

THRESHOLD SERVICES POLICIES AND PROCEDURES

SUBJECT: Compliance

PURPOSE: Threshold Services, Inc. is committed to being proactive in its efforts to develop a corporate compliance program designed to prevent and detect violations of the law and to establish standards that promote full compliance with the applicable federal and state laws. This policy defines the roles and purpose of the Threshold Services Corporate Compliance Program (CCP).

The purpose of a Corporate Compliance Program is to promote the prevention of fraud, abuse and waste in rendering health care services and still provide quality care to patients. Through this CCP, Threshold Services seeks to develop effective internal controls that promote adherence to applicable federal and state laws and program requirements.

The Corporate Compliance Program consists of: 1) The Compliance Officer, who reports to the Chief Executive Officer and the Board of Directors on the progress of the program and its efforts; and 2) Compliance Committees, which assist and advise the Compliance Officer on the standards and Code of Conduct. The Corporate Compliance Officer is responsible for administering this program. The CCP exemplifies Threshold Services' commitment to prevent and detect fraud, waste and abuse.

DEFINITIONS

- 1. Compliance Officer** -- the individual designated to serve as the focal point for Threshold Services compliance activities while overseeing and monitoring the implementation of the Corporate Compliance Program. This person is the Chief Operation Officer of Threshold Services. The Board of Directors approves the appointment of the Compliance Officer.
- 2. Program Manager-Quality Assurance** – the individual designated to complete all file audits and assist with training on Compliance. This person reports to the COO.
- 3. Corporate Compliance Program** -- for the purposes of this program, a mechanism put in place by Threshold Services to achieve the goals of reducing fraud and abuse; improving operational quality; and improving the quality and reducing the costs of health care.
- 4. Corporate Compliance Committee** — a Board of Directors sub-committee established to advise the Compliance Officer and assist in the implementation of the Corporate Compliance Program. This sub-committee has been approved as part of the Personnel Committee of the board.
- 5. Staff Compliance Committee** – a committee made up of Threshold Services employees from across the agency established to help the Compliance Officer promote a culture of compliance by helping to identify potential problems and facilitate communication.
- 6. Cumulative Sanction Report** — a list, published by the DHHS-Office of Inspector General, of individuals excluded from providing services to Medicaid or Medicare recipients.
- 7. State and Federal Government Authorities** — officials including, but not limited to, representatives from the State Medicaid Agency, Medicaid Fraud Control Unit, Medicare

Fiscal Intermediary, Department of Health and Human Services-Office of Inspector General, Health Care Financing Administration, Department of Justice, and U.S. Attorney Office.

- 8. Sanctioned Individuals**— Health Care providers and their officers, employees and agents who are penalized through disciplinary actions specified by the Office of Inspector General.

PROCEDURES

A. Mission and Values

While carrying out Threshold Services' mission, all employees are expected to conduct Threshold Services' business in a consistent and professional manner, adhering to the following principles:

- Perform all activities in compliance with pertinent laws and regulations, including those applying to fraud and abuse, false claims, self-referral prohibitions, HIPAA, and employment discrimination,
- Participate in and promote high standards of business ethics and integrity. Threshold Services employees must not engage in any activity intended to defraud anyone of money, property or services.
- Perform all duties accurately and honestly.
- Maintain appropriate levels of confidentiality as it relates to clients and Threshold Services employees by protecting proprietary information and referring inquiries to designated officials.
- Conduct business transactions with suppliers, vendors, contractors and other third parties free from offers or solicitations of gifts and favors, or other improper inducements.
- Avoid conflicts of interest, in appearance or fact, in the conduct of all activities. In the event that there are conflicts, Threshold Services employees must take prompt, appropriate action to make full disclosure to the appropriate authorities.
- Preserve and protect Threshold Services' assets by making prudent and effective use of resources, property, and accurate financial reporting.

B. Duties and Responsibilities of the Compliance Officer

The duties and responsibilities of the Compliance Officer shall include, but are not limited to the following.

1. Report to the Chief Executive Officer and Corporate Compliance Committee on issues of compliance.
2. Ensure that all affected employees understand proper billing and payment procedures through issuance of the Code of Conduct, training, and distribution of internal and external updates, guidelines, and other relevant resources.
3. Monitor compliance with state, federal and other billing requirements;

4. Develop and monitor a system for reporting suspected incidences of fraud or abuse in Threshold Services' procurement and billing.

C. Role of the Compliance Committees

1. The Board of Directors will appoint a Corporate Compliance Committee and the Compliance Officer will appoint a Staff Compliance Committee to advise and assist the Compliance Officer in the implementation of the Compliance Program.
2. The Corporate Compliance Committee is a subcommittee of the Board of Directors.
 - a. This committee shall meet at least quarterly
 - b. This committee shall be comprised of the COO and Board members
 - c. This committee recommends the Compliance Plan to the Board of Directors for the Board's approval; reviews, and reports to the Board of Directors concerning, the annual evaluation of the Compliance Program; and receives any issues that the Compliance Officer may bring to its attention, then reports such issues to the Board of Directors with any recommendations that the Committee may have.
3. The Staff Compliance Committee is a committee of Threshold Services employees.
 - a. This committee shall meet at least quarterly.
 - b. This committee shall be comprised of the COO and employees from various positions and sites around the agency.
 - c. This committee assists the Compliance Officer in promoting a culture of compliance. The Committee helps to identify potential problems and facilitate communication of identified concerns. The Committee provides input to the Compliance Officer concerning the annual evaluation and if necessary revision of the Corporate Compliance Program.
4. The Compliance Officer and the committee(s) shall seek legal advice, as needed, from counsel.
5. The Committee(s) may form subcommittees to address specific issues.

D. Threshold Services Code of Conduct

Threshold Services has developed a Code of Conduct (see Code of Conduct document) to provide guidance to all personnel to act with integrity and honesty in carrying out their daily operational activities. All personnel are encouraged to seek clarification from a supervisor, the Compliance Officer, or Compliance Committee members when needed.

E. Reporting of Violations

If a staff member or any other person is aware of any illegal conduct, including false claims or false statements related to claims, illegal referrals, or other fraud, abuse or waste, s/he is expected to report that information.

Under no circumstances shall any person who reports false claims or statements be subjected to any retaliation by Threshold Services for making the report. If any employee retaliates in any way in an official capacity or as an individual, appropriate disciplinary action will be taken. Retaliation for reporting false claims or statements is grounds for immediate dismissal.

1. The Compliance Officer shall have an "open door" policy to:
 - a. accept reports of violations or suspected violations of the law or Policy.
 - b. answer employees' questions concerning adherence to the law and to the policy.

2. Corporate Compliance Reporting Hotline
 - a. Threshold Services shall establish and maintain a Corporate Compliance Reporting Hotline to allow employees direct access to the Compliance Officer or Hotline attendants for reporting or questions. This Compliance Reporting Hotline is arranged with Lighthouse Services, Inc.

 - b. The Hotline telephone number, along with the Corporate Compliance Policy, shall be distributed to all Threshold Services employees and shall be posted in conspicuous locations throughout all offices.

 - c. Staff can report compliance issues or concerns as follows:
 - English speaking hotline (800) 398-1496
 - Spanish speaking hotline (800) 216-1288
 - E-mail: reports@lighthouse-services.com
 - Website
 - From intranet: <http://www.lighthouse-services.com/incident/incident.php>
 - From browser: <http://www.lighthouse-services.com> (click on submit a report)
 - User ID: Threshold Services
 - Password: Recovery
 - Fax: (215) 689-3885
 - All reports will be assigned a unique File ID. Lighthouse staff will offer reporters options of follow up communication depending upon whether or not they wish to remain anonymous.
 - ID numbers may be used by staff to report additional information and to inquire about the status of an investigation.
 - The CEO and COO will receive copies of all reports from Lighthouse Services, Inc. Any progress on the investigation will be noted and available to the staff who made the report.
 - All information reported to the Hotline by any Threshold Services employee, in accordance with the Compliance Hotline Policy, shall be kept confidential to the extent that confidentiality is possible, throughout any resulting investigation.
 - Despite the Hotline's efforts to maintain anonymity, callers are to be made aware that a caller's identity may eventually become known as a result of the investigation.
 - Under no circumstances shall an employee's reporting of any information or possible impropriety serve as a basis for any retaliatory actions to be taken against the employee or other person making the report to the Hotline.

- Any Threshold Services employee who makes an intentionally false statement or otherwise misuses the hotline shall be subject to disciplinary action through the appropriate channels.

F. Response to Reported Violations

The Compliance Officer shall assure the prompt response to reports of alleged violations of wrongdoing of Threshold Services employees, whether such allegations are received through the Hotline or in any other manner.

1. Upon the discovery that a material violation of the law or of the Policy may have occurred, the Compliance Officer shall take immediate action to preserve potential evidence, to collect additional information on the violation if possible, to report the suspected violation to appropriate law enforcement and regulatory bodies, and if and when appropriate, to discipline the responsible Threshold Services employee(s).
2. If an investigation of an alleged violation is undertaken and the Compliance Officer believes the integrity of the investigation may be compromised by the on-duty presence of an employee under investigation, the employee allegedly involved in the misconduct may be placed on administrative leave until the investigation is completed.
3. If the Compliance Officer finds that a false claim has been submitted or a false statement related to a claim has been made, the payment for that service shall be returned. If the false claim or statement occurred erroneously, the Executive Director shall institute any changes in procedure and supervision that are necessary to prevent repetition of the error. If false claims or statements have been made deliberately, appropriate disciplinary action also shall be taken. Deliberate submission of false claims and deliberate false statements relating to claims are grounds for immediate dismissal. The Compliance Officer shall report findings and corrective actions to the Board of Directors Compliance Committee, which then shall report to the Board of Directors.
4. The Compliance Officer and the employee's supervisors shall take any steps necessary to prevent the destruction of documents or other evidence relevant to the investigation. Following the investigation, disciplinary action will be imposed in accordance with the applicable disciplinary policy.
5. After any discovered violation is addressed, the Compliance Officer or Committee shall initiate amendments to the Policy that they feel will prevent any similar violation(s) in the future.

G. Educational Program

1. The Compliance Officer is responsible for implementing an educational program that shall include training on ethical and legal standards, applicable laws and regulations, coding and billing practices, standards for documentation, and procedures to carry out the Corporate Compliance Policy. The program is intended to provide a good faith effort for the training of all employees with the appropriate level of information and instruction.

2. Each education and/or training program shall emphasize the importance of compliance with the law and that Threshold Services' Corporate Compliance Policy may be viewed as a condition of employment with Threshold Services.
3. Program Content
 - a. The Compliance Officer shall be responsible for determining the level of education needed by particular Threshold Services' employees or classes of employees.
 - b. Training shall be offered both face to face and on line per the Orientation, Training and Supervision Policies and Procedures. Annual refresher training will be mandatory.
 - c. The educational program shall explain the applicability of pertinent laws, including, without limitation, the following:

Federal False Claims Act (31 U. S. C. § 3729): It is illegal to defraud the Federal Government by seeking or making a false or fraudulent claim or record.

Whistleblowers Protection (MD Code Ann., Health-Occupations Article § 1-105): Employees who allege that false claims have been or are being filed by the company may not be discharged, demoted, suspended, threatened, harassed or discriminated against.

Criminal Statutes (42 U. S. C. § 1395dd) (18 U. S. C. § 1035) (18 U. S. C. § 1347): It is criminal to knowingly or willfully conceal material or facts or make a false statement in order to defraud a federal health care program.

The Maryland Medicaid Fraud Statute (MD Code Ann., Criminal Article, §8-508): It is criminal to knowingly or willfully conceal material or facts or make a false statement in order to defraud a state health care program.

Deficit Reduction Act of 2005: If agency bills at least \$5 million per year, the Medicaid conditions of participation require written policies and procedures for all employees, agents and contractors with detailed information about fraud and the Federal Government.

Federal Anti-Kickback Statute (criminal) (42 U. S. C. 1320a-7b(b));: It is illegal to knowingly and willfully receive or give anything of value (kickbacks, bribes or rebates) to induce a referral.

Federal Self-Referral Prohibitions (42 U. S. C. § 1395nn): Physicians may not order certain services for Medicare (and some Medicaid) patients if the physician or an immediate family member has a financial relationship with the provider of those services

Maryland Self-Referral Prohibitions (MD Code Ann., Health-Occupations Article, § 1-301): A health care practitioner may not refer a patient to a health care entity if the practitioner has a conflict of interest – family, ownership, etc.

Civil Monetary Penalties Act: Sets the civil penalties for violating the federal fraud prevention statutes.

HIPAA (Public Law §104-191) : Sets the guidelines and penalties for protection and confidentiality of personal health information.

4. The educational program will also address how correct and accurate documentation of all claims and services promotes and enhances compliance with these laws.
 - a. Prevent errors and misconduct, whether intentional or unintentional;
 - b. Report and investigate errors and misconduct in a timely manner; and
 - c. Take corrective action in a timely manner if errors or misconduct occur
5. As additional legal issues and matters are identified by the CCO, those areas will be included in the educational program. Each educational and/or training program conducted hereunder shall reinforce the principle that strict compliance with the law and with Threshold Services policies is a condition of employment with Threshold Services.

H. AUDITING AND MONITORING

The Compliance Officer will conduct periodic auditing and monitoring of activities of Threshold Services and its employees in order to identify and to rectify promptly any potential barriers to such compliance.

1. Staff members are accountable for the quality and compliance of all files for which they are responsible. Supervisors are accountable for the quality and compliance of all files at their sites.
2. Accurate reporting of service provision is monitored by the following:
 - a. At the Outpatient Mental Health Centers, clients sign in for each service. This is then verified with the daily billing sheets.
 - b. In rehabilitation programs, supervisors verify that services are actually delivered by spot checking with clients. Supervisors normally have direct contact with clients. They sometimes accompany staff members when services are delivered, and they sometimes speak to clients by themselves. Verification of service delivery would occur in the context of an inquiry to a client by a supervisor about how things are going with the client and how helpful services are.
 - c. The COO and/or Program Manager-QA will also randomly verify services with clients on a monthly basis.
3. Per Documentation and QA Policies and Procedures, Program Directors and the OMHC Director review all files for which new employees are responsible during the first 30 days of employment. They spot check each staff files annually before writing an employee's performance evaluation. The examination incorporates a review of Assessments and IRP/ITPs that includes checking content, appropriate goals and interventions, as well as necessary signatures and dates. The review also confirms that other documents such as Releases of Information, Consent to Services, and Receipt of Policies and Procedures are signed and dated as required.
4. Regular, periodic audits, as prescribed by the Compliance Officer per Documentation and QA Policies and Procedures, shall be conducted with the assistance of the Program Manager-QA.

5. Regular audits shall evaluate adherence to the Corporate Compliance and QA Policies and determine what, if any compliance issues exist.
6. Such audits shall be designed and implemented to ensure compliance with the Corporate Compliance Policy and all applicable federal and state laws and shall include, at a minimum:
 - a. Random reviews of Threshold Service records with special attention given to procedures relating to documentation, coding, claim submissions, and reimbursement; and,
 - b. Reviews of written materials and documentation used by TS staff.
 - c. Interviews with personnel involved in management, operations, and other related activities;

I. Reporting and Processing of Reports

1. Program Directors and the OMHC Director send Monthly Documentation Review forms to the Rehabilitation Director and the COO. These forms track issues and supervision follow up to ensure that problems are correctly.
2. The Program Manager-QA sends reports documenting deficiencies, and highlights which items or issues require follow up from staff. These reports are sent to Program Directors for rehabilitation clients and to therapists and/or doctors, as well as front office staff and the OMHC Director. Counselors, Therapists and Psychiatrists, as the case may be, have 30 days to correct any deficiencies. When corrections have been made, the staff member and his/her supervisor sign and return the report form to the Program Manager, indicating that all corrections have been made.
3. Monthly, the Program Manager-QA and Compliance Officer will meet to review that month's audits to determine what, if any, interventions need to be implemented. Interventions may include:
 - a. Meeting with Site Supervisor
 - b. Meeting with Site Staff
 - c. Training of necessary personnel
 - d. Disciplinary action
 - e. Revision of existing or implementation of new policy or procedure as needed
 - f. If warranted, a second follow up audit may be scheduled for the site prior to their next regularly scheduled audit.
4. Annually, the Compliance Officer reviews compliance activity, identifying any improvements that might be made in the corporate compliance program. S/he prepares a report concerning activity and recommendations and discusses it with the staff compliance committee, which provides input, and the Board of Directors compliance committee, which reviews the report, adds or amends recommendations if they find it necessary to do so, and reports to the Board of Directors. The report defines the annual refresher training provided for the staff.

J. THRESHOLD SERVICES WILL NOT EMPLOY OR RETAIN SANCTIONED INDIVIDUALS

Threshold Services shall not knowingly employ any individual to provide items or services reimbursed by a federal health care program, or contract with any person or entity to provide such

items or services who has been convicted of a criminal offense related to health care, or who is listed by a federal or state agency as debarred, excluded, or otherwise ineligible for participation in federally-funded health care programs. Prior to hiring and then annually thereafter, each employees status will be verified on the website of the DHHS Office of the Inspector General. In addition, until resolution of such criminal charges or proposed debarment or exclusion, any individual who is charged with criminal offenses related to health care or proposed for exclusion or debarment, shall be removed from direct responsibility for, or involvement in documentation, coding or billing practices. If resolution results in a felony conviction or exclusion of the individual, Threshold Services shall take appropriate disciplinary action.

K. DOCUMENTATION

1. The Compliance Officer shall document Threshold Services' efforts to comply with applicable statutes, regulations and federal health care program requirements.
2. All records and reports developed in response to the Corporate Compliance Policy are confidential and shall be maintained by the Compliance Officer in a secure location.
3. All Corporate Compliance Program records will be managed in perpetuity in either paper or electronic form.

L. REFERENCES

- Health Insurance Portability and Accountability Act (HIPAA); Public Law §104-191, <http://aspe.os.dhhs.gov/admsimp/p1104191.htm> .
- Social Security Act 42 USC 1171-1179 <http://www.access.gpo.gov/uscode/title42/chapter7.html>
- Guidance for Corporate Compliance Programs, US Department of Health & Human Services (HHS), Office of the Inspector General, <http://oig.hhs.gov/fraud/complianceguidance.html>
- False Claims Act, 31 USC 3729-33, <http://www.access.gpo.gov/uscode/title31/subtitleiii/chapter37/subchapteriii.html>
- Civil Monetary Penalties Law, 42 USC 1320a7, http://www.access.gpo.gov/cgi-bin/waisgate.cgi?WAISdocID=76750514463+23+0+0&WAI_Saction=retrieve
- Health Care Fraud Act, 18 USC 1347 <http://www.access.gpo.gov/uscode/title18/title18.html>
- Federal Anti-Referral/Anti-Kickback Laws, <http://www.access.gpo.gov/uscode>
- Patient Anti-Dumping Statutes, <http://oig.hhs.gov/fraud/docs/alertsandbulletins/frdump.pdf>.