

HAYS MEDICAL CENTER CODE OF CONDUCT

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INTRODUCTION

The Hays Medical Center Corporate Ethics and Compliance Program is comprised of policies, procedures, and processes that put into practice the Board of Directors' commitment to conduct all operations in a manner consistent with all applicable legal requirements and the highest ethical standards.

As part of this Program, the Board of Directors has adopted this Code of Conduct to provide standards by which Associates¹ shall conduct themselves to protect and promote organization-wide integrity and enhance Hays Medical Center's ability to achieve its mission. Every Associate is required to adhere to this Code of Conduct as a condition of his or her continued relationship with Hays Medical Center (employment or otherwise).

Various departments within Hays Medical Center, including Administration and the Compliance Department, have developed policies and procedures implementing the principles and standards contained in this Code of Conduct, and Associates are expected to be knowledgeable of and comply with those policies and procedures. To the extent that any policy or procedure is inconsistent with the principles and standards contained herein, that policy or procedure is superseded by this Code of Conduct.

Those Associates who also are members of Hays Medical Center's Medical Staff are obligated to adhere to the Medical Staff Bylaws and related policies and procedures, which have been reviewed and approved by the members of the Medical Staff and the Board of Directors. To the extent any provision of this Code of Conduct is inconsistent with the Medical Staff Bylaws and/or related policies and procedures, such provision is superseded by the relevant provisions of the Medical Staff Bylaws and/or related policies and procedures.

Nothing in this Code of Conduct is intended to nor shall be construed as providing any additional employment or contract rights to any Associate or other person.

¹ "Associates" includes Hays Medical Center directors, officers, employees, volunteers, students, trainees, and independent contractors regardless of the location at which they work.

ASSOCIATES' COMPLIANCE RESPONSIBILITIES

Every Associate shall take an active role in preventing, detecting, and correcting any conduct or activity that potentially violate applicable laws and regulations, ethical standards, or internal policies and procedures.

LEARN

First, every Associate shall participate fully in all educational programs concerning compliance-related issues. This includes active attendance at in-service and departmental meetings at which such issues are addressed, as well as thoughtful review of written materials provided to Associates.

ASK

Second, any Associate who has a question concerning a compliance-related issue shall seek assistance from an appropriate member of Hays Medical Center's management team. An Associate should pursue such inquiry until he or she receives an adequate response. Any Associate who is asked a compliance-related question shall make sure the person posing the question receives an adequate response.

REPORT

Third, any Associate who suspects inappropriate conduct shall report such activities to an appropriate member of Hays Medical Center's management team. An Associate should make such report even if his or her supervisor has directed otherwise. Any Associate to whom such a report is made shall be responsible for directing the matter to the appropriate person for investigation and resolution.

COOPERATE

Fourth, every Associate shall cooperate fully with any internal or external investigation concerning alleged non-compliance. An Associate shall actively participate in identifying, implementing, and refining appropriate remedial measures to correct non-compliance and proactive strategies to prevent or detect any future non-compliance.

Associates shall be evaluated for compliance with these obligations. Failure to perform these job responsibilities shall be a basis for discipline up to and including termination.

Hays Medical Center shall not tolerate any form of retaliation against any Associate who, in good faith, raises questions concerning legal or ethical duties and/or reports any suspected incident of non-compliance, either internally or to any government entity. All such information reported by an Associate internally shall be kept confidential to the extent confidentiality is possible throughout any resulting investigation.

An Associate seeking an answer to a compliance-related question or wanting to report a suspected incident of non-compliance should contact one of the following:

- Hays Medical Center’s Corporate Compliance Officer – (785) 650-2759
- Hays Medical Center’s Compliance Hotline – (785) 623-6311
- Hays Medical Center’s Compliance Voice Mail Box – (785) 623-6310
- Hays Medical Center’s Compliance Department Internal E-Mail Address – HMC Compliance Report Line
- Hays Medical Center’s Compliance Department Internet Address – compliance@haysmed.com
- Writing the Compliance Officer at P.O. Box 8100, Hays, Kansas 67601

Any Associate wishing to report anonymously to any of the listed telephone numbers must dial a “9” to access an outside line (if calling from any Hays Medical Center-owned facility), then dial the number indicated above. Any reports sent to the internet e-mail address will show the address of the transmitting computer. An Associate should not report a known or suspected violation by internet e-mail if complete anonymity is desired. Hays Medical Center shall make reasonable efforts to protect the anonymity of the person making such a report.

PRINCIPLE 1 - PATIENT CARE AND TREATMENT

Hays Medical Center is committed to providing the highest quality patient care and protecting patient safety. All Associates shall treat patients in a manner that preserves their dignity, autonomy, self-esteem, civil rights, and involvement in their own care.

Standard 1.1 – Quality of Care and Patient Safety

Hays Medical Center's mission is to provide the best in compassionate care. A commitment to quality of care and patient safety is an obligation shared by all Associates. Hays Medical Center shall strive for compliance with various standards relating to quality of care and patient safety, including the Medicare Conditions of Participation, the standards and surveys of DNV Healthcare, Inc., the consensus measures of the National Quality Forum, the Agency for Healthcare Research and Quality quality indicators, and the initiatives of the Institute for Healthcare Improvement.

Standard 1.2 – Medical Decision Making

Hays Medical Center shall use standard clinical criteria to determine whether to treat an individual with specific interventions. Clinical decisions, including tests, treatments, and other interventions, shall be based on identified patient needs, and shall not in any way be based on the manner in which Hays Medical Center compensates or shares financial risk with its leaders, managers, clinical staff, or licensed practitioners.

Standard 1.3 – Patient Rights

Upon admission, all Hays Medical Center patients shall receive a copy of Hays Medical Center's Statement of Patient Rights and Responsibilities. All Associates shall respect patient rights in the performance of their job duties. Patients have the right to make informed decisions regarding their medical care and the right to refuse or accept treatment.

Hays Medical Center shall provide care and treatment to patients without regard to the race, color, religion, creed, sex, national origin, age, or disability of such person, or any other classification prohibited by law. Associates shall respect each patient's cultural heritage and needs. Hays Medical Center shall make available appropriate resources for its patients with limited English proficiency.

Patients and their representatives shall be accorded appropriate confidentiality, privacy, security and protective services, opportunity for resolution of complaints, pastoral counseling, and visitation rights. Hays Medical Center shall maintain appropriate processes for prompt resolution of patient grievances.

No Associate shall solicit or encourage monetary tips, personal gratuities, or gifts from patients or their family members. An Associate may accept a personal gift of nominal value (less than \$25), but should share any such gift with co-workers to the fullest extent possible.

Standard 1.4 – Patient Financial Assistance

Hays Medical Center shall maintain a written patient financial assistance policy which includes eligibility criteria, the basis for calculating amounts charged to patients, and the method for applying for financial assistance. Hays Medical Center shall employ measures to widely publicize the policy within its service area. Hays Medical Center shall not engage in extraordinary collection actions against an individual until it has determined whether such individual is eligible under its financial assistance policy.

PRINCIPLE 2 – COMPLIANCE WITH HEALTH CARE LAWS

Hays Medical Center shall conduct its operations in compliance with state and federal laws and regulations specific to health care providers. Hays Medical Center shall cooperate with any government inquiry concerning its compliance with such rules.

The health care industry is one of the most highly regulated segments of the U.S. economy. While Associates are not expected to have expert knowledge of all legal and regulatory requirements that may apply to their work, each Associate must be sensitive to relevant legal issues. Any Associate who is uncertain about any given situation should seek guidance from an appropriate member of management.

The following standards summarize some of the important legal requirements applicable to health care providers and the impact of those requirements on Hays Medical Center's operations. Associates must comply with all laws and regulations in the performance of their job duties, regardless of whether they are specifically addressed here.

Standard 2.1 – Submission of Claims to Federal Health Care Programs

The federal False Claims Act prohibits the submission of false, fraudulent, or misleading claims to any government entity (*e.g.*, Medicare, Medicaid, TriCare) including, but not limited to, the following: (1) claims for services not rendered; (2) claims which characterize the service differently than the service actually rendered; (3) claims for services that were not medically necessary; (4) claims which do not otherwise comply with applicable program or contractual requirements; and (5) retention of any payment received from any government entity to which Hays Medical Center is not entitled.

All Associates involved in the delivery of patient care shall be responsible for producing and maintaining complete and accurate documentation in the appropriate medical record and submitting complete and accurate charges for all medical goods and services provided to patients. All Associates involved in coding and billing shall be familiar and submit claims in compliance with all applicable requirements.

Any Associate who has reason to believe Hays Medical Center has submitted improper claims to or received payments to which it is not entitled from any federal health care program shall report such information to the Compliance Officer immediately. Hays Medical Center shall promptly and thoroughly investigate such matter, and determine what amount, if any, must be refunded. All refunds shall be made in a timely manner, but in no event more than sixty (60) days following identification of the overpayment. Additionally, Hays Medical Center shall take appropriate action to prevent any improper claims or payments in the future.

The federal False Claims Act ("FCA") imposes liability on a person (including a corporation like Hays Medical Center) that: (1) submits a claim to the federal government that the person knows (or should know) is false; (2) submits a record that the person knows (or should know) is false to obtain payment from the government; or (3) retains any funds received from any federal health care program for which the person knows (or should know) the person is

not entitled. A person must report and refund any overpayment received from a federal health care program no later than sixty (60) days after the overpayment is identified.

For each such false claim, false statement in support of a claim, or failure to report and refund an overpayment, a person may be liable for (1) three times the amount of the claim or overpayment, and (2) a penalty of \$5,500 to \$11,000. Given the significant number of claims Hays Medical Center submits to federal health care programs each day, the potential liability under the FCA is enormous.

In addition to its substantive provisions, the FCA provides that private parties may bring an action on behalf of the United States. These private parties, known as "qui tam relators," may share in a percentage of the proceeds from an FCA action or settlement.

The FCA provides, with some exceptions, that a qui tam relator, when the federal government has intervened in the lawsuit, shall receive at least 15 percent, but not more than 25 percent, of the proceeds of the FCA action depending upon the extent to which the relator substantially contributed to the prosecution of the action. When the government does not intervene, the statute provides that the relator shall receive an amount that the court decides is reasonable and shall not be less than 25 percent and not more than 30 percent.

The FCA provides protection to qui tam relators who are discharged, demoted, suspended, threatened, harassed, or in any other manner discriminated against in the terms and conditions of their employment as a result of their furtherance of an action under the FCA. Remedies include reinstatement with comparable seniority as the qui tam relator would have had but for the discrimination, two times the amount of any back pay, interest on any back pay, and compensation for any special damages sustained as a result of the discrimination, including litigation costs and reasonable attorneys' fees.

A similar federal law is the Program Fraud Civil Remedies Act of 1986 (the "PFCRA"). It provides administrative remedies for knowingly submitting false claims and statements. A false claim or statement includes submitting a claim or making a written statement that is for services that were not provided, or that asserts a material fact that is false, or that omits a material fact. A violation of the PFCRA results in a maximum civil penalty of \$5,000 per claim plus an assessment of up to twice the amount of each false or fraudulent claim.

The Kansas False Claims Act authorizes the Kansas Attorney General to initiate civil prosecutions against anyone who submits a false claim or false record for payment to the State of Kansas, including the Medicaid program. Violators are liable for three times the amount of damages in addition to civil penalties of up to \$11,000 per violation. The statute also provides protections for whistleblowers, although it does not contain a mechanism for a whistleblower to receive a share of any recovery or settlement.

Also, Kansas has adopted the Medicaid Fraud Control Act that makes it unlawful for a person to submit false and fraudulent claims to the Kansas Medicaid program. Violation of this statute is a criminal offense punishable by substantial fines and imprisonment, and violators may be liable for payment of full restitution to the State plus interest and all reasonable expenses.

Standard 2.2 – Tax-Exempt Status

As a non-profit entity, Hays Medical Center has a legal and ethical obligation to engage in activities to further its charitable purpose and ensure that its resources are used to further the public good rather than the private or personal interests of any individual. Hays Medical Center shall not be involved in political campaigns nor engage in substantial lobbying activities. Hays Medical Center shall not enter into any compensation arrangements in excess of fair market value, shall accurately report payments to appropriate taxing authorities, and file all tax and information returns according to applicable laws and regulations.

Hays Medical Center shall conduct a community health needs assessment on a regular basis and adopt an implementation strategy to meet identified needs; publicize its financial assistance policy; limit charges for patients who qualify for financial assistance to those amounts generally charged to those with insurance; and make a reasonable effort to determine if patients are eligible for financial assistance.

Hays Medical Center shall track and accurately report its activities which provide community benefit including, but not limited to, charity care, community health improvement services, community benefit operations, health professionals education, and research.

Standard 2.3 – Anti-Kickback Statute

The federal Anti-Kickback Statute prohibits offering or making any payment in exchange for the referral of Medicare and Medicaid business. Courts have broadly construed this law to include virtually anything of value given to an individual or entity if one purpose of the remuneration is to influence the recipient's reason or judgment relating to referrals.

Hays Medical Center does not provide remuneration (in the form of cash payment, discount, gift, contribution, or otherwise) in exchange for referrals or as an inducement for referrals. Hays Medical Center accepts patient referrals and admissions based solely on the patient's clinical needs and Hays Medical Center's ability to render necessary services. Hays Medical Center does not pay or offer to pay any health care provider for referral of patients.

Hays Medical Center does not accept payments for referrals that it makes. No Associate shall solicit or receive anything of value, directly or indirectly, in exchange for the referral of a patient. Similarly, when making patient referrals to another health care provider, Hays Medical Center shall not take into account the volume or value of referrals that the provider has made (or may make) to Hays Medical Center.

Any transaction involving another health care provider, whether formal or informal, must be scrutinized for compliance with the Anti-Kickback Statute. All such transactions shall be based on fair market value for the goods or services provided. Any Associate who has any concern about the propriety of Hays Medical Center's relationship with another health care provider should raise that matter with the Compliance Officer so that appropriate action may be taken.

Standard 2.4 – The Stark Law

The federal Stark Law (named after the sponsor of the legislation) prohibits a physician from making referrals to entities furnishing certain designated health services if the physician owns an interest in the entity or has a financial relationship with the entity, unless the ownership interest or financial relationship meets certain limited exceptions. For example, a hospital is permitted to offer certain limited business courtesies to medical staff members. Hays Medical Center shall comply with the Stark Law in all of its financial arrangements with physicians. Any transaction between Hays Medical Center and a referring physician should be reviewed in advance by the Compliance Officer.

Standard 2.5 – Patient Inducements

Federal law also prohibits Hays Medical Center from offering or transferring anything of value to any person eligible for federal health care benefits if Hays Medical Center knows or should know such inducement would cause the eligible person to choose to receive federally reimbursable items or services from Hays Medical Center except as specifically permitted by law. In light of this prohibition, no Associate acting on behalf of Hays Medical Center shall give anything of value to any patient or prospective patient unless such gift has been reviewed and approved in writing by an appropriate member of management.

Hays Medical Center shall not waive deductibles, co-payments, or otherwise provide financial benefits to patients in return for business. Hays Medical Center shall not permit professional discounts, and courtesy discounts are permitted only in limited circumstances. Under certain circumstances, Hays Medical Center may provide appropriate financial accommodations to patients (*e.g.*, permitting monthly payments over time) based solely on the financial needs of the patient or offer prompt-pay discounts. All patient account balances shall be resolved using Hays Medical Center documented collection policies and procedures.

Standard 2.6 – HIPAA Administrative Simplification

Hays Medical Center shall devote necessary resources to ensure compliance with the federal regulations concerning the security and privacy of protected health information. Associates shall receive appropriate training to enable them to perform their job duties in compliance with these legal requirements.

Standard 2.7 – Licensing Requirements

Hays Medical Center shall remain in compliance with all state and federal licensing requirements for health care facilities, including, but not limited to, the applicable Medicare Conditions of Participation. Any Associate who is licensed by a state agency (*e.g.*, registered nurse, physical therapist) shall be personally responsible for maintaining such licensure.

Standard 2.8 – EMTALA

Hays Medical Center shall comply with the requirements of the Emergency Medical Treatment and Labor Act (“EMTALA”) in providing medical screening examinations and care for emergency medical conditions, regardless of an individual’s ability to pay.

When a person presents at a dedicated emergency department for a non-scheduled visit and requests medical examination and/or treatment, Hays Medical Center shall provide such person with an appropriate medical screening examination to determine whether the person has an emergency medical condition, regardless of the person’s ability to pay.

If a patient is diagnosed as having an emergency medical condition, Hays Medical Center shall provide medical treatment within its capabilities to stabilize the medical condition. If Hays Medical Center does not have the capabilities to stabilize the patient, it shall make an appropriate transfer to a facility having such capabilities. Hays Medical Center shall not discharge an unstable patient with an emergency medical condition unless such person refuses medical examination and/or treatment.

Hays Medical Center shall not refuse to accept an appropriate transfer of an individual with an emergency medical condition who requires specialized capabilities or facilities if Hays Medical Center has the capacity to treat the individual.

Standard 2.9 – Controlled Substances

Some Associates have access to prescription drugs, controlled substances, and other medical supplies. The use of these items is governed by government regulations and must be administered pursuant to physician order. It is extremely important that these items be handled properly by authorized individuals to minimize risk to patients and Hays Medical Center. If an Associate becomes aware of the diversion of drugs from Hays Medical Center, the Associate shall report the matter immediately to the Risk Manager.

Standard 2.10 – Safe Medical Devices Act

Hays Medical Center is committed to participation in this governmental program to prevent patient injury from medical devices by reporting appropriate events to the device manufacturer and/or the Food and Drug Administration. Any event in which a patient is injured by a device should be reported to Hays Medical Center’s Risk Manager, and such reports shall be handled pursuant to established policies and procedures.

Standard 2.11 – Mandatory Reporting Obligations

Numerous federal and state laws and regulations require Hays Medical Center and/or Associates to disclose certain information to specified government officials. For example, health care providers must report suspected incidents of child abuse to the Kansas Department of Social and Rehabilitation Services. Any Associate with a legal obligation to report certain information to a government agency shall follow Hays Medical Center's policy to report in a timely and complete manner.

Standard 2.12 - Government Inquiries and Investigations

Health care providers often are the subjects of government investigations targeting alleged billing improprieties or violations of the aforementioned laws. The mere fact a government agent makes inquiries concerning Hays Medical Center's practices does not mean Hays Medical Center has engaged in any wrongdoing. All Associates shall be familiar with and comply with Hays Medical Center's policy and procedure concerning the proper handling of government inquiries and investigations.

Standard 2.13 – Accreditation

In addition to federal and state laws, Hays Medical Center is committed to compliance with accreditation standards adopted by DNV Healthcare, Inc. Associates shall deal with all accrediting bodies in a direct, open, and honest manner. No action should ever be taken in relationships with accrediting bodies that would mislead the accreditor or its survey teams, either directly or indirectly.

PRINCIPLE 3 – COMPLIANCE WITH OTHER LAWS

Hays Medical Center shall conduct its operations in compliance with state and federal laws and regulations applicable to businesses and employers.

In addition to those laws and regulations applicable to health care providers, Hays Medical Center also must comply with those legal requirements applicable to most businesses and employers. The following standards summarize some, but not all, of those legal requirements and the impact of those requirements on Hays Medical Center's operations. Associates must comply with all laws and regulations in the performance of their job duties, regardless of whether they are specifically addressed here.

Standard 3.1 – Health and Safety

Associates shall be familiar with all applicable health and safety laws and regulations, and shall act in compliance with the letter and spirit of those requirements at all times. An Associate shall immediately advise his or her supervisor of any serious workplace injury or any situation presenting a danger of injury so timely corrective action may be taken to resolve the issue.

Standard 3.2 – Environmental Compliance

Hays Medical Center shall operate its facilities with the necessary permits, approvals, and controls. All Associates shall adhere to all requirements for the proper handling of hazardous materials, and immediately alert supervisors to any situation regarding the discharge of a hazardous substance, improper disposal of hazardous and medical waste, or any other situation which may be potentially damaging to the environment. Associates shall strive to utilize resources appropriately and efficiently and to recycle where possible and otherwise dispose of all waste in accordance with applicable laws and regulations.

Standard 3.3 – Discrimination and Inappropriate Conduct in the Workplace

Hays Medical Center believes that the fair and equitable treatment of patients, Associates, and other persons is critical to fulfilling its vision and goals. It is the policy of Hays Medical Center to recruit, hire, train, promote, assign, transfer, lay off, recall, and terminate Associates based on their own ability, achievement, experience, and conduct without regard to race, color, religion, creed, sex, national origin, age, disability, genetic information, or any other classification prohibited by law.

No form of harassment or discrimination on the basis of race, color, religion, creed, sex, national origin, age, disability, genetic information, any other classification prohibited by law shall be permitted. Associates shall not engage in inappropriate conduct or disruptive conduct in the workplace. Associates shall report any harassment, discrimination, inappropriate conduct, or disruptive conduct in the workplace of which they are aware pursuant to the reporting methods outlined above. Allegations of harassment, discrimination, inappropriate conduct, or disruptive conduct shall be investigated promptly pursuant to applicable policies and procedures.

Standard 3.4 – Weapons, Illegal Drugs, and Alcohol

No Associate shall bring any weapon of any kind into the workplace. Hays Medical Center prohibits the use, sale, dispensing, or possession of illegal drugs by its Associates, whether on or off the premises of Hays Medical Center. Illegal drugs include prescription drugs used in a manner inconsistent with package directions. No Associate shall report to work under the influence of illegal drugs or alcohol, nor shall any Associate report to work with an impairment resulting from the use of over-the-counter or prescription drugs. An Associate may be asked to submit to a drug test at any time deemed appropriate by Hays Medical Center and permitted by law.

Standard 3.5 – Antitrust

Federal and state antitrust laws are designed to create a level playing field in the marketplace and to promote fair competition. Discussions with competitors concerning Hays Medical Center's business can violate these laws. Prohibited subjects of conversation include any aspect of pricing, terms of supplier relationships, Hays Medical Center's services in the market, key costs such as labor costs, and marketing plans. No Associate shall discuss with any competitor market allocation or refusals to deal with certain suppliers.

In general, Associates shall avoid discussing sensitive topics with competitors or suppliers, unless proceeding with the advice of the Compliance Officer. Associates shall not provide any information in response to oral or written inquiries concerning antitrust matters without first consulting the Compliance Officer.

Standard 3.6 – Copyright

Copyrighted materials such as books, magazines, computer software, and recordings are protected by federal law. Unauthorized copying may constitute copyright violation. Copying is allowed for educational and research purposes. An Associate who desires to reproduce copyrighted material should receive permission from his/her supervisor prior to doing so. Use of any computer software without an appropriate license is strictly prohibited.

Standard 3.7 – Record Retention

Hays Medical Center is required by law to maintain certain types of medical and business records, usually for a specified period of time. Failure to retain such documents for such minimum periods could subject Hays Medical Center to penalties and fines, cause the loss of rights, obstruct justice, place Hays Medical Center in contempt of court, or put Hays Medical Center at a serious disadvantage in litigation. Hays Medical Center has established controls to assure retention for required periods and timely destruction of records. Associates shall comply with the records retention and destruction schedule for the area in which they work.

When litigation against Hays Medical Center or its employees is filed or threatened, the law imposes a duty upon Hays Medical Center to preserve all documents and records that pertain to the issues. As soon as Hays Medical Center is made aware of pending or threatened litigation, a litigation hold directive will be issued. Such directive overrides any records retention schedule

that may have otherwise called for the transfer, disposal, or destruction of the relevant documents. No Associate who has been made aware of a litigation hold directive may alter or delete an electronic record (including e-mail messages) that falls within the scope of that hold. Violation of such directive may subject the Associate to disciplinary action, up to and including dismissal, as well as personal liability for civil and/or criminal sanctions by the courts or law enforcement agencies.

Standard 3.8 – Identity Theft

As a creditor, Hays Medical Center has access to consumers' confidential financial information. The misuse or diversion of this information can cause devastating financial loss for such individual and expose Hays Medical Center to significant liability. Hays Medical Center shall develop and implement appropriate procedures to detect, prevent, and mitigate identity theft.

PRINCIPLE 4 - CONFIDENTIALITY

All Associates shall execute and abide by the Hays Medical Center Confidentiality Agreement. A copy of the Confidentiality Agreement is attached hereto as Exhibit A and incorporated herein by reference.

PRINCIPLE 5 - BUSINESS ETHICS

In furtherance of Hays Medical Center's commitment to the highest standards of business ethics and integrity, Associates shall accurately and honestly represent Hays Medical Center and shall not engage in any activity or scheme intended to defraud anyone of money, property, or honest services.

Standard 5.1 - Honest Communication

Hays Medical Center requires candor and honesty from Associates in the performance of their responsibilities. No Associate shall make false or misleading statements to any person or entity, including other Associates, concerning any aspect of Hays Medical Center's operations.

Standard 5.2 – Business Transactions

Business transactions with vendors, contractors, and other third parties shall be transacted free from offers or solicitation of gifts and favors or other improper inducements in exchange for influence or assistance in a transaction or even the appearance of any such impropriety. All Associates shall be familiar with and comply with Hays Medical Center's policy and procedure concerning interactions with vendor representatives, which is attached hereto as **Exhibit B** and incorporated herein by reference.

Standard 5.3 – Advertising and Marketing

Hays Medical Center shall market and advertise its services fairly, honestly, and in a non-deceptive manner, stressing their value and merits. Associates shall not use tactics that misrepresent Hays Medical Center or that unfairly undermine the products and services of a competitor. This includes the use of disparaging comments or innuendoes.

Standard 5.4 - Patient Billings

The importance of submitting proper claims to federal health care programs is addressed in Standard 2.1. The same standards of conduct apply with respect to claims for services provided to persons with private insurance and self-pay patients.

Hays Medical Center shall strive to comply with all contractual requirements for private payers. Hays Medical Center shall provide complete and accurate responses to all reasonable inquiries concerning patient bills. Hays Medical Center shall utilize established policies and procedures to resolve any dispute concerning such bills.

Hays Medical Center shall cooperate fully with any duly authorized third-party audit of patient accounts. Hays Medical Center shall respond promptly to any reasonable request for information from any such auditor in compliance with established policies and procedures.

Standard 5.5 – Conflict Resolution

Conflicts among Associates regarding job responsibilities, accountabilities, policies, practices, and procedures that are not managed effectively by the organization have the potential to threaten health care safety and quality. Associates shall address and resolve internal conflicts which undermine a productive workplace using established procedures and mechanisms.

Standard 5.6 – Relationships Among Associates

No Associate should be made to feel compelled to give a gift to any co-worker, and gifts offered and received should be appropriate to the circumstances. For example, an Associate should not give a lavish gift to his or her supervisor. No Associate should be made to feel compelled to participate in any fundraising activity or contribute to any charitable organization.

Standard 5.7 – Social Media

Associates are personally and legally responsible for the content of information they post on social networking sites. Even when using privacy protection settings, Associates should treat all postings as potentially public information.

Associates shall adhere to all provisions of the Confidentiality Agreement when posting on social networking sites. No Associate shall make any reference to or post any information relating to a Hays Medical Center patient, even if the patient is not identified by name or otherwise. An Associate may post information regarding a family member or friend *only if* the Associate's knowledge of such person's condition is based *solely* on personal experience, and not the Associate's employment or affiliation with Hays Medical Center.

Associates shall not blog or post comments, messages, or other content anonymously when commenting on Hays Medical Center. When blogging or posting comments, messages, or other content regarding Hays Medical Center, an Associate shall affirmatively state that his/her views are not those of Hays Medical Center.

PRINCIPLE 6 - PROTECTION OF ASSETS

All Associates shall strive to preserve and protect the Hays Medical Center's assets by making prudent and effective use of Hays Medical Center's resources and properly and accurately reporting its financial condition.

Standard 6.1 – Accuracy of Records

All Associates are responsible for the integrity and accuracy of Hays Medical Center's documents and records (including paper documents such as letters and memos, computer-based information such as e-mail or computer files on disk or tape, and any other medium that contains information about Hays Medical Center or its activities), not only to comply with regulatory and legal requirements but also to ensure that records are available to defend business practices and actions. No Associate shall alter, falsify, or purposefully omit information on any record or document. Corrections to any record or document shall be made pursuant to established policies and procedures.

Standard 6.2 – Contracts

Associates shall comply with the requirements of Hays Medical Center's policy on the review, preparation, and administration of contracts. No Associate shall purport to enter into a contract on behalf of Hays Medical Center with any person or entity or modify an existing contract unless the Associate has been specifically authorized to do so.

Standard 6.3 – Internal Controls and Financial Reporting

Hays Medical Center shall maintain a system of internal controls to provide reasonable assurances that all transactions are executed in accordance with management's authorization and are recorded in a proper manner so as to maintain accountability of the organization's assets. Associates shall comply with these controls. All financial information shall reflect actual transactions and conform to generally accepted accounting principles. No undisclosed or unrecorded funds or assets shall be established. Any Associate who has concerns regarding compliance with internal controls or the accuracy of Hays Medical Center's financial reports shall report such concerns to the Compliance Officer.

Standard 6.4 – Business Expenses

If an Associate is authorized to incur business expenses on behalf of Hays Medical Center, such Associate is responsible for the accurate and timely reporting of such expenses. All expenditures must be in accordance with applicable policies.

Standard 6.5 - Personal Use of Corporate Assets

All Associates are expected to refrain from using Hays Medical Center's assets for personal use. All operations of the organization shall be conducted in the manner designed to further Hays Medical Center's interests rather than the personal interests of an individual

Associate. Associates are prohibited from the unauthorized use or taking of Hays Medical Center's equipment, supplies, materials, or services. Prior to engaging in any activity on company time which will result in remuneration to the Associate or the use of Hays Medical Center's equipment, supplies, materials or services for personal or non-work related purposes, Associates shall obtain approval from Hays Medical Center's administrator.

Standard 6.6 – Intellectual Property Rights and Obligations

Any work of authorship or invention created by an Associate during the scope of his or her employment with Hays Medical Center shall be considered the property of Hays Medical Center, including any patent, trademark, copyright, trade secret, or other intellectual property right in such work of authorship or invention. Associates shall assist Hays Medical Center in obtaining and enforcing intellectual property rights in their works of authorship and inventions, while associated with Hays Medical Center and thereafter.

Standard 6.7 – Use of Computers, Communications Systems, and Related Equipment

Hays Medical Center has implemented and maintains a number of safeguards to protect the confidentiality, integrity, and availability of information created, maintained, or received in electronic form. Associates shall be aware of and adhere to such safeguards in performing their job duties. Associates shall report any suspected breach of such security measures.

E-mail and voice-mail messages reflect the image of Hays Medical Center. Associates should compose and deliver such messages in a professional manner that is similar to messages sent on Hays Medical Center letterhead. Associates should keep in mind that electronic files and even voice mail may be subject to discovery and may subsequently be used in litigation or investigations involving Hays Medical Center or an Associate.

All computers, communications systems, and related equipment (including, but not limited to, computer files and drives, electronic mail, intranet service, internet access, and voice mail) are the property of Hays Medical Center and are to be primarily used for business purposes. Highly limited reasonable personal use of computers, communications systems, and related equipment is permitted; however, an Associate should assume that such communications are not private.

Hays Medical Center reserves the right to periodically access, monitor, print, copy, and disclose the contents of computer files and drives and e-mail and voice mail messages. Such action taken may only be done with the prior approval of the Compliance Officer.

Associates shall not use Hays Medical Center computers, communication systems, or related equipment to send or receive any message or download or retrieve any materials (video or audio) that could be considered inappropriate or illegal under state or federal law. Hays Medical Center computers, communication systems, or related equipment shall not be used to store, transmit, or receive messages or materials (video or audio) having language or images that may reasonably be considered offensive, harassing, demeaning, or disruptive to any Associate. Such prohibited conduct includes, but is not limited to, sexually explicit or derogatory comments or images, gender-specific comments, racial epithets and slurs, or any comments, jokes, or

images that would offend someone or create a hostile work environment based on his/her race, color, sex, religion, creed, national origin, age, or disability.

It is further prohibited to send or receive messages or materials on Hays Medical Center computers, communication systems, or related equipment in a way which includes the use of profane or offensive language or, in the judgment of management, is determined to be profane, demeaning, insulting, disruptive, threatening, intimidating, violent, defamatory, harassing, embarrassing, insubordinate, or otherwise inappropriate or unprofessional. Finally, Hays Medical Center computers and communication systems or related equipment shall not be used to conduct a job search or open misaddressed mail.

Standard 6.8 – Political Activity

No Associate shall use corporate resources, including e-mail, for personally engaging in political activity. While an Associate may participate in the political process on his or her own time and at his or her own expense, an Associate shall not give the impression he or she is speaking on behalf of or representing Hays Medical Center in these activities.

PRINCIPLE 7 - CONFLICTS OF INTEREST

Associates owe a duty of undivided and unqualified loyalty to Hays Medical Center. Associates shall not use their positions to profit personally or to assist others in profiting in any way at the expense of the organization.

A conflict of interest may occur if an Associate's outside activities, personal financial interests, or other personal interests influence or appear to influence his/her ability to make objective decisions in performing his/her job responsibilities. A conflict of interest may also exist if the demands of any outside activities hinder or distract an Associate from the performance of his/her job responsibilities. Every Associate is obligated to ensure he/she remains free of any such conflict of interest.

Standard 7.1 – Outside Financial Interests

While not all-inclusive, the following are examples of the types of activities by an Associate, or household member of such person, which might cause conflicts of interest. Associates, therefore, must refrain from engaging in these and similar activities.

1. Ownership in or employment by any outside concern which does business with Hays Medical Center. This does not apply to stock or other investments held in a publicly held corporation, *provided* the value of the stock or other investments does not exceed 5 percent of the corporation's stock. Hays Medical Center may, following a review of the relevant facts, permit ownership interests which exceed this amount if management concludes such ownership interests will not adversely impact Hays Medical Center's business interest or the judgment of the covered person.
2. Conduct of any business not on behalf of Hays Medical Center with any vendor, supplier, contractor, or agency, or any of their officers or associates.
3. Representation of Hays Medical Center by an Associate in any transaction in which he or she or a household member has a substantial personal interest.
4. Disclosure or use of confidential, special, or inside information of or about Hays Medical Center, particularly for personal profit or advantage of the member of the workplace or a household member.
5. Competition with Hays Medical Center by an Associate, directly or indirectly, in the purchase, sale, or ownership of property or property rights or interests or business investment opportunities.

Standard 7.2 – Services for Competitors/Vendors

No Associate, or household member of such person, shall perform work, consult with, or render services for any competitor of Hays Medical Center or for any organization with which Hays Medical Center does business or which seeks to do business with Hays Medical Center outside of the normal course of his/her employment with Hays Medical Center without the approval of the Associate's supervisor. Nor shall any such Associate be a director, officer, or consultant of such an organization, nor permit his/her name to be used in any fashion that would tend to indicate a business connection with such organization.