PROMEDICA	System Level Policy and Procedure Cover Sheet
Policy Number: SP 1.27	
Policy Title: Corporate Compliance for Vendors	
This document is an official document of ProMedica. If it needs changed in any way, please contact the Corporate Human Resources Department.	

This cover sheet is intended to clearly identify to which business units corporate policies apply in accordance with the requirements for the acute care Conditions of Participation (CoPs). It will also serve to document compliance with Corp. Policy CP 3.12 and the tri-annual review of all corporate policies. The review dates below will indicate dates the policy was reviewed without any required changes.

CHECK THE BOXES FOR EACH BUSINESS UNIT TO WHICH THIS POLICY APPLIES:		
☒ **ProMedica Toledo Hospital,** which includes ProMedica Wildwood Orthopedic & Spine Hospital and ProMedica Toledo Children's Hospital		☒ **ProMedica Bay Park Hospital**
☒ **ProMedica Flower Hospital**		☒ **ProMedica Defiance Regional Hospital**
☐ **Lima Memorial Hospital**		☒ **ProMedica Fostoria Community Hospital**
☒ **ProMedica Physician's Group** (Providers & Practices)		☒ **ProMedica Bixby Hospital**
☒ **ProMedica Continuing Care Services**		☒ **ProMedica Herrick Hospital**
☒ **Paramount Insurance Corp.**		☒ **ProMedica Memorial Hospital**
☒ **ProMedica Monroe Regional Hospital**		☒ **ProMedica Corporate Offices**
☒ **ProMedica Coldwater Regional Hospital**		

Policy Review Dates (for which no revisions were required):

See the policy itself for approvals and dates upon which policy became effective and later revised (if applicable).

PROMEDICA SYSTEM POLICY

Policy Title: Corporate Compliance for Vendors **Policy No:** SP 1.27

Effective Date: 1/1/07

Revised Date: 4/1/12, 7/20/15, 8/9/18

Purpose: At ProMedica and its subsidiaries, we are proud of the values that drive our success. These values shape an environment and culture that nurtures the highest standards in business ethics and personal integrity. These same ethics and values are displayed in our commitment to excellence in the services we provide. We are also committed to carrying these high standards into our relationships with vendors/ contractors/agents/etc. This document will highlight the standards and expectations of our business relationships with our external vendors. Note that this policy focuses on our compliance efforts and environment. Specific policies and procedures such as vendor selections, contracting, etc. are not covered herein.

Policy: ProMedica is an integrated delivery system with a wide variety of companies and business issues. With a large number of transactions in diverse companies, as well as the multitude of complex federal and state regulations, ProMedica must continuously strive to comply with all federal, state and local laws. To that end, we have implemented a Corporate Compliance Plan through which we educate, monitor and help to ensure ongoing compliance. The following items are highlights of specific components of the ProMedica Compliance Plan that have a direct impact on vendors/contractors/agents.

Standards of Conduct: All business affairs of ProMedica will be conducted within the spirit and intent of maintaining the highest standards of business ethics, honesty and integrity. Conflicts of interest (or the appearance of a conflict) with our board members, senior administration, or management should be avoided whenever possible. However, we acknowledge that doing business with individuals or other entities where pre-existing relationships exist, may on occasion be in the best interest of both parties. In these circumstances a business transaction may proceed, but all relationships that may constitute the appearance of a conflict of interest of which either party is aware, must be disclosed in advance to ensure proper handling and documentation of the transaction. Also, all business must be conducted at fair market value (FMV) – see the *Intermediate Sanctions* section below.

Confidentiality: "Confidential Information" means the information of ProMedica which is of a private or proprietary nature, including but not limited to patient related and/or financial information. The Confidential Information includes not only written information, but information that may be transferred orally, visually, electronically or by any other means. Confidential Information will not include information that is generally available to the public, was available to the recipient on a non-confidential basis prior to the engagement for services or was lawfully obtained from a third party who was not under an obligation to maintain the confidentiality of such information. As someone doing business or seeking to do business with ProMedica, all vendors/contractors/agents acknowledge and agree that they will protect and maintain all Confidential Information in the strictest confidence, and will not use such Confidential Information, either directly or indirectly, for any purpose. No Confidential Information will be used in any manner that is adverse or detrimental to ProMedica or to its patients. They also agree to inform any employees, independent contractors, or subcontractors who may come in contact with Confidential Information of ProMedica of these obligations. If a vendor's relationship is determined to be that of a Business Associate as defined by the Health Insurance Portability and Accountability Act (HIPAA), such vendor will receive a Business Associate Agreement prior to the initiation of services that provides greater detail of the vendor's responsibility to protect patient information under the HIPAA.

Intermediate Sanctions: All 501(c)(3) non-profit organizations (such as ProMedica) may not pay more than "reasonable" compensation to a private individual or entity from which it purchases services or items. Likewise, it may not provide items or services for less than fair market value. If these rules are violated, ProMedica could lose its tax-exempt status and/or the I.R.S. may impose monetary penalties of 25% of excess benefit to be paid by recipient (if unresolved timely that could rise to 200%). Due to this obligation, many of ProMedica's significant vendor transactions are subject to a bid process. In those circumstances where a bid process is not followed, ProMedica will document FMV and the selected vendor may be requested to assist with that process.

Improper Influence: Vendors shall not influence, or seek to influence, any ProMedica board member, officer, manager or employee through the exchange or offer to exchange of cash, gifts, services, promises or other remuneration in an attempt to influence their actions related to ProMedica.

False Claims: The Deficit Reduction Act of 2005 requires healthcare organizations to inform their vendors/contractors/agents/etc. of the provisions of various False Claims Acts. The federal government and many individual state governments have passed False Claims Acts. A false or fraudulent claim is an untrue representation of a service or good provided. Some examples would be billing twice for the same service or billing for a higher level of service when a lower level was provided.

The Federal and State False Claims Acts (FCA's) include both civil and criminal provisions used in enforcement of the law, which makes it an offense for any person/entity to present a false claim to the government. The elements necessary to establish a civil FCA violation are (1) presentation of a claim, (2) to the Federal or State government, (3) with actual knowledge that the claim is false/fraudulent or with reckless disregard or deliberate ignorance of the truth or falsity of the claim. The primary difference between civil and criminal false claims is intent. Intent can be proven by falsification of records, patterns of conduct, etc. Penalties under the False Claims Acts can include exclusion from the Medicare/Medicaid programs and:

	Civil	**Criminal**
Federal	up to $10,957-$21,916 per claim, plus restitution & treble damages	up to 5 yrs. in prison &/or $25,000 per claim
State – OH *	$5,000 to $ 10,000 per claim, plus restitution with interest, treble damages and expenses. Possible revocation of license.	Penalties range from misdemeanor to felonies, including possible jail time and revocation of license
State - MI	$5,000 to $10,000 per claim, plus restitution and treble damages.	up to 4 years in prison &/or $50,000 (may increase to 10 years for conspiracy or repeat offenses)

Fraud: Fraud is defined as an intentional, false representation or concealment of a material fact intended to induce another to act in a particular way, due to reliance on the false representation or concealment to his or her injury. ProMedica has various policies and internal controls in place designed to prevent/detect internal instances of fraud, waste and abuse. Conversely, fraud conducted against ProMedica will not be tolerated and if detected, appropriate remedies will be sought as allowed by law.

Whistleblower Protections: Anyone who reports known or suspected violations of Federal, State or Local laws or the ProMedica Compliance Plan (including the submission of Federal or State False Claims) is protected from retaliation under both the "whistleblower" protection laws and ProMedica policy. As someone doing business or seeking to do business with ProMedica, we ask that you familiarize yourself, your employees, independent contractors, or subcontractors (as appropriate) with the contents of this policy and report any known or suspected violations on the part of ProMedica or its business partners to the ProMedica Audit and Compliance Department through the Compliance Hotline at **419-824-1815** or **800-807-2693.**

Approved by:

Vivien Townsend, Chief Compliance Officer

Michael Browning, Chief Financial Officer

Randy Oostra, President and Chief Executive Officer