



**SONOMA VALLEY HEALTH CARE DISTRICT  
GOVERNANCE COMMITTEE  
REGULAR MEETING AGENDA  
TUESDAY, NOVEMBER 25, 2014  
4:00 PM**

**LOCATION: SCHANTZ CONFERENCE ROOM  
347 ANDRIEUX STREET, SONOMA, CA 95476**

AGENDA ITEM	RECOMMENDATION	
<b>MISSION STATEMENT</b> <i>The mission of the SVHCD is to maintain, improve, and restore the health of everyone in our community.</i>		
<b>1. CALL TO ORDER/ANNOUNCEMENTS</b>	<i>Hohorst</i>	
<b>2. PUBLIC COMMENT SECTION</b> <i>At this time, members of the public may comment on any item not appearing on the agenda. It is recommended that you keep your comments to three minutes or less. Under State Law, matters presented under this item cannot be discussed or acted upon by the Committee at this time. For items appearing on the agenda, the public will be invited to make comments at the time the item comes up for Committee consideration.</i>	<i>Hohorst</i>	
<b>3. CONSENT CALENDAR</b> <ul style="list-style-type: none"> <li>• Minutes 10.28.14</li> </ul>	<i>Hohorst</i>	Action
<b>4. ACHD CERTIFICATION FOR “BEST PRACTICES IN GOVERNANCE”</b>	<i>Hohorst</i>	Inform/Action
<b>5. ANNUAL APPROVAL OF COMPLIANCE PLAN</b>	<i>Davis/Jensen</i>	Action
<b>6. PROPOSED AGENDA AND ATTACHMENT CALENDAR REMINDERS</b>	<i>Hohorst</i>	Action
<b>7. ADJOURN</b> Next meeting January 6, 2015 (replaces the Dec. 2014 meeting)	<i>Hohorst</i>	

3.

CONSENT



**SONOMA VALLEY HEALTH CARE DISTRICT  
GOVERNANCE COMMITTEE**

**MINUTES**

**TUESDAY, OCTOBER 28, 2014  
8:00 AM**

**LOCATION: 1<sup>ST</sup> FLOOR SOLARIUM  
347 ANDRIEUX STREET, SONOMA, CA 95476**

AGENDA ITEM	RECOMMENDATION	
<p><b>MISSION STATEMENT</b> <i>The mission of the SVHCD is to maintain, improve, and restore the health of everyone in our community.</i></p>		
<p><b>1. CALL TO ORDER/ANNOUNCEMENTS</b> Meeting called to order at 8:00AM</p>	Boerum	Call to Order at 8:00AM
<p><b>2. PUBLIC COMMENT SECTION</b> <i>At this time, members of the public may comment on any item not appearing on the agenda. It is recommended that you keep your comments to three minutes or less. Under State Law, matters presented under this item cannot be discussed or acted upon by the Committee at this time. For items appearing on the agenda, the public will be invited to make comments at the time the item comes up for Committee consideration.</i></p>	Boerum	No public comment
<p><b>3. CONSENT CALENDAR</b> A. GC Meeting Minutes, 8.26.14</p>	Boerum	<b>Action MOTION</b> to approve by Hohorst. All in favor.
<p><b>4. MEDIA POLICY</b> That the draft media policy received from Administration at the 2.25.14 Governance Committee meeting, the draft was then presented to Board on March 6, 2014, reviewed and recommended by the GC on 10.28.14 to the Board for approval at the 12.4.14 meeting.</p>	Hohorst	<b>Action MOTION</b> to approve by Hohorst. All in favor.
<p><b>5. ORIENTATION BINDER AND REFERENCE GUIDE</b></p>	Hohorst	<b>Action</b> Hohorst will complete <b>binder item #19</b> and Boerum will complete <b>item #10.</b>
<p><b>6. BOARD RETREAT</b></p>	Hohorst	<b>Action MOTION</b> to approve by Hohorst. All in favor.
<p><b>7. ACHD GOVERNANCE CERTIFICATION PROGRAM</b> Put forward to meeting on 11.25.14.</p>	Boerum	Inform/Action
<p><b>8. ADJOURN</b> Meeting adjourned at 8:45AM. Minutes taken by Mr. Hohorst. Next meeting 11/25/14.</p>	Boerum	

4.

**ACHD CERTIFICATION  
FOR “BEST PRACTICES  
IN GOVERNANCE”**



**Meeting Date:** December 6, 2014  
**Prepared by:** Peter Hohorst  
**Agenda Item Title:** ACHD Certified for Best Practices in Governance

**Recommendations:**

That the Board approve the preparation of documents for submission to ACHD for Certification of SVH for Best Practices in Governance

**Background:**

The ACHD, in recognition of the need to reassure the public that Health Care Districts are well run and follow “Best Practices” with regard to governance, has prepared a list of criteria that a District should be following. The ACHD is encouraging all Health Care Districts to compare their governance processes against these criteria and will issue a Certificate of Best Practices in Governance to Districts that meet them.

A review of governance processes and procedures showed that SVH meets the ACHD criteria and would receive the certification when the documentation is submitted. Further the review showed that although the submission in some cases would require documentation of procedures that are already being followed, for the most part the submission would involve assembling existing documents and could be accomplished by the Governance Committee.

The required information/documents are:

- Copies of completed Ethics Training for each Board member
- Copy of District policy on Brown Act compliance
- Copy of District policy on responding to requests for public records
- Copy of the District policy on Conflict of Interest
- Copy of the required files for the Fair Political Practices Commission
- Copy of confirmation for the current State Controller’s Compensation Report

The requirements for the District’s Website are:

- District’s Mission Statement
- A Map of the District
- A link to the ACHD webpage
- District contact information
- Board member bio and contact information
- The District’s annual report
- Board meeting information, including meeting dates, agendas and minutes (12 months)
- A list of the programs and services provided by the District

- A copy of the District's FY 2015 operating budget
- A copy of the Districts FY 2014 audit report
- The District's process for filling Board vacancies should they occur.

Board Policies on CEO compensation

- Copy of the Board policy for establishing CEO objectives
- Copy of the Board policy for evaluating CEO performance

Financial Policies and Practices

- Copy of the Board policy on reimbursable expenses
- Copy of the Board policy on purchasing signature authority
- Copy of the FY 2014 financial audit

**Consequences of Negative Action/Alternative Actions:**

Failure to submit an application for certification will deprive the District of the opportunity to demonstrate to the citizens of the Valley and to the representatives in the State legislature that the District is run well and transparently.

**Financial Impact:**

Financial impact will be confined to the Governance Committee

5.

**ANNUAL APPROVAL OF  
COMPLIANCE PLAN**



Dear Colleague:

Sonoma Valley Hospital is fully committed to compliance with the law and ethical standards. In this age of strict government regulation and public scrutiny of business practices, a high level of commitment to compliance is essential.

Sonoma Valley Hospital has developed this Compliance Program to further our mission to provide high-quality patient care in a manner that ensures compliance with the law and the highest business ethics. This Compliance Program includes a comprehensive discussion of certain laws, the hospital's policies, and expectations about your conduct. However, no written program or policy can cover all circumstances. We therefore ask that you read this Compliance Program (available on the SVH Intranet) carefully to understand not only its written words, but its purpose and meaning as well.

If you have any questions about this Compliance Program or think an event has occurred that violates this Compliance Program, you shall contact our Chief Compliance Officer, who also serves as the hospital Chief Financial Officer. Alternatively, you can anonymously contact our Compliance Hotline by calling 707-935-5151 or sending a fax to Compliance Officer, at 707-935-5433 or e-mail to [Compliance@svh.com](mailto:Compliance@svh.com). You are encouraged to ask questions and to report violations of this Compliance Program.

You can count on Sonoma Valley Hospital to provide the support and environment necessary to make this Compliance Program a success. Similarly, Sonoma Valley Hospital is counting on you to take this Compliance Program seriously and conduct yourself accordingly.

Sincerely,

*Kelly Mather*

President and Chief Executive Officer

Sonoma Valley Hospital



## SECTION 1 — COMPLIANCE PROGRAM SUMMARY

### Definitions of Commonly Used Terms

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Following is a list of words that are commonly used in this Compliance Program and their meanings:

- **“Hospital”** means Sonoma Valley Hospital, and all of its subsidiaries and affiliates that are covered by this Compliance Program.
- **“Personnel”** means all employees and volunteers of Sonoma Valley Hospital, and all contractors or others who are required to comply with this Compliance Program. Each of these persons shall have access to the Compliance Plan via the hospital intranet and shall receive periodic training on appropriate regulatory requirements.

### Purpose of this Compliance Program

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Sonoma Valley Hospital is committed to ensuring compliance with all applicable statutes, regulations, and policies governing our daily business activities. To that end, the Hospital created this Compliance Program to serve as a practical guidebook that can be used by all Personnel to assist them in performing their job functions in a manner that complies with applicable laws and policies. This Compliance Program is intended to further our day-to-day commitment that our operations comply with federal and state laws, to provide guidance for all employees, and to serve as a mechanism for preventing and reporting any violation of those laws.

While this Compliance Program contains policies regarding the business of Sonoma Valley Hospital, it does not contain every policy that Personnel are expected to follow. For example, this Compliance Program does not cover payroll, vacation, and benefits policies. The Hospital maintains other policies with which employees are required to comply. You should discuss with your supervisor any questions regarding which policies apply to you.

It is the policy of Sonoma Valley Hospital that:

- All employees are educated about applicable laws and trained in matters of compliance;
- There is periodic auditing, monitoring, and oversight of compliance with those laws;
- An atmosphere exists that encourages and enables the reporting of non-compliance without fear of retribution; and
- Mechanisms exist to investigate, discipline, and correct non-compliance.

### Who Is Affected

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Everyone employed by Sonoma Valley Hospital is required to comply with the Compliance Program. Because not all sections of the Compliance Program will apply to your job function, you will receive training and other materials to explain which portions of this Compliance Program apply to you.

While this Compliance Program is not intended to serve as the compliance program for all of our contractors, it is important that all contractors perform services in a manner that complies with the law. To that end, agreements with contractors may incorporate certain provisions of this Compliance Program.

This Compliance Program is effective only if everyone takes it seriously and commits to comply with its contents. It is important that you not only understand and comply with the written words of this Compliance Program, but that you also understand and appreciate the spirit and purpose of this Compliance Program. When in doubt, ask your supervisor, review the appropriate section of this Compliance Program, or take other steps to ensure that you are following the Compliance Program.

Compliance requirements are subject to change as a result of new laws. We shall keep this Compliance Program current and useful. You are encouraged to let your supervisor know when you become aware of changes in law or hospital policy that might affect this Compliance Program.

## **How to Use This Compliance Program**

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Sonoma Valley Hospital has organized this Compliance Program to be understandable and easy to navigate. Following is a brief description of how this Compliance Program manual is organized.

### **Section I – Compliance Program Summary**

#### **Section II – Code of Conduct**

This section contains specific policies related to your personal conduct while performing your job function. The primary objective of these policies is to create a work environment that promotes cooperation, professionalism, and compliance with the law. Compliance with the Code of Conduct is a significant factor in employment performance evaluations. All Personnel will receive training on this section.

#### **Section III – Compliance Program Systems and Processes**

This section explains the roles of the Chief Compliance Officer and the Compliance Committee. It also contains information about Compliance Program education and training, auditing, and corrective action. Most importantly, this section explains how to report violations anonymously, either in writing or by calling the Hospital's Compliance Hotline at 707-935-5151 or sending a fax to 707-935-5433 or e-mail to [Compliance@svh.com](mailto:Compliance@svh.com).

#### **Section IV – Compliance Policies**

This section includes specific policies that apply to various aspects of Sonoma Valley Hospital's business and operations. Some of these policies may not apply to your specific job function, but it is still important that you are aware of their existence and importance. All Personnel will receive training regarding the policies that apply to their job function.

Following are some tips on how to effectively use this Compliance Program:

- **Important Reference Tool.** This Compliance Program shall be viewed as an important reference manual that can be referred to on a regular basis to answer questions about how to perform your job. Although it may not contain all of the answers, it will contain many and can save you time.
- **Read it in Context.** Sonoma Valley Hospital has created this Compliance Program to incorporate numerous compliance policies, many of which may not apply to you. When reviewing this Compliance Program and the policies contained herein, keep in mind that the policies are to be applied in the context of your job. If you are uncertain about if and how a policy applies to you, ask your supervisor.
- **Keep it Handy.** This Compliance Program manual easily accessible on the SVH Intranet and easy to refer to it on a regular basis.
- **Talk to Your Co-Workers.** Regular dialogue among co-workers and supervisors is a great way to ensure that policies are being uniformly applied. While this discussion is encouraged, always remember that the provisions of this Compliance Program should guide you on compliance matters.

## *SECTION II – CODE OF CONDUCT*

### **Our Compliance Mission**

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Sonoma Valley Hospital's mission is to maintain, restore and improve the health of everyone in our community.

In concert with our medical staff, Sonoma Valley Hospital shall strive to provide quality health care to our community. Our team of dedicated health care professionals shall provide a compassionate and caring environment for patients, and their families and friends, while continuously striving to improve the quality of care that is accessible.

Sonoma Valley Hospital shall collaborate with its medical staff and affiliated organizations to improve health outcomes, enhance quality of life and promote human dignity through health education, prevention, and services across the health care continuum.

Sonoma Valley Hospital's Board of Directors (hereinafter referred to as "Governing Board") adopted the Compliance Program, including this Code of Conduct, to provide standards by which Personnel shall conduct themselves in order to protect and promote Hospital integrity and to enhance the Hospital's ability to achieve its objectives. Sonoma Valley Hospital believes this Code of Conduct will significantly contribute to a positive work environment for all.

No written policies can capture every scenario or circumstance that can arise in the workplace. Sonoma Valley Hospital expects Personnel to consider not only the words written in this Code of Conduct, but the meaning and purpose of those words as well. You are expected to read this Code of Conduct and exercise good judgment. You are encouraged to talk to your supervisor or Sonoma Valley Hospital's Chief Compliance Officer if you have any questions about this Code of Conduct or what is expected of you.

All Personnel are expected to be familiar with the contents of this Code of Conduct. Training and education will be provided periodically to further explain this Code of Conduct and its application. HealthStream will serve as the education module for compliance training.

### **Compliance With Laws**

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It is the policy of Sonoma Valley Hospital, its affiliates, contractors and employees to comply with all applicable laws. When the application of the law is uncertain, the Hospital will seek guidance from legal counsel.

### **Open Communication**

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Sonoma Valley Hospital encourages open lines of communication between Personnel. If you are aware of an unlawful or unethical situation, there are several ways you can bring this to the Hospital's attention. Your supervisor is the best place to start, but you can also contact the Hospital's Chief Compliance Officer or call the Compliance Hotline to express your concerns. All employee reports of unlawful or unethical conduct will be investigated promptly. The Hospital does not tolerate threats or acts of retaliation or retribution against employees for using these communication channels.

### **Your Personal Conduct**

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Sonoma Valley Hospital's reputation for the highest standards of conduct rests not on periodic audits by lawyers and accountants, but on the high measure of mutual trust and responsibility that exists between employees and the Hospital. It is based on you, as an individual, exercising good judgment and acting in accordance with this Code of Conduct and the law.

Ethical behavior on the job essentially comes down to honesty and fairness in dealing with other employees and with patients, vendors, competitors, the government and the public. It is no exaggeration to say that Sonoma Valley Hospital's integrity and reputation are in your hands.

Sonoma Valley Hospital's basic belief in the importance of respect for the individual has led to a strict regard for the privacy and dignity of Personnel. When management determines that your personal conduct adversely affects your performance, that of other Personnel, or the legitimate interests of Sonoma Valley Hospital, the Hospital may be required to take action.

### **The Work Environment**

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Sonoma Valley Hospital strives to provide Personnel with a safe and productive work environment. The work environment also shall be free from discrimination and harassment based on race, color, religion, sex, sexual orientation, age, national origin, disability, veteran status, or other factors that are unrelated to the Hospital's legitimate business interests. The Hospital will not tolerate sexual advances, actions, comments, or any other conduct in the workplace that creates an intimidating or otherwise offensive environment. Similarly, the use of racial or religious slurs — or any other remarks, jokes, or conduct that encourages or permits an offensive work environment — will not be tolerated.

If you believe that you are subject to such conduct, you shall bring such activity to the attention of the Hospital, either by informing your supervisor, Human Resources, the Hospital's Chief Compliance Officer, or by calling the Compliance Hotline. The Hospital considers all complaints of such conduct to be serious matters, and all complaints will be investigated promptly.

Some other activities that are prohibited because they clearly are not appropriate are:

- Threats,
- Violent behavior,
- The possession of weapons of any type,
- The distribution of offensive jokes or other offensive materials via e-mail or any other manner, and
- The use, distribution, sale or possession of illegal drugs or any other controlled substance, except to the extent permitted by law for approved medical purposes.

In addition, employees may not be on Sonoma Valley Hospital premises or in the Hospital work environment if they are under the influence of or affected by illegal drugs, alcohol, or controlled substances used other than as prescribed.

### **Employee Privacy**

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Sonoma Valley Hospital collects and maintains personal information that relates to your employment, including medical and benefit information. Access to personal information is restricted solely to people with a need to know. Personal information is released outside the Hospital or its agents only with employee approval, except in response to appropriate investigatory or legal requirements, or in accordance with other applicable law. Employees who are responsible for maintaining personal information and those who are provided access to such information shall ensure that the information is not disclosed in violation of the Hospital's Personnel policies or practices.

### **Use of Hospital Property**

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Sonoma Valley Hospital equipment, systems, facilities, corporate charge cards and supplies shall be used only for conducting Hospital business or for purposes authorized by management.

Personal items, messages or information that you consider private shall not be placed or kept in telephone systems, computer systems, offices, work spaces, desks, credenzas or file cabinets. Employees shall have no expectation of privacy with regard to items or information stored or maintained on Hospital equipment or premises. Management is permitted to access these areas. Employees shall not search for or retrieve articles from another employee's workspace without prior approval from that employee or management.

Since supplies of certain everyday items are readily available at Sonoma Valley Hospital work locations, the question of making personal use of them frequently arises. The answer is clear: employees may not use Hospital supplies for personal use.

### **Use of Hospital Computers**

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The increasing reliance placed on computer systems, internal information and communications facilities in carrying out Sonoma Valley Hospital business makes it absolutely essential to ensure their integrity. Like other Hospital assets, these facilities and the information they make available through a wide variety of databases shall be used only for conducting Sonoma Valley Hospital business or for purposes authorized by management. Their unauthorized use, whether or not for personal gain, is a misappropriation of Hospital assets.

While Sonoma Valley Hospital conducts audits to help ensure that Hospital systems, networks and databases are being used properly, it is your responsibility to make sure that each use you make of any Hospital system is authorized and proper.

Personnel are not allowed to load or download software or data onto Sonoma Valley Hospital computer systems unless it is for business purposes and is approved in advance by the appropriate supervisor. Personnel shall not use Sonoma Valley Hospital e-mail systems to deliver or forward inappropriate jokes, unauthorized political materials, religious messages, or any other potentially offensive materials. Personnel are strictly forbidden from using computers to access the Internet for purposes of gambling, viewing pornography, or engaging in any illegal activities.

Employees shall have no expectation of privacy with regard to items or information stored or maintained on Sonoma Valley Hospital equipment or premises.

### **Use of Proprietary Information**

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#### **Proprietary Information**

Proprietary information is generally confidential information that is developed by Sonoma Valley Hospital as part of its business and operations. Such information includes, but is not limited to, the business, financial, marketing, and contract arrangements associated with Sonoma Valley Hospital services and products. It also includes computer-access passwords, procedures used in producing computer or data processing records, personnel and medical records, and payroll data. Other proprietary information includes management know-how and processes; Sonoma Valley Hospital business and product plans with outside vendors; a variety of internal databases; and copyrighted material, such as software.

The value of this proprietary information is well known to many people in the Hospital industry. Besides competitors, they include industry and security analysts, members of the press, and consultants. Sonoma Valley Hospital alone is entitled to determine who may possess its proprietary information and what use may be made of it, except for specific legal requirements such as the publication of certain reports.

Personnel often have access to information that the Hospital considers proprietary. Therefore, it is very important not to use or disclose proprietary information except as authorized by Sonoma Valley Hospital.

### **Inadvertent Disclosure**

The unintentional disclosure of proprietary information can be just as harmful as intentional disclosure. To avoid unintentional disclosure, never discuss with any unauthorized person proprietary information that has not been made public by the Hospital. This information includes unannounced products or services, prices, earnings, procurement plans, business volumes, capital requirements, confidential financial information, marketing and service strategies, business plans, and other confidential information. Furthermore, you shall not discuss confidential information even with authorized Sonoma Valley Hospital employees if you are in the presence of others who are not authorized — for example, at a conference reception or in a public area such as an airplane. This also applies to discussions with family members or with friends, who might innocently or inadvertently pass the information on to someone else.

### **Direct Requests for Information**

If someone outside Sonoma Valley Hospital asks you questions about the Hospital or its business activities, either directly or through another person, do not attempt to answer them unless you are certain you are authorized to do so. If you are not authorized, refer the person to the appropriate source within the Hospital. Under no circumstances shall you continue contact without guidance and authorization. If you receive a request for information or to conduct an interview from an attorney, investigator, or any law enforcement officer, and it concerns Sonoma Valley Hospital's business, you shall refer the request to the office of the Hospital's Chief Executive Officer. Similarly, unless you have been authorized to talk to reporters, or to anyone else writing about or otherwise covering the Hospital or the industry, direct the person to your to the Hospital's Chief Executive Officer.

### **Disclosure and Use of Proprietary Information**

Besides your obligation not to disclose any Sonoma Valley Hospital proprietary information to anyone outside the Hospital, you are also required to use such information only in connection with the Hospital's business. These obligations apply whether or not you developed the information yourself.

## **Recording and Reporting Information**

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You shall record and report all information accurately and honestly. Every employee records information of some kind and submits it to the Hospital (for example, a time card, an expense account record, or a report). To submit a document that contains false information — an expense report for meals not eaten, miles not driven, or for any other expense not incurred — is dishonest reporting and is prohibited.

Dishonest reporting of information to organizations and people outside Sonoma Valley Hospital is also strictly prohibited and could lead to civil or even criminal liability for you and the Hospital. This includes not only reporting information inaccurately, but also organizing it in a way that is intended to mislead or misinform those who receive it. Personnel shall ensure that they do not make false or misleading statements in oral or written communications provided to organizations outside of Sonoma Valley Hospital.

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## **Proprietary and Competitive Information About Others**

In the normal course of business, it is not unusual to acquire information about many other organizations, including competitors (competitors are other Hospitals and health facilities). Doing so is a normal business activity and is not unethical in itself. However, there are limits to the ways that information shall be acquired and used. Improper solicitation of confidential data about a competitor from a competitor's employees or from Hospital patients is prohibited. Sonoma Valley Hospital will not tolerate any form of questionable intelligence-gathering.

### **Exception**

Nothing contained herein is to be construed as prohibiting conduct legally protected by the National Labor Relations Act or other applicable state or federal law.

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## **Gifts and Entertainment**

Sonoma Valley Hospital understands that vendors and others doing business with the Hospital may wish to provide gifts, promotional items, and entertainment to Hospital Personnel as part of such vendors' own marketing activities. Sonoma Valley Hospital also understands that there may be occasions where the Hospital may wish to provide reasonable business gifts to promote the Hospital's services. However, the giving and receipt of such items can easily be abused and have unintended consequences; giving and receiving gifts, particularly in the health care industry, can create substantial legal risks.

### **General Policy**

It is the general policy of Sonoma Valley Hospital that neither you nor any member of your family may solicit, receive, offer, or pay any money or gift that is, or could be reasonably construed to be, an inducement in exchange for influence or assistance in conducting Hospital business. It is the intent of the Hospital that this policy be construed broadly such that all business transactions with vendors, contractors, and other third parties are transacted to avoid even the appearance of improper activity.

### **Spending Limits — Gifts, Dining and Entertainment**

Sonoma Valley Hospital has developed policies that clearly define the spending limits permitted for items such as gifts, dining and entertainment. All personnel are strictly prohibited from making any expenditure of Hospital or personal funds for gifts, dining or entertainment in any way related to Sonoma Valley Hospital business unless such expenditures are approved in advance by the hospital CEO.

### **Marketing and Promotions in Health Care**

As a provider of health care services, the marketing and promotional activities of Sonoma Valley Hospital may be subject to anti-kickback and other laws that specifically apply to the health care industry. The Hospital has adopted policies elsewhere in this Compliance Program to specifically address the requirements of such laws.

It is the policy of Sonoma Valley Hospital that Personnel are not allowed to solicit, offer or receive any payment or remuneration of any kind (regardless of the value) in exchange for referring, or recommending the referral of, patients or customers to Sonoma Valley Hospital.

## **Marketing**

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Sonoma Valley Hospital has expended significant efforts and resources in developing its services and reputation for providing high-quality patient care. Part of those efforts involves advertising, marketing, and other promotional activities. While such activities are important to the success of the Hospital, they are also potential sources of legal liability as a result of health care laws (such as the anti-kickback laws) that regulate the marketing of health care services. Therefore, it is important that the Hospital closely monitor and regulate advertising, marketing, and other promotional activities to ensure that all such activities are performed in accordance with Sonoma Valley Hospital objectives and applicable law.

This Compliance Program contains various policies applicable to specific business activities of Sonoma Valley Hospital. In addition to those policies, it is the general policy of the Hospital that no Personnel engage in any advertising, marketing, or other promotional activities on behalf of the Hospital unless such activities are approved in advance by the appropriate Hospital representative. You shall ask your supervisor to determine the appropriate Sonoma Valley Hospital representative to contact. In addition, no advertising, marketing, or other promotional activities targeted at health care providers or potential patients may be conducted unless approved in advance by the Hospital's legal counsel.

## **Conflicts of Interest**

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A conflict of interest may arise if you engage in any activities or advance any personal interests at the expense of Sonoma Valley Hospital's interests. An actual or potential conflict of interest occurs when an employee is in a position to influence a decision that may result in personal gain for that employee, a relative, or a friend as a result of the Hospital's business dealings. You shall avoid situations in which your loyalty may become divided.

An obvious conflict of interest is providing assistance to an organization that provides services and products in competition with Sonoma Valley Hospital's current or potential services or products. You may not, without prior consent, work for such an organization as an employee, a consultant, or a member of its governing board. Such activities are prohibited because they divide your loyalty between Sonoma Valley Hospital and that organization. Failure to obtain prior consent in advance from the Hospital's Chief Executive Officer, Chief Compliance Officer or legal counsel may be grounds for termination.

## **Outside Employment and Business Interests**

You are not permitted to work on any personal business venture on Sonoma Valley Hospital premises or while working on Hospital time. In addition, you are not permitted to use Sonoma Valley Hospital equipment, telephones, computers, materials, resources or proprietary information for any outside work. You shall abstain from any decision or discussion affecting the Hospital when serving as a member of an outside organization or board or in public office, except when specific permission to participate has been granted by the Hospital's Chief Compliance Officer or legal counsel.

### **Contracting with the Hospital**

You may not contract with Sonoma Valley Hospital to be a supplier, to represent a supplier to the Hospital, or to work for a supplier to the Hospital while you are an employee of Sonoma Valley Hospital. In addition, you may not accept money or benefits, of any kind, for any advice or services you may provide to a supplier in connection with its business with Sonoma Valley Hospital.



### **Anti-Competitive Activities**

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If you work in sales or marketing, Sonoma Valley Hospital asks you to perform your job not just vigorously and effectively, but fairly, as well. False or misleading statements about a competitor are inappropriate, invite disrespect and complaints, and may violate the law. Be sure that any comparisons you make about competitors' products and services are fair and accurate. (Competitors are other hospitals and health facilities.)

### **Reporting Violations**

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Sonoma Valley Hospital supports and encourages each employee and contractor to maintain individual responsibility for monitoring and reporting any activity that violates or appears to violate any applicable statutes, regulations, policies, or this Code of Conduct.

Sonoma Valley Hospital has established a reporting mechanism that permits anonymous reporting, if the person making the report desires anonymity. Employees who become aware of a violation of the Hospital Compliance Program, including this Code of Conduct, shall report the improper conduct to their departmental compliance officer or the Chief Compliance Officer. That officer, or a designee, will then investigate all reports and insure that appropriate follow-up actions are taken.

Sonoma Valley Hospital policy prohibits retaliation against an employee who makes such a report in good faith. In addition, it is the policy of the Hospital that no employee will be punished on the basis that he/she reported what he/she reasonably believed to be improper activity or a violation of this Program.

However, employees are subject to disciplinary action if after an investigation, the Hospital reasonably concludes that the reporting employee knowingly fabricated, or knowingly distorted, exaggerated, or minimized the facts to either cause harm to someone else or to protect or benefit themselves or another person.

## ***SECTION III — COMPLIANCE PROGRAM SYSTEMS AND PROCESSES***

This Compliance Program contains a comprehensive set of policies. In order to effectively implement and maintain these policies, Sonoma Valley Hospital has developed various systems and processes. The purpose of this section of the Compliance Program is to explain the various systems and processes that the Hospital has established for the purpose of providing structure and support to the Compliance Program.

### **Compliance Officers and Committee**

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#### **Chief Compliance Officer**

Sonoma Valley Hospital has a Chief Compliance Officer who serves as the primary supervisor of this Compliance Program. The Hospital's Chief Compliance Officer occupies a high-level position within the organization and has authority to carry out all compliance responsibilities described in this Compliance Program. The Chief Compliance Officer is responsible for assuring that the Compliance Program is implemented to ensure that Sonoma Valley Hospital at all times maintains business integrity and that all applicable statutes, regulations, and policies are followed. The Chief Compliance Officer provides reports to the governing board about the Compliance Program and compliance issues as they arise.

The Chief Compliance Officer, or delegate reports to the Governing Board on compliance issues. The Governing Board is ultimately responsible for supervising the work of the Chief Compliance Officer, and maintaining the standards of conduct set forth in the Compliance Program. The governing board oversees all of Sonoma Valley Hospital's compliance efforts and takes any appropriate and necessary actions to ensure that the Hospital conducts its activities in compliance with the law and sound business ethics.

The Chief Compliance Officer and Governing Board shall consult with legal counsel as necessary on compliance issues raised by the ongoing compliance review.

*Responsibilities of the Chief Compliance Officer*

The Chief Compliance Officer's responsibilities include the following:

- General oversight and monitoring of the implementation and maintenance of the Compliance Program.
- Reporting on a regular basis to the Governing Board (no less than annually) on the progress of implementation and operation of the Compliance Program and assisting the Governing Board in establishing methods to reduce the Hospital's risk of fraud, abuse, and waste.
- Periodically revising the Compliance Program in light of changes in the needs of the Hospital and changes in applicable statutes, regulations, and government policies.
- Reviewing at least annually the implementation and execution of the elements of this Compliance Program. The review includes an assessment of each of the basic elements individually, and the overall success of the program.
- Developing, coordinating, and participating in educational and training programs that focus on elements of the Compliance Program with the goal of ensuring that all appropriate Personnel are knowledgeable about, and act in accordance with, this Compliance Program and all pertinent federal and state requirements.
- Ensuring that independent contractors and agents of the Hospital are aware of the requirements of this Compliance Program as they affect the services provided by such contractors and agents.
- Ensuring that employees, independent contractors, and agents of the Hospital have not been excluded from participating in Medicare, Medicaid (Medi-Cal) or any other federal or state health care program.
- Ensuring that the Hospital does not employ or contract with any individual who has been convicted of a criminal offense related to health care within the previous five years, or who is listed by a federal or state agency as debarred, excluded, or otherwise ineligible for participation in Medicare, Medicaid (Medi-Cal), or any other federal or state health care program.
- Coordinating internal compliance review and monitoring activities.
- Independently investigating and acting on matters related to compliance, including design and coordination of internal investigations and implementation of any corrective action.
- Maintaining a good working relationship with other key operational areas, such as internal audit, coding, billing, and clinical departments.

- Designating work groups or task forces needed to carry out specific missions, such as conducting an investigation or evaluating a proposed enhancement to the Compliance Program.

The Chief Compliance Officer has the authority to review all documents and other information relevant to compliance activities, including, but not limited to, patient records, billing records, records concerning marketing efforts, and all arrangements with third parties, including without limitation employees, independent contractors, suppliers, agents, and physicians.

As authorized by the governing board, the Chief Human Resources Officer and the Chief Compliance Officer have direct access to the governing board, Chief Executive Officer and other senior management, and to legal counsel. Both the Chief Human Resources Officer and the Chief Compliance Officer has the authority to retain, as he or she deems necessary, outside legal counsel.

### **Compliance Committee**

Sonoma Valley Hospital has established a Compliance Committee to advise the Chief Compliance Officer and assist in monitoring this Compliance Program. The Compliance Committee provides the perspectives of individuals with diverse knowledge and responsibilities within Sonoma Valley Hospital.

#### *Members of the Compliance Committee*

The Compliance Committee consists of 6 representatives. The members of the Compliance Committee include those individuals designated below and other members, including representatives of senior management, chosen by the Hospital's Chief Executive Officer in consultation with the Chief Compliance Officer:

- Chief Compliance Officer
- Privacy Officer
- Chief Quality Officer
- Chief Human Resources Officer (and/or delegate)
- Risk Manager
- Director of Information Systems (and/or delegate)
- Controller

The Chief Compliance Officer serves as the chairperson of the Compliance Committee. The Compliance Committee serves in an advisory role and has no authority to adopt or implement policies. The Chief Compliance Officer will consult with members of the Compliance Committee on a regular basis and may call meetings of all or some members of the Compliance Committee.

#### *Functions of the Compliance Committee*

The Compliance Committee's functions include the following:

- Assessing existing and proposed compliance policies for modification or possible incorporation into the Compliance Program;
- Working with the Chief Compliance Officer to develop further standards of conduct and policies to promote compliance;
- Recommending and monitoring, in conjunction with the Chief Compliance Officer, the development of internal systems and controls to carry out the standards and policies of this Compliance Program;

- Reviewing and proposing strategies to promote compliance and detection of potential violations;
- Assisting the Chief Compliance Officer in the development and ongoing monitoring of systems to solicit, evaluate and respond to complaints and problems related to compliance;
- Assisting the Chief Compliance Officer in coordinating compliance training, education and other compliance-related activities in the departments and business units in which the members of the Compliance Committee work; and
- Consulting with vendors of the Hospital on a periodic basis to promote adherence to this Compliance Program as it applies to those vendors and to promote their development of formal Compliance Programs.

The tasks listed above are not intended to be exhaustive. The Compliance Committee may also address other compliance related matters as determined by the Chief Compliance Officer.

**Compliance Committee Meetings:**

- A. Compliance Committee meetings shall be used to (1) discuss compliance issues, (2) announce and discuss new initiatives, (3) review rules, regulations, and policies and procedures, (4) develop compliance work plans, and (5) assign responsibilities for meeting Compliance Plan requirements, among other things.
- B. The Compliance Officer shall convene Compliance Committee meetings as necessary to meet Sonoma Valley Hospital's compliance needs, but, in any event, the Compliance Committee shall meet no less than once each six months.
- C. Meetings cannot take place unless a quorum of the Compliance Committee is present. A quorum requires the presence of (1) the Compliance Officer, and (2) a majority of the Compliance Committee.
- D. Meetings may be conducted using teleconferencing and/or videoconferencing equipment, as appropriate.
- E. Formal minutes shall be prepared and maintained for each meeting. At a minimum, the minutes shall include (1) the date, time and location of the meeting, (2) a list of the attendees, (3) a summary of the issues discussed, and (4) a summary of any decisions made, including a description of any corrective actions to be taken, as applicable. These minutes will be treated as confidential. Certain portions of the minutes may be attorney-client privileged to the extent they reflect confidential communications from an attorney who is rendering legal advice.

**Confidentiality:**

- A. The Issues addressed by the Compliance Committee are often sensitive and involve the review of confidential information. As such, the Compliance Steering Committee shall:
  1. treat such information as confidential;
  2. refrain from discussing any matter relating to the Compliance Committee outside of the Committee's established process; and
  3. refrain from using information obtained by the Compliance Committee other than for the purpose for which the information was originally collected.

- B. Notwithstanding section A as described above, the Compliance Committee may share information with the Compliance Officer and Sonoma Valley Hospital's Chief Executive Officer and Board of Directors.
- C. Compliance Committee members shall ensure that documents in their possession are stored in a secure manner to prevent unauthorized access.
- D. Any questions or clarifications regarding confidentiality shall be addressed by the Compliance Officer.

### **Compliance as an Element of Performance**

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The promotion of, and adherence to, the elements of this Compliance Program is a factor in evaluating the performance of all Hospital employees. Employees will be periodically trained regarding the Compliance Program, and new compliance policies that are adopted. In particular, all managers and supervisors involved in any processes related to the evaluation, preparation, or submission of medical claims shall do the following:

- Discuss, as applicable, the compliance policies and legal requirements described in this Compliance Program with all supervised Personnel.
- Inform all supervised Personnel that strict compliance with this Compliance Program is a condition of continued employment.
- Inform all supervised Personnel that disciplinary action will be taken, up to and including termination of employment or contractor status, for violation of this Compliance Program.

Managers and supervisors will be subject to discipline for failure to adequately instruct their subordinates on matters covered by the Compliance Program. Managers and supervisors will also be subject to discipline for failing to detect violations of the Compliance Program where reasonable diligence on the part of the manager or supervisor would have led to the discovery of a problem or violation and thus would have provided Sonoma Valley Hospital with the opportunity to take corrective action.

### **Training and Education**

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Sonoma Valley Hospital acknowledges that this Compliance Program will be effective only if it is communicated and explained to Personnel on a routine basis and in a manner that clearly explains its requirements. For this reason, the Hospital requires all Personnel to attend specific training programs on a periodic basis. Training requirements and scheduling are established by the Hospital for its departments and affiliates based on the needs and requirements of each department and affiliate. Training programs include appropriate training in federal and state statutes, regulations, guidelines, the policies described in this Compliance Program, and corporate ethics. Training will be conducted by qualified internal or external Personnel or qualified internet-based training system. New employees are trained early in their employment. Training programs may include sessions highlighting this Compliance Program, summarizing fraud and abuse laws, physician self-referral laws, claims development and submission processes, and related business practices that reflect current legal standards.

All formal training undertaken as part of the Compliance Program is documented. Documentation includes at a minimum the identification of the Personnel participating in the training, the subject matter of the training, the length of the training, the time and date of the training, the training materials used, and any other relevant information such as the sign-in roster and CV of the trainer if the training is conducted by an individual rather than internet-based.

The Chief Compliance Officer evaluates the content of the training program at least annually to ensure that the subject content is appropriate and sufficient to cover the range of issues confronting Sonoma Valley Hospital's employees. The training program is modified as necessary to keep up-to-date with any changes in federal and state health care program requirements, and to address results of the Hospital's audits and investigations; results from previous training and education programs; trends in Hotline reports; and guidance from applicable federal and state agencies. The appropriateness of the training format is evaluated by reviewing the length of the training sessions; whether training is delivered via live instructors or via computer-based training programs; the frequency of training sessions; and the need for general and specific training sessions.

The Chief Compliance Officer seeks feedback to identify shortcomings in the training program, and administers post-training tests as appropriate to ensure attendees understand and retain the subject matter delivered.

Specific training for appropriate corporate officers, managers, and other employees may include areas such as:

- Restrictions on marketing activities.
- General prohibitions on paying or receiving remuneration to induce referrals.
- Proper claims processing techniques.
- Monitoring of compliance with this Compliance Program.
- Methods for educating and training employees.
- Duty to report misconduct.

The members of the Hospital's Governing Board will be provided with periodic training, not less than annually, on fraud and abuse laws and other compliance matters.

Attendance and participation in compliance training programs is a condition of continued employment. Failure to comply with training requirements will result in disciplinary action, including possible termination.

Adherence with the provisions of this Compliance Program, including training requirements, is a factor in the annual evaluation of each Hospital employee. Where feasible, outside contractors will be afforded the opportunity to participate in, or be encouraged to develop their own, compliance training and educational programs, to complement Sonoma Valley Hospital's standards of conduct and compliance policies. The Chief Compliance Officer will ensure that records of compliance training, including attendance logs and copies of materials distributed at training sessions, are maintained.

The compliance training described in this program is in addition to any periodic professional education courses that may be required by statute or regulation for certain Personnel. Sonoma Valley Hospital expects its employees to comply with applicable education requirements; failure to do so may result in disciplinary action.

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## **Lines of Communicating and Reporting**

### **Open Door Policy**

The Hospital recognizes that clear and open lines of communication between the Chief Compliance Officer and Hospital Personnel are important to the success of this Compliance Program. The Hospital maintains an open door policy in regards to all Compliance Program related matters. Hospital Personnel are encouraged to seek clarification from the Chief Compliance Officer in the event of any confusion or question about a statute, regulation, or policy discussed in this Compliance Program.

### **Submitting Questions or Complaints**

The Hospital has established a telephone Hotline for use by Hospital Personnel to report concerns or possible wrongdoing regarding compliance issues. We refer to this telephone line as our "Compliance Hotline."

The Compliance Hotline contact numbers are:

Phone: 707-935-5151

Fax: 707-935-5433

E-mail: [Compliance@svh.com](mailto:Compliance@svh.com)

Personnel may also submit compliance-related questions or complaints in writing. Letters may be sent anonymously. All such letters shall be sent to the Chief Compliance Officer at the following address:

Chief Compliance Officer  
Sonoma Valley Hospital  
347 Andrieux Street  
Sonoma, CA 95476

The Compliance Hotline numbers and the Chief Compliance Officer's address are posted in conspicuous locations throughout Sonoma Valley Hospital's facilities.

Calls to the Compliance Hotline are treated confidentially and are not traced. The caller need not provide his or her name. Sonoma Valley Hospital's Chief Compliance Officer or designee investigates all calls and letters and initiates follow-up actions as appropriate.

Communications via the Compliance Hotline and letters mailed to the Chief Compliance Officer are treated as privileged to the extent permitted by applicable law; however, it is possible that the identity of a person making a report may become known, or that governmental authorities or a court may compel disclosure of the name of the reporting person.

Matters reported through the Compliance Hotline, or in writing, that suggest violations of compliance policies, statutes, or regulations, are documented and investigated promptly. A log is maintained by the Chief Compliance Officer of calls or communications, including the nature of any investigation and subsequent results. A summary of this information is included in reports by the Chief Compliance Officer to the Hospital's governing board and Chief Executive Officer.

### **Non-Retaliation Policy**

It is Sonoma Valley Hospital's policy to prohibit retaliatory action against any person for making a report, anonymous or otherwise, regarding compliance. However, Hospital Personnel cannot use complaints to the Chief Compliance Officer to insulate themselves from the consequences of their own wrongdoing or misconduct. False or deceptive reports may be grounds for termination. It will be considered a mitigating factor if a person makes a forthright disclosure of an error or violation of this Compliance Program, or the governing statutes and regulations.

## **Enforcing Standards and Policies**

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### **Policies**

It is the policy of Sonoma Valley Hospital to appropriately discipline Hospital Personnel who fail to comply with the Code of Conduct or the policies set forth in, or adopted pursuant to, this Compliance Program or any federal or state statutes or regulations.

The guiding principles underlying this policy include the following:

- Intentional or reckless non-compliance will subject Personnel to significant sanctions, which may include oral warnings, suspension, or termination of employment, depending upon the nature and extent of the non-compliance.
- Negligent failure to comply with the policies set forth in this Compliance Program, or with applicable laws, will also result in sanctions.
- Disciplinary action will be taken where a responsible employee fails to detect a violation, if this failure is attributable to his or her negligence or reckless conduct.
- Internal audit or review may lead to discovering violations and result in disciplinary action.

Because Sonoma Valley Hospital takes compliance seriously, the Hospital will respond to Personnel misconduct.

### **Discipline Procedures**

Personnel found to have violated any provision of this Compliance Program are subject to discipline consistent with the policies set forth herein, including termination of employment if deemed appropriate by the Hospital. Any such discipline is within the sole discretion of the Hospital. Each instance involving disciplinary action shall be thoroughly documented by the employee's supervisor and the Chief Compliance Officer.

Upon determining that an employee of Sonoma Valley Hospital or any of its affiliates has committed a violation of this Compliance Program, such employee shall meet with his or her supervisor to review the conduct that resulted in violation of the Compliance Program. The employee and supervisor will call the Chief Compliance Officer to discuss any actions that may be taken to remedy such violation. All employees are expected to cooperate fully with the Chief Compliance Officer during the investigation of the violation. Legal counsel will be consulted prior to final actions or disciplinary measures, as appropriate.

### **Auditing and Monitoring**

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Sonoma Valley Hospital conducts periodic monitoring of this Compliance Program. Compliance reports created by this monitoring, including reports of suspected non-compliance, will be reviewed and maintained by the Chief Compliance Officer or delegate.

The Chief Compliance Officer will develop and implement an audit plan. The plan will be reviewed at least annually to determine whether it addresses the proper areas of concern, considering, for example, findings from previous years' audits, risk areas identified as part of the annual risk assessment, and high volume services.

Periodic compliance audits are used to promote and ensure compliance. These audits are performed by internal or external auditors who have the appropriate qualifications and expertise in federal and state health care statutes and regulations and federal health care program requirements. The audits will focus on specific programs or departments of the Hospital, including external relationships with third-party contractors. These audits are designed to address, at a minimum, compliance with laws governing kickback arrangements, physician self-referrals, claims development and submission (including an assessment of the Hospital's billing system), reimbursement, and marketing. All Personnel are expected to cooperate fully with auditors during this process by providing information, answering questions, etc. If any employee has concerns regarding the scope or manner of an audit, the employee shall discuss this with his/her immediate supervisor.



Sonoma Valley Hospital shall conduct periodic reviews, including unscheduled reviews, to determine whether this Compliance Program's elements have been satisfied. Appropriate modifications to the Compliance Program will be implemented when monitoring discloses that compliance issues have not been detected in a timely manner due to Compliance Program deficiencies.

The periodic review process may include the following techniques:

- Interviews with Personnel involved in management, operations, claim development and submission, and other related activities.
- Questionnaires developed to solicit impressions of the Hospital Personnel.
- Reviews of all billing documentation, including medical and financial records and other source documents that support claims for reimbursement and claims submissions.
- Presentations of a written report on compliance activities to the Chief Compliance Officer. The report shall specifically identify areas, if any, where corrective actions are needed. In certain cases, subsequent reviews or studies may be conducted to ensure that recommended corrective actions have been successfully implemented.

Error rates shall be evaluated and compared to error rates for prior periods as well as available norms. If the error rates are not decreasing, the Hospital shall conduct a further investigation into other aspects of the Compliance Program in an effort to determine hidden weaknesses and deficiencies.

## **Corrective Action**

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### **Violations and Investigations**

Violations of this Compliance Program, failure to comply with applicable federal or state laws, and other types of misconduct threaten the Hospital's status as a reliable and honest provider of health care services. Detected but uncorrected misconduct can seriously endanger the Hospital's business and reputation, and can lead to serious sanctions against the Hospital. Consequently, upon reports or reasonable indications of suspected non-compliance, prompt steps to investigate the conduct in question will be initiated under the direction and control of the Chief Compliance Officer to determine whether a material violation of applicable law or the requirements of the Compliance Program has occurred. The Chief Compliance Officer may create a response team to review suspected non-compliance including representatives from the compliance, audit, and other relevant departments.

If such a violation has occurred, prompt steps will be taken to correct the problem, taking into account the root cause of the problem. As appropriate, such steps may include an immediate referral to criminal and/or civil law enforcement authorities, a corrective action plan, a report to the Office of Inspector General (OIG) or any other appropriate government organization, and/or submission of any overpayments. The specific steps that are appropriate in any given case will be determined after consultation with legal counsel.

Depending upon the nature of the alleged violations, the Chief Compliance Officer's internal investigation could include interviews with relevant staff and a review of relevant documents. Legal counsel, auditors, or health care experts may be engaged by the Chief Compliance Officer to assist in an investigation where the Chief Compliance Officer deems such assistance appropriate. Complete records of all investigations will be maintained which contain documentation of the alleged violations, a description of the investigative process, copies of interview notes and key documents, a log of the witnesses interviewed and the documents reviewed, results of the investigation (e.g., any disciplinary action taken), and corrective actions implemented.

If an investigation of an alleged violation is undertaken and the Chief Compliance Officer believes the integrity of the investigation may be at stake because of the presence of employees under investigation, those employees will be removed from their current work activity until the investigation is completed. Where necessary, the Chief Compliance Officer will take appropriate steps to secure or prevent the destruction of documents or other evidence relevant to the investigation.

**Reporting**

If the Chief Compliance Officer or a management official discovers credible evidence of misconduct from any source and, after reasonable inquiry, has reason to believe that the misconduct may violate criminal, civil, or administrative law, then the misconduct will promptly be reported as appropriate to the OIG or any other appropriate governmental authority or federal and/or state law enforcement agency having jurisdiction over such matter. Such reports will be made by the Chief Compliance Officer on a timely basis.

All overpayments identified by Sonoma Valley Hospital shall be promptly disclosed and/or refunded to the appropriate public or private payer or other entity.

***SECTION IV — COMPLIANCE POLICIES***

HOSPITAL POLICIES ARE AVAILABLE FOR REFERENCE ON THE  
SONOMA VALLEY HOSPITAL INTRANET