

**SIoux FALLS SPECIALTY HOSPITAL, L.L.P.
VENDOR COMPLIANCE PROGRAM**

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Note-policies are listed in black ink and forms are listed in blue ink.

**SIoux FALLS SPECIALTY HOSPITAL, L.L.P.
VENDOR COMPLIANCE PROGRAM
CODE OF CONDUCT**

PURPOSE

The purpose of this policy is to outline the standards that the Sioux Falls Specialty Hospital, L.L.P. (the "Specialty Hospital") utilizes in evaluating which vendors to contract with, the standards for contracting, and the code of conduct required from all vendors and vendor representatives at the Specialty Hospital. The Specialty Hospital operates according to the highest ethical standards and compliance with the law. The Specialty Hospital has instituted the Vendor Compliance Program (the "Program") outlined in this document which is designed to streamline the collection and management of key information regarding the regulatory and compliance status as well as business operations of our vendors.

The Specialty Hospital is committed to providing the highest quality of care to its patients and conducting the Specialty Hospital's business with integrity and in compliance with federal and state laws and regulations. The Program's policies describe the Specialty Hospital's Program and its role in ensuring compliance and top quality care for its patients. This Program is adopted voluntarily and is setting the standard for compliance and quality standards for vendors.

The Program also provides information about how to raise a compliance concern and the Specialty Hospital's policy prohibits retaliation against people for raising concerns in good faith.

SCOPE OF COVERAGE

This Program shall only apply to vendors, defined as companies which sell products either directly implanted into the human body or products which are directly used in and necessary to surgery or medical procedures on the human body. Vendors can be either the manufacturers or distributors of these products: it is any company that seeks to contract with the Specialty Hospital for the sale of these products.

The scope of this Program is limited for vendors with whom the Specialty Hospital does at least \$10,000 of business in a year. Vendors with annual sales to the Specialty Hospital of less than Ten Thousand Dollars (\$10,000) may not be subject to the Vendor Credentialing Policy, at the discretion of the Vendor Oversight Committee.

**SIOUX FALLS SPECIALTY HOSPITAL, L.L.P.
VENDOR COMPLIANCE PROGRAM
EMPLOYEE CERTIFICATE OF RECEIPT, READING,
AND AGREEMENT TO ABIDE WITH VENDOR COMPLIANCE PROGRAM**

1. The undersigned employee has received and read the above Program of the Specialty Hospital.
2. The undersigned agrees to abide by the Program in all respects.
3. The undersigned agrees that he/she will not engage or permit those over whom he/she has responsibility to engage in conduct or behavior that is contrary to the policies, statements, and procedures stated herein.
4. The undersigned understands that such action or failure to act which is in contravention of the Program is subject to disciplinary sanction, including dismissal, and could result in civil or criminal liability
5. The undersigned agrees to report any concern that the Program is being violated by anyone in the Specialty Hospital. In cases of doubt as to whether to act in a certain manner or to report a certain perceived noncompliance, the undersigned will promptly consult the Vendor Compliance Officer.
6. The undersigned acknowledges that he/she has the right to request anonymity in reporting noncompliance and that under such circumstances the Vendor Compliance Officer is required to use reasonable efforts not to disclose the identity of the complainant.
7. The undersigned acknowledges that the Specialty Hospital has a policy of nonretribution for complaints against employees in regard to compliance, and that the employee will not be adversely affected for making a good faith complaint concerning a supervisor's noncompliance, even if that complaint should ultimately prove to be invalid.
8. The undersigned agrees to abide by any amendments that may subsequently be adopted with respect to the Program upon notice.
9. The undersigned acknowledges that the Program does not create an implied contract and that his/her employment remains terminable at will.

Signature of Employee

Date

Printed Name of Employee

**SIOUX FALLS SPECIALTY HOSPITAL, L.L.P.
VENDOR COMPLIANCE PROGRAM
COMPLIANCE OVERSIGHT RESPONSIBILITIES**

Purpose

Every employee is responsible for helping to implement the Specialty Hospital's Program; however, the Specialty Hospital has assigned primary oversight of its compliance efforts to its Vendor Oversight Committee and Vendor Compliance Officer, both appointed by the Management Committee.

Policy and Procedure

A. Vendor Oversight Committee.

1. Members. The Vendor Oversight Committee consists of the following members:
 - a. Vendor Compliance Officer;
 - b. Purchasing Director;
 - c. Director of Nursing;
 - d. CEO;
 - e. CFO; and
 - f. Physician Liaison elected by the Management Committee.

2. Functions. The functions of the Oversight Committee is as follows:
 - a. Oversight Committee is responsible for the oversight of the Program with the assistance of the Vendor Compliance Officer;
 - b. Conduct all Vendor Credentialing, including reviewing applications and approving or rejecting all credentialing and re-credentialing applications;
 - c. Monitor compliance of vendor representatives with Program requirements;
 - d. Tracking and supervising quality standards for all products;
 - e. Price review;
 - f. Monitor utilization of products, as necessary;
 - g. Supervise and investigate any complaints regarding the Program;
 - h. Assess Program policies and current governmental enforcement initiatives on an ongoing basis, to determine whether the Program should be modified to address any identified risk areas;
 - i. Be responsible to the Management Committee and make quarterly reports regarding the function of the Oversight Committee to the Management Committee; and
 - j. Determine whether any developments are significant enough to notify the Management Committee immediately.

3. Meetings. The Oversight Committee will meet at least quarterly or more frequently if it deems necessary to review all aspects of the Program outlined pursuant to a report prepared by the Vendor Compliance Officer. Minutes of the

meeting shall be recorded. The Physician Liaison need not be present at meetings more frequent than the quarterly meeting, and the Physician Liaison shall be sent minutes of the meeting.

B. Vendor Compliance Officer.

The Vendor Compliance Officer is responsible for the overall implementation and operation of the Program. The Vendor Compliance Officer shall be appointed by the Management Committee of the Specialty Hospital and shall:

1. Monitor developments and changes in relevant state and federal law, regulations, government agency guidance, and court rulings which may affect the Program and promptly notice the Vendor Oversight Committee of changes in the law that may affect the Program's effectiveness;
2. Carry out promptly all duties expressly assigned to the Compliance Officer under the Program;
3. Report regularly to the Vendor Oversight Committee on the operation of the Program and immediately report any significant developments;
4. Develop and maintain criteria for comprehensive training and education programs;
5. Ensure that complaints and concerns are promptly investigated and take adequate steps to correct any identified problems and prevent such problems' reoccurrence;
6. Develop and maintain a monitoring and review process for determining whether the compliance goals are being met; and
7. Develop and maintain procedures for communicating compliance questions and concerns as well as communication for reporting compliance violations.

C. Management Committee.

The Management Committee will make every effort to support the activities of the Vendor Compliance Officer and the Program. The Management Committee also will ensure that appropriate funding for the policies, procedures, and personnel described in this Program is provided to achieve the effective implementation and maintenance of the Program. The Management Committee has the ultimate authority and responsibility in regard to the Program.

SIOUX FALLS SPECIALTY HOSPITAL, L.L.P.
VENDOR COMPLIANCE PROGRAM
VENDOR CREDENTIALLING

Purpose

Vendor credentialing ensures that those vendors of the Specialty Hospital serve the best interests of the Specialty Hospital and its patients. The purpose of the credentialing process is to screen and monitor all vendors and vendor products for legal compliance and for quality assurance. The Specialty Hospital is committed to advancing its patients interests and seeks to conduct business with only those companies which advance these interests.

Policy and Procedure

All vendors with whom the Specialty Hospital conducts business must be credentialed. A Vendor becomes credentialed through the credentialing process. All credentialing shall be for one (1) year at which time the Vendor must apply to be re-credentialed. In the re-credentialing process, Vendors may attest that there is no change in the submitted information, if that answer is applicable to the standard.

- A. Credentialing Standards. Vendors shall be provided with a full credentialing packet or re-credentialing packet annually. The Specialty Hospital reserves the right to ask such vendors questions regarding the vendor's ownership structure, management, and operations. Contracts with the Specialty Hospital shall be dependent on the vendor's cooperation with this investigatory and disclosure process.

- B. Initial Screening and Disclosure Form. All vendors, including vendors with whom the Specialty Hospital has an existing relationship, must complete the screening form annually. Vendors who are determined to have a financial relationship with any owner or employee of the Specialty Hospital will need to complete additional steps to become credentialed or to be re-credentialed.

The Specialty Hospital relies upon these disclosures, and vendors must agree to assume liability for harm caused to the Specialty Hospital from a false disclosure. Vendors must complete the Vendor Screening and Disclosure Form as follows:

Vendor Screening and Disclosure Form

1. Is your company publically traded? ___yes ___no

If the answer to Question 1 is yes, please skip to Question 3, 4, and 5.

If the answer to Question 1 is no, please answer Questions 2, 3, 4, and 5.

2. Is any part of your company either directly or indirectly owned by any physician who is also a direct or indirect owner of the Sioux Falls Specialty Hospital, L.L.P. (a physician's practice is intended to be attributed to the physician in this question):

___yes ___no

3. Does your company have any existing contracts or financial relationships except a purchase order or has such a contact or financial relationship existed in the last 12 months with any owner or employee of the Sioux Falls Specialty Hospital, L.L.P.? If yes, attach a list of such contracts or financial relationships.

___yes ___no

4. Has your company or a supplier affiliated with your company provided gifts, entertainment or other gratuities in excess of \$300 to any Sioux Falls Specialty Hospital, L.L.P. employee within the past 12 months? If yes, please list the times in an attached document.

___yes ___no

5. Does your company have any existing consulting arrangement or other financial arrangement with any member of the Medical Staff of the Sioux Falls Specialty Hospital, L.L.P.? If yes, please disclose the arrangement and certify that it is compliant with the law pursuant to a Verification Form.

___yes ___no

By signing below, you agree to verify the accuracy of this information and you understand that the Sioux Falls Specialty Hospital, L.L.P. relies upon this information. You also agree to indemnify the Sioux Falls Specialty Hospital, L.L.P. for harm done to the Sioux Falls Specialty Hospital, L.L.P. as a result of the false disclosure.

Vendor Signature

Vendors who answer "no" to Questions 2, 3, 4, and 5 are Category I Vendors. Vendors who answer "yes" to any of the Questions 2, 3, or 4 are Category II Vendors. Vendors who answer "yes" to Question 5 are Category I Vendors if they complete the required Verification Form and Category II Vendors if they do not.

- C. Business Information. Pursuant to the credentialing process, vendors need to complete an information form regarding the business's legal, ownership, governance, and operating structure of the vendor, with additional information provided as necessary.

1. All vendors, including both Category I and II, will be asked to identify the following:
 - a. Name of business entity and state of incorporation. The Specialty Hospital may ask for proof that the entity is in good standing with applicable state law;
 - b. Explanation of legal structure of entity;
 - c. Disclosures regarding necessary licenses and permits and proof of such e.g, sales tax SD; and
 - d. Financial disclosures, as requested.

2. Category II Vendors must fill out an additional credentialing form with the following information:
 - a. Copy of proof of the legal structure of the entity, through the operating agreement and/or other governing documents;
 - b. Proof that the company is in good standing with the state as an entity;
 - c. Certification that the company has regular board meetings;
 - d. Compliance Plan and related documents;
 - e. Copy of quality program;
 - f. Attestation of proof of insurance/insurance certificates;
 - g. Copy of contracts with suppliers, as requested.

D. Excluded Provider Status. All Vendors, both Category I and II, must pass the excluded provider screening.

It is the policy of the Specialty Hospital to make reasonable inquiry into the background of prospective third parties and/or contractors whose job function or activities may materially impact the Medicare/Medicaid claim development and submission process (i.e. impact on any revenue producing department), the Specialty Hospital's relationship with physicians, or referral patterns between providers.

1. The Specialty Hospital will not knowingly contract with or retain on its behalf any person or entity which has been (a) convicted of a criminal offense related to healthcare (unless such person or entity has implemented a compliance program as part of an agreement with the federal government); or (b) listed by a federal agency as debarred, excluded or otherwise ineligible for federal program participation.

2. In attempting to ascertain whether an individual or entity is ineligible, the Specialty Hospital shall review the following sources:
 - DHHS/OIG Cumulative Sanction Report, accessed utilizing the Office of Inspector General's web site at <http://exclusions.oig.hhs.gov>. Questions may be directed to: Office of the Inspector General, Office of Enforcement and

Compliance, 7500 Security Boulevard, Room N2-01-26, Baltimore, Maryland, 21244 (410)786-9603.

- GSA/Excluded Parties Listing System (EPLS) monthly list of debarred individuals and contractors, accessed by utilizing the General Services Administration web site at <https://epls.arnet.gov/>.

Whenever the Specialty Hospital contemplates contracting with new third parties or contractors, the Department Manager shall notify the Credentialing Specialist, who, in turn, shall be responsible for screening potential third parties and/or contractors prior to engaging such third parties and/or contractors.

The Credentialing Specialist shall keep records of all inquiries conducted in accordance with this policy.

- E. Products/Quality Review. Vendor credentialing includes specific approval for the products to be sold by the Vendor to the Specialty Hospital. All Vendors including Category I and II should complete the product portion of the Credentialing or Re-credentialing which requires proof regarding the quality of the product as follows:
1. Published data / white papers on trials, data from studies in regards to surgical outcomes, infection rates, breakdown of product over time with usage; and
 2. Supporting FDA / 510k approval of product.
- F. Vendors in Category II may also complete a further description of why this particular product is important to them. This is not required; however, it may be helpful for the Vendor Oversight Committee in its review.
- G. If the Vendor is already credentialed and intends to use a new product, not previously approved by the Vendor Oversight Committee, the Vendor can file a limited New Product Credentialing Form. All new products must be approved by the Vendor Committee authorized to act through the Materials Manager. Vendors who wish to present new medical products, devices or equipment shall present to the Materials Manager. This includes all items that introduce either new technology or significant change to existing technology to the Specialty Hospital.
1. This policy applies to all medical devices, disposable products and clinical equipment (approved by the Food and Drug Administration (FDA) or not), including any items that have been approved for use by the Institutional Review Board (IRB).
 2. Vendors should contact the Materials Manager to schedule an appointment to discuss new products, devices and equipment.

The Materials Manager shall report the approval of any new products to the Vendor Oversight Committee at its next regularly scheduled meeting.

- H. Credentialing/Re-Credentialing Process. All credentialing or re-credentialing packets shall be reviewed by the Vendor Oversight Committee at its next meeting. The packet shall not be considered until it is completed. Although the Specialty Hospital can assist with the completion of the packet, the responsibility is upon the vendor to submit the credentialing and/or the re-credentialing application. The vendor will be notified in writing whether or not the vendor is credentialed, and which products have been approved in the process. The Specialty Hospital will not purchase products from the vendor until a signed Purchase Order Agreement has been received.

The vendor has no right to appeal a rejection for credentialing. The Specialty Hospital implements this screening process in order to assure compliance with fraud and abuse laws, not to file any reports with any federal or state licensing agencies.

- I. Authority of the Medical Director. The Medical Director is granted the authority to provide temporary or emergency credentialing for either a vendor or a new product. A decision to grant temporary privileges shall be noted for the Oversight Committee, and the vendor shall be asked to complete the Credentialing Process as soon as reasonably possible.
- J. As of the enactment of the Vendor Compliance Program the Credentialing Specialist at the Specialty Hospital shall be JoAnn Hirsch. The Management Committee shall appoint a new successor Credentialing Specialist in the event JoAnn Hirsch vacates the position.

June __, 2014

Vendor Name
Street Address
City, State Zip Code

Dear Vendor/Supplier:

The Sioux Falls Specialty Hospital ("Hospital") has revised its Vendor Compliance Program, which will be available on our website soon. As part of this program, the Hospital is requiring all companies which sell supplies to the Hospital to complete the attached Vendor Compliance Credentialing Form, submit the requested information, and register with Reprax at <https://www.reprax.com/>. You must meet the deadline of _____, 2014 for your company to remain in compliance and eligible to sell supplies to the Hospital.

Please contact me or Jon Crow, Director of Materials Management, if you have any questions.

Sincerely,



JoAnn Hirsch, RN
Compliance Officer

Sioux Falls Specialty Hospital, L.L.P.
Vendor Compliance Credentialing Program

Vendor Screening, Disclosure, and Credentialing Form-

*must be completed prior to any signed purchase order

1. Is your company publically traded?

___yes ___no

If the answer to Question 1 is yes, please skip to Question 3, 4 and 5.

If the answer to Question 1 is no, please answer Questions 2, 3, 4 and 5.

2. Is any part of your company either directly or indirectly owned by any physician who is also a direct or indirect owner of the Sioux Falls Specialty Hospital (a physician's practice is intended to be attributed to the physician in this question):

___yes ___no

3. Does your company have any existing contracts or financial relationships except a purchase order or has such a contact or financial relationship existed in the last 12 months with any owner or employee of the Sioux Falls Specialty Hospital, L.L.P.? If yes, attach a list of such contracts or financial relationships.

___yes ___no

4. Has your company or a supplier affiliated with your company provided gifts, entertainment or other gratuities in excess of \$300 to any Sioux Falls Specialty Hospital, L.L.P. employee within the past 12 months? If yes, please list the times in an attached document.

___yes ___no

5. Does your company have any existing consulting arrangement or other financial arrangement with any member of the Medical Staff of the Sioux Falls Specialty Hospital, L.L.P.? If yes, please disclose the arrangement and certify that it is compliant with the law pursuant to a Verification Form.

___yes ___no

Please attach this additional information needed from all vendors:

1. Name of business entity and state of incorporation.
2. Explanation of legal structure of entity.
3. Disclosures regarding necessary licenses and permits and proof of such e.g, sales tax SD.

In addition, the Specialty Hospital may ask for proof that the entity is in good standing with applicable state law. General financial disclosures may be later requested.

Please attach additional information needed from vendors who answer “yes” to Vendor Screening Questions 2, 3, 4 or 5 above:

1. Copy of proof of the legal structure of the entity, through the operating agreement and/or other governing documents.
2. Proof that the company is in good standing with the state as an entity.
3. Certification that the company has regular board meetings.
4. Compliance Plan and related documents.
5. Copy of quality program.
6. Attestation of proof of insurance/insurance certificates.
7. Copy of contracts with suppliers, as requested.

Additional Information-

Excluded Provider Status: All Vendors must pass the excluded provider screening, as conducted by Reprax. It is the policy of the Specialty Hospital to make reasonable inquiry into the background of prospective third parties and/or contractors whose job function or activities may materially impact the Medicare/Medicaid claim development and submission process (i.e. impact on any revenue producing department), the Specialty Hospital’s relationship with physicians, or referral patterns between providers.

Products/Quality Review: Vendor credentialing includes specific approval for the products to be sold by the Vendor to the Specialty Hospital. When requested, the Vendor will provide proof regarding the quality of the product (e.g. published data/white papers on trials, data from studies in regards to surgical outcomes, infection rates, breakdown of product over time with usage; and supporting FDA / 510k approval of product). A further description of why this particular product is important to them may be requested from vendors who answer “yes” to Vendor Screening Questions 2, 3, 4 or 5 above.

All new products must be approved through the Materials Manager. Vendors who wish to present new medical products, devices or equipment shall present to the Materials Manager. This includes all items that introduce either new technology or significant change to existing technology to the Specialty Hospital. This policy applies to all medical devices, disposable products and clinical equipment (approved by the Food and Drug Administration (FDA) or not), including any items that have been approved for use by the Institutional Review Board (IRB). Vendors should contact the Materials Manager to schedule an appointment to discuss new products, devices and equipment.

Utilization: All vendors shall provide information, if any, requested by the Specialty Hospital to support tracking and trending of purchases and product utilization as specific studies are undertaken. Vendors who answer “yes” to Vendor Screening Questions 2, 3, 4 or 5 above will be required to provide a detailed utilization report to the Specialty Hospital at least annually and in conjunction with the recredentialing process.

Business Relationship: All vendors are monitored and supervised by the program, Reprax or a similar monitoring program. The Specialty Hospital is registered with Reprax, a national

program. All vendors must register with the program, including those with no on-site presence. Any and all complaints regarding the vendor/vendor representative will be logged to Reprax.

Consignment. The Specialty Hospital does not allow any consignment of medical or surgical supplies. If Vendor representatives need to store surgical supplies at the facility, the Vendor must rent storage space from the Specialty Hospital. The Specialty Hospital has available storage space pursuant to a simple, signed rental agreement with a rental price recalculated annually to be fair market value rent. The Specialty Hospital is not responsible for any supplies stored in rented space, and the individual Vendor is responsible for securing any inventory stored in these units.

Confidentiality of Patient and Institutional Information. All patient information is confidential, regardless of whether it is spoken in a conversation, written on a piece of paper, contained in an e-mail or stored electronically in a Specialty Hospital computer or on a portable storage device. Vendors and their employees or agents must protect and keep patient information confidential and comply with all laws and policies related to the Health Insurance Portability and Accountability Act. If a Vendor is classified as a business associate, the Vendor must sign a Business Associate Agreement and comply with all its terms.

By signing below, you agree to verify the accuracy of this information and you understand that the Sioux Falls Specialty Hospital, L.L.P. relies upon this information. You also agree to indemnify the Sioux Falls Specialty Hospital, L.L.P. for harm done to the Sioux Falls Specialty Hospital, L.L.P. as a result of any false disclosure.

Company

Vendor Authorized Signature

Printed Name

Title

Date

**SIoux FALLS SPECIALTY HOSPITAL, L.L.P.
VENDOR COMPLIANCE PROGRAM
DETERMINATION REGARDING PRICE**

Purpose

The Specialty Hospital seeks to ensure the best value for all its contracts, including those contracts with vendors. Ensuring that all vendor contracts are for fair market value also ensures the Specialty Hospital's compliance with federal and state health care fraud and abuse laws and regulations. The Specialty Hospital is committed to maintaining its compliance with such laws and regulations and will seek to negotiate, at arms length, all vendor contracts that provide the best value for its patients.

Policy and Procedure

Even if a vendor is credentialed, the Specialty Hospital will negotiate the best possible price for the products. As such, the Materials Manager shall negotiate the best possible price and report the price review at each monthly meeting of the Vendor Oversight Committee. Price negotiations shall be documented by the Materials Manager. The Materials Manager shall complete a value analysis periodically which will include a quote containing all line items individual discounts indicating list price, percentage discount, dollar discount, and final cost.

At all times negotiations shall be arms length, and the volume and value of any referrals or financial relationship shall never be considered.

**SIoux FALLS SPECIALTY HOSPITAL, L.L.P.
VENDOR COMPLIANCE PROGRAM
CONTRACTS WITH VENDORS**

Purpose

The Specialty Hospital seeks to establish and maintain a standard contract form for all vendor contracts. This standard contracting form will help maintain consistent contracting standards and ensure consistent expectations for all vendors—both new vendors which hope to establish a business relationship with the Specialty Hospital and those vendors with an existing relationship with the Specialty Hospital.

Policy and Procedure

The Specialty Hospital will only purchase products from credentialed vendors. Once the credentialing process and price review is complete, all products must be purchased through a written agreement or purchase order. All vendor contracts must be approved by the Materials Manager as reported to the Vendor Oversight Committee at its next quarterly meeting.

Corporate officers of the selected vendor will be required to sign all legal documents. The Materials Manager is authorized on behalf of the Specialty Hospital to sign purchase orders on behalf of the Specialty Hospital.

A. Purchase Order Terms and Conditions.

The standard purchase order for vendors without an independent financial relationship as outlined above shall generally be in this standard form:

1. Complete Agreement. This Purchase Order, which includes any supplementary sheets, schedules, exhibits, riders, and attachments annexed hereto or any document or writing incorporated by reference by Buyer, contains the complete and entire agreement between the parties and supersedes any other communications, representations, or agreements, whether verbal or written, with respect to the subject matter hereof.
2. Risk of Loss and Title. Risk of loss of the goods shall pass to Buyer at the time the goods are actually delivered. Title to the goods shall remain with Seller until Buyer receives the goods.
3. Non-Assignment. Assignment of the order or any interest therein or any payment due or to become due thereunder, without the written consent of Buyer, shall be void.
4. Prices. The price(s) shall not be higher than that appearing on the face of this

Purchase Order or Agreement, or if no price appears thereon, then no higher than the last quoted by Seller for the same or substantially similar articles in similar quantities.

5. Packing, Shipment, and Transportation. All packing, shipment and transport shall be pursuant to the reasonable standards of the industry.
6. Disclosure Guarantee. The Seller warrants that it has accurately completed the Vendor Disclosure Form in the screening process and that all information on such form is correct. The Seller assumes liability for any harm resulting from a false disclosure form.
7. Termination for Default. If Seller breaches any of the terms hereof including warranties of Seller or if Seller becomes insolvent or commits an act of bankruptcy, Buyer shall have the right to terminate by written notice to Seller, without liability, all or any part of the undelivered portion of this order. In case of such termination, Seller shall continue performance of any non-terminated portion of the order and Buyer may obtain elsewhere the portions of the supplies or services affected by the termination of supplies or services similar thereto, and charge the Seller with any cost increase caused thereby. Buyer's rights under this clause are in addition to, and not in lieu of, any other remedies available under this order or provided by law.
8. Termination for Convenience. Buyer reserves the right to terminate this order in whole or from time to time in part, even though Seller is not in default hereunder. In such event there will be made an equitable adjustment of the terms of this order mutually satisfactory to Buyer and Seller. Upon receipt of written notice of such termination, Seller shall, unless such notice otherwise directs, immediately discontinue all work on the order.
9. Remedies. The remedies herein reserved shall be cumulative and in addition to any other or further remedies provided in law or in equity. No waiver of a breach of any provision of this order shall constitute a waiver of any other right, remedy, or provision.
10. Changes. Buyer shall have the right by written order to make changes as to destination, specifications, designs, and delivery schedules. Seller shall not make any changes unless agreed to in writing signed by buyer.
11. Inspection and Review. All purchases will be subject to Buyer's final inspection. Buyer, at its' option, may reject any non-conforming equipment or material and return it to Seller at Seller's risk and expense at the full invoice price plus all transportation and other related costs.
12. Insurance, Indemnity, etc. If the order involves operations by Seller on the premises of Buyer or the performance of labor for Buyer, Seller shall take all

necessary precautions to prevent the occurrence of any injury to person or property during the progress of such work and shall indemnify and protect Buyer against all liabilities, loss, and expenses, including reasonable attorneys' fees, claims, or demands for injuries or damages to any person or property resulting from the performance of this contract or from any act or omission of Seller, its agents, employees, or subcontractors. Seller further agrees to maintain Workers' Compensation, Employer's Liability, and Comprehensive General Liability insurance coverages as will satisfy Buyer that it is protected from said risks.

13. Intellectual Property. By accepting this order, Seller guarantees that the material hereby ordered and the sale, lease, or use of it will not infringe any United States or foreign patents, copyrights, trademarks, or other intellectual property rights, and the Seller agrees to defend, protect, and save harmless the Buyer, its successors, assigns, customers, and users of its products, against all suits and from all damages for actual or alleged infringements of any patent, copyright, trademark, or other intellectual property right by reason of the sale, lease, or use of the material hereby ordered.
14. Warranties. Seller warrants the merchantable quality of the goods sold hereunder and that such goods will conform to any specifications, drawings, samples, or other descriptions furnished or specified by Buyer, will be of good material and workmanship and free from defect. Seller expressly warrants that the material covered by this order, which is the product of Seller or is in accordance with Seller's specifications, will be fit and sufficient for the purpose intended.
15. Warranty Price. Seller warrants that the prices charged Buyer, as indicated on this Purchase Order, are no higher than prices charged on orders placed by others for similar quantities on similar conditions subsequent to the latest general announced or published price change. In the event Seller breaches this warranty, the prices of the Articles shall be reduced accordingly retroactively to date of such breach.
16. Compliance With Laws. In filing this order, Seller shall comply with all applicable federal, state, and local laws and government regulations and orders and Seller warrants that the articles meet all applicable Government specifications and requirements.
 - a. While this agreement remains in effect and for a period of four years after the termination of this agreement, Seller shall maintain, and shall make available upon proper request from proper government authorities, this agreement and any subcontract under this agreement valued at \$10,000 or more in any twelve-month period, and all books, documents, and records related thereto that are necessary to verify the nature and costs of services provided hereunder by Seller or any organization related to Seller, in accordance with applicable government regulations in effect from time to time.
 - b. Seller further represents and warrants that neither Seller, nor its officers or

directors have been debarred, suspended, or excluded from providing services under federal or state government programs. Seller further represents that its business is guided by a compliance program to ensure organizational compliance with laws and regulations.

17. South Dakota Law. This Purchase Order is governed by the laws of the State of South Dakota as respects contracts made, accepted, and performed in South Dakota.
18. Amendment and Waiver. This Purchase Order may be amended only in writing signed by Buyer. No provision of this Purchase Order can be waived except in writing signed by Buyer and no failure to object to any breach of a provision of this Purchase Order by Buyer shall waive Buyer's right to object to a subsequent breach of the same or any other provision.
19. Marketing Approvals. In purchasing a drug or device in interstate commerce Buyer relies upon the distributor and manufacturer to obtain all necessary marketing approvals. Absent contrary advice from you, Buyer regards your sale of a drug or device as warranting that FDA premarket approval has been obtained.
20. HIPAA Compliance. By fulfilling this Purchase Order, Supplier hereby confirms that all products and services are compliant with all aspects of the Health Insurance Portability and Accountability Act of 1996 (HIPAA), including the provisions related to Privacy, Security, and Code Sets.

SIOUX FALLS SPECIALTY HOSPITAL, L.L.P.
VENDOR COMPLIANCE PROGRAM
UTILIZATION REVIEW

Purpose

The Specialty Hospital shall conduct a utilization review on an ongoing basis to ensure that the quantity of products purchased from certain vendors increases or decreases over a period of time. This Policy seeks to ensure that clinical decisions are based on the best interest of the patient without regard to any existing relationship with a vendor, whether financial or otherwise.

Policy and Procedure

The Specialty Hospital has a utilization program for its vendor supplies. The Vendor Oversight Committee will review at each meeting whether utilization for a certain product has increased and the Vendor Compliance Officer will provide this report. Although this Program focuses on Category II Vendors, the utilization program will review utilization for all products.

1. Requirements for All Vendors. The Specialty Hospital shall monitor utilization for all vendors. All vendors shall provide information, if any, requested by the Specialty Hospital to support tracking and trending of purchases and product utilization as specific studies are undertaken.
2. Additional Requirements for Category II Vendors. Category II Vendors shall be required to provide a detailed utilization report to the Specialty Hospital at least annually and in conjunction with the recredentialing process.

**SIOUX FALLS SPECIALTY HOSPITAL, L.L.P.
VENDOR COMPLIANCE PROGRAM
BUSINESS RELATIONSHIPS WITH VENDORS**

Purpose

The Specialty Hospital guides its interactions with vendors of supplies, pharmaceuticals, equipment and service to the highest ethical standards and seeks to avoid even the mere appearance of impropriety. The Specialty Hospital is committed to transparent business dealings with its vendors, and strives to develop mutually advantageous business relationships. The relationship between the Specialty Hospital and/or its employees with a vendor and/or its representatives is an arm's length business relationship with decisions whether or not to purchase certain products from a vendor or its representatives being determined solely by quality, price, and services offered, and without regard to any attempts to influence such decision-making by the vendor representative, including without limitation gifts, entertainment, and travel provided by such vendor.

Policy and Procedure

Business transactions with vendors shall be transacted free from offers or solicitations of gifts and favors or other improper inducements in exchange for influence or assistance in a transaction.

- A. Business Relationship Between Vendor and Employee. It is the Specialty Hospital's desire at all times to preserve and protect its reputation and to avoid the appearance of impropriety.
1. Gifts Influencing Decision-making. The Specialty Hospital or its employees shall not accept gifts from proprietary, health-related industries such as pharmaceutical companies, equipment vendors or other similar companies or such company representatives ("Vendors") that create a conflict of interest for the Specialty Hospital. The Specialty Hospital considers it a conflict of interest if a gift compromises the best interests of its patients. Gifts received which are unacceptable according to this policy should be returned to the donors.
 2. Vendor Sponsored Entertainment. At a Vendor's invitation and for a valid business purpose, an employee may accept reasonable meals or refreshments at the vendor's expense. Entertainment with Vendors must be for valid business purposes and must benefit the Specialty Hospital. The business meal or entertainment functions should be unsolicited and proportional to the business activity. In most circumstances, a regular business representative of the Vendor should be in attendance with employee. The Vendor Compliance Officer shall keep a record of all Vendor Sponsored Entertainment.

3. Workshops, Seminars and Training Sessions. Attendance at local, Vendor-sponsored workshops, seminars and training sessions is permitted. Attendance, at Vendor expense, at out-of-town seminars, workshops and training sessions is permitted only with the approval of the Vendor Compliance Officer. The Vendor Compliance Officer shall keep a record of all such workshops, seminars and training sessions.
4. Samples of Goods and Services. Samples of goods and services may be accepted only for purposes of evaluation and must be procured in accordance with Specialty Hospital policy. Free samples for patient use may be dispensed only when permitted by Specialty Hospital policy and only with a disclaimer regarding the Specialty Hospital's endorsement.
5. Consulting and Research Activities. Participation in consulting and research activities with Vendors shall be in accordance with Specialty Hospital policy.
6. Confidentiality. Official business matters such as price negotiations and contractual arrangements are considered to be confidential. Employees and staff shall exercise discretion when discussing price negotiations and contractual arrangements.

B. Vendor Representatives. All Vendor representatives who come into the Specialty Hospital must meet the following criteria:

1. Represent a credentialed Vendor;
2. Pass an approved background check;
3. Be up-to-date with standard immunizations;
4. Consent to be governed by and comply with the policies and procedures of the Specialty Hospital regarding Vendor representatives, including behavior and contact with patients; and
5. Be in good standing as to compliance with all of these requirements.

Vendor representatives in the Specialty Hospital are monitored and supervised by the program, Reprax or a similar monitoring program. The Specialty Hospital is registered with Reprax, a national program. Vendor representatives must register with the program which requires the Vendor representative to pass an approved background check and provide proof of up-to-date immunizations to be registered and authorized to enter the Specialty Hospital with an ID number. Vendor representatives must also be in compliance with all of the above policies and procedures before entering into the Specialty Hospital for the first time and review the Specialty Hospital's Code of Conduct and sign the release of liability form. Each time a Vendor representative enters the Specialty Hospital, the Vendor

representative must log into the Reprax for a specific case. Reprax provides the Vendor representative with a badge and a picture. The badge is time sensitive and will become black after 24 hours. The Vendor representative is required to log out. Any and all complaints regarding the Vendor representative will be logged to Reprax. A Vendor representative must remain in good standing to be authorized to enter the Specialty Hospital.

- C. Consignment. The Specialty Hospital does not allow any consignment of medical or surgical supplies. If Vendor representatives need to store surgical supplies at the facility, the Vendor must rent storage space from the Specialty Hospital. The Specialty Hospital has available storage space pursuant to a simple, signed rental agreement with a rental price recalculated annually to be fair market value rent. The Specialty Hospital is not responsible for any supplies stored in rented space, and the individual Vendor is responsible for securing any inventory stored in these units.

- D. Confidentiality of Patient and Institutional Information. All patient information is confidential, regardless of whether it is spoken in a conversation, written on a piece of paper, contained in an e-mail or stored electronically in a Specialty Hospital computer or on a portable storage device. Vendors and their employees or agents must protect and keep patient information confidential and comply with all laws and policies related to the Health Insurance Portability and Accountability Act. If a Vendor is classified as a business associate, the Vendor must sign a Business Associate Agreement and comply with all its terms.

SIoux FALLS SPECIALTY HOSPITAL, L.L.P.
VENDOR COMPLIANCE PROGRAM
MONITORING AND REVIEW

Purpose

The adoption of compliance standards alone is not enough to create an effective compliance plan – an organization also must monitor and review its ongoing compliance with the standards it has established. This involves putting systems in place (and verifying the effectiveness of those systems that already exist) to ensure compliance. This Policy describes the specific procedures that the Specialty Hospital follows to monitor and review the Program’s effectiveness in ensuring appropriate conduct.

Policy and Procedure

Reviewing and Monitoring Program Implementation.

- A. Reviews. At least every three years, the Vendor Compliance Officer will arrange for a review of the effectiveness of the Program’s standards and procedures either internally or externally as determined by the Vendor Oversight Committee and the Management Committee. The scope of such a review shall be determined jointly by the Vendor Compliance Officer and the Vendor Oversight Committee, in consultation with the Chief Financial Officer and the Management Committee. The results of each review will be reported to the Management Committee.
- B. Periodic Meetings with Counsel. The Vendor Compliance Officer should confer with counsel to discuss the operation and implementation of the Program as often as necessary.
- C. Random Reviews. The Specialty Hospital’s review protocol requires periodic random checks to verify compliance with the Program as determined by the Vendor Oversight Committee. The random reviews may cover areas such as Vendor credentialing and employee/vendor interactions.
- D. Criteria for Reviewers. Persons performing reviews must:
 - 1. Have the qualifications and experience necessary to identify potential compliance issues concerning the subject matter under review;
 - 2. Be objective and independent to the extent reasonably possible;
 - 3. Be given access to necessary resources, relevant personnel, and all relevant areas of operation;
 - 4. Present a written evaluation concerning compliance activities to the Vendor Compliance Officer; and

5. Specifically identify areas where corrective actions are needed.

E. Criteria for Reviews. The criteria to be applied in each review shall be determined by the Vendor Compliance Officer and reviewer for the Program. The criteria applied in each review shall be reasonably calculated to assess compliance and identify deficiencies or areas requiring improvement.

**SIOUX FALLS SPECIALTY HOSPITAL, L.L.P.
VENDOR COMPLIANCE PROGRAM
VENDOR COMPLIANCE HOTLINE REPORTING ACTION**

Purpose

The primary purpose of Vendor Compliance Hotline Reporting Action (the “Hotline”) is to provide a means for employees and agents of the Specialty Hospital to report any activity and/or conduct which they suspect is not in adherence to the Specialty Hospital’s Program. The goal of the Hotline is to give the Specialty Hospital the opportunity to identify, investigate, correct and prevent inappropriate conduct. The compliance reporting mechanism will allow the Specialty Hospital to disclose appropriate information to the proper outside agency, if necessary.

Policy and Procedure

Information received through the Hotline will be used to investigate and verify whether or not improper activity has occurred. Concerns might not be addressed unless sufficient information is provided about the facts of the situation.

All reports are taken seriously and will be properly and fully investigated. Depending on the facts, additional action will be recommended. Disciplinary action will result as appropriate. Legal counsel will be consulted at any time the Vendor Oversight Committee or the Vendor Compliance Officer feels it necessary to do so.

Confidentiality regarding the issue raised will be protected to the extent possible. No concealed efforts will be made to determine the number or location from which a call is made.

A. Hotline Procedure for Incoming Calls.

1. Reports can be made to any of the following:

- | | |
|------------------------------|------------------------------------------------------------------------------------------------------------------------------------------|
| a. Vendor Compliance Officer | 444-8251 or ext. 8251, compliance voicemail at 275-1199 or ext. 8399, or email at jhirsch@sfsh.com |
| b. Department Manager | See appropriate department in directory for specific numbers. |

2. Calls During Regular Business Hours. In most cases, persons making a call through the Hotline during regular business hours (8:30 AM to 5:00 PM) will speak with the Vendor Compliance Officer.

3. Calls Outside Regular Business Hours and on Weekends and Holidays. A person calling the Hotline outside of regular business hours and on weekends and holidays will be able to leave detailed information on the Vendor Compliance Officer's voice messaging system. Information on the voice messaging system will be retrieved and addressed in a timely manner.
4. Written Reporting. A person wishing to complete a written report may do so by completing the "Compliance Hotline Reporting Information Sheet", inserting it in the Specialty Hospital's addressed and stamped envelope and mailing it to the attention of the Vendor Compliance Officer.
5. During Non-business Hours. Calls to the Hotline will be handled through the voice-messaging system. The caller will be given three options:
 - a. The caller can call back during business hours if he/she does not want to leave the information on the voice-messaging system;
 - b. The caller can leave a phone number where he/she can be contacted the next business day; and
 - c. The caller can make up a four digit number and leave a detailed message regarding the question, concern or the nature of any improper or illegal activity.

**SIOUX FALLS SPECIALTY HOSPITAL, L.L.P.
 VENDOR COMPLIANCE PROGRAM
 COMPLIANCE HOTLINE INFORMATION SHEET**

Caller Identification #		Date:		Time:	
Callers Name: (Optional & Confidential)					
Caller's Department: (Optional & Confidential)					
Caller's Phone Number: (Optional & Confidential) (Work or Home Phone Number)					
a.		Name(s) and Department of Persons Involved:			
b.		Detailed Description of question, concern or nature of any improper or illegal activity being reported			
c.		The date(s) the question or concern arose or date of conduct being reported:			
d.		Name(s) of anyone else who may have knowledge of this matter (to remain confidential for purposes of investigating):			

e.		Was the matter reported to anyone?	
		If yes, obtain the following information:	
	(1)	Name of person(s) reported to:	
	(2)	Date the report was made:	
	(3)	Was the report written or oral?	
	(4)	The response, if any, given:	
f.		Can the caller provide us with any documentation to assist in an investigation?	
g.		If the caller will call again to provide the Specialty Hospital with opportunity to ask for additional information?	
		If yes, specify date and time?	
h.		Is the caller willing to meet with the Vendor Compliance Officer or Legal Counsel?	
		If yes, try to schedule a meeting time.	
Name of Person Taking the Call:			

**SIoux FALLS SPECIALTY HOSPITAL, L.L.P.
VENDOR COMPLIANCE PROGRAM
COMPLIANCE TRAINING AND EDUCATION**

Purpose

To ensure the effectiveness of the Program, the Specialty Hospital's employees will be trained about the Program in general and their responsibilities under the Program. The Specialty Hospital's compliance training and education program, as described in this policy, is designed to communicate the Program's standards and procedures to employees in a meaningful and effective manner and to ensure consistent application of Program policies.

Policy and Procedure

- A. Training Program Requirements. The Specialty Hospital maintains an ongoing vendor compliance education program, which includes the following minimum requirements:
1. Trainees. Education and training on compliance issues shall be provided to:
 - a. Specialty Hospital employees who deal with vendors;
 - b. the Specialty Hospital corporate officers and Management Committee members;
 - c. relevant agents performing services on behalf of the Specialty Hospital; and
 - d. Those vendor representatives who desire to attend the training sessions.
 2. Training Materials. All employees who deal with vendors shall be provided appropriate instruction/learning materials as determined by the Vendor Compliance Officer.
 3. Training Methods. Training sessions will utilize classroom, lecture, or video instruction, and/or other means of communication, as appropriate, to accommodate the skills, experience, and knowledge of the trainees.
 4. General Training. All training sessions will communicate the following:
 - a. the purpose, scope, and importance of adherence to the Program;
 - b. the disciplinary consequences of failing to adhere to Program requirements;
 - c. the standards and procedures relevant to the trainees' duties;
 - d. relevant fraud and abuse laws; and
 - e. each individual's duty to report misconduct and to adhere to the Program.

5. Targeted Training. When necessary and as determined by the Vendor Oversight Committee, training focusing on specific compliance area of concern within the Program may be conducted.
6. Employee Acknowledgment. Employee will acknowledge in writing that he or she:
 - a. completed training (verified by appropriate training personnel);
 - b. has read those sections of the Program that are relevant to his or her duties;
 - c. pledges to adhere to the Program; and
 - d. understands that promotion of and adherence to the Program is a condition of employment and a factor in the Specialty Hospital's evaluation of the employee's performance, and that failure to comply with the Program may lead to disciplinary actions, up to and including immediate discharge.

An employee's refusal to make such an acknowledgment will be noted on the employee's acknowledgment form and reported to the Vendor Compliance Officer.

7. Training Requirements for Employees. No employee is authorized to act on the Specialty Hospital's behalf without first completing the employee screening and vendor compliance training process, unless written authorization is given by the Vendor Compliance Officer.

B. Managers' Training Responsibilities.

1. Managers and supervisors must provide appropriate instruction to ensure that employees perform their duties as required and must exercise care to detect instances of noncompliance. Managers and supervisors are accountable for meeting this responsibility and may be subject to disciplinary action if they fail to do so.
2. Managers and supervisors are in the best position to identify areas in which employees require additional training and are expected to advise the Vendor Compliance Officer regarding any such training needs. Managers and supervisors may be expected to assist in compliance training relating to their respective areas of operation.
3. Managers and supervisors are responsible for assuring new employees receive training on the Program and that the employee's compliance with Specialty Hospital standards and policies is reviewed.
4. Managers and supervisors are to invite and receive questions, concerns and issues from staff on compliance related issues. No employee shall be disciplined or retaliated against for having raised a question or concern related to compliance.

SIoux FALLS SPECIALTY HOSPITAL, L.L.P.
VENDOR COMPLIANCE PROGRAM
VENDOR COMPLIANCE ENFORCEMENT AND PREVENTION

Purpose

The purpose of this Policy is to set forth the procedures that will be used by the Specialty Hospital to respond to reports by employees or others that an employee, business unit, vendor or vendor representative are engaging in activity which may be contrary to the Program.

Policy and Procedure

A. Investigation. Upon receipt of an employee complaint or other information (including monitoring and review results) which suggests the existence of any violation of Program policies, an investigation under the direction and control of legal counsel shall be commenced. Steps to be followed in undertaking the investigation shall include, at a minimum:

1. Notification of the Vendor Oversight Committee of the nature of the complaint.
2. An investigation shall be commenced as soon as reasonably possible but in no event more than two business days following the receipt of the complaint or report. The investigation shall include, but need not be limited to:
 - a. An interview of the complainant and other persons who may have knowledge of the alleged problem. If the review results in conclusions or findings that the complained of conduct is permitted under the Vendor Compliance Program or that the complained of act did not occur as alleged or that it does not otherwise appear to be a problem, the investigation shall be closed.

B. Action to be Taken.

1. Possible Criminal Activity. In the event the Specialty Hospital uncovers what appears to be criminal activity on the part of any employee or department unit, it shall undertake the following steps.
 - a. It shall initiate appropriate disciplinary action against the person or persons whose conduct appears to have been intentional, willfully indifferent or with reckless disregard for applicable laws and regulations.
 - b. Any further corrective and preventative action that the Vendor Compliance Officer and the Vendor Oversight Committee deem necessary shall occur.
2. Other Employee Non-Compliance. In the event the investigation reveals vendor compliance concerns that do not appear to be the result of conduct which is intentional, willfully indifferent, or with reckless disregard for the Program, the Specialty Hospital shall nevertheless take appropriate steps to ensure such

actions do not occur in the future. If necessary, the Specialty Hospital may discipline the employee in such a manner as it determines, up to and including termination.

3. Vendor Representative Non-Compliance. In the event the non-compliance is by a vendor representative, the Specialty Hospital shall if necessary, promptly remove such representative from the Specialty Hospital's premises. The Specialty Hospital also reserves the right to prevent such representative from entering the premises in the future.
4. Vendor Non-Compliance. In the event the non-compliance is by a vendor itself or in the event that a vendor representative continually does not comply with the Specialty Hospital's Program, the Specialty Hospital shall reevaluate whether it is in the best interests of the Specialty Hospital to maintain the relationship with the vendor. If the compliance concern is minimal and was likely raised as a precautionary measure, the Specialty Hospital shall inform the vendor of its compliance concern. If the compliance concern is not merely minimal but subjects the Specialty Hospital to significant legal risk, the Specialty Hospital shall terminate any and all contracts with the vendor causing the compliance risk.