



Code of Conduct

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An Introduction to the Code of Conduct

To direct us in our daily work activities at USMD, we have established this Code of Conduct hereafter also referred to as the “Code”. When we follow these principles and standards, we support the mission of USMD Inc. (“USMD”) and sustain an organization that makes us proud.

This *Code* is intended to serve as a guide to our common responsibilities as we deliver quality healthcare and operate as responsible corporate citizens in the communities we serve. The complexity of laws and regulations that apply to the healthcare industry makes it essential that we have the information and support to avoid even unintentional violations of applicable laws, regulations, and company policies.

After reviewing this material, you should have a better idea of what behavior is acceptable at USMD. Naturally, you may still have questions, and during the course of your employment new situations and questions may arise. You are urged to resolve any questions or issues with your supervisor or through other alternatives described in this *Code*.

USMD has established a Corporate Compliance Program to promote our commitment to integrity and to address areas of concern. The Compliance Program is designed to provide resources and education to support compliance in those areas which pose the greatest risks to USMD.

This *Code* does not replace other USMD policies, such as those governing employee benefits, grievance procedures, etc., rather, the *Code* should be used in conjunction with other policies and procedures.

The *Code* was developed to set high standards for compliance, ethics, and integrity. Please read this *Code* carefully and commit to abide by and help co-workers abide by our organizational *Code of Conduct*.

Guiding Principles

USMD is committed to quality and excellence in everything it does. Everyone associated with USMD is expected to act in a careful and considerate manner with a high degree of professionalism, courtesy, respect, and caring. At USMD, patient safety is every patient's right and every physician's and employee's responsibility. We are committed to continually learning, reducing medical errors, and improving patient safety.

USMD is committed to serving our patients, medical staff, applicable third parties, employees and the community in an ethical, legal and responsible manner. We foster an environment that promotes honesty and fairness in our dealings, integrity in our decisions, ethics in our actions, and respect for all individuals.

Further, USMD is committed to providing all services in full compliance with all applicable laws, regulations and guidelines, as well as our own policies and procedures. We are particularly sensitive to those requirements applicable to federal healthcare programs and the submission of accurate billings.

The *Code*, as well as all statutes, regulations, guidelines, policies and procedures at USMD, apply to and must be observed by everyone: employees, contract labor, medical staff, members of the Board of Directors and anyone else engaged in our work environment or acting on behalf of USMD. No one, regardless of position, will be allowed to compromise adherence to the *Code*, statutes, regulations, business standards, policies or procedures. Failure to comply with the *Code*, statutes, regulations, guidance, policies and procedures can result in serious damage to our standing in the community, regulatory action against USMD and individual employees, and employee disciplinary action up to and including immediate termination.

If there are any questions about the *Code* or about any policies or practices at USMD, you should raise the questions with a supervisor, our Human Resources staff or the Division or Corporate Compliance Officer. Our supervisory staff has been charged with a special obligation to be available and responsive to employees when questions arise about adherence to the *Code*. If anyone is not satisfied with the response received from a member of the management staff concerning application of the *Code*, they are encouraged to continue raising their concerns to the highest level of management.

The USMD *Code* is intended to help all associated with USMD meet compliance goals in a highly regulated business environment. If there is no specific policy addressing a given issue, or if a policy and the *Code* are in conflict, the *Code* prevails as policy. In seeking additional guidance and direction regarding the *Code*, employees and medical staff members are encouraged to refer to the USMD's pertinent Policies and Procedures.

The *Code* is a "living document," which will be updated periodically to respond to changing conditions. Thus, USMD reserves the right to modify or terminate any or all of these provisions at any time.

Quality of Care

Standard of Conduct

USMD is committed to providing quality care and services. Our first responsibility is to our patients and their families.

Duties and Responsibilities

We have a duty at every level of the organization to maintain our integrity and the quality of our job performance. We have a duty and responsibility to address any deficiency or error by reporting it to a supervisor who can assess the problem, take appropriate action (through the event reporting or grievance process) and follow the problem to resolution. We have a duty and responsibility to employ, grant medical staff privileges to or contract with only fully licensed and properly credentialed providers with the expertise and experience to care for our patients.

Patient Rights

We will affirm and uphold the rights of our patients and their parents, guardians or authorized representatives.

Care Delivery

We will encourage all employees, medical staff and applicable third parties to continually evaluate existing methods of delivering services in order to discover more effective ways of serving our patients. We will periodically assess and evaluate the goals and objectives established for medical care and related services provided in order to deliver services according to current standards of practice and the most current knowledge in the field. We will require that admissions, transfers and discharges are medically appropriate and in accordance with all legal requirements.

Compliance with Laws and Regulations

Standard of Conduct

USMD is committed to high standards of business and professional ethics and integrity. We will provide patient care and conduct business while following all applicable laws, regulations and policies.

In Accordance with the Law

Compliance means we adhere to applicable federal, state, and local laws and regulations, licensing requirements, and accreditation standards. This includes a commitment to comply, in all respects, with laws and regulations governing participation in Medicare and other government programs. We each have a responsibility to be aware of compliance requirements impacting our work. Ethics and integrity mean going beyond what is required by law and following the *Code* in our daily work decisions and actions.

If you know or suspect a compliance, ethics, or integrity standard has been violated, you are expected to report the violation to your immediate supervisor or other Compliance Program resource. All compliance issues or reported concerns will be acted upon in a fair and truthful manner.

Non-Retaliation

USMD will not tolerate any retaliation or other negative action against an employee or medical staff member who in good faith reports a suspected violation. Anyone who attempts to retaliate against individuals who report, or refuse to participate in, wrongdoing is subject to disciplinary action. Individuals who knowingly make false reports are also subject to disciplinary action.

Agreements

We will require that all agreements with individuals or organizations that are or may be possible referral sources be in writing and approved by appropriate management and legal counsel, as applicable.

Confidentiality

We will maintain complete and accurate patient medical records and require that all such information be kept confidential.

We will require that confidential patient information is accessible only by healthcare personnel involved in the patient's care and others authorized to review patient information.

Proper Licensing/Credentialing

We will require that employees, medical staff and contractors who are providers of patient services are properly licensed and trained prior to administering patient care.

Responsibilities of Our Financial Officers

Financial officers are responsible for certifying the accuracy of financial statements that bear their signatures. By their signature, financial officers attest to the following:

1. They have reviewed the report. Based upon the officer's knowledge, the report does not contain any untrue statement of a material fact, nor does the report omit material facts necessary to ensure the report is not misleading.
2. Based upon the officer's knowledge the report fairly represents financial statements and other financial information presented in the report.

USMD financial officers are responsible for establishing, maintaining, testing and reporting on the effectiveness of internal controls within their assigned areas and for disclosing to auditors and the Board significant deficiencies in internal controls and fraud involving management or employees with significant internal control responsibilities.

Conflicts of Interest

Standard of Conduct

USMD is committed to acting in good faith in all aspects of our work. We will avoid conflicts of interest or the appearance of conflicts between the private interests of any individual and his or her official responsibilities and duties performed on behalf of USMD. USMD's reputation is a valuable business asset that must be protected. One way to protect it as well as our own individual reputations, is to be sure that decisions are made free of actual or potential conflicts of interest, or the appearance of conflicts. Decisions must be made fairly and objectively, with patient well being and the best interests of USMD in mind.

General Guidelines

We will exercise good faith and fair dealings in all transactions that involve our responsibilities to USMD.

We will, as long as we have a relationship with USMD, conduct business to the best of our ability for the benefit and interests of USMD.

We will report any actual or perceived conflicts of interest to those who can properly assess the conflict and determine how to proceed.

We will not use our position with USMD for personal gain.

Family Members, Friends or Business Associates

We will avoid situations where an employee or a related party (e.g., family member, friend or business associate) receives a benefit from any decision or action taken by the employee.

We will not employ any person or supervise any employee where a conflict of interest exists or may occur between the employees because of a special business or personal relationship.

Financial Interests

We will report any direct or indirect financial interest (except minor interests in publicly traded securities) in any business that supplies USMD with a substantial amount of goods or services or where sales to USMD constitute a substantial part of the supplying company's business.

We will not use information that comes to us in the course of our work for personal investment or gain, nor will we provide that type of information to members of our family or others.

We, as agents or employees of USMD, will not contribute financial or other support to political candidates, organizations or parties as part of our official duties nor will we solicit such activity in the workplace. This limitation does not preclude any agent or employee from exercising their personal political support outside of USMD.

Gifts and Gratuities

Accepting gifts and gratuities can create an obligation or appear to influence the decisions made on behalf of USMD. Individual gifts, loans, gratuities, services, or favors accepted that total more than \$100 per occurrence, or more than \$250 within one year, from any customer, vendor, potential vendor, member or patient or their families and loved ones, must be disclosed in writing to your immediate supervisor. Gifts of more than \$100 that are shared among staff (such as flowers, candy, or other consumables) are permitted when not excessive.

Giving gifts and gratuities can appear as if USMD is attempting to influence decisions in its favor, and may be illegal in some circumstances. Gifts, loans, gratuities, services, or favors given in your professional capacity that total more than \$300 in value within one year, to any individual or entity outside USMD must be disclosed in writing to your immediate supervisor.

Vendor and Supplier Relationships

We are committed to dealing fairly and honestly with vendors and suppliers. We will maintain unbiased relationships with actual and potential vendors and contractors. When contracting for goods and services, we will avoid any appearance of favoritism in the allocation of company business. Employees are to conform to applicable policies when dealing with vendors, suppliers, or contractors, including bid evaluation processes, where applicable.

Work Environment

Standard of Conduct

USMD is committed to creating an environment where everyone is treated with respect and fairness while being empowered to perform effectively.

General

We will treat everyone with fairness, dignity and respect.

We will strive to provide an environment for all individuals free from harassment and intimidation.

We will not tolerate verbal or physical harassment, including sexual harassment.

We will continually strive to build confidence and professionalism in every individual.

We will work to maintain open lines of communication so that the views of each individual may be considered and their opinions given proper respect.

We will show respect and consideration for one another, regardless of status or position.

We will maintain personal information confidentially.

We shall apply the *Code* and policies and procedures equally to all, regardless of their position at USMD.

We will encourage each individual to continually evaluate existing methods of delivering services in order to discover more effective ways of allocating resources for patient care and support services.

All employees, medical staff and applicable third parties in a position requiring licensure/certification will be properly licensed/certified by federal, state, local and professional agencies.

Employee-Specific

We will provide reasonable training opportunities to assist employees in building and maintaining professional skills.

We will require that our employees are hired, trained, promoted and compensated on the basis of personal competence and potential for advancement without regard for race, color, sex, national origin, age or disability, as well as any other classifications as required by law.

We shall review and evaluate each employee's performance periodically in an objective, consistent and uniform manner.

Billing and Coding

Standard of Conduct

USMD is committed to fair and accurate billing that is in accordance with all applicable federal and state laws.

Billing

We will charge and bill only for services that are actually provided and documented in the patient's medical record.

We will not knowingly submit for payment or reimbursement a bill or claim we know to be false, fraudulent or fictitious.

We will conduct general collection/credit procedures according to the Fair Debt Collection Practices Act.

We will respond to all questions and complaints related to a client's or patient's bill in a direct and honest manner.

We require reporting of any suspected charging or billing irregularity to the Division or Corporate Compliance Officer.

We will regularly review our records and promptly refund any overpayments.

Coding

We will assign diagnostic and procedural codes that accurately reflect the services that were provided. Upcoding, unbundling or any other means of artificially enhancing reimbursement is unlawful and strictly prohibited.

We shall periodically review coding practices and policies, including software edits, to facilitate compliance with all applicable federal, state and private payer healthcare program requirements.

Claims and Record Keeping and Record Retention

We will require that all claims for services submitted to any insurance program or payer, Medicare, Medicaid or other federally funded healthcare programs are accurate and correctly identify the services ordered and performed.

We will maintain all records in a secure location for the period of time required by law. The premature destruction or alteration of any document in response to, or in anticipation of, a request for those documents by any government agency or court is strictly prohibited.

Protection and Use of Information, Property and Assets

Standard of Conduct

USMD is committed to protecting the property and information of USMD against loss, theft, destruction and misuse. USMD assets must be used for business purposes and the benefit of the organization.

Privacy

We will honor the privacy of patients and not reveal or discuss patient-related information except with healthcare personnel involved in their care, payers and others authorized by the parent or his/her authorized representative to review patient information.

Confidentiality of Information

We will maintain the confidentiality of quality improvement, peer review and healthcare services review information in accordance with laws and regulations.

We will protect confidential corporate information and not use or reveal such information except in the proper performance of duties.

Protection of Assets

We will maintain, inventory (as appropriate/required) and keep all supplies secure.

We will correctly use and care for all property and equipment entrusted to us.

We will dispose of all surplus or obsolete property and equipment according to established procedures.

Security of Information

We will maintain all medical and business records in accordance with laws and our record retention policies.

We will not alter or falsify information on any record or document.

We will release patient records in accordance with applicable laws and USMD policies.

We will prohibit the making of unauthorized copies of computer software or the use of personal software on computer equipment belonging to USMD.

We will not knowingly communicate or transfer any information or documents to any unauthorized persons.

We will not use computers, e-mail, facsimile machines and other technology to communicate information to unauthorized people. Further, the use of technology to send offensive, discriminatory or harassing messages is prohibited.

We will use computers, the e-mail system, the Internet, the USMD Intranet and other technology for work-related purposes only. We understand all information sent, received or stored in the e-mail system is the property of USMD.

Copyrights

We will protect USMD copyrights and respect the copyrights of others. We will obtain any required written authorizations from the author or publisher before duplicating or distributing copyrighted materials

Software Compliance

Software is generally licensed for use rather than sold outright and is normally protected by copyright laws. Licensing agreements typically either limit the number of copies that can be made of that particular software or prohibit making copies at all. We will not copy, install, or use software in a way that violates license agreements or copyright laws.

Health and Safety

Standard of Conduct

USMD is committed to maintaining a hazard-free environment for the health and safety of our patients, employees, medical staff and applicable third parties.

Health and Safety

We shall comply with all safety and health requirements whether established by management, federal, state or local laws or our accrediting organizations.

We will promptly report any accidents involving injury to an employee, medical staff, applicable third party or visitor through the designated process.

We will take all reasonable precautions and follow all safety rules and regulations to maintain a safe environment for our patients, employees, medical staff, applicable third parties and visitors.

We strive to provide an environment that is free from violence. Unauthorized weapons of any kind are strictly prohibited.

We are responsible for inspecting the work area under our control for potential health and safety risks, eliminating or reporting such risks to the safety officer (or designee), being familiar with health and safety procedures and training ourselves in health and safety.

The manufacture, sale, possession, distribution, use or misuse of drugs or alcohol at work is strictly prohibited. Reporting to work while under the influence of drugs or alcohol is not tolerated.

We will safely store, secure and account for all drugs, pharmaceuticals and medical supplies. Missing or diverted drugs will be promptly reported through the designated process.

Hazardous Materials & Waste

We will follow all applicable laws and regulations regarding the disposal of medical waste and hazardous material.

We will promptly handle all spills or accidents involving medical waste or hazardous materials and take action immediately to help prevent further harm/damage.

We will provide training in safe work practices to eliminate hazards and correct unsafe behavior to protect the health and safety of employees, medical staff and others.

Environmental Laws

We will comply with all applicable environmental laws.

Marketing and Public Relations

Advertising and Promotion

We promote and market services and products in a lawful and truthful manner. Information provided to patients and customers will be accurate, complete, and comply with applicable market approvals. Newly developed services must be reviewed and approved prior to marketing them.

Media Relations

USMD is committed to its public responsibility of being a good citizen. We will provide open, accurate, and consistent communication with the public. To maintain accuracy and consistency, only designated spokespersons are authorized to release information to the public. If you are contacted by the media, you must immediately refer inquiries to senior management.

Government Investigations

USMD will cooperate with any government investigation. Retaliation against anyone who cooperates in a government investigation, on behalf of USMD is prohibited by law and USMD policy.

Management, legal counsel and your Compliance Officer must be contacted immediately upon learning about any government investigation, government subpoena, or other legal notice from a court or government agency to testify or produce documents. In the event of a government investigation, you should not produce any documents or provide any USMD proprietary information that is non-routine in nature without first consulting with management, legal counsel, or the Compliance Officer.

Employees may have the right to be represented by legal counsel, even when questions are asked away from the work site or when not on work hours. Time to consult with an attorney may be requested before responding to any questions from government investigators.

Never alter or destroy documents that have been requested by a government investigator or that you have reason to believe may be requested. Never make false statements to government authorities under any circumstances.

Communication and Reporting Process

Reporting Process

If you have a question or concern about an activity being unethical, illegal or wrong, use the following process to answer questions and report concerns. Throughout this process, your identity will be kept confidential as much as possible.

1. Talk to the department supervisor. He or she is most familiar with the laws, regulations and policies that relate to departmental activities.
2. If you are not comfortable contacting the department supervisor, or if you don't receive an adequate response from him/her, talk to the department supervisor's manager or the department director. You may also choose to speak with someone from Human Resources.
3. If you have followed either #1 or #2 and still have questions, contact the Division or Corporate Compliance Officer.
4. If for any reason you feel you cannot follow the above steps, or do not want to give your name, call the USMD Compliance Hotline at 1-800-403-2547. The USMD Division or Corporate Compliance Officer will review and address all reports to the Compliance Hotline.

Compliance Hotline 1-800-403-2547

We recognize that there are times when questions or problems cannot be addressed through the normal communication and reporting process. When this happens, you should use the Compliance Hotline. We have engaged an outside company to take Hotline calls, so callers who do not wish to give their names can remain anonymous. The operators of the Hotline are trained to assist you in resolving questions and reporting concerns. The Hotline may be reached 24 hours a day, seven days a week.

Calls to the Hotline will not be traced or recorded. You will remain anonymous, unless you choose to identify yourself. If you do give your name, your identity will be protected to the extent possible.

All calls made to the Hotline will be reviewed by the Division or Corporate Compliance Officer and will be responded to fairly and in a timely manner. All reports will be carefully investigated before any action is taken. The rights of all employees and all medical staff, including anyone who is the subject of a Compliance Hotline call, will be respected and protected.

Non-Retaliation

No disciplinary action or retaliation will be taken against you when you report a perceived issue, problem, concern or violation to management, Human Resources, Division or Corporate Compliance Officer or the Compliance Hotline in good faith. In “good faith” means the reporting person actually believes or perceives the information reported to be true.

USMD will not tolerate any retaliation or other negative action against an employee or medical staff member who in good faith reports a suspected violation. Anyone who attempts to retaliate against individuals who report or refuse to participate in wrongdoing is subject to disciplinary action. Individuals who knowingly make false reports are also subject to disciplinary action.