission.

### INTRODUCTION

The Code of Conduct contains *Principles* articulating the policy of the Organization and *Standards* which are intended to provide additional guidance to persons functioning in managerial or administrative capacities. The Principles set forth in this Code of Conduct will be distributed periodically to all employees. The Principles and Standards will be distributed annually to directors, officers, selected employees, and volunteers having administrative or managerial responsibilities. All employees are responsible to ensure that their behavior and activity is consistent with the Code of Conduct.

### Principle 1 - Legal Compliance

**The Organization will strive to ensure all activity by or on behalf of the Organization is in compliance with applicable laws.**

The following Standards are intended to provide guidance to employees and management in administrative positions to assist them in their obligation to comply with applicable laws. These standards are neither exclusive nor complete. Employees are required to comply with all applicable laws, whether or not specifically addressed in these policies. If questions regarding the existence of, interpretation or application of any law arise, they should be directed to the Organization's Compliance Officer.

#### Standard 1.1 - Antitrust

All employees must comply with applicable antitrust and similar laws which regulate competition. Examples of conduct prohibited by the laws include (1) agreements to fix prices, bid rigging, collusion (including price sharing) with competitors; (2) boycotts, certain exclusive dealing and price discrimination agreements; and (3) unfair trade practices including bribery, misappropriation of trade secrets, deception, intimidation and similar unfair practices. Employees are expected to seek advice from the Organization's Compliance Officer when confronted with business decisions involving a risk of violation of the antitrust laws.

#### Standard 1.2 - Tax

As a nonprofit entity, the Organization has a legal and ethical obligation to act in compliance with applicable laws, to engage in activities in furtherance of its charitable purpose, and to ensure that its resources are used in a manner which furthers the public good rather than the private or personal interests of any individual. Consequently, the Organization and its employees will avoid compensation arrangements in excess of fair market value, will accurately report payments to appropriate taxing authorities, and will file all tax and information returns in a manner consistent with applicable laws.

### Standard 1.3 - Fraud and Abuse

The Organization expects its employees to refrain from conduct which may violate the fraud and abuse laws. These laws prohibit (1) direct, indirect or disguised payments in exchange for the referral of patients; (2) the submission of false, fraudulent or misleading claims to any government entity or third party payer, including claims for services not rendered, claims which characterize the service differently than the service actually rendered, or claims which do not otherwise comply with applicable program or contractual requirements; and (3) making false representations to any person or entity in order to gain or retain participation in a program or to obtain payment for any service. (For additional guidance, please refer to the Organization's Fraud and Abuse Compliance Policy).

### Standard 1.4 - Lobbying/Political Activity

The Organization expects each of its employees to refrain from engaging in activity which may jeopardize the tax exempt status of the organization, including a variety of lobbying and political activities.

- (a) No individual may make any agreement to contribute any money, property, or services of any officer or employee at the Organization's expense to any political candidate, party, organization, committee or individual in violation of any applicable law. Officers and employees may personally participate in and contribute to political organizations or campaigns, but they must do so as individuals, not as representatives of the Organization, and they must use their own funds.
- (b) Where its experience may be helpful, the Organization may publicly offer recommendations concerning legislation or regulations being considered. In addition, it may analyze and take public positions on issues that have a relationship to the operations of the Organization when the Organization's experience contributes to the understanding of such issues.
- (c) The Organization has many contacts and dealings with governmental bodies and officials. All such contacts and transactions shall be conducted in an honest and ethical manner. Any attempt to influence the decision-making process of governmental bodies or officials by an improper offer of any benefit is absolutely prohibited. Any requests or demands by any governmental representative for any improper benefit should be immediately reported to the Organization's Compliance Officer.

### Standard 1.5 - Environmental

It is the policy of the Organization to manage and operate its business in a manner which respects our environment and conserves natural resources. The Organization's employees will strive to utilize resources appropriately and efficiently, to recycle where possible and otherwise dispose of all waste in accordance with applicable laws and regulations, and to work cooperatively with the appropriate authorities to remedy any environmental contamination for which the Organization may be responsible.

### Standard 1.6 - Discrimination

The Organization believes that the fair and equitable treatment of employees, people we serve and other persons is critical to fulfilling its vision and goals.

It is a policy of the Organization to treat the people we serve without regard to the race, color, religion, sex, ethnic origin, age or abilities of such person, or any other classification prohibited by law.

It is a policy of the Organization to recruit, hire, train, promote, assign, transfer, layoff, recall and terminate employees based on their own ability, achievement, experience and conduct without regard to race, color, religion, sex, ethnic origin, age or abilities, or any other classification prohibited by law.

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

## **Principle 2 - Business Ethics**

**In furtherance of the Organization's commitment to the highest standards of business ethics and integrity, employees will accurately and honestly represent the Organization and will not engage in any activity or scheme intended to defraud anyone of money, property or honest services.**

The Standards set forth below are designed to provide guidance to ensure that its business activities reflect the high standards of business ethics and integrity. Employee conduct not specifically addressed by these standards must be consistent with Principle 2.

### 2.1 - Honest Communication

The Organization requires candor and honesty from individuals in the performance of their responsibilities and in communication with its attorneys and auditors. No employee shall make false or misleading statements to any individual whom we serve or other person or entity doing business with the Organization about any individuals, persons or entities doing business or competing with the Organization, or about the products or services of the Organization or its competitors.

### 2.2 - Misappropriation of Proprietary Information

The Organization's employees shall not misappropriate confidential or proprietary information belonging to another person or entity nor utilize any publication, document, computer program, information or product in violation of a third party's interest in such product. All of the Organization's employees are responsible to ensure they do not improperly copy for their own use documents or computer programs in violation of applicable copyright laws or licensing agreements. All employees must comply with the Organization's Information Security Policy. Employees shall not utilize confidential business information obtained from competitors, including customer lists, price lists, contracts or other information in violation of a covenant not to compete, prior employment agreements, or in any other manner likely to provide an unfair competitive advantage to the Organization.

### 2.3 - Fraud and Abuse (Standard 1.3 above)

## **Principle 3 - Confidentiality**

**The Organization's employees shall strive to maintain confidential information in accordance with applicable legal and ethical standards.**

The Organization and its employees are in possession of and have access to a broad variety of confidential, sensitive and proprietary information, the inappropriate release of which could be injurious

to the people we serve, the Organization's business partners and the Organization itself. Every employee of the Organization has an obligation to actively protect and safeguard confidential, sensitive and proprietary information in a manner designed to prevent the unauthorized disclosure of information.

### 3.1 - Information Related to the People We Serve

All employees of the Organization have an obligation to conduct themselves in accordance with the principle of maintaining the confidentiality of information from and about people we serve in accordance with all applicable laws and regulations. Employees shall refrain from revealing any such personal or confidential information unless in accordance with applicable law and the Organization's policies. If questions arise regarding an obligation to maintain the confidentiality of information or the appropriateness of releasing information, employees should seek guidance from agency management or the Organization's Compliance Officer.

The United States Department of Health and Human Services (HHS) has issued Standards for the Privacy of Individually Identifiable Health Information (Privacy Rule) which became effective on April 14, 2003, establishing a set of national standards for the protection of health information. The Privacy Rule standards address the use and disclosure of Protected Health Information as well as standards for an individual's privacy rights to understand and control how their health information is used. The Office of Civil Rights, within HHS has the responsibility for implementing and enforcing the Health Insurance Portability and Accountability Act (HIPAA) Privacy regulations.

All employees receive training related to confidentiality and HIPAA Privacy regulations prior to being responsible for Protected Health Information and have an obligation to follow all applicable confidentiality and HIPAA Policies and Procedures. These Policies and Procedures are related to confidentiality, individual access and amendment of Protected Health Information and communication preferences.

If questions arise regarding on obligation to maintain the confidentiality of information or the appropriateness of releasing information, employees should seek guidance from agency management or the Organization's Corporate Compliance Officer. Employees should contact agency management or the Agency Privacy Officer if they have questions about a specific HIPAA related Policy or Procedure.

### 3.2 - Proprietary Information

Information, ideas and intellectual property assets of the Organization are important to organizational success. Information pertaining to the Organization's competitive position or business strategies, payment and reimbursement information, and information relating to negotiations with employees or third parties should be protected and shared only with employees having a need to know such information in order to perform their job responsibilities. Employees should exercise care to ensure that intellectual property rights, including patents, trademarks, copyrights and software is carefully maintained and managed to preserve and protect its value.

### 3.3 - Personnel Actions/Decisions

Salary, benefit and other personal information relating to employees shall be treated as confidential. Personnel files, payroll information, disciplinary matters and similar information shall be maintained in a manner designed to ensure confidentiality in accordance with applicable laws. Employees will exercise due care to prevent the release or sharing of information beyond those persons who may need such information to fulfill their job function.

## **Principle 4 - Conflicts of Interest**

**Directors, officers and key employees owe a duty of undivided and unqualified loyalty to the Organization. Persons holding such positions may not use their positions to profit personally or to assist others in profiting in any way at the expense of the organization. (Please refer to the Organization's Conflict of Interest Policy for further guidance.)**

All covered persons are expected to regulate their activities so as to avoid actual impropriety and/or the appearance of impropriety which might arise from the influence of those activities on business decisions of the Organization, or from disclosure or private use of business affairs or plans of the Organization.

### 4.1 - Outside Financial Interests

While not all inclusive, the following will serve as a guide to the types of activities by a covered person, or household member of such person, which might cause conflicts of interest:

- (a) Ownership in or employment by any outside concern which does business with the Organization. This does not apply to stock or other investments held in a publicly held corporation, *provided* the value of the stock or other investments does not exceed 5% of the corporation's stock. The Organization may, following a review of the relevant facts, permit ownership interests which exceed these amounts if management concludes such ownership interests will not adversely impact the Organization's business interest or the judgment of the covered person.
- (b) Conduct of any business not on behalf of the Organization, with any vendor, supplier, contractor, or agency, or any of their officers or employees.
- (c) Representation of the Organization by a covered person in any transaction in which he or she or a household member has a substantial personal interest.
- (d) Disclosure or use of confidential, special or inside information of or about the Organization, particularly for personal profit or advantage of the covered person or a household member.
- (e) Competition with the Organization by a covered person, directly or indirectly or in the purchase, sale or ownership of property or property rights or interests, or business or investment opportunities.

### 4.2 - Services for Competitors/Vendors

No covered person shall perform work or render services for any competitor of the Organization or for any organization with which the Organization does business or which seeks to do business with the Organization outside of the normal course of his/her employment with the Organization without the approval of that person's supervisor. Nor shall any such employee be a director, officer, or consultant of such an organization, nor permit his/her name to be used in any fashion that would tend to indicate a business connection with such organization.

### 4.3 - Participation on Boards of Directors/Trustees

- (a) A covered person must obtain approval from his/her supervisor prior to serving as a member of the Board of Directors/Trustees of any organization whose interests may conflict with those of the Organization.

- (b) A covered person who is asked, or seeks to serve on the Board of Directors/Trustees of any organization whose interest would not impact the Organization (for example, civic, most charitable, fraternal and so forth) will not be required to obtain such approval.
- (c) All fees/compensation (other than reimbursement for expenses arising from Board participation) that are received for Board services provided during normal work time shall be paid directly to the Organization.
- (d) A covered person must disclose all Board of Directors/Trustees activities in the annual Conflict of Interest disclosure statement.
- (e) The Organization retains the right to prohibit membership on any Board of Directors/Trustees where such membership might conflict with best interest of the Organization.
- (f) Questions regarding whether or not Board participation might present a conflict of interest should be discussed with a covered person's supervisor.

#### 4.4 - Honoraria

Employees are, with the permission of their supervisor, encouraged to participate as faculty and speakers at educational programs and functions. However, any honoraria in excess of One Hundred Dollars (\$100.00) shall be turned over to the Organization *unless* the employee used paid time off to attend the program or that portion of the program for which the honoraria is paid.

### **Principle 5 - Business Relationships**

**Business transactions with vendors, contractors and other third parties shall be transacted free from offers or solicitation of gifts and favors or other improper inducements in exchange for influence or assistance in a transaction.**

The Standards set forth below are intended to guide key employees in determining the appropriateness of the listed activities or behaviors within the context of the Organization's business relationships, including relationships with vendors, providers, contractors, third party payers and government entities. It is the intent of the Organization that this policy be construed broadly to avoid even the appearance of improper activity. If there is any doubt or concern about whether specific conduct or activities are ethical or otherwise appropriate, you should contact the Organization's Compliance Officer.

#### 5.1 - Gifts and Gratuities

It is the Organization's desire to at all times preserve and protect its reputation and to avoid the appearance of impropriety. Consequently:

- (a) Gifts from People Whom We Serve. Employees are prohibited from *soliciting* tips, personal gratuities or gifts from people we serve and their family members, and from accepting monetary tips or gratuities. Employees may accept gratuities and gifts of a nominal value from the people we serve and their family members. If a person we serve or another individual wishes to present a monetary gift, he/she should be referred to the appropriate development office.

- (b) Gifts Influencing Decision-making. Employees shall not accept gifts, favors, services, entertainment or other things of value to the extent that decision-making or actions affecting the Organization might be influenced. Similarly, the offer or giving of money, services or other things of value with the expectation of influencing the judgment or decision-making process of any purchaser, supplier, customer, government official or other person by the Organization is absolutely prohibited. Any such conduct must be reported immediately either to the Organization's Compliance Officer.
- (c) Gifts from Existing Vendors. Employees may retain gifts from vendors, which have a nominal value. (The Organization has made no attempt to define "nominal" as a specific dollar value. Rather, the Organization expects its employees to exercise good judgment and discretion in accepting gifts). If an employee has any concern whether a gift should be accepted, the employee should consult with his/her supervisor. To the extent possible, these gifts should be shared with the employees' co-workers. Employees shall not accept excessive gifts, meals, expensive entertainment or other offers of goods or services which have more than a nominal value nor may they solicit gifts from vendors, suppliers, contractors or other persons.
- (d) Vendor Sponsored Entertainment. At a vendor's invitation, an individual may accept meals or refreshments at the vendor's expense. Occasional attendance at a local theater or sporting event, or similar entertainment at vendor expense may also be accepted. In most circumstances, a regular business representative of the vendor should be in attendance with the employee.

Nothing in this policy shall prohibit a business unit or supervisor from establishing stricter rules relating to the acceptance of gifts, gratuities or other things of value from vendors.

#### 5.2 - Workshops, seminars and training sessions

Attendance at local, vendor-sponsored workshops, seminars and training sessions is permitted. Attendance, at vendor expense, at out-of-town seminars, workshops and training sessions is permitted only with the approval of an employee's supervisor.

#### 5.3 - Contracting

Employees may not utilize "insider" information for any business activity conducted by or on behalf of the Organization. All business relations with contractors must be conducted at arm's length both in fact and in appearance and in compliance with the Organization's policies and procedures. Employees must disclose personal relationships and business activities with contractor personnel, which may be construed by an impartial observer as influencing the employees' performance or duties. Employees have a responsibility to obtain clarification from management employees on questionable issues which may arise and to comply, where applicable, with the Organization's conflict of interest policy.

#### 5.4 - Business Inducements

The Organization's employees shall not seek to gain any advantage through the improper use of payments, business courtesies or other inducements. Offering, giving, soliciting or receiving any form of bribe or other improper payment is prohibited.

Appropriate commissions, rebates, discounts and allowances are customary and acceptable business inducements provided that they are approved by the Organization's management and that they do not constitute illegal or unethical payments. Any such payments must be reasonable in value,

competitively justified, properly documented, and made to the business entity to whom the original agreement or invoice was made or issued. Such payments should not be made to individual employees or agents of business entities.

In addition, employees may provide gifts, entertainment and meals of nominal value to the Organization's customers, current and prospective business partners and other persons when such activities have a legitimate business purpose and are reasonable and consistent with all applicable laws.

## **Principle 6 - Protection of Assets**

**All employees will strive to preserve and protect the Organization's assets by making prudent and effective use of the Organization's resources and properly and accurately reporting its financial condition.**

The Standards set forth below are intended to guide key employees by articulating the Organization's expectations as they relate to activities or behaviors which may impact the Organization's financial health or which reflect a reasonable and appropriate use of the assets of a nonprofit entity.

### 6.1 - Internal Control

The Organization has established control standards and procedures to ensure that assets are protected and properly used and that financial records and reports are accurate and reliable. All employees of the Organization share the responsibility for maintaining and complying with required internal controls.

### 6.2 - Financial Reporting

All financial reports, accounting records, research reports, expense accounts, time sheets and other documents must accurately and clearly represent the relevant facts or the true nature of a transaction. Improper or fraudulent accounting, documentation or financial reporting is contrary to the policy of the Organization and may be in violation of applicable laws.

### 6.3 - Travel and Entertainment

Travel and entertainment expenses should be consistent with the employee's job responsibility and the Organization's needs and resources. It is the Organization's policy that an employee should not suffer a financial loss or a financial gain as a result of business travel and entertainment. Employees are expected to exercise reasonable judgement in the use of the Organization's assets and to spend the Organization's assets as carefully as they would spend their own. Employees must also comply with the Organization's policies relating to travel and entertainment expense.

### 6.4 - Personal Use of Organization's Assets

All property and business of the Organization shall be conducted in a manner designed to further the Organization's interest rather than the personal interest of an individual employee. Employees are prohibited from the unauthorized use or taking of the Organization's equipment, supplies, materials,

assets, or services. Prior to engaging in any activity on company time which will result in remuneration to the employee or the use of the Organization's equipment, supplies, materials or services for personal or non-work related purposes, employees shall obtain the approval of the appropriate business unit or other management of the Organization.

## **ADMINISTRATION AND APPLICATION OF THIS CODE OF CONDUCT**

The Organization expects each person to whom this Code of Conduct applies to abide by the Principles and Standards set forth herein and to conduct the business and affairs of the Organization in a manner consistent with the general statement of principles set forth herein.

Failure to abide by this Code of Conduct or the guidelines for behavior which the Code of Conduct represents may lead to disciplinary action. For alleged violations of the Code of Conduct, Keystone will weigh relevant facts and circumstances, including, but not limited to, the extent to which the behavior was contrary to the express language or general intent of the Code of Conduct, the egregiousness of the behavior, the employee's history with the Organization and other factors which the Organization deems relevant. Discipline for failure to abide by the Code of Conduct may, in the Organization's discretion, range from oral correction to termination.

Nothing in this Code of Conduct is intended to nor shall be construed as providing any additional employment or contract rights to employees or other persons.

While the Organization will generally attempt to communicate changes concurrent with or prior to the implementation of such changes, the Organization reserves the right to modify, amend or alter the Code of Conduct without notice to any person or employee.

# **FRAUD AND ABUSE COMPLIANCE POLICY**

It is the policy of Keystone Human Services (the "Organization") to consistently and fully comply with all laws and regulations pertaining to the delivery of and billing for services which apply to the Organization on account of its participation in Medicaid and other government programs.

## **I. INTRODUCTION**

The Organization has developed this fraud and abuse compliance program to be a comprehensive statement of the responsibilities and obligations of all employees regarding submissions for reimbursement to Medicaid, and other government payers for services rendered by the Organization. In addition, this policy is intended to apply to business arrangements with direct care personnel, vendors and other persons which may be impacted by federal or state laws relating to fraud and abuse.

## **II. COMPLIANCE STANDARDS MANUAL**

Compliance standards and manuals specific to selected areas of the Organization shall be developed and kept current with applicable laws and regulations.

The compliance manual shall be a resource for the employees of each selected area designed to enhance the ability of employees to perform their responsibilities in compliance with the Organization's compliance policy and applicable laws and regulations. The designated manager in each affected area is responsible for ensuring that the compliance standards and manuals as required by this program or as designated by the responsible officer are developed and maintained in accordance with this policy.

## **III. EMPLOYEE PARTICIPATION AND REPORTING**

It is the responsibility of every employee in the Organization to abide by applicable laws and regulations and support the Organization's compliance efforts.

All employees are required to report their good faith belief of any violation of the compliance program or applicable law. The Organization, at the request of the employee, will provide such anonymity to the employee(s) who report as is possible under the circumstances in the judgment of the Organization, consistent with its obligations to investigate employee concerns and take necessary corrective action. There shall be no retaliation in the terms and conditions of employment as a result of such reporting.

Employees will report their good faith belief of violations of the compliance program or applicable laws (i) either orally or in writing to their manager; (ii) by utilizing the compliance hotline at 1-888-857-5007; (iii) by utilizing the on-line compliance referral system at [www.keystonehumanservices.org/compliance](http://www.keystonehumanservices.org/compliance), or (iv) either orally or in writing to the Organization's Corporate Compliance Officer at Keystone Human Services, Robyn S. Joppy, Corporate Compliance Officer, 124 Pine Street, Harrisburg, PA 17101, (717) 232-7509, ext. 137.

#### **IV. RESPONSIBLE OFFICER**

The Organization has designated the Compliance Officer as the individual within the Organization responsible for overall implementation and operation of the compliance program. The Compliance Officer shall be responsible for ensuring that:

- A. Standards and manuals are reviewed and updated as necessary;
- B. Employee and vendor screening mechanisms are in place and are operating properly;
- C. Employees are receiving adequate education and training and that such education and training are documented;
- D. Audit procedures are implemented in accordance with the Organization's audit policies;
- E. Employee complaints and other concerns regarding compliance are promptly investigated;  
and
- F. Adequate steps are taken to correct any identified problems and prevent the recurrence of such problems.

#### **V. REPORT TO THE BOARD**

The Compliance Officer will report in writing at least annually to the Organization's Board of Directors on the status of compliance within the Organization, and at other times as appropriate. This report shall include the results of any recommendations resulting from the audit work plans conducted during the prior year, and any other information requested by the Board.

## ENFORCEMENT AND PREVENTION POLICY

The purpose of this policy is to set forth the procedures that will be used by Keystone Human Services (the "Organization") to respond to reports by employees or others that a business unit or individuals employed by a business unit are engaging in activity which might violate the standards describes in the Corporate Integrity and Compliance Plan and which may be contrary to applicable Medicaid laws or regulations or that such persons or business units may be submitting claims in a manner which does not meet the Medicaid program requirements, as applicable.

### I. INVESTIGATION

- A. Purpose of Investigation. The purpose of the investigation shall be to (i) identify those situations in which the laws, rules and standards of the Medicaid program may not have been followed; (ii) to identify individuals who may have knowingly or inadvertently caused claims to be submitted or processed in a manner which violated Medicaid laws, rules, or standards; (iii) to facilitate the correction of any practices not in compliance with the Medicaid laws, rules and standards; (iv) to implement those procedures necessary to insure future compliance; (v) to protect the Organization in the event of civil or criminal enforcement actions, and (vi) to preserve and protect the Organization's assets.
- B. Control of Investigations. All reports received by agency management shall be forwarded to the Organization's Compliance Officer. The Organization's Compliance Officer shall prepare a Medicaid Compliance Report Form (example of which is attached hereto at Tab 8). The Organization's Compliance Officer will be responsible for directing the investigation of the alleged problem or incident. In undertaking this investigation, the Organization's Compliance Officer may solicit the support of external legal counsel, consultants and auditors, and internal and external resources with knowledge of the applicable laws and regulations and required policies, procedures or standards that relate to the specific problem in question.

These persons shall function under the direction of legal counsel and shall be required to submit relevant evidence, notes, findings and conclusions to legal counsel.

- C. Investigative Process. Upon receipt of an employee complaint or other information (including audit results) which suggests the existence of a pattern of conduct in violation of compliance policies or applicable laws or regulations, an investigation under the direction and control of legal counsel shall be commenced. Steps to be followed in undertaking the investigation shall include, at a minimum:
1. Notification to the Organization's CEO of the nature of the complaint.
  2. The investigation shall be commenced as soon as reasonably possible but in no event more than 10 days following the receipt of the complaint or report. The investigation shall include, as applicable, but need not be limited to:
    - (a) An interview of the complainant and other persons who may have knowledge of the alleged problem or process and a review of the applicable laws and regulations which might be relevant to or provide guidance with respect to the appropriateness or inappropriateness of the activity in question, to determine whether a problem actually exists.

If the review results in conclusions or findings that the complained of conduct is permitted under applicable laws, regulations or policy or that the complained of act did not occur as alleged or that it does not otherwise appear to be a

problem, the investigation shall be closed and a written report filed with the Organization's Compliance Officer.

If the initial investigation concludes that there is improper billing occurring, that practices are occurring which are contrary to applicable law, that inaccurate claims are being submitted, or that additional evidence is necessary, the investigation shall proceed to the next step.

- (b) The identification and review of representative bills or claims submitted to the Medicaid program to determine the nature of the problem, the scope of the problem, the frequency of the problem, the duration of the problem, and the potential financial magnitude of the problem.
- (c) Interviews of the person or persons in the departments and institutions who appear to play a role in the process in which the problem exists. The purpose of the interview will be to determine the facts related to the complained of activity, and may include, but shall not be limited to:
  - (i) individual understanding of the Medicaid laws, rules and regulations;
  - (ii) the identification of persons with supervisory or managerial responsibility in the process;
  - (iii) the adequacy of the training of the individuals performing the functions within the process;
  - (iv) the extent to which any person knowingly or with reckless disregard or intentional indifference acted contrary to the Medicaid laws, rules or regulations;
  - (v) the nature and extent of potential civil or criminal liability of individuals or the Organization; and
  - (vi) preparation of a summary report which (a) defines the nature of the problem, (b) summarizes the investigation process, (c) identifies any person whom the investigator believes to have either acted deliberately or with reckless disregard or intentional indifference toward the Medicaid laws, rules and policies, and (d) if possible, estimates the nature and extent of the resulting overpayment by the government, if any.

## II. ORGANIZATIONAL RESPONSE

- A. Possible Criminal Activity. In the event the Organization uncovers what appears to be criminal activity on the part of any employee or business unit, it shall undertake the following steps:
  - 1. In the event Medicaid is involved, the Pennsylvania Department of Public Welfare and/or the Pennsylvania Attorney General shall be notified, as counsel for the Organization deems appropriate. The Organization, through its counsel, shall attempt to negotiate a voluntary disclosure agreement prior to the disclosure.
  - 2. Initiate appropriate disciplinary action against the person or persons whose conduct appears to have been intentional, willfully indifferent or undertaken with reckless disregard for the Medicaid laws. Appropriate disciplinary action shall include, at a

minimum, the removal of the person from any position with oversight for or impact upon the claims submission or billing process and may include, in addition, suspension, demotion, and discharge.

- B. Other Non-Compliance. In the event the investigation reveals billing or other problems which do not appear to be the result of conduct which is intentional, willfully indifferent, or with reckless disregard for the Medicaid laws, the Organization shall nevertheless undertake the following steps:
1. Improper Payments. In the event the problem results in duplicate payments by Medicaid, or payments for services not rendered or provided other than as claimed, it shall:
    - (a) Correct the defective practice or procedure as quickly as possible;
    - (b) Calculate and repay to the appropriate governmental entity duplicate payments or improper payments resulting from the act or omission;
    - (c) Initiate such disciplinary action, if any, as may be appropriate given the facts and circumstances. Appropriate disciplinary action may include, but is not limited to, reprimand, demotion, suspension and discharge; and
    - (d) Promptly undertake a program of education at the appropriate business unit to prevent future similar problems.
  2. No Improper Payment. In the event the problem has or does not result in an overpayment by the Medicaid program, the Organization shall:
    - (a) Correct the defective practice or procedure as quickly as possible.
    - (b) Initiate such disciplinary action, if any, as may be appropriate given the facts and circumstances. Appropriate disciplinary action may include, but is not limited to, reprimand, demotion, suspension and discharge.
    - (c) Promptly undertake a program of education at the appropriate business unit to prevent future similar problems.

### III. DISCIPLINE

Employees may be subject to discipline for failing to participate in the Organization's compliance efforts, including, but not limited to:

- A. The failure of an employee to perform any obligation required of the employee relating to compliance with the program or applicable laws or regulations;
- B. The failure to report suspected violations of compliance program laws or applicable laws or regulations to an appropriate person; and
- C. The failure on the part of a supervisory or managerial employee to implement and maintain policies and procedures reasonably necessary to ensure compliance with the terms of the program or applicable laws and regulations.

Discipline should follow the Organization's existing employee discipline policies and procedures.

## **FINANCIAL EXAMINATION/AUDIT CHRONOLOGY FOR EXTERNAL AUDITS**

1. Notification of Examination/Audit: Letter informing company of impending exam/audit.
2. Coordinator Contract: Receipt of department's requirements and scheduling of examination/audit.
3. Examination/Audit Process: Introductory meeting followed by the examination/audit process.
4. Exit Meeting: At the end of the on-site examination, the exam team will summarize findings and outstanding issues to company/agency representatives.
5. Examination/Audit Report: Once all outstanding issues are resolved (or areas of disagreement are defined), the exam team will write and submit the Report of Examination to the company. Generally, the report should be submitted within 30 days (unless noted otherwise) of the conclusion of the exam. At this time, the Report of Examination is confidential.
6. \*Company Review: Upon receipt of the draft report(s), also known as the Report of Examination, the company/agency has forty (40) calendar days to request an exit conference. Whether or not an exit conference is requested, the company/agency must submit a written response to the draft report(s). If an exit conference is requested, a written response should be made available ten (10) days prior to the exit conference. If a written response is not submitted within the established time periods, the auditor/funder will issue the final report without the company's/agency's response. The Exam Report becomes a public document the earlier of:
  - a) when company/agency officials of the entity examined/audited receives final report, or
  - b) forty (40) days after the company/agency received draft report(s).

\* Subject to change based on the funder/auditor.

## PREPARING FOR THE FINANCIAL EXAMINATION/AUDIT

1. In accordance with the exam/audit schedule, determine general compliance with required business practices within 3-6 months (if possible) of exam/audit, e.g., where are the books and records being kept, are our operational procedures in compliance, etc.? In addition, examine the findings of the last examination/audit, if any, and confirm corrective action was taken.
2. Provide all requested information at the start of the exam/audit. If any part of the information request is unclear or would be especially burdensome, the exam/audit team should be contacted prior to the start of the exam/audit to either clarify what information is required or to arrange alternative data.
3. A principal examination/audit coordinator from the Integrity and Compliance Department will be designated. The principal coordinator should have either the authority to respond to examination concerns regarding compliance issues, or have ready access to others with that authority. All exam correspondence should be directed through the Corporate Integrity and Compliance office.

When an exam is conducted at a field agency, e.g. Keystone Residence Lancaster, a coordinator at the field office will be selected. The exam co-coordinator should be able to respond to questions on their end. The principal coordinator is in the corporate office. All contact with the exam team should be documented and sent to the corporate office coordinator.

4. A Finance staff member should be designated as the contact person to deal directly with the exam team on all finance related issues.
5. Upon the Organization being notified of a pending examination/audit via the agency Executive Director or Central Finance, the principal examination/audit coordinator should be informed. Subsequently, the appropriate staff should be advised of the examination as well as the priority status of the exam team's requests for files and other information. Assignments may be made at this time. This process should be done for all agency offices to be visited during the examination. If certain files are decentralized, a procedure for either copying or shipping files for audit should be established with the agencies prior to the start of the exam/audit.

When claims or billing files are provided to the examiner, the files must contain all relevant information. For the claims review, this means that all documents from the notification of the claim through conclusion, whether paid, denied, or closed without payment, must be provided.

6. Arrange and test computer or microfiche access (when necessary) for the examiners/auditors prior to their arrival at each company location. Such access should be to an Inquire Only mode (the examination coordinator is responsible for arranging this activity).
7. Staff should give the exam/audit team (via the examination/audit coordinator) only what they request, nothing more.
8. The examination coordinator should secure an office or work area for the exam team. This work area should be away from the employees, if at all possible. The appropriate equipment/supplies, e.g. copy machine, fax, adding machine, telephone w/voice-mail capabilities, etc. should be available to the auditors (per their request). The co-coordinator in the field office will assist with this step.
9. Employees should be apprised of the pending examination/audit. Moreover, they should be asked not to engage in casual conversation about the company or answer work-related questions without notifying the examination/audit coordinator (co-coordinator if applicable).

## RESPONDING TO EXAMINERS/AUDITORS

The agency should follow these guidelines when responding to examination/audit inquiries and concerns of company practices:

1. Respond to all questions and concerns promptly.
2. The company/agency must be complete in responses to all audit questions and concerns both as they relate to individual issues and to general company practices. Responses should be clear and focused. If it is apparent that an extended period of time will be necessary to prepare a response, advise the examiners/auditors of the expected time frame.
3. Responses to day to day questions from the examiners/auditors should be delivered through the principal examination/audit coordinator (co-coordinator when applicable). All questions and answers should be documented.
4. When discussing prior approval issues, such as rates/rate changes, refer to specific contracts and contract numbers.
5. When the response to an individual file question indicates a general or system problem, the company/agency should take the initiative of stating how the error will be prevented from recurring in the future. The company/agency should also indicate what steps would be taken to identify and correct other policies/claims/billing with this error. The response should be comprehensive and specific enough to be inserted into the examination/audit report as both a response to the concerns and a plan for corrective action that can be reviewed at a later date for follow-up.
6. Provide the date on which each corrective action was, or is expected to be, implemented. If there are multiple questions or concerns for a particular procedure/file, address each of the concerns in the response.
7. Official responses to Financial Examination/Audit Reports should be prepared by the principal Examination Coordinator, or designee, and reviewed by the CFO, Comptroller, Regional Financial Coordinator, Legal Counsel, Compliance, and the Examination Coordinator (in conjunction with the co-coordinator when applicable), prior to forwarding to the requester/auditor.

All responses to Financial Examinations will be released over the CFO's signature.

8. All correspondence pertaining to the examination must be sent to the corporate office (Compliance). If a situation occurs where original records must be maintained in the state of domicile i.e. Maryland, Compliance will forward the original records to the appropriate location and retain a copy on file in the corporate office.

## FINANCIAL EXAMINATION/AUDIT PROTOCOL PROJECT PLAN

TOPIC	TASK #	TASK/AUDIT	RESPONSIBILITY	TARGET DATE	STATUS
Pre-Examination/Audit	1	Determine general compliance with required business practices and prior report findings	Exam Coordinator (EC)/Appropriate staff	3-6 months prior to expected exam/audit (if known or possible)	
Preparing for Examination/Audit	2	Notification of exam/audit	Funder, i.e. MA, HHS, etc.		
	3	Delivery of Funder's/Auditor's requirements	Funder/Auditor		
	4	Scheduling of exam/audit	Funder/Auditor and EC		
	5	Introductory meeting	Appropriate staff and examiners		
	6	Designate EC	Compliance		
	7	Select Finance contact	CFO		
	8	Provide requested information at start of exam	EC		
	9	Contact exam team (ET) if info/request is unclear	EC		
	10	Notify appropriate staff of pending exam. Staff should be notified of the priority status of ET's request for files, etc. This should be done for all regional agencies that may be visited during the exam	EC		
	11	Establish procedure for copying and/or shipping files if files are decentralized	EC		
	12	Arrange and test computer or microfiche access (when necessary) prior to ET's arrival	Appropriate IS personnel		
	13	Secure an office or work area for ET (telephone, fax, other equipment/supplies)	EC		
	14	Apprise employees of pending exam/audit	Management/Executive Director		
Examination	15	Audit/Examining Company	ET		

TOPIC	TASK #	TASK/AUDIT	RESPONSIBILITY	TARGET DATE	STATUS
	16	Respond to all day to day questions and concerns promptly	Appropriate staff/EC		
	17	Contact ET if extended period of time necessary for responding	EC		
	18	Provide plan for future prevention/corrective action when a response to an individual file, program, etc., indicates a general or system problem	Appropriate staff		
	19	Provide the date corrective action will be implemented	Appropriate staff		
	20	Exit Meeting	ET and key staff		
Exam Report/Responding to ET	21	Address each concern (if multiple) separately in the response	EC will coordinate		
	22	Responses to Financial Exam Report should be reviewed by certain officers and key staff; company/agency generally has 30 days (could be more or less) to respond	EC will coordinate		
	23	Submit Exam Report to Board of Directors	CEO/Compliance Officer		
	24	Examine remaining corrective action(s) and communicate to appropriate staff for implementation	EC		



**Keystone Human Services**  
**COMPLIANCE PLAN**  
**Compliance Policy/Standard**

**Date:** December 1, 2006

**Issue Statement:** Under Section 6032 of the Deficit Reduction Act of 2005, any employer who receives more than \$5 million annually in Medicaid funding is required to provide the following information to its employees by January 1, 2007:

- Education on the federal False Claims Act and applicable state False Claims Act.
- Education regarding the rights of employees to be protected as whistleblowers and the Qui Tam “Whistleblower” Provision within the False Claims Act.
- Policies and procedures for detecting and preventing fraud, waste and abuse in the workplace.

**Compliance Standard:** In order to comply with this requirement, Keystone Service Systems, Inc will provide:

- Education for all employees about the False Claims Act and applicable state False Claims Act.
- Education on the rights of employees to be protected as whistleblowers and the Qui Tam “Whistleblower” Provision within the False Claims Act.
- Policies and procedures for detecting and preventing fraud, waste and abuse in the workplace.

**Compliance Action:** In order to achieve this standard:

- All employees will receive education on the False Claims Act, applicable state False Claims Act and the Qui Tam “Whistleblower” Provision by January 1, 2007.
- Federal Deficit Reduction Act Compliance Policy has been established to comply with Section 6032 of the Federal Deficit Reduction Act of 2005.
- Policy on Corporate Compliance and Integrity Policy has been developed to provide organizational guidelines.