



Carolina Therapy Services

Corporate Compliance

Code of Conduct

- Carolina Therapy Services, Inc. (“Carolina Therapy”) strives to maintain the highest quality of care for its patients and to be a good steward of federal health care program dollars. Our employees, independent contractors, and vendors/suppliers are expected to respect the rights of all our patients, to adhere to high ethical standards, and to work in cooperation with all members of the Carolina Therapy team on a consistent basis to evaluate our performance and improve our services when needed.

Code of Conduct

To advance our commitment to quality care and to prevent fraud, waste, and abuse, we expect our employees to comply with our Compliance and Ethics Program policies and all applicable state and federal laws and regulations, and to make reports of suspected compliance violations in good faith. While the policies and procedures that make up our Compliance and Ethics Program give detailed information regarding the rights and responsibilities of employees and independent contractors, you should be aware that:

- (1) Personnel are expected to respect the dignity of all patients, to treat patients with compassion, to accommodate patient preferences when reasonable, and to provide the care and services necessary to attain or maintain our patients' highest practicable physical, mental, and psychosocial well-being.
- (2) Personnel are expected to avoid engaging in activities that violate Carolina Therapy's policies or the law.
- (3) Personnel are expected to follow all legal requirements for billing claims to federal health care programs, including requirements governing the type and quality of services provided to patients.
- (4) Personnel are expected to report in good faith all suspected violations of our compliance policies or of any applicable federal and state laws to the Compliance Officer or the person acting for the Compliance Officer. This includes violations committed by the individual or by another person.
- (5) Employees found to be in violation of any such policy, law, or regulation shall be disciplined according to the severity of the infraction.
- (6) Our employees, independent contractors, and vendors agree to follow the law and our policies and accept responsibility for understanding what our policies and the law expect of them, including the responsibility to report suspected noncompliance.
- (7) Any individual employed by Carolina Therapy or providing care to our patients will agree to undergo training and education to understand what the law and our policies require and how to report suspected noncompliance.

Corporate Compliance and Ethics Program

- Designed to create an environment of compliance across the organization
- Consists of policies and procedures that educate employees about applicable state and federal laws, their rights and obligations under those laws, and consequences of violations of those laws.
- Provides education and training
- Implements a reporting system for suspected compliance issues and disciplinary policies
- Establishes audits to evaluate compliance and areas for improvement

Corporate Compliance

Compliance Committee

Reports to



Director of Compliance

Reports to



Compliance Officer

Education and Training

- Carolina Therapy will provide all employees with mandatory compliance training to create awareness of Carolina Therapy's compliance policies and procedures, as well as the details of the False Claims Acts and other relevant state and federal laws. A basic explanation of why compliance programs are important and a general overview of compliance risk areas will be provided. Employees will be required to sign a certification, acknowledging that they have been provided with copies of Carolina Therapy's policies and procedures and any other relevant compliance plan documents, that they have read these documents, and that they understand them.
- As a condition of employment with Carolina Therapy, attendance at and participation in these training classes is required. Failure to comply with training requirements will result in disciplinary action, including possible termination. Records documenting the type of training and certification that the personnel in attendance receive will be maintained in accordance with Carolina Therapy's document retention policy, and compliance with such training requirements will be one of the factors considered during an employee's annual evaluation.
- Carolina Therapy's vendors/suppliers/contractors will also be required to comply with the Compliance Plan and Ethics Program. Copies of pertinent policies and procedures and any other relevant compliance documents will be made available to such persons.
- Employees are required to attend compliance training on an annual basis to review existing policies and procedures and receive any updates. As new compliance policies are adopted, they will be distributed to affected individuals. Training and implementation of policies will be provided as needed. The Compliance Officer is also available to answer any questions employees may have regarding applicable laws and their responsibilities thereunder.

Federal and State Laws

Federal and State Laws

Federal False Claims Act: This federal law prohibits any person from knowingly making or submitting a false or fraudulent claim, or submitting a false or fraudulent record or statement to get a false or fraudulent claim paid by the federal government.

North Carolina False Claims Acts: North Carolina's False Claims Act and Medical Assistance Provider False Claims Act and regulations, like the federal False Claims Act, make it a crime to knowingly make or submit a false or fraudulent claim, or submit a false or fraudulent record or statement to get a claim paid by the State or federal government.

The "Stark" Act: This federal law prohibits a physician from referring a patient to a health care entity with which the physician or a family member has a financial relationship for the provision of "designated health care services," unless the financial relationship falls within one of the exceptions to the Act. The law only applies to physicians and governs physician referrals to imaging centers, medical suppliers, and other "designated health services" in which the physician or a family member has an ownership interest. Clinical laboratory services, radiology and certain other imaging services, radiation therapy services, durable medical equipment, and occupational and physical therapy services are considered designated health care services and are covered by the Act.

Federal and State Laws

The Anti-Kickback Statute: This federal law prohibits the knowing and willful solicitation, offer, payment, or receipt of any remuneration (i.e., anything of value) to induce a referral for an item or service, or to purchase, lease, order, or arrange for the purchasing, leasing, or ordering of any item or service that may be paid by Medicare or any other federal health care program. While “remuneration” clearly includes a kickback, bribe, or rebate, the term has been defined broadly to include gifts, discounts, the furnishing of supplies or equipment, credit arrangements, payments of cash, and waivers of payments due. Several “safe harbors” have been established that describe conduct which will not be treated as criminal offenses under the statute.

North Carolina Law Prohibiting Self-Referrals: This law prohibits all health care providers, including physicians, nurses, physician assistants, and all others licensed pursuant to Chapter 90 of the North Carolina General Statutes, from referring patients to a health care entity for the provision of designated health services if the provider or a family member has an ownership or investment interest in that entity.

False Claims

A person is liable for administrative penalties for making a false claim if he or she makes, presents, or submits, or causes to be made, presented, or submitted, a claim that the person knows or has reason to know

- (1) Is false, fictitious, or fraudulent; or
- (2) Includes or is supported by a written statement that asserts a material fact that is false, fictitious, or fraudulent; or
- (3) Includes or is supported by a written statement that omits a material fact and is false, fictitious, or fraudulent because of the omission, if the person had a duty to present the fact; or
- (4) Is for payment for services that the person has not provided as claimed.

In such cases, the person is liable for a civil penalty of not more than five thousand dollars (\$5,000) per violation, and, in some cases, an assessment equal to two times the amount of the claim.

False Claims

- Billing for items or services not provided as claimed;
- Submitting claims for medically unnecessary equipment, supplies, and services;
- Duplicate billing;
- Failing to identify and refund credit balances;
- Knowingly billing for inadequate or substandard care;
- Upcoding the level of service provided (i.e., assigning to a service codes that carry a higher amount of reimbursement);
- Billing for individual items or services that must be billed as a unit and may not be unbundled;
- Altering documentation or forging a physician signature on documents used to verify that services were ordered and/or provided;
- Overstating the amount of time spent providing therapy to patients; and
- Falsification of mandated reports to Medicare and Medicaid.

Patients' Rights and Safety Issues

Carolina Therapy expects that its employees, agents, and contractors will be knowledgeable about and respectful of patients' rights, and will report any of the following:

- Discriminatory and/or improper denial of access to care;
- Non-medically necessary or appropriate services;
- Verbal, mental, or physical abuse, corporal punishment, and involuntary seclusion;
- Failure to ensure patients' personal privacy, their medical privacy, and access to their medical records upon request to the extent required by law;
- Denial of patients' rights to participate in care and treatment decisions; and
- Improperly screened or excluded employees or contractors providing services.

Carolina Therapy's Obligations to Respond to Reports

Upon receiving reports of a possible compliance issue, Carolina Therapy's Compliance Officer, or another person designated by the Compliance Officer, will evaluate the report, investigate, and, if necessary, take corrective action. They may also contact Carolina Therapy's legal counsel. All reports not originally made to the Compliance Officer will also be forwarded to the Compliance Officer. The Compliance Committee will review and evaluate all potential compliance issues on at least a quarterly basis, and will direct the Compliance Officer or his or her designees in developing an appropriate response to suspected compliance issues.

It is Carolina Therapy's policy to evaluate and respond to all reports of possible violations of the federal or state False Claims Acts, and to support its employees in their responsibilities to report any possible compliance issues. Carolina Therapy will monitor all reports of possible compliance issues and, if necessary, will amend its policies and procedures to address such situations. Carolina Therapy's policies for detecting and preventing waste, fraud, and abuse are addressed in detail in a separate policy

Reporting Suspected Compliance Issues

- Any employee who believes that a compliance violation may have occurred should report such suspected violations to the Compliance Officer or through the Integrity Line. This report should be made within one business day or as soon as possible. The Compliance Officer also maintains an “open-door” policy and encourages employees, independent contractors, and vendors/suppliers to approach or call at any time with questions regarding or evidence of suspected or known compliance issues. The Compliance Officer will periodically compile a list or log of all reports.
- To the extent possible, the confidentiality of employees reporting suspected compliance issues will be protected, and no employee will be retaliated against solely because he or she reports a suspected compliance violation. No disciplinary action or other action shall be taken against any employee, contractor, or agent who in good faith reports a suspected compliance issue that is determined, upon evaluation, not to have been a violation. However, persons intentionally bringing false allegations of compliance issues for the purpose of discrediting Carolina Therapy or any employee, contractor, or agent either shall be subjected to disciplinary action or may have their relationship with Carolina Therapy terminated, as appropriate.
- Carolina Therapy shall take appropriate disciplinary action against any employee and may terminate its relationship with any contractor or agent who fails to detect and/or report any suspected compliance issue that the person either knew or should have known was occurring.

Methods of Reporting

- Report to Department Manager
- Report to Area Director
- Report to Clinical Specialist
- Report to Director of Compliance
- Report to HR Director
- Report to Confidential Integrity Line (910-892-0027)
- Report to Compliance Officer

- **ALL MAINTAIN AN OPEN-DOOR POLICY TO GOOD FAITH REPORTS**

Investigations

- All reports of suspected compliance issues will be promptly evaluated by the Compliance Officer or the Compliance Officer's designee. Relevant information relating to the suspected compliance issue will be gathered and reviewed. The Compliance Officer or designee will promptly address compliance issues, determine whether additional in-service training is warranted, and assess whether other responsive actions are needed. The Compliance Officer will report his or her investigation findings, assessment and recommendations to the Compliance Committee.
- The Compliance Officer may confer with legal counsel, at his or her discretion, when evaluating reports of suspected compliance issues.

Investigations

- Staff should utilize CTS's corporate compliance reporting procedure for any ethical or compliance concerns rather than reporting to other third parties.
- After our investigation, CTS will report any wrong-doing to the appropriate entity including:
 - Medicare/Medicaid
 - Other third party payors
 - State licensure boards
 - Facility/customer
 - Patient/Responsible party

Disciplinary Actions

- The Compliance Officer, in consultation with the Compliance Committee and Human Resources, is responsible for determining appropriate disciplinary actions for compliance violations. The Compliance Officer will impose disciplinary actions after conferring with Human Resources and Carolina Therapy's management team, in accordance with Carolina Therapy's written policies and procedures. Factors to be considered in determining appropriate disciplinary actions include whether the offense constitutes a violation of state or federal law; whether the offense is repeated despite counseling and/or training; the individual's work record; and the impact the conduct has on Carolina Therapy. Potential disciplinary actions include:
 - * Counseling and verbal warning
 - * Written reprimand placed in employee's personnel record
 - * Probation
 - * Temporary suspension
 - * Termination of employment
- Conduct that constitutes fraud, abuse, or a violation of the Anti-Kickback Law or other state or federal compliance law may be grounds for immediate termination. A recommendation to terminate employment may be issued by management or the Compliance Officer and must be approved by the Human Resource Officer.
- A workforce member who violates Carolina Therapy's compliance policies or state or federal law may also be required to reimburse Carolina Therapy for any losses or damages suffered by Carolina Therapy as a result of the individual's non-compliant conduct.

Policy on Conflicts of Interest

A conflict of interest exists when an officer, management personnel, therapist, assistant, RNA, or a friend or relative of these individuals, is in a position to profit directly or indirectly, financially or non-financially, through the application of the individual's administrative authority or knowledge gained through his or her affiliation with Carolina Therapy. For example, if these persons or their family or friends have an actual or potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which Carolina Therapy is negotiating a transaction or arrangement, a conflict of interest may result.

Carolina Therapy officers, directors, management personnel, and therapy/RNA staff will disclose and address any actual or potential conflicts of interest that could affect the safety or quality of care, treatment and services, or regulatory requirements with which Carolina Therapy must comply.

Policy on Conflicts of Interest

Officers, Management Personnel, and Therapy/RNA staff

1. In business transactions for Carolina Therapy, officers, management personnel, and therapy/RNA staff shall not accept anything of substantial value from a third party. Any benefit offered in the expectation of influencing the officers or management's judgment is considered a conflict of interest. Illustrations are lavish entertainment, gifts of value, preferred investment opportunities, loans of money, services, and facilities, including recreational or vacation trips.
2. Any possible conflict of interest shall be disclosed to the individual's supervisor or partners, at the time a proposed transaction or arrangement is to be considered by that person or the office or department in which he works. Such disclosure shall include all material facts. In addition, any known possible conflict of interest shall be disclosed within thirty days of first assuming an officer or management position or employment as a therapist, assistant, or RNA with Carolina Therapy. Known possible conflicts of interest shall be disclosed as well each year on the annual conflict of interest questionnaire.
3. When an actual, perceived, or potential conflict is identified by any person, the following steps should be taken by that person's supervisor:
 - a. Precisely identify the actual, perceived or potential conflict.
 - b. Develop an appropriate response, including where necessary, a disqualification from the decision-making process with referral to another individual in the department for a decision.
 - c. Fully disclose the conflict to the Compliance Officer with an evaluation of the effect and seriousness of the conflict.
4. This policy on Conflicts of Interest shall be reviewed annually for the information and guidance of all members of the officers, management, and therapy/RNA staff, and any new member of Carolina Therapy's management shall be advised immediately of this policy upon entering the duties and responsibilities of his/her office.

Response to search warrants and requests for information

In the event of receipt of a subpoena, search warrant, or civil investigative demand (“CID”) to Carolina Therapy or for any items located on Carolina Therapy’s premises, staff are to immediately report to the Compliance Officer or Director of Compliance so that an appropriate response can be made.

In the meantime:

- Do not interfere with any investigations
- Do not destroy any documentation

Adherence to Compliance Plan is important!!!

- Please follow CTS reporting policy for any concerns before reporting to facility, third party payors, Federal/State agencies, etc.
- If CTS investigations reveal unethical or illegal activity, appropriate actions will be taken and reports will be made.
- Adherence to Carolina Therapy's compliance plan is a factor in evaluating employee performance. Failure to follow the compliance plan will result in disciplinary action, up to and including termination.

Questions or to report a concern

Compliance Officer

Kim Schmidlin

910-892-0027 * kims@carolinatherapy.net

Director of Compliance

Brad Myers

252-229-5761 * bradm@carolinatherapy.net

Confidential Integrity Line

910-892-0027