

TRUST IN PRINCIPLED PERFORMANCE

the Compliance Program for

*Albany Medical Center,
Columbia Memorial Hospital,
Glens Falls Hospital,
The Saratoga Hospital
and affiliated entities*

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Approved by the Committee on Audit & Compliance,
Board of Directors, Albany Medical Center
Board of Trustees, The Columbia Memorial Hospital
Board of Trustees, Glens Falls Hospital
Board of Trustees, The Saratoga Hospital

As aptly described in the bestselling book “The Tipping Point,” what often makes the difference between success and failure are the people, the relationships among them and the environment surrounding them.

In an academic health science system, where complexity and change might otherwise overwhelm efforts to achieve excellence in medical education, biomedical research and patient care, our ability to succeed rests with the people who serve on behalf of our collective mission. Their individual efforts, in concert with others, allow our constituents to Trust in the Principled Performance of the Albany Med and its affiliates, thus creating the foundation for our achievements and future success.

The purpose of this Program is to ensure we deserve that trust.

OUTLINE:

- I: INTRODUCTION
- II: GOALS & RESPONSIBILITIES
- III: ELEMENTS OF AN EFFECTIVE COMPLIANCE PROGRAM
- IV: GOVERNANCE & STRUCTURE

I: INTRODUCTION

Trust in Principled Performance

the Compliance Program for Albany Med and its affiliates

To fulfill its mission as an academic health sciences system that provides excellence in medical education, biomedical research, and patient care, Albany Med and its affiliates must operate such that people who rely on the System can *trust in its principled performance*. Whether education, research or patient care; the System serves people who must rely on the competence and integrity of System to act in their best interests. The goal of this Program is to enhance their *trust in our principled performance*.

Principles – The ability to act consistently and collectively in ways deserving of trust requires a comprehensive plan to articulate our principles, our practices and our prohibitions. Our ability to maintain a written plan of policies and procedures that integrates the expectations of both community and constituents, while ensuring effective delivery of our mission is the cornerstone of all our efforts. This requires we constantly reevaluate the adequacy of this plan to remain responsive to changing circumstances and risks confronting the System.

Performance - While a comprehensive plan is required to define our principles, in the final analysis our actions are what define our mission. To embody these principles in our actions requires a plan that is useful and understood, requires education that enhances comprehension and awareness, and requires systems that ensure our actions are consistent with our principles.

Trust – Increasing awareness, understanding and support for a comprehensive plan that effectively anticipates events and risks confronting the System will promote, but not attain, trust in the excellence of our performance. No plan anticipates every circumstance, leaving certain that some events will fall outside the written plan and some risks will arise unexpectedly. For these reasons, developing a culture willing to confront these limitations and individuals willing to embrace the multi-faceted responsibilities of their role with the System is essential if trust in our principled performance is the goal.

No program can ensure perfect performance. However, an effective compliance program can ensure we measure our actions against our aspirations - rigorously, methodically and with purpose to be better tomorrow than we are capable of today.

II: GOALS & RESPONSIBILITIES

Goals:

- to always act ethically, and to comply with the legal, regulatory and other requirements to fulfill our mission of medical education, biomedical research and patient care by:
 - o fostering a culture of integrity and compliance
 - o ensuring the consistency of our actions with our principles
 - o responding to changing circumstances while preserving core System values
 - o detecting and preventing criminal or unethical conduct

Responsibilities:

To achieve these goals requires we act in unison with integrity, honesty and commitment to engender trust that our actions reflect our stated aspirations. In this endeavor, we can only succeed collectively, but can fail by a single act. For this reason, all individuals acting on behalf of Albany Med and its affiliates have the responsibility to achieve the goals outlined by this Program, each according to their rights and role with the System, and each responsive to those they serve and those with whom they serve.

Individuals - to serve in the best interests of our patients, our students, and the public; must always act in ways deserving the trust of those constituents. For this reason: the party primarily responsible for compliance with System policies, procedures and directives; and with regulatory rules, regulations and requirements is each individual¹. Individuals acting on behalf of the System are required to comply with all legal, ethical and organizational expectations. These include, among others to:

- undertake all duties and activities on behalf of the System with best efforts to comply with the goals of the Compliance Program, including
 - o remaining knowledgeable of the ethical and legal requirements of their role and position,
 - o exercising necessary care and diligence,
- abide by all applicable written policies and procedures, standards, laws and regulations - and seek understanding of those policies and procedures when necessary,
- act only as authorized by the Responsibility and Authority to Act Guidelines, applicable governance actions, approved System policy and procedure, or as directed by the terms of a duly authorized contract,

¹ Defined on page 13 of this document.

- actively support a culture necessary to promote trust in principled performance by exceeding minimum expectations of ethical behavior and the requirements of responsible conduct,
- cooperate fully with the Chief Compliance Officer and other authorized individuals to achieve the goals of this Compliance Program, including responding completely and honestly to all requests for information or insights regarding matters related to the operation of the Compliance Program and achievement of the Program's goals,
- timely report all instances of suspected noncompliance to the appropriate supervisory personnel, to the Chief Compliance Officer, or designee,
 - o including use of the Compliance Hotline to allow individuals to report suspected instances of noncompliance with written policies and procedures or matters that may be considered fraud, waste or abuse of government funds.
 - reports to the Hotline may be made on a confidential or anonymous basis, however
 - reports made anonymously may limit the ability of the System to fully investigate and respond to reported instances of possible noncompliance.
 - The confidentiality of individuals reporting possible instances of noncompliance will be protected to the extent possible. However, confidentiality cannot be assured when doing so would prohibit a complete investigation of the alleged noncompliance, would be required to fulfill legal requirements, or would be required to rectify or prohibit the noncompliant behavior.
 - o failure to report suspected instances of noncompliance may result in disciplinary action for persons who knew or should have known of the noncompliant behavior,
 - o individuals making reports based on a good faith assessment of available facts will not be retaliated against for having made the report regardless of whether noncompliant acts occurred,
- cooperate with all investigations or inquiries by the Chief Compliance Officer or his designee into matters of potential noncompliance,
 - o acts of retaliation or intimidation resulting from involvement in an investigation of potential instances of noncompliance are prohibited
 - all suspected acts of retaliation or intimidation should be reported immediately to the Chief Compliance Officer
 - o individuals involved in or the subject of investigations of potential noncompliance will be informed of their duties to assist in the

investigation, maintain the confidentiality of all persons and matters related to the investigation, and to refrain from and report any instances of suspected retaliation or intimidation.

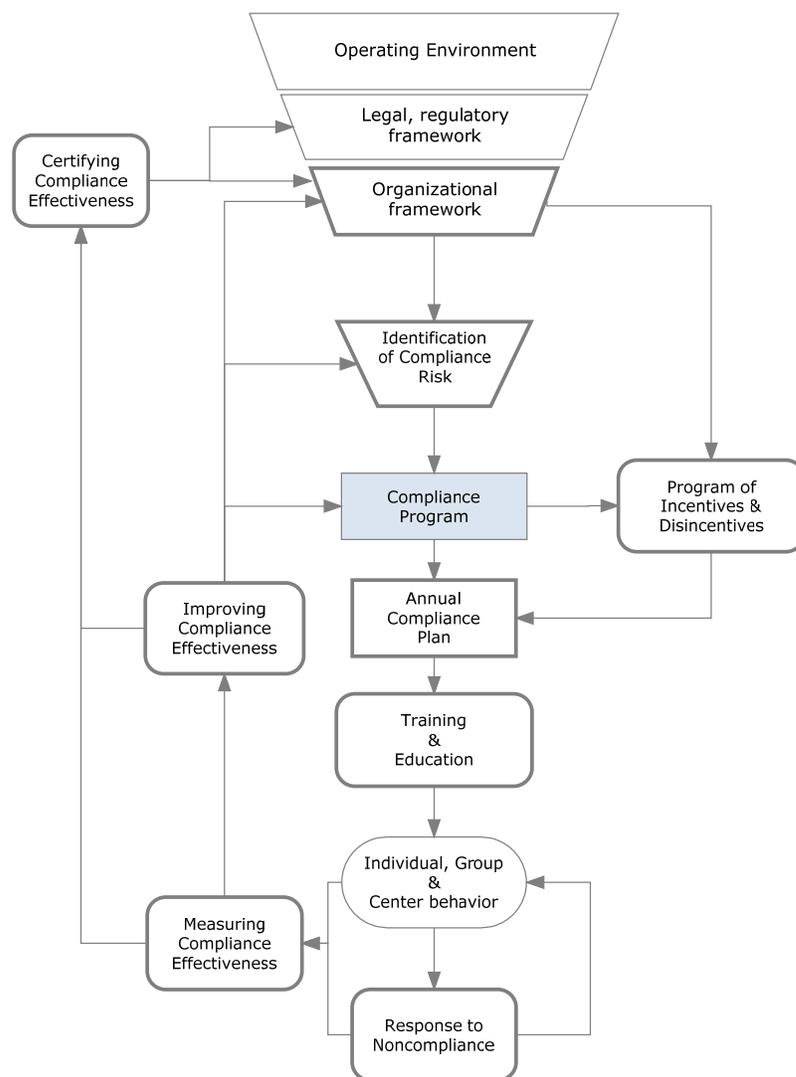
Supervisors - to lead others; must consistently make choices that attain our goals and promote individual well-being within the context of the System's mission. For this reason: persons who direct or oversee the actions of others also assume the responsibility to determine that the actions of those individuals comply with all expectations of their duties on behalf of the System. Each supervisor must:

- implement a written compliance program and plan of sufficient detail to insure the detection of group or individual instances of noncompliance,
- provide each person with clearly delineated duties, responsibilities and expectations to complete their tasks,
- insure each person is able to perform their duties by virtue of education, training or other skills required of the position,
- monitor individual performance in sufficient detail to assess individual competence and effectiveness, and
- enforce compliance with System directives and other applicable laws, rules and regulations.

Leaders - to direct others towards a common mission; must anticipate future trends and adapt System strategies and tactics to take best advantage of both constraints and opportunities. For this reason: individuals who exercise significant decision-making discretion or direction within the System have the added duty to actively identify and assess potential compliance risks currently facing the System, now or in the future. When significant risks for noncompliance are identified appropriate parties should be notified in a timely manner and in sufficient detail to allow the consequences of the threat to be adequately considered and effective responses implemented that assure continued success of the System.

III: ELEMENTS OF AN EFFECTIVE COMPLIANCE PROGRAM

A compliance program, whether for a department, an entity or the System will include several elements to improve operating effectiveness methodically, while simultaneously ensuring compliant behaviors and the timely identification of noncompliant acts. At a minimum, these elements include a thorough risk analysis to identify and understand potential compliance risks, a written plan to ensure compliant behaviors including written policies and procedures, programs to promote compliance and to respond to instances of noncompliance, and a disciplined approach for evaluating the effectiveness of the compliance program and improving it when possible.



A brief introduction to each element follows:

Routine Identification of Compliance Risk:

Compliance risk includes the inability to meet mission objectives, instances of noncompliance with written policies and procedures, and inadequacies in organizational culture necessary to promote quality, compliance with organizational objectives, applicable laws, rules and regulations.

To implement an effective compliance program a thorough risk analysis is required to establish program requirements and priorities. This should be conducted at least annually to improve the effectiveness of the Compliance Program.

Additionally, appropriate systems should be in place to anticipate potential future compliance risks and to identify emerging threats in a timely manner. These processes allow the System to prevent instances of noncompliance, remediate them effectively when necessary, and provide leadership with a comprehensive assessment of current and future risk of noncompliance.

Written Policies and Procedures:

A comprehensive plan is required to provide the System community with clear direction on how to respond to foreseeable events and circumstances in service of a multidimensional mission. This plan must anticipate foreseeable events that would be expected to contribute to or detract from our efforts to provide services in a manner that complies with all applicable laws, rules and regulations.

The written policies and procedures of the System depend on legal and regulatory guidance, as well as the organizational structure of the System for authority. However, for a plan to be effective, it must provide more than a structurally sound framework for decision-making; it must also be cogent, available, and responsive to the needs of people expected to comply with its directives.

A central outcome of an effective compliance program is the continued improvement of an effective plan of written policies and procedures. It is within these complementary frameworks of legal, regulatory and organizational guidance that the discretion of an organization rests and the responsibility of an organization is defined.

Incentives & Discipline:

An integral component of a culture that strives towards strategic goals while also assuring compliance with applicable laws, rules and regulations is the interplay of incentives and disincentives towards those mutually desirable but potentially competing aims. An effective compliance program includes an understanding of

the impact and interplay among these various incentives and disincentives; and uses both.

Incentives and disincentives take various forms and affect the System in a variety of ways; each acts to influence the behavior of individuals, which in turn results in actions on behalf of the System. The source may be external to the System in the form of government regulation, accrediting body standards of performance, or other guidance setting mechanisms. Alternatively, internal incentives and disincentives may result from compensation policies, formal or informal rewards systems, or other cultural norms that define accepted behaviors. They may result from policy or be embedded in various systems of the System. The Compliance Program needs to assess the impact these influences and structures have on decision-making and actions taken on behalf of the System.

A program of individual and group incentives is required to promote the goals of the Compliance Program. Conversely, the Compliance Program includes disciplinary policies and practices that also promote the goals of the Compliance Program. These disciplinary policies and practices are designed to promote compliance and to prohibit future occurrences of noncompliance. Responses to instances of noncompliance may vary depending on the facts and circumstances up to and including termination of employment or other relationship with the System.

Training & Education:

All individuals are responsible to seek the training and education required to fulfill their responsibilities to the System in a manner that meets applicable standards of good practice, accepted ethical behavior and relevant legal requirements. Attaining that training and education is a shared responsibility among each individual, their supervisor, and System leadership. Failure to meet minimum training and education requirements may subject the individual to disciplinary action up to and including terminating their relationship with the System.

Supervisors must determine if additional training and education are required for their unit(s) to successfully fulfill their duties and responsibilities. A thoughtfully conceived training and education program is necessary to support achievement of individual and group goals in a manner consistent with the System mission and the goals of the Compliance Program.

Education programs will be provided to supplement the efforts of individuals and supervisors in attaining the goals of the Compliance Program. These programs will include developing the awareness and understanding of basic core competencies shared across System activities, specific compliance skills required by multiple units within the System, required regulatory and legal requirements, and understanding of the operation of the Compliance Program.

Responding to Instances of Potential Noncompliance:

Reported instances of potential noncompliance will be evaluated to determine the likelihood that the alleged acts reflect actual instances of noncompliance. All persons who have knowledge of potential instances of noncompliance are required to report those concerns to appropriate System officials in a timely manner. The Chief Compliance Officer will initiate actions consistent with Human Resource and other applicable governance policies to remove individuals temporarily from the System when required to insure the integrity of an investigation. Further, the Chief Compliance Officer reserves the right to take all necessary actions to prohibit the submission of false claims or other unlawful acts.

When appropriate, the Chief Compliance Officer will refer matters to General Counsel for clarification or disposition. In those instances, the Chief Compliance Officer and his designees may act on behalf of and as staff at the direction of General Counsel.

Unless otherwise directed by General Counsel, the Chief Compliance Officer will direct efforts to collect sufficient evidence to make a reasonable determination regarding the existence of, and the facts and circumstances resulting in noncompliance. The analysis will include an assessment of the circumstances that allowed noncompliant actions to occur, the role of responsible parties, and a reliable estimate of impact of the noncompliance on the System.

In instances where noncompliant actions are found to have occurred management will develop a comprehensive corrective action plan to respond appropriately to the effects of past noncompliance and to prohibit future reoccurrences. Recommendations for disciplinary actions or other responses necessary to remediate the effects of noncompliance and/or prohibit future reoccurrence of noncompliance will be made to the appropriate parties utilizing the authorized administrative and governance processes of the System and its affiliates.

Measuring to Improve:

All individuals holding supervisory or leadership levels of responsibility are required to foster a culture that promotes compliance and to implement the necessary systems to reliably insure that actions of the System are consistent with organizational directives, and applicable laws, rules and regulations,

To achieve this goal, the Chief Compliance Officer is required to: *implement necessary systems to:*

- Develop an institutional methodology and reporting system to collect and analyze the effectiveness of compliance efforts across all System activities that promotes risk identification, measures levels of compliance and monitors the results of improvement efforts,
- Develop and apply analytic techniques to prospectively identify potential compliance risk areas or issues.
- Report periodically to System leadership and to the Committee on Audit & Compliance regarding the identification of potential compliance risks, the levels of compliance and results from improvement efforts.
- Assist management in implementing compliance programs appropriate to the level and scope of activity that incorporates at a minimum plan development, implementation, data collection, evaluation and analysis, error identification processes, improvement planning and measurement, reporting and plan revisions.

Measure improvement:

- on compliance efforts and activities to assess the value of compliance activities and to provide another means to evaluate compliance across the System. While each unit should strive to identify those measures most meaningful to leadership in achieving System goals, at a minimum each activity will be evaluated for:
 - Variation from 100% compliance,
 - Projected potential impact of noncompliant actions,
 - Impact of changes implemented to controls and compliance goals;
- on the overall effectiveness of the Compliance Program in fostering a culture that promotes compliance with organizational directives and with applicable laws, rules and regulations. These measures include:
 - Knowledge and awareness of expectations of compliance,
 - Increased reliance on electronic systems to automate process controls by the System,
 - Decreased variation in compliance of actions and outcomes within the System,
 - Decreased time from initiation of Compliance Program activities to the implementation of resulting improvements expected to result in a substantial majority of benefit.

IV: GOVERNANCE & STRUCTURE

Governance:

Authority:

- the Compliance Program is required and authorized by the Boards of Albany Medical Center, Columbia Memorial Hospital, Glens Falls Hospital, The Saratoga Hospital, and by the President and Chief Executive Officer of the Albany Medical Center in pursuit of a shared interest in:
 - o developing a culture that promotes compliance with the authorized directives, policies and procedures of the System, and with all applicable laws, rules and regulations
 - o developing a culture that promotes quality in decision-making, in our actions, and in our outcomes
 - o detecting and preventing unethical or criminal acts in the conduct of System activities or by others under the guise of System activities

- oversight of the Compliance Program is the responsibility of the Albany Medical Center Board of Directors through its Committee on Audit and Compliance

- responsibility for the operation and improvement of the Compliance Program is the duty of the Chief Compliance Officer of Albany Medical Center in consultation with members of the Committee on Enterprise Compliance, the President and Chief Executive Officer of Albany Medical Center, and with other individuals as appropriate.
 - o Certain functions of the System are required to implement mandated compliance programs in addition to the System Compliance Program. This requirement may result externally from regulatory action or internally at the discretion of the Chief Compliance Officer of Albany Medical Center.
 - In all instances, the requirements of these Compliance Programs are additional to and subsidiary to the System Compliance Program.
 - Approval of the Chief Compliance Officer is required for all compliance programs and compliance plans enacted under the auspices of the System.
 - Results of all activities implemented under these programs and instances of noncompliance are to be reported to the Chief Compliance Officer at a minimum semi-annually and as soon as possible where instances of potential noncompliance have been identified that may represent a material risk to the System or a related entity.

Scope:

- the *Compliance Program* applies to all activities conducted under the control or authority of the System or a related entity and to any activities where a person would reasonably infer the activity was conducted under the auspices of the System or a related entity.

- *Albany Med and its affiliates (System)* includes Albany Medical Center and other entities over which Albany Medical Center, directly or indirectly, has direction and control: Albany Medical Center Hospital, The Columbia Memorial Hospital, Glens Falls Hospital, The Saratoga Hospital, Saratoga Care, Inc., Albany Medical College, Albany Medical Center Foundation, Inc., Albany Medical Center Auxiliary, Albany Medical Center Kidskeller, the Center for Donation and Transplant, and the Madison Avenue Services Corporation

- *Individuals* or persons covered under this Program include all Board and committee members, employees, credentialed physicians, licensed independent practitioners, faculty members, agents, independent contractors or volunteers acting on behalf of or in the name of the System or a related entity. This relationship extends to include corporations, partnerships or other legal entities, whether directly or indirectly appointed, whether formally or informally authorized, that are engaged in activities on behalf of the System.

Structure:

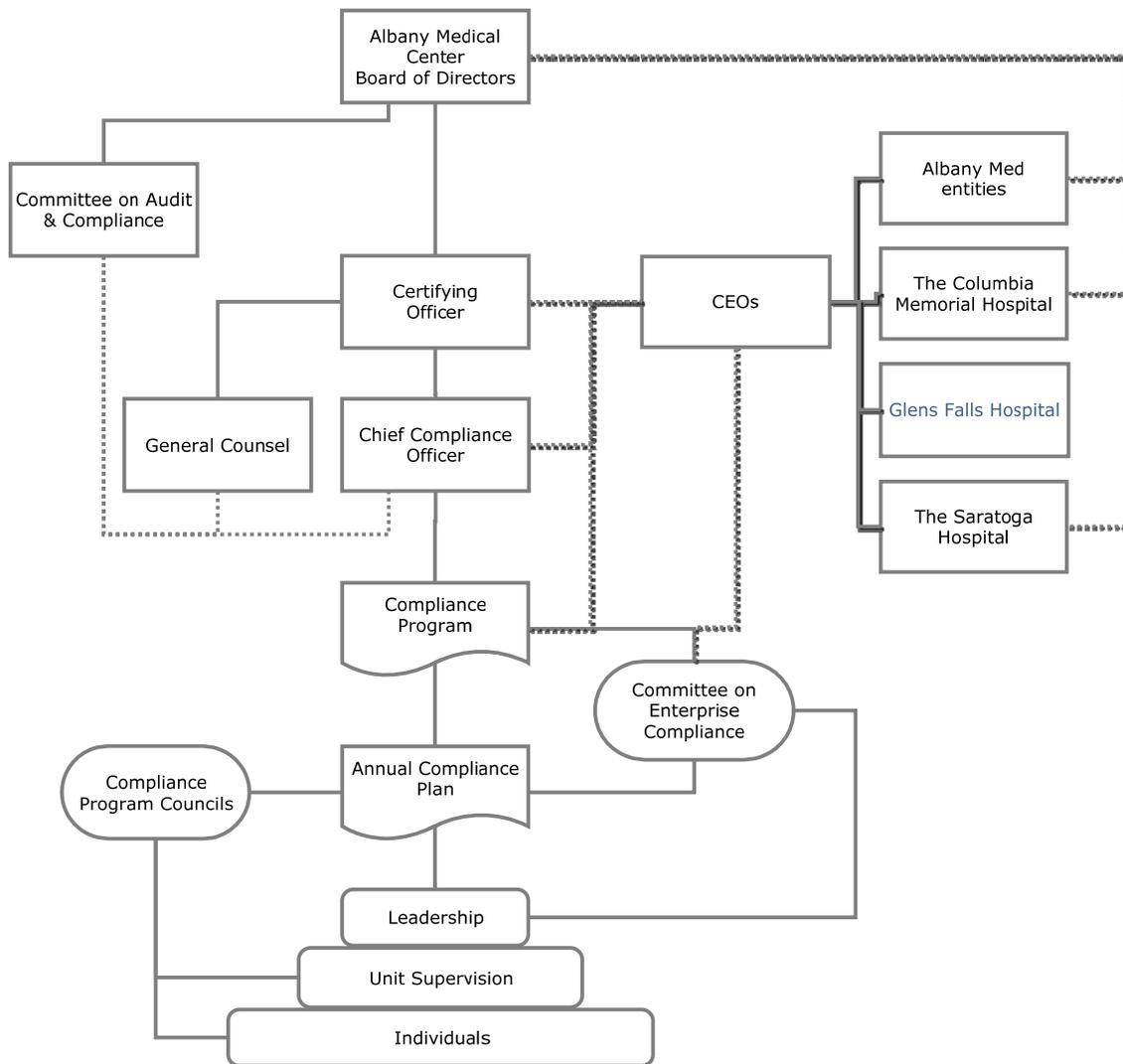
The Chief Compliance Officer of Albany Medical Center is delegated the duty to implement an effective compliance program necessary to achieve the goals jointly held by the Board of Directors, and the President and Chief Executive Officer. Albany Medical Center is responsible for maintaining an effective compliance program for Albany Med and its affiliates. The Chief Compliance Officer designated by Albany Medical Center is responsible for supporting the CEO and Boards of each affiliate in successful integration and operation of the Compliance Program and other related fiduciary duties.

In executing those duties, the Chief Compliance Officer reports directly to the President and Chief Executive Officer of Albany Medical Center. Additionally, the Chief Compliance Officer is responsible for providing the Committee on Audit & Compliance with periodic updates, and at other times as necessary, on the performance of the Compliance Program and other relevant matters. The Chief Compliance Officer is responsible to the Committee on Audit & Compliance for the continuing operation and improvement of the Compliance Program and any related activities. The Chief Compliance Officer acts on behalf of the Committee

on Audit & Compliance in their efforts to actively foster a culture that promotes quality, compliance with organizational directives and with all applicable laws, rules and regulations.

An Annual Compliance Plan for the System, including the planned activities to implement this Compliance Program, will be developed by the Chief Compliance Officer for review and approval by the Committee on Audit & Compliance. The Annual Compliance Plan will be developed utilizing available public sources regarding regulatory areas of interest or instances of noncompliance among other similar institutions and the results of the risk identification activities under this Program. The Annual Compliance Plan will provide the Boards with an assessment of potential compliance risks facing the System and a plan of action to respond to those potential risks.

The following chart depicts the general structure of the Compliance Program:



To accomplish these responsibilities the Chief Compliance Officer, assisted directly by the Office of Corporate Compliance & Audit and by other individuals required by this Compliance Program will:

- Faithfully administer the Compliance Program as authorized by the Committee on Audit & Compliance,
- Develop and execute effective plans and activities necessary to achieve the goals of the Compliance Program with an emphasis on progressive improvements in the levels of compliance over time
- Lead efforts to promote and enhance a culture that will consistently achieve organizational goals consistent with the direction of System leadership while adhering to all applicable ethical, legal and regulatory requirements
- Collaborate with other responsible parties to codify and clarify written policies and procedures of the System
- Work with the Compliance Program Councils to develop and implement programs that effectively enhance System quality, integrity and compliance.
 - The Compliance Program Councils consists of individuals who because of their position with the System or their professional expertise are instrumental to identifying or reporting potential compliance risks, improving the culture and control environment of the System, or improving the awareness, education or training of System staff related to potential compliance issues.
- Assist leadership in efforts to ensure compliance including programs to:
 - facilitate increased awareness and understanding of ethical, legal, regulatory and organizational expectations
 - standardize and coordinate the institutional assessment and reporting of compliance risk
 - promote proven practices to enhance system reliability and control in providing consistently compliant actions and results utilizing evidence-based methodologies where possible
 - insure integrity of information systems and records