



**CORPORATE COMPLIANCE PROGRAM
CODE OF ETHICS AND BUSINESS CONDUCT**

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Introduction

This Corporate Compliance Plan and Code of Ethics and Business Conduct (the “Compliance Plan”) sets forth standards of conduct that all personnel employed by or associated with City Medical of Upper East Side, PLLC, City Practice Group of New York, LLC, City Medical of New Jersey, PC, City Practice Group of New Jersey, LLC and their related entities and business associates, (“CityMD”) are expected to follow. The Compliance Plan is designed to be a guide and resource to help all personnel ensure that their behavior is in compliance with all laws and regulations that affect all of their business dealings. The Compliance Plan also describes the procedures that will be followed in enforcing these standards and ensuring that CityMD stays in compliance with all applicable laws.

The standards of conduct set forth in the Compliance Plan often exceed those required by law. This is consistent with our commitment to uphold the highest standards of ethical conduct. The standards of conduct, however, cannot cover every situation that our personnel might face. If you are unsure of what a proper course of conduct might be in a specific situation, or believe that the standards of conduct set forth in this Compliance Plan may have been violated, then you are urged to contact CityMD’s “Compliance Officer,” Vincent Campasano, MD at compliance@citymd.net

Part I. Mission and Values

CityMD is committed not only to providing patients with high quality and caring medical services, but also to providing those services *faster, better, easier* and pursuant to the highest ethical, business, and legal standards. These high standards must apply to our interactions with everyone with whom we deal. This includes our patients, the community, other healthcare providers, companies with whom we do business, government entities to whom we report, and the public and private entities from whom reimbursement for services is sought and received by CityMD. In this regard, all personnel must not only act in compliance with all applicable legal rules and regulations, but also must strive to avoid even the appearance of impropriety. While the legal rules are very important, we must hold ourselves up to even higher ethical standards.

In short, we do not and will not tolerate any form of unlawful or unethical behavior by anyone associated with CityMD. We expect and require all personnel to be law-abiding, honest, trustworthy, and fair in all of their business dealings. To ensure that these expectations are met, the Compliance Plan is an integral part of our corporate culture and business operations.

First and foremost, it is essential that we ensure that we are operating pursuant to the highest ethical standards and in conformity with all applicable legal rules. This is

not only **the right thing to do**, but is also important for our continuing reputation for honesty and integrity in all of our business and medical dealings with others. That reputation has been achieved and maintained through the integrity of our officers and employees, and it is one of our greatest assets; our success depends in large measure upon the trust patients, government regulators, and the public place in us. Our Compliance Plan will help ensure that we live up to this reputation and continue to deserve that trust.

The Compliance Plan must be effective and must be a real part of our culture, mission, and values. CityMD must demonstrate that it is both committed to, and actually exercises, due diligence in seeking to prevent and detect violations of law. To be considered effective, the Federal Sentencing Guidelines require that: (i) the program must establish clear standards; (ii) the program must be administered by a designated Compliance Officer; (iii) all positions involving significant discretionary decision making must be filled by honest employees; (iv) there must be periodic employee training; (v) there must be continuous monitoring of the institution's business systems; (vi) the program must provide for an enforcement mechanism to deal with violations of the established standards; and (vii) the institutions must respond effectively to such violations.

Because of the importance of the Compliance Plan, we require that each employee cooperate fully. The Compliance Plan will work effectively only if everyone works together to ensure its success, understands what is required under the law and our own Code of Conduct, and works to ensure that those standards are being followed in all of our business dealings. Failure to comply with the standards of conduct set forth in this Compliance Plan can result in serious consequences both to the employee, such as being disciplined, being fired, or even being charged with a crime, and to CityMD, such as criminal prosecution, substantial monetary fines and, of primary importance, the loss of our reputation for honesty and integrity.

Part II. Code of Conduct

This Code of Conduct sets forth the standards of conduct that all personnel are expected to follow. Everyone should adhere both to the spirit and the language of the Code, maintain a high level of integrity in their business conduct and avoid any conduct that could reasonably be expected to reflect adversely upon the integrity or reputation of CityMD.

1. Overview

All personnel associated with CityMD, including physicians, and licensed professionals who may treat patients at our practice sites, must avoid illegal conduct, both in business and personal matters. No personnel will take any action that he or she believes is in violation of any law, rule, or regulation. In addition, all personnel must strive to avoid even the appearance of impropriety, and must never act in a dishonest or misleading manner when dealing with others, both within and outside CityMD.

2. Billing & Coding

CityMD is committed to providing only those medical services to patients that are reasonable and necessary for the diagnosis and treatment of a patient's illness. Anything more amounts to medically unnecessary "over-utilization" and results in inflated billing to the patient, and to private and governmental third-party payors. While CityMD is committed to providing our patients with the highest quality medical services available, we are also committed to providing, and billing, only those services that are truly appropriate to the patient's treatment and diagnosis.

To reduce the prospect of erroneous claims and fraudulent activity CityMD has identified the following potential risk areas:

Coding and Billing.

CityMD has identified the following coding and billing risk areas to be monitored:

- Billing for items or services not rendered or not provided as claimed;
- Submitting claims for equipment, medical supplies and services that are not reasonably necessary;
- Double billing resulting in duplicate payment or billing separately for services that are included within the CityMD global rate;
- Billing for non-covered services as if covered;
- Knowing misuse of provider identification numbers, which results in improper billing;
- Unbundling (billing for each component of the service instead of billing or using an all- inclusive code);
- Failure to properly use coding modifiers;
- Failure to correctly identify services ordered;
- Upcoding the level of service provided.

a. **Medical Necessity and Quality of Care.** CityMD has identified medical necessity as a potential risk area and will take all reasonable measures to ensure that patients are treated in accordance with CityMD's reasonable evaluation of the patient's condition and with the goal of providing patients with the highest level of quality of care. In requesting diagnostic procedures or tests, CityMD will make independent medical necessity decisions with regard to each item ordered and will only order tests or services believed to be appropriate for treatment of the patient. A diagnosis will be submitted for all tests ordered and all findings and diagnoses will be documented.

b. **Payment.** Overpayments or underpayments received from third party payors are an area of potential risk CityMD has identified. In connection with CityMD's review of coding and billing, CityMD routinely reviews payment remitted to CityMD to ensure compensation reflects services rendered and makes timely refunds to payors as appropriate

c. **Documentation.** CityMD has identified the following documentation risk areas to be monitored:

- The medical record is accurate, complete, timely and legible;
- The documentation of each patient encounter includes the reason for the encounter, any relevant history, physical examination findings, prior diagnostic test results,

assessment, clinical impression, or diagnosis, plan of care, and date;

- The clinical rationale for ordering diagnostic and other ancillary services can be easily inferred by an independent reviewer or third party who has appropriate medical training;
- CPT and ICD codes used for claims submission are supported by documentation and the medical record;
- Modifiers are used appropriately;
- All accounts payable must be accompanied by the proper documentation justifying the claim, (electronic or otherwise, contract/invoice), before the payment may be processed.

Physicians, in particular, must comply not only with quality of care standards, but with standards of care for billing as well. In this regard, CityMD's billing procedures must always be based on adequate documentation of the medical justification for the services rendered or test conducted and for the bill submitted, and this medical documentation must comport with all applicable regulations. In addition, all documentation, must also be sufficient to satisfy CityMD's own internal standards for quality assurance as to the services rendered. All federal and state regulations governing billing procedures will be followed, and all personnel responsible for billing and coding will be trained in the appropriate rules governing billing, coding, and documentation. CityMD billing staff also must follow the detailed billing policies and procedures developed within each area of the Billing Department.

Finally, all billing must be accurate and truthful. No personnel should ever misrepresent charges to, or on behalf of, a patient or third-party payor. CityMD bills only for those services that were actually and appropriately rendered. We will not tolerate false statements by any personnel to a government agency or other payor. Deliberate misstatements to government agencies or other payors will expose the personnel involved to criminal penalties and termination.

3. General Business Practices

CityMD will forego any business transaction or opportunity that can only be obtained by improper and illegal means, and will not make any unethical or illegal payments to anyone to induce the use of our services. In the course of CityMD's business practices, personnel must deal with a variety of individuals, companies, organizations, and governmental agencies. In those dealings, all personnel must never make any misrepresentations, dishonest statements, or statements intended to mislead or misinform. If it appears that anything you have said has been misunderstood, you should correct it promptly.

In addition, management must ensure that all of CityMD's business records are accurate and truthful, with no material omissions; that the assets and liabilities of CityMD are accounted for properly in compliance with all tax and financial reporting requirements, and that no false records are made. Similarly, all reports submitted to governmental agencies, insurance carriers, or other entities will be accurately and honestly made.

4. Proper Use of CityMD's Assets

All managers should establish appropriate internal accounting controls over all areas of their responsibility to ensure the safeguarding of CityMD's assets and the accuracy of financial records and reports. These established accounting practices and procedures must be followed to assure the complete and accurate recording of all transactions. CityMD has adopted these controls in accordance with the Generally Accepted Accounting Principles ("GAAP"), internal needs

and the requirements of other applicable laws and regulations. All employees, within their areas of responsibility, are expected to adhere to these established controls.

If you become aware of any improper use of, or accounting practice inconsistent with, GAAP concerning CityMD's resources, you should report the matter immediately to the Corporate Compliance Officer at compliance@citymd.net or to the General Counsel, (212) 913-0828 extension 1063. To be certain CityMD's policies on proper use of resources are carried out, you are expected to observe the following longstanding accounting rules:

- Make outside payments only with a draft or check or through other properly documented sources. No payment on behalf of CityMD should be approved or made without adequate supporting documentation or with the intention or understanding that any part is to be used in any way other than described in the supporting documents;
- Do not establish any undisclosed or unrecorded corporate account, fund or asset for any purpose;
- Get proper authorization before opening any new account, either on CityMD's books or with an outside agency, such as a bank;
- Do not use any account for a misleading purpose or to conceal the existence or use of any corporate resource;
- Record every payment to and every transaction with an outside party on CityMD's books promptly, accurately and through normal financial reporting channels. If you are involved in or accountable for any such transaction, you are expected to make sure a prompt and accurate accounting is made.

You are also expected to select CityMD's business partners solely on their merits, in the best interest of CityMD, and without regard to non-business related considerations. The following is an example of the kind of relationship with a business partner that is:

- Personal financial involvement or ownership of a substantial interest that has not been disclosed and approved in accordance with CityMD's Conflict of Interest Policy in organizations with whom CityMD does business, such as vendors, suppliers, agents, customers, contractors, licensees or sponsors. Anything that would constitute improper or questionable behavior on the part of an employee is also unacceptable if engaged in through a third party, such as a spouse, other family member, friend or any other person or entity with whom the employee is closely identified or in which he or she has any significant ownership or financial interest or position.

5. Purchasing Policy

All purchasing decisions must be made with the purpose of obtaining the highest quality product or service for CityMD or its patients at the most reasonable price. No purchasing decision may be made based on any consideration that any employee, officer or partner - or any family member or friend of any of them –will benefit by the transaction. Rather, the sole criteria behind all purchasing decisions must be only the best interests of CityMD. Nor can any service or item be purchased in return for a referral of patients from another or with a view towards inducing another to refer patients (see also the rules governing Marketing Activities and Patient Referrals set forth below in Section 9).

6. Trade Practices/Antitrust

Antitrust laws are designed to preserve and foster fair and honest competition within the free enterprise system. To accomplish this goal, the language of these laws is deliberately broad, prohibiting such activities as “unfair methods of competition” and agreements “in restraint of trade”. Such language gives enforcement agencies the right to examine many different business activities to judge the effect on competition.

CityMD’s policy requires full compliance with all antitrust laws. No employee, under any circumstances, has the authority to approve a violation of the law. Anyone who violates the law or knowingly permits a subordinate to do so is subject to disciplinary action, including dismissal. Penalties for antitrust violations are severe for CityMD and the individual. They include:

- Imprisonment;
- Substantial fines against CityMD and the individual for each criminal offense. Payment of treble damages, plus attorneys’ fees and litigation costs, to firms or individuals injured by the violation;
- Injunctions or consent decrees prohibiting certain activities. Consent decrees can seriously limit a company’s future freedom to engage in business activity and can be applied across a broader scope than was involved in the original alleged violation.

It is important that you have a basic knowledge and understanding of the requirements of antitrust laws. The greatest danger for violations of antitrust laws rests in contacts with competitors. Antitrust laws make illegal any agreement or understanding, expressed or implied, written or oral, which restricts competition or interferes with the ability of the free market system to function properly. In the eyes of the law, good intentions, customer benefits or consumer benefits do not justify or excuse violations. For CityMD, a “competitor” may be another hospital or any other healthcare provider.

You should not have any discussions, conversations or other communications with competitors about the division of either patients, geographic areas, or services; the circumstances under which business will be conducted with suppliers, insurance companies, patients or customers; or marketing efforts. Further, you should avoid discussions with competitors regarding the future business plans of CityMD or any competitors. Finally, you should not have any discussions with competitors regarding prices or reimbursement or salary levels. If you have questions, contact the Legal Department.

7. Compliance with Anti-Kickback Laws

Both federal and state laws specifically prohibit any form of kickback, bribe or rebate made directly or indirectly, overtly or covertly, in cash or in kind to induce the purchase, recommendation to purchase or referral of any kind of healthcare goods, services or items paid for by Medicare or the Medicaid program. The term “kickback” as defined in these laws

means the giving of anything of value in exchange for patient referrals. Under the federal law, the offense is classified as a felony and is punishable by fines and imprisonment. Federal and state “anti-referral” laws impose substantial penalties relative to billing for services referred by physicians or other healthcare practitioners who have a contractual or business relationship with CityMD. You should become familiar with these laws and assure that all of your activities are conducted in such a manner that no question may arise as to whether any of these laws have been violated. Any question concerning these laws or any business arrangement subject to anti-kickback or anti-referral laws should be directed to the General Counsel.

To list everything that may constitute an improper inducement under the anti-kickback laws would not be possible. However, CityMD must scrupulously avoid being either the offeror or the recipient of an improper inducement. Care must be taken in structuring relationships with persons not employed by CityMD so as not to create a situation where CityMD appears to be offering an improper inducement to those who may be in a position to refer or influence the referral of patients to CityMD. For example, the offering of free goods or services, or those priced below market value, to physicians for the purpose of influencing them to refer patients to, or utilize the professional services offered by, CityMD would be improper.

CityMD has identified the following risk areas to monitor:

- Financial arrangements with outside entities to whom CityMD may refer patients of from which CityMD receives referrals;
- Joint ventures with entities supplying goods or services to CityMD or its patients;
- Consulting contractors or medical directorships;
- Waiver of coinsurance or deductible amounts, in a manner not consistent with CityMD policy;
- Soliciting, accepting or offering any gift or gratuity of more than nominal value to or from those who may benefit from a CityMD referral.

As a provider of patient care, CityMD also should not receive any improper inducement from its vendors to influence it in making decisions regarding the use of particular products or the referral or recommendation of patients to other providers of goods and services. For example, free, or at below-market value, goods or services from vendors, awards, discounts, prizes or other forms of remuneration may be treated as a “kickback” even if given as part of a promotional program of a vendor or provider, e.g., pharmaceutical company, medical equipment supplier, etc. There are certain exceptions to these rules which permit discounts, rebates and allowances under appropriate circumstances, provided there is proper disclosure of the discount or other remuneration to third-party payers.

Before entering into any business or contractual relationship with any person or organization which may raise a question under the anti-kickback laws, or with any physician or other healthcare practitioner who makes or may make referral to CityMD, please consult with the Legal Department. All contracts must be reviewed by the Legal Department prior to execution.

Likewise, it is a violation of CityMD’s policy, and an offense for which dismissal will be considered, for any officer, employee or any other person acting on behalf of or in the name of CityMD to make or authorize the paying of any bribe, any payment for an illegal act or any other use of a CityMD resource which, although arguably not illegal, could be interpreted as

improper or unwarranted.

In general, any money, property or favor offered or given to induce someone to forego normal business or professional considerations in making decisions that affect CityMD constitutes improper use of a resource. Equally improper is any payment of any kind to consultants, agents, brokers, attorneys, other individuals or firms if there is reason to suspect that some or all of the payment is to be used to do anything that is prohibited by this Code.

A useful test to apply in determining whether a payment - or any other transaction - is proper is whether such transaction, if disclosed publicly, could adversely affect the reputation of CityMD. Another useful principle to follow is not to give anything to a vendor, client or other person doing business with CityMD which you could not yourself accept under CityMD's policies (see *Gifts and Entertainment*) if it were offered to you under similar circumstances. If you have any doubts as to whether a payment is lawful, you should consult your manager, the Compliance Officer, or our Legal Department.

8. Gifts

No personnel will engage, either directly or indirectly, in any corrupt business practice, including bribery, kickbacks or payoffs, intended to influence or reward favorable decisions of any patient, physician, government representative, contractor, or vendor in a commercial transaction, or any other person in a position to benefit CityMD or the employee in any way. No employee will make or offer to make any payment or provide any other thing of value to another person with the understanding or intention that such payment is to be used for an unlawful or improper purpose.

Gifts cannot be given or received for the purpose of influencing the business behavior of the recipient. Cash gifts are strictly prohibited. Non-cash gifts made to CityMD staff members or owners from individuals who seek to obtain our patient referrals are also strictly prohibited. Gifts of even nominal value may not be offered to any governmental official. Such gifts can be misinterpreted as an attempt to improperly influence the official and are to be avoided. Any questions regarding whether or not an item or situation falls within the scope of this section must be raised immediately with the Legal Department of CityMD.

9. Marketing Activities and Patient Referrals

CityMD is committed to the delivery of high quality medical care, and relies on the quality of that care in marketing its services to patients, physicians, and other healthcare providers who might refer patients. All marketing activities and advertising by personnel must be truthful and not misleading and must be consistent with the New York regulations on physician practice advertising, and must be supported by evidence to substantiate any claims made. CityMD's best advertisements are the quality of the medical services we provide. No personnel should disparage the service or business of a competitor through the use of false or misleading representations.

CityMD does not pay incentives to any employee based upon the number of persons referred for treatment or the value of services provided. The decision to refer patients is a separate and independent clinical decision made by the referring physician or healthcare provider. Nor does CityMD pay physicians, or anyone else, either directly or indirectly, for patient referrals. Federal and state law makes it unlawful to pay any individual on the basis of the value or volume of referral of patients. This includes the giving of any form of remuneration, including virtually anything of value, in return for a referral. Conversely, CityMD does not accept any form of remuneration in return for referring our patients to other healthcare

providers.

10. Environment, Health and Safety

In the course of CityMD's operations, hazardous materials and infectious wastes may be used or generated. CityMD is financially and legally responsible for the proper handling and disposal of these materials. Environmental responsibility is also an important component of our duty to the public and our good reputation. It is essential that everyone at CityMD who deals with hazardous materials and infectious waste complies with environmental laws and regulations, and follows the environmental safety procedures explained in CityMD's programs and existing manuals. Employees are also expected to enable CityMD to:

- Comply with all laws and regulations governing the handling, storage and use of hazardous materials, other pollutants and infectious wastes;
- Comply with its permits that allow it to safely discharge pollutants into the air, sewage systems, water pollution control facilities, or onto/into land;
- Hire only reputable licensed services to transport and dispose of hazardous and polluted materials and infectious wastes;
- Accurately maintain the records required by the environmental laws and regulations, including those that require precise description of the amount, concentration and make-up of hazardous materials or other regulated pollutants and infectious wastes that are used, stored, discharged or generated; and the time, place of origin, destination and transporter of hazardous materials, and discharge of pollutants. These records should be handled pursuant to proper CityMD policy.

No one at CityMD may participate in concealing improper discharge or disposal of hazardous materials, pollutants or infectious wastes. Any employee who has reason to believe that there have been violations of this or any other aspect of CityMD's environmental compliance procedures should report immediately to the Compliance Officer, who will investigate and, when appropriate, notify pertinent government agencies as required by law. Before proceeding to act on any instruction of questionable propriety, or to take any environment-related action about which they are unsure, employees are expected to discuss their questions with the General Counsel.

11. Pharmaceuticals. Prescription Drugs. Controlled Substances

Many of CityMD's employees have responsibility for or access to prescription drugs, controlled substances, hypodermic needles, drug samples and other regulated pharmaceuticals. CityMD is legally responsible for the proper distribution and handling of these pharmaceutical products. Federal, state and local laws covering prescription drugs and controlled substances are intended to maintain the integrity of our national drug distribution system and protect consumers by assuring that prescription drugs are safe and properly labeled.

These laws include prohibitions against diversion of any prescription drug or controlled substance, including a drug sample, in any amount for any reason to an unauthorized individual or entity. The distribution of adulterated, misbranded, mislabeled, expired or diverted pharmaceuticals is a violation of federal and state law for which severe criminal penalties may be imposed on individual violators as well as on CityMD.

It is CityMD's policy that all employees be both diligent and vigilant in carrying out their obligations to handle and dispense CityMD's prescription drugs and controlled substances in accordance with all applicable laws, regulations and CityMD procedures. These CityMD procedures and policies are available in written form from the Legal Department of Medical Control.

Every professional employee, whether physician, or any other licensed individual authorized to prescribe, dispense, or handle prescription drugs or controlled substances, is expected to maintain the highest professional standards in safeguarding pharmaceuticals of all kinds and in preventing unauthorized access to them. This includes adherence to laws and regulations governing procedures for securing scheduled controlled substances and for their return or destruction.

No prescription drug or controlled substance may be sold, transferred or otherwise distributed unless authorized by a written Practice policy or the appropriate Practice individual charged with such responsibility. Any violation of any law or of any Practice policy involving prescription drugs, controlled substances or other pharmaceuticals will constitute grounds for dismissal. Each employee is expected to protect the integrity of CityMD by safeguarding the drugs entrusted to us for appropriate institutional medical use. If you become aware of any potential lapses in security, or any actual infringement of any law, policy or regulation relating to drugs, you must advise your manager or The Compliance Officer immediately.

New York State requires that prior to the prescribing of a controlled substance the NYS I-Stop database be reviewed. All physicians and physician assistants must adhere to CityMD policies regarding checking of I-Stop and documentation of same for each and every prescription of a controlled substance.

12. HIPAA -and Other Confidential or Protected Information

The Health Insurance Portability and Accountability Act ("HIPAA") provides federal protections for personal health information (PHI) held by CityMD and provides patients an array of rights with respect to that information. At the same time, the law is balanced so that it permits the disclosure of personal health information needed for patient care and other important purposes. The HIPAA Security Rule specifies a series of administrative, physical, and technical safeguards for CityMD to assure the confidentiality, integrity, and availability of electronic protected health information.

Safeguard the Privacy of our Patients

To ensure compliance not only with HIPAA, but with New York State rules regarding the confidentiality of patient information, CityMD has developed a number of specific HIPAA policies. These policies are available on the CityMD internal web site (wearecitymd.com). All staff members are required to be familiar with and abide by the CityMD HIPAA policies. Any questions or concerns about the use or disclosure of patient information should be directed to our HIPAA Privacy Officer; Blair Durst, Esq., (212) 913-0828 extension 1004.

Confidentiality of Corporate Information

Confidential information acquired by personnel about the business of CityMD must be held in confidence and may not be used as a basis for personal gain by the personnel, their families, or others. Information relating to transactions pending with CityMD is not to be released to any person unless this information has been published or otherwise made generally

available to the public. Similarly, if CityMD is considering buying, leasing, or selling any property, item, or interest, CityMD employees and affiliates must not attempt to buy, lease, or sell for their own benefit or that of their family the item under consideration, until CityMD's decision on the matter has been executed. Finally, other than in connection with the employee's discharge of their official responsibilities with CityMD, all personnel must also refrain from disclosing information about CityMD consideration or decision, or any other information which might be prejudicial to the interest of CityMD.

The governing principle is that if any material confidential information pertaining to CityMD is received by personnel, they must not use such information for their own or their family's benefit, nor should they disclose it to others for their personal use.

Information Owned by Others

Like CityMD, other organizations have intellectual property they want to protect. So do individuals. These other parties are sometimes willing to disclose their confidential information for a particular purpose. If you are on the receiving end of another party's confidential information, you must proceed with caution to prevent any accusations that you or CityMD misappropriated or misused the information.

To avoid the risk of being accused of misappropriating or misusing someone's confidential or restricted information, there are certain steps you should take before receiving such information. The receipt of confidential or restricted information whether oral, visual or written must not take place until the terms of its use have been formally agreed to by CityMD and the other party. That means a written agreement, Non-Disclosure Agreement or Confidentiality Agreement approved by the General Counsel. Furthermore, unless otherwise delegated, establishing such an agreement for the receipt of confidential or restricted information of another party will require the prior written approval of an appropriate Practice Officer. Once another party's confidential or restricted information is properly in your hands, you must not use, copy, distribute or disclose that information unless you do so in accordance with the terms of the agreement.

Special care should be taken in acquiring software from others. As intellectual property, software is protected by copyright laws and may also be protected by patent, trade secret laws or as confidential information. Such software includes computer programs, databases and related documentation owned by the party with whom you are dealing or by another party. Before you accept software or sign a license agreement, you must follow established CityMD procedures. The agreement must be reviewed and approved by the General Counsel. The terms and conditions of such license agreements - such as provisions not to copy or distribute programs - must be strictly followed. Also, if you acquire software for your personally-owned equipment, you should not copy any part of such software in any work you do for CityMD, place such software on any CityMD-owned computer system, or generally bring such software onto CityMD premises. In any case, do not take the status of information for granted. If you have information in your possession that you believe may be confidential to a third party or may have restrictions placed on its use, you should consult with the General Counsel.

Records Retention/Destruction

CityMD 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 period could subject CityMD to penalties and fines, cause the loss of rights, obstruct justice, place CityMD in contempt of court or put CityMD at a serious

disadvantage in litigation. Accordingly, CityMD has written policies regarding the retention/Destruction of documents to assure retention for required periods and timely destruction of retrievable records, such as hard copies and records on computers, electronic systems, microfiche and microfilm. Even if a document is retained for the minimum period, legal liability could still result if a document is destroyed before its scheduled destruction date.

You are expected to comply fully with the records retention and destruction schedule for the department in which you work. If you believe that documents should be saved beyond the applicable retention period, consult your manager, who in turn should contact the Legal Department.

It is likewise critical to the successful accomplishment of CityMD's professional goals that its records be fully and accurately completed and maintained consistent with proper business practices. Many of CityMD records serve as a basis for treatment decisions for its patients, as a compilation of goods and services rendered for billing purposes and as a recordation of historical courses of treatment. Each of these functions serves an indispensable role in enabling CityMD to fulfill its obligations to its patients, the medical and nursing staff and the various payors for goods and services. Consequently, the proper and contemporaneous creation of fully accurate and complete records is a duty of each member of CityMD.

13. Government investigations

Given the increased vigilance by law enforcement agencies in the healthcare arena, it is important that CityMD establish definitive guidelines on how and when to respond to government inquiries. Inaccurate or incomplete information provided to government officials in response to their inquiries will more often than not generate complications for CityMD and possibly frustrate the legitimate purposes of the inquiry. Unauthorized disclosure of information may jeopardize our patient's rights to privacy and expose the organization to inability. Therefore we must adhere to the following procedures to ensure CityMD responds in a proper manner to all government investigations.

Any personnel who receive a governmental request for information, a subpoena, or any other inquiry or legal document regarding CityMD business must notify the Office of General Counsel immediately.

If a response is given to a request for information from government regulatory agencies, the response must be accurate and complete. It is CityMD's policy to comply with the law and to cooperate with reasonable demands made during the course of a governmental investigation or inquiry. Any employee of CityMD who is approached by any federal or state law enforcement agency seeking information about any aspect of the operations of CityMD or the job-related activities of any of CityMD's officers, employees, or agents should contact the Legal Department **before** turning over any information.

14. Human Resources

CityMD recognizes that its greatest strength lies in the talent and ability of its employees. Accordingly, CityMD has developed and implemented numerous human resources policies and has published for CityMD staff members the Employee Handbook, which is posted on the CityMD internal web site (wearecitymd.com).

Part III. Compliance Procedures

This section of the Compliance Plan summarizes the rules under which the Compliance Plan will operate. To be effective, a Compliance Plan must provide for the following: continued reporting of issues or possible violations of the Code of Conduct to the Compliance Officer and periodic reports by the Compliance Officer to the Board of Directors; enforcement of the Code through the promulgation of disciplinary procedures; continued, periodic reviews and self-audits of our business practices; and implementation of modifications in the Compliance Plan, as necessary, to prevent future violations.

1. Reporting and Complaint Procedures

All personnel should raise any compliance issues as soon as possible. Employees can initially go to their supervisor with compliance concerns that they have. If you are uncomfortable going to your supervisor or the matter is not resolved following your raising it with your supervisor, you can raise your issue with the Corporate Compliance Officer and/or the General Counsel. The failure to report a compliance issue of which you are aware may result in disciplinary action against you or others who fail to report. Moreover, even if you merely have a general question about the propriety of conduct, you should still reach out to the Compliance Officer for guidance. He is the compliance program's "point person," to whom all officers and employees can turn to express concerns about such matters.

Your report or question may be raised anonymously, if you choose, and will be held in the strictest confidence possible, consistent with the need to investigate any allegations of wrongdoing. To the extent possible, the Compliance Officer will not disclose the identity of anyone who reports a suspected violation of law or who participates in an investigation. All personnel should be aware, however, that the General Counsel, is obligated to act in the best interests of CityMD and does not act as the personal representative or lawyer for employees. Upon receiving a report of possible unethical or illegal conduct, the Compliance Officer will bring such report, as appropriate, to the attention of senior management, and, conduct an investigation. All personnel are expected to cooperate in such investigations.

Retaliation in any form against an individual who in good faith reports possible unethical or illegal conduct is strictly prohibited and is itself a serious violation of the Code of Conduct. Acts of retaliation should be reported to the Compliance Officer immediately.

The Compliance Officer will maintain a written record of all reports made of suspected wrongdoing; of all steps taken to investigate those reports; and of all determinations made as a result of any investigation that may be undertaken.

2. Discipline for Violations of the Code of Conduct

All personnel are expected to adhere to the Compliance Plan and Code of Conduct. If the Compliance Officer concludes, after an appropriate investigation, that the Code has been violated, then he will recommend appropriate discipline, including discharge. Such recommendation can be based on the employee's unlawful or unethical actions, condoning or failing to report improper actions by others, retaliation against those who report suspected wrongdoing, or other violations of the Compliance Plan

3. Training

All staff members are required to participate in compliance training on an annual basis, and also are required to participate in all education and training session to stay proficient in areas that impact their job performance.

4. Ongoing Compliance Procedures

On a regular, periodic basis, the Compliance Officer will ensure that a review is conducted of CityMD's billing practices. These reviews will include, but are not limited to, such things as the following:

- A review of the reports of suspected violations of the Code of Conduct to determine if there are any patterns in the violations that might indicate broader compliance issues;
- A small random sampling of the medical records and corresponding bills. If these samples uncover substantial billing or documentation errors, then the Compliance Office will broaden the audit, as appropriate, to determine the scope of the problem, if any.

If any of these reviews indicate that possible compliance issues might exist, the Compliance Officer will inform the General Counsel and a determination will then be made whether further investigation is required and whether CityMD's practices need to be modified or improved in any way to ensure continuing compliance with applicable federal and state laws and regulations.

Finally, should federal or state laws change in any relevant manner, the Legal Department will inform the Compliance Officer and work with CityMD to make any appropriate changes in its business practices, update this Compliance Plan, or conduct additional training.

5. Annual Report

On no less than an annual basis, the Compliance Officer will report to the Board of Directors, and will describe the compliance efforts that have taken place during the prior year and any changes implemented to the Compliance Plan that he recommends be made to improve compliance.

Part IV. Individual Judgment

The foregoing guidelines are to help all of us better understand what we believe to be in the best interest of our employees, patients, those with whom we do business and the public at large. Ultimately, however, you are left to depend on your own individual judgment in deciding on the correct course of action. As you contemplate a particular situation, consideration of the following factors may help you arrive at a satisfactory answer:

- Is my action consistent with CityMD's practices?
- Could my action give the appearance of impropriety?
- Will the action bring discredit to any employee of CityMD if disclosed fully to the public?
- Can I defend my action to my manager, other employees and to the general public?
- Does my action meet my personal code of behavior?

- Does my action conform to the spirit of this Code of Ethics and Business Conduct?

Remember always to use good judgment and common sense. This Code of Ethics and Business Conduct is intended to reflect the collective good judgment and common sense of all of us. Whenever you see a situation where this purpose does not appear to be served by the Code, you have the responsibility to bring your concerns to the attention of the Compliance Officer.

Conclusion

This Code of Ethics and Business Conduct is designed to educate you about some of the laws and regulations that govern CityMD's practice of medicine and related billing and business issues. It has also been designed to raise your consciousness, by demonstrating the complexity of the myriad laws.

If this Compliance Plan does nothing else, it should motivate you to think seriously about compliance issues and how they impact your professional life and practice. Just as important, it should motivate you to contact the Compliance Officer with any questions or concerns you might have.

EMPLOYEE HOTLINE
compliance@citymd.net