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Subject: Integrity and Compliance Plan

I. Introduction

Fletcher Allen Health Care, Inc. (Fletcher Allen) is an integrated, not-for profit academic health care system with the primary mission of improving the health of the communities we serve. This mission is accomplished by providing a broad scope of services to patients from Vermont and northeastern New York State. These services range from primary care and prevention, to organ transplantation and open-heart surgery. As the only tertiary health care facility in a large rural area, Fletcher Allen is committed to providing all necessary medical services to any person in this region. Equally important is Fletcher Allen's mission to train medical students, residents, and other health care providers and to advance medical knowledge through basic and clinical research.

These important missions make Fletcher Allen and its employees subject to a myriad of business and ethical decisions, operating within the confines of diverse and complex Federal and State laws and regulations. Fletcher Allen has a strong and abiding commitment to promoting an organizational culture that encourages ethical conduct and compliance with the law. To underscore and enhance its commitment and to better assist all employees in this regard, Fletcher Allen created the Integrity and Compliance Program, which is built on the fundamental belief that our success depends on collaboration, honesty, and respect as well as the trust of those we work with or serve. It serves as guide in the way we conduct ourselves and our business and is an integral part of our delivery of compassionate, quality healthcare. In short, the Integrity and Compliance Program is about doing the right things the right way.

A. Purpose:

The purpose of this Integrity and Compliance Plan (the "Plan") is to foster good corporate citizenry and assure honest and responsible conduct. It also promotes the prevention, detection, and resolution of conduct that does not conform to Federal and State law or Fletcher Allen's ethical and business policies and provides guidance to each Fletcher Allen employee.¹ The procedures and standards of conduct contained in the Plan generally define the scope of issues which the Plan is intended to cover, but are not to be considered as all inclusive.

The Plan is designed to encourage ethical and honest behavior, to prevent accidental and intentional noncompliance with applicable laws, to detect and remedy noncompliance if it occurs, to discipline those involved in noncompliant behavior, and to prevent future noncompliance. Fletcher Allen cooperates with State and Federal regulatory authorities and will not permit any employee to willfully prevent, obstruct, mislead, or delay the communication of information or records relating to a regulator's proper exercise of its lawful authority.²

The Plan is a "living" document and will be updated periodically to keep Fletcher Allen's employees informed of the most current information available pertaining to ethical business conduct and the requirements of the health care industry.

The Board of Trustees of Fletcher Allen approved the development and implementation of the Integrity and Compliance Program in a resolution dated June 29, 1998. The Board approved revisions to this Plan on November 29, 1999, October 2, 2004 and annually thereafter, with its last revision on October 12, 2010

¹ Throughout this Plan, "Fletcher Allen" and "employee" includes Fletcher Allen's employees, members of the Board of Trustees, independent contractors, Medical Staff, volunteers, students, and vendors.

² It is Federal offense to prevent, obstruct, mislead, or delay the communication of information or records relating to a violation of a Federal health care offense to a criminal investigator. 18 U.S.C. § 1518.

B. Goals:

The goals of Fletcher Allen's Integrity and Compliance Program are to:

1. Foster a culture of integrity and compliance at Fletcher Allen.
2. Educate all employees on what to do when faced with business decisions and how to be in compliance with Federal and State laws and Fletcher Allen policies.
3. Ensure that employees feel comfortable and safe when raising concerns about corporate integrity or compliance issues.
4. Establish a clear, expeditious, and practical process for obtaining answers to questions and document Fletcher Allen's efforts to comply with applicable statutes, regulations, and health care program requirements.
5. Implement an effective system of auditing, monitoring, risk assessment, and remediation to prevent and detect criminal conduct or noncompliant behavior.

II. Written Standards

A. Code of Conduct:

The Fletcher Allen Board of Trustees adopted a revised Code of Conduct on October 14, 2008 and directed that it be distributed to all employees. All new employees receive copies of the Code at orientation and once each year thereafter. All current employees receive training on the Code of Conduct as part of their annual mandatory.

The Code is meant to ensure that employees perform their jobs within appropriate ethical and legal standards. The Code requires, amongst other things, that employees comply with all laws and regulations and Fletcher Allen's policies. It also encourages and gives guidance to all employees so that every day, everyone conducts themselves with unqualified integrity as we work with our patients, our community and our colleagues. The Code of Conduct serves as the foundation for the Integrity and Compliance Program.

B. Written Policies:

Fletcher Allen has developed written policies and procedures regarding the operation of its Integrity and Compliance Program to reinforce sound and ethical business practices and to address areas of legal and regulatory risk. These policies and procedures address: (1) the need for compliance in connection with all activities including submissions for reimbursement for services; (2) documentation requirements; (3) disciplinary guidelines, (4) methods for employees to make disclosures or otherwise report ethical and compliance issues to management and/or supervisors, and through the Confidential Disclosure mechanisms, (5) protection from retaliation for reporting compliance or quality of care issues, and (6) processes for auditing and monitoring. Fletcher Allen assesses and updates these policies and procedures at least every three years or more frequently, as appropriate. Specific policies are reviewed and revised in response to significant compliance events, risk assessments, monitoring, changes in business arrangements, and regulatory developments.

III. Training and Education Programs

This Plan provides for universal education for all employees at all levels of the organization. The educational program includes all new Fletcher Allen employees, all administrative and clerical staff that are involved in either professional or institutional billing, all Fletcher Allen employed physicians and other billing providers, management, and the Board of Trustees. Fletcher Allen maintains documentation that reflects completion of and, where applicable, demonstrated competency for all education and training sessions conducted as part of this Plan.

A. New Employees:

Orientation

All new employees are educated about the Plan during new employee orientation. The training includes introduction to the Fletcher Allen Integrity and Compliance program, its commitment to responsible business practices, the Code of Conduct, legal requirements and risks, the mandatory reporting requirements, the reporting options, including the Compliance Hot Line, and the ability to report confidentially and be free from retaliation.

Administrative and clerical staff involved in professional billing

All new employees that will be involved in the submission of professional claims are provided specific training on billing requirements and rules during the first three months of their department orientation. This training includes the laws, policies, procedures, and other requirements regarding the documentation of medical records, coding, and submission of accurate claims for reimbursement.

Employed physicians and other billing providers

Within 45 days of beginning employment all physicians and other billing providers, such as physician assistants and nurse practitioners will be educated on laws, policies, procedures, and other requirements regarding health care fraud and abuse and enforcement, professional documentation, and the integrity and compliance policies of their individual department. At a minimum, this training will include a discussion of:

1. The submission of accurate requests for reimbursement for physician services rendered to patients who are beneficiaries of federal health care programs.
2. The policies, procedures, and other requirements applicable to the documentation of medical records as they pertain to the rendering of physician services.
3. The personal obligation of each individual to ensure that the information documented by the individual, whether relating to actual patient care, the type of services or items delivered or the coding of such services or items is accurate and meets the federal health care program requirements and Fletcher Allen's policies.
4. Reimbursement rules and statutes applicable to Fletcher Allen's participation in the federal health care programs.
5. The legal sanctions for improper reimbursement submissions, including the submission of false or inaccurate information.
6. Relevant examples of proper and improper billing practices, as it pertains to the rendering of physician services.

B. Annual Employee Training:

Except in the case of Medical Staff Members who undergo compliance training as part of their two year credentialing cycle, every employee is required to complete compliance training as part of their annual mandatories. Physicians, other billing providers, and employees involved in professional billing must also complete additional coding and billing training sessions that will cover similar topics as in Section III.A. 3 above. Fletcher Allen has adopted a policy entitled Education about False Claims Recovery the purpose of which is to provide detailed information to employees about (a) the federal False Claims Act, federal Program Fraud Civil Remedies Act, and similar legislation enacted by the States of Vermont and New York, (b) "whistleblower" protections under both federal and state law, and (c) Fletcher Allen's policies and procedures to prevent, detect and remedy fraud, waste and abuse.

C. The Board of Trustees:

Annually, the Board will be educated about health care compliance risk areas, the content and operation of the Plan and program, the Board's responsibility for oversight of the implementation and effectiveness of the Plan, and the process for reporting integrity and compliance issues to the Board.

IV. Communication and Confidential Reporting

Employees have an affirmative duty to report in good faith any known or suspected violations. These reports may be made to management or directly to the Chief Compliance Officer. Fletcher Allen has established a confidential disclosure mechanism through its Integrity and Compliance Hotline, a toll-free telephone line, as a means to enable employees and patients to report instances of noncompliance and/or make inquiries on compliance issues. All employees have the right to use the Integrity and Compliance Hot Line - 847-9430 or 800-466-7131. Information concerning the Hotline is regularly publicized throughout the organization through posters, websites, The Sun, and training materials. Reports made to the Integrity and Compliance Department will be treated confidentially. The disclosing or inquiring individual's identity may be requested, but will not be required. Anonymity will not be discouraged. Fletcher Allen is committed to its policy of non-retaliation against employees and professional staff who report suspected violations in good faith.

V. Compliance Standards and Procedures

Fletcher Allen employees and agents must comply with numerous Federal and State laws and regulations that define and establish obligations for the health care industry. A principal focus of the Plan is to detect and prevent healthcare fraud and abuse by fostering the development of optimal business practices that will ensure accurate reimbursement for services rendered. According to the Center for Medicare and Medicaid Services, the most frequent kind of health care fraud arises from a false statement or misrepresentation made or caused to be made that is material to entitlement or payment under the Medicare program. Fraud is an intentional representation that an individual knows to be false or does not believe to be true and makes, knowing that the representation could result in some unauthorized benefit to himself/herself or some other person. Abuse involves actions that are inconsistent with accepted, sound medical, business, or fiscal practices and directly or indirectly result in unnecessary health care costs through improper payments.

Health care billing fraud and abuse risk areas include the following:

Billing for services not provided: All claims will be based on codes that are supported by the provider's documentation. Fletcher Allen and its providers will accurately document the services that are provided. It is the responsibility of the billing physician or other health care professional to ensure that appropriate documentation supports the bill being submitted. Fletcher Allen employees should never submit a claim that is known to contain inaccurate information concerning the service provided, the charges, the identify of the provider, the date or place of service, or the identity of the patient. Anyone involved in the billing process will be vigilant to prevent practices that could constitute false claims and/or health care fraud and abuse. These practices include, but are not limited to:

- misrepresenting services
 - inaccurate or incorrect coding
 - billing for substandard care
 - billing for services not provided
 - failing to refund credit balances
 - making false statements to governmental agencies
 - certification of or providing medically unnecessary services
 - "upcoding" or "unbundling"
 - submitting duplicate claims
 - billing with insufficient documentation
 - billing for uncovered services
- Billing for teaching physician services

Institutional Specific Billing Risks

- "DRG creep" & Ambulatory payment classification (APC)
- three day payment window
- outlier payments without adequate documentation and controls
- Medicare secondary payer (MSP)
- billing for discharge in lieu of transfer
- billing outpatient for inpatient-only procedures

Billing for inpatient services when an admission is not medically necessary
◦ incorrect claims due to outdated Charge Description Masters

Filing False Cost Reports - Fletcher Allen ensures that its cost reports accurately document both the nature and amount of costs expended in rendering services to allow for appropriate reimbursement for the services it provides. Unallowable costs are not claimed for reimbursement.

While the primary focus of this Plan is the prevention and detection of healthcare billing fraud and abuse, the Integrity and Compliance Department collaborates with other departments to ensure that Fletcher Allen complies with all regulatory requirements. Institutional policies and compliance reviews address risk areas such as:

Anti-kickback laws and financial relationships with other providers and vendors
Billing for Clinical Research
Employing or contracting with ineligible persons
Emergency medical screening and treatment
Environmental health and Safety
Health Information Privacy and Security
Clinical Laboratory Compliance
Certificate of Need
Conflict of Interest
Credentialing
Joint Ventures
Records Retention

VI. Compliance Oversight

A. The Board of Trustees:

The Board of Trustees is knowledgeable about the content and operation of the Plan. The Board exercises oversight in regards to the implementation and effectiveness of the Integrity and Compliance program. The Board's Audit Committee receives regular reports regarding compliance and other issues related to the integrity of the organization from the Chief Compliance Officer. The reports address the integrity and compliance risk areas for Fletcher Allen, the elements of the Integrity and Compliance program aimed at counteracting those risks, the issues that are encountered and the corrective action steps taken to resolve them. The full Board is apprised of integrity and compliance issues through regular reports from the Committee chairs and from the Chief Compliance Officer as needed, but no less often than annually.

B. The Chief Compliance Officer:

The Chief Compliance Officer is empowered to enforce the requirements of this Plan. He or she reports directly on the nature and status of material compliance issues or matters affecting Fletcher Allen to: (i) the Board of Trustees Audit Committee, (ii) Senior Management on at least a quarterly basis, and (iii) the President/ CEO and/or the Chair of the Audit Committee, when necessary and appropriate. For purposes of coordination and efficient communication, he or she also reports to the General Counsel in carrying out the job functions and accountabilities described in this Plan. A member of Fletcher Allen leadership, the Chief Compliance Officer is continuously charged with the responsibility for oversight and day-to-day operations of the Integrity and Compliance program and maintaining a visible presence in all areas of compliance and ethical risk. The Chief Compliance Officer is supported by the operations of the Integrity and Compliance Department. The Chief Compliance Officer's duties include:

- Optimizing the Integrity and Compliance program to ensure its effectiveness and efficiency and ensuring that Fletcher Allen operates with transparency and honesty in its business dealings
- Serving as Fletcher Allen's authority and providing leadership on standards of conduct and compliance risks
- Developing policies and procedures for implementation and operation of the Plan and providing guidance for all policies and procedures that are relevant to issues addressed by the Plan

- Receiving, investigating and resolving possible noncompliance and supplying input as needed concerning individual and organizational corrective action related to noncompliance
- Assisting in developing and delivering educational and training programs
- Supervising monitoring, auditing, and reporting of activities related to this Plan
- Maintaining a confidential and retribution-free reporting system for compliance concerns
- Investigating and resolving complaints of retaliation

C. The Compliance Committee:

A Compliance Committee was established in February 1997 to coordinate compliance efforts for Fletcher Allen. The Compliance Committee meets monthly and is responsible for advising the Chief Compliance Officer and assisting in the implementation and improvement of the Integrity and Compliance program. The Chief Compliance Officer is its chair. Fletcher Allen will ensure that the Compliance Committee is continuously composed of representatives from multiple disciplines and segments of institutional and professional services operations. At a minimum, the Compliance Committee will include the Chief Compliance Officer, the General Counsel, Chief Nursing Officer, an Associate Vice President of the Medical Group, the Director of Professional Revenue, the Director of Health Information Management, the Director of Patient Financial Services, the Vice President of Revenue Cycle, the Vice President of Finance, the Medical Director of Case Management, and a representative from the Jeffords Institute for Quality and Operational Effectiveness. The members are expected to attend meetings, and in the event that a member is unable to attend, the member shall arrange for a representative to attend on his/her behalf. The Committee is able to make reports directly to the Board of Trustees of Fletcher Allen. In addition, responsibilities of the Compliance Committee include, but are not limited to:

- Monitoring and overseeing the implementation and performance of the Plan
- Receiving and acting upon reports and recommendations of the Chief Compliance Officer
- Recommending and monitoring the development and implementation of internal systems and controls to ensure the organization's regulatory compliance
- Developing a comprehensive strategy to promote compliant and ethical conduct throughout the organization
- Performing other functions to support the success of the Integrity and Compliance program
- Reporting compliance activities and concerns back to their functional areas

D. Non-Physician Directors/Managers:

Each director/manager whose activities involve any of the compliance-related matters described in section V above and/or Appendix 1 will serve as the integrity and compliance leader for his or her department. The director/manager shall coordinate education and compliance activities with the Chief Compliance Officer.

VII. Enforcement and Incentives

The promotion of and adherence to this Plan, including participation in mandatory Integrity and Compliance training, by all employees are considered an integral part of their job performance. Fletcher Allen physician employment agreements include a section that specifically details compliance responsibilities by individual physicians.

Managers should encourage employees through positive reinforcement to act with honesty and integrity in their interactions with all whom they come in contact. In addition, employees' awareness of and adherence to the Integrity and Compliance program should be used as an element or measurement tool in the evaluation process for continuing employment and promotions.

This Plan is enforced through applicable Fletcher Allen Human Resources and Integrity and Compliance policies and pursuant to applicable employment agreements. Any employee who violates the law or Fletcher Allen policies may be subject to immediate termination of his or her employment or other disciplinary action as appropriate. The Chief Compliance Officer shall be consulted as necessary as to proposed disciplinary actions relating to compliance violations.

VIII. Monitoring and Auditing

A. Annual Integrity and Compliance Audits of Professional Claims:

Fletcher Allen has developed a protocol for auditing claims for professional services to government payors. The audits are conducted by qualified Compliance Auditors. The auditors review a representative sample of government payor patient encounters for every Fletcher Allen billing provider's medical and billing records. The auditors review the medical and billing records to determine if the proposed claim for reimbursement is supported by the medical documentation. The objective of the audits is to determine if the documentation is in compliance with applicable standards for coding, documentation, and billing related laws and guidelines.

The Chief Compliance Officer will provide audit reports for each billing provider individually and aggregate reports for each clinical department to the Practice Director and the Department Chair. Providers that are determined to be noncompliant will receive written notice of the determination. Noncompliant providers will be subject to follow-up audits. The Chief Compliance Officer is authorized to institute a bill hold for any noncompliant provider that will remain in place until the provider demonstrates a pattern of compliance. Department Chairs and Chiefs are responsible for instituting appropriate measures to ensure billing providers address any patterns of non-compliance and take any necessary corrective actions.

B. Integrity and Compliance Audits of Institutional Billing:

Audits for institutional billing are initiated by the Chief Compliance Officer with input from the Compliance Committee. The audits are initiated to assess specific risk areas. The risk areas may be identified through various means including internal risk assessments or concerns, or regulatory developments. The results of institutional audits are reported to senior leadership and the Audit Committee of the Board of Trustees and, where appropriate, to the affected Vice-Presidents, Directors, Managers, and the Compliance Committee.

C. Integrity and Compliance Regulatory Reviews and Audits:

The Chief Compliance Officer may initiate reviews and audits of regulatory issues in conjunction with or independent of the relevant department(s) and/or individual(s). The purpose of these inquiries is to determine if Fletcher Allen is in compliance with applicable regulatory standards. The inquiries would be initiated in response to internal risk assessments or concerns or regulatory developments. The results of such inquiries would be reported to senior leadership and the Audit Committee of the Board of Trustees and, where appropriate, to the affected Vice-Presidents, Directors, Managers, and the Compliance Committee.

IX. Responding to Detected Noncompliance and Developing Corrective Action

The Chief Compliance Officer may investigate and/or report known or suspected noncompliance to the General Counsel to determine whether a material violation of applicable law has occurred. If it is determined that a material violation has occurred, the Chief Compliance Officer and/or the General Counsel shall take reasonable measures to correct the problem.

Corrective action will be tailored to the error(s) that resulted in noncompliance. The relevant management authority will develop corrective action plans where indicated, subject to the approval of the Chief Compliance Officer. Corrective measures may include the repayment of funds, and/or reporting to regulatory and/or law enforcement authorities, education, policy revisions and disciplinary action. All corrective measures shall be implemented promptly. The Chief Compliance Officer may initiate subsequent audits to review the effectiveness of corrective action. Any overpayments discovered as a result of noncompliance will be returned promptly and within required time limits to the affected payor with appropriate documentation and explanation as necessary.

If the Chief Compliance Officer or Compliance Committee discovers credible evidence of misconduct from any source and, after a reasonable inquiry, has reason to believe that the misconduct may violate criminal, civil, or administrative law, Fletcher Allen will promptly report the existence of misconduct to the appropriate governmental authority within the appropriate period.

REVIEWERS:

Fletcher Allen Board of Trustees
Spencer Knapp, General Counsel

SPONSOR'S NAME:

Jennifer Parks, Chief Compliance Officer

APPROVING OFFICIAL'S NAME:

Melinda Estes, M.D., Chief Executive Officer