



**Hawthorne Foundation Inc.**

**Corporate Compliance Plan**

**September, 2013**

**Approved:**

**By: Board of Directors**

Note

This Corporate Compliance Plan contains assertions indicating that the Hawthorne Foundation Inc. (sometimes referred to as “Agency” or “the Agency”) has implemented all of the eight (8) elements of a Compliance Plan. These assertions will not be accurate and the Compliance Plan complete until the Agency has conducted a Compliance Gap Analysis and has addressed and implemented all of the eight elements.

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**Hawthorne Foundation Inc.**  
**CORPORATE COMPLIANCE POLICY**

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**I. Policy**

It has been and continues to be the policy of the Hawthorne Foundation to comply with all applicable federal, state, and local laws and regulations, and payer requirements. It is also the Agency's policy to adhere to the Code of Ethics that is adopted by the Board of Directors, the Chief Executive Officer, and the Compliance Committee.

**II. Commitment**

The Hawthorne Foundation has always been and remains committed to our responsibility to conduct our business affairs with integrity based on sound ethical and moral standards. We will hold our employees, contracted practitioners, and vendors to these same standards.

The Agency is committed to maintaining and measuring the effectiveness of our Compliance policies and standards through monitoring and auditing systems reasonably designed to detect noncompliance by its employees and agents. We shall require the performance of regular, periodic compliance audits by internal and/or external auditors who have expertise in federal and state health care statutes, regulations, and health care program requirements.

**III. Responsibility**

All employees, contracted practitioners, and vendors shall acknowledge that it is their responsibility to report any suspected instances of suspected or known noncompliance to their immediate supervisor, the Chief Executive Officer or the Compliance Officer. Reports may be made anonymously without fear of retaliation or retribution. Failure to report known noncompliance or making reports which are not in good faith will be grounds for disciplinary action, up to and including termination. Reports related to harassment or other workplace-oriented issues will be referred to Human Resources.

**IV. Policies and Procedures**

The Hawthorne Foundation will communicate its compliance standards and policies through required training initiatives to all employees, contracted practitioners, and vendors. We are committed to these efforts through distribution of this Compliance Policy and our Code of Conduct and Philosophy.

**V. Enforcement**

This Compliance Policy will be consistently enforced through appropriate disciplinary mechanisms including, if appropriate, discipline of individuals responsible for failure to detect and/or report noncompliance.

## **VI. Agency Response**

Detected noncompliance, through any mechanism, i.e., compliance auditing procedures and/or confidential reporting, will be responded to in an expedient manner. The Hawthorne Foundation is dedicated to the resolution of such matters and will take all reasonable steps to prevent further similar violations, including any necessary modifications to the Compliance Plan.

## **VII. Due Diligence**

The Hawthorne Foundation will, at all times, exercise due diligence with regard to background and professional license investigations for all prospective employees, contractors, vendors, and members of the Board of Directors.

## **VIII. Whistleblower Provisions and Protections**

The Hawthorne Foundation will not take any retaliatory action against an employee if the employee discloses certain information about the Agency's policies, practices, or activities to a regulatory, law enforcement, or other similar agency or public official. Protected disclosures are those that assert that the Agency is in violation of a law that creates a substantial and specific danger to the public health and safety or which constitutes health care fraud under the law or that assert that, in good faith, the employee believes constitute improper quality of patient care.

## **Code of Ethics and Philosophy**

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### **I. Philosophy**

The Hawthorne Foundation is committed to providing quality services to all individuals with disabilities who are entrusted in its care. The Agency accepts the responsibility of ensuring the human rights of this special population.

The Hawthorne Foundation believes that no person should be deprived of his/her civil and legal rights because of a diagnosis of developmental disability. All persons receiving services will be given the respect and dignity that are extended to others regardless of race, religion, national origin, creed, age, gender, ethnic background, sexual orientation, developmental or other disabilities, or health condition. The Hawthorne Foundation will not discriminate for these or any other reasons.

The Hawthorne Foundation accepts as its responsibility an active role in the development of a written Individualized Service Plan or Individual Educational Plan which has as its goal the maximization of an individual's abilities to participate in their environment, fostering social competency. This includes, but is not limited to, meaningful education, recreation and community programs and contacts with others who are not developmentally disabled, and enables the person to live as independently as possible.

The Hawthorne Foundation will ensure all services, including assistance and guidance, are provided by staff trained to administer the services adequately, skillfully, safely and humanely, with full respect for the individual's dignity and personal integrity. The Agency believes every individual should be given the opportunity to:

- Identify and realize his/her individual goals
- Live in the least restrictive environment of their choice
- Live in an atmosphere of acceptance, warmth, understanding and security

The Hawthorne Foundation will actively participate in planning, educating, obtaining and coordinating services, using available community resources to assist each individual in reaching his/her maximum potential.

All agency policies and procedures are available for students, consumers, staff, parents, and consumer representatives to read. The philosophy, policy, objectives and goals are available for distribution to the above parties.

### **II. Mission**

The mission of the Hawthorne Foundation is to provide quality education, habilitative, vocational and recreational programs for individuals with disabilities. The Hawthorne

Foundation has a commitment to the individuals we serve to foster independence, integration, individualization and productivity while enhancing the quality of their lives. Our goal is to enable each and every individual to reach his/her maximum potential in the least restrictive environment and to assist each individual with identifying and realizing his/her own goals.

### **III. Expectations**

The Hawthorne Foundation ensures that all aspects of consumer/student care and business conduct are performed in compliance with our mission/vision statement, policies and procedures, professional standards, applicable governmental laws, rules, and regulations, and other payer standards. The Agency expects every person who provides services to our consumers to adhere to the highest ethical standards and to promote ethical behavior. Any person whose behavior is found to violate ethical standards will be disciplined appropriately.

Employees may not engage in any conduct that conflicts – or is perceived to conflict – with the best interest of the Hawthorne Foundation. Employees must disclose any circumstances where the employee or his or her immediate family member is an employee, consultant, owner, contractor, or investor in any entity that:

- Engages in any business or maintains any relationship with the Agency;
- Provides to, or receives from, the Agency any consumer referrals; or
- Competes with the Agency.

Employees may not without permission of the Compliance Officer accept, solicit, or offer anything of value from anyone doing business with the Hawthorne Foundation.

Employees are expected to maintain complete, accurate, and contemporaneous records as required by the Agency. The term “records” includes all documents, both written and electronic, that relate to the provision of Agency services or provide support for the billing of Agency services. Records must reflect the actual service provided. Any records to be appropriately altered must reflect the date of the alteration, the name, signature, and title of the person altering the document, and the reason for the alteration, if not apparent. No person shall ever sign the name of another person to any document. Signature stamps shall not be used. Backdating and predating documents is unacceptable and will lead to discipline up to and including termination.

When any person knows or reasonably suspects that the expectations above have not been met, this must be reported to immediate supervisors, the Compliance Officer or the Chief Executive Officer, so each situation may be appropriately dealt with. The Compliance Officer may be reached at (914) 468-7411.

## **The Role of the Compliance Officer**

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### **I. Compliance Officer**

The Hawthorne Foundation Board of Directors designates Marc Ackerman as the Compliance Officer. The Compliance Officer has direct lines of communication to the Chief Executive Officer, the Board of Directors, and Agency counsel.

### **II. Job Duties**

The Compliance Officer is directly obligated to serve the best interests of our agency, consumers and employees. Responsibilities of the Compliance Officer include but are not limited to:

- Developing and implementing compliance Policies and Procedures.
- Overseeing and monitoring the implementation of the compliance program.
- Directing Hawthorne Foundation internal audits established to monitor effectiveness of compliance standards.
- Providing guidance to management, medical/clinical program personnel, and individual departments regarding Policies and Procedures and governmental laws, rules, and regulations.
- Updating, periodically, the Compliance Plan as changes occur within the Hawthorne Foundation, within the law and regulations, or governmental and third party payers.
- Overseeing efforts to communicate awareness of the existence and contents of the Compliance Plan.
- Coordinating, developing, and participating in the educational and training program.
- Guaranteeing independent contractors (consumer care, vendors, billing services, etc.) are aware of the requirements of the Agency's Compliance Plan.
- Actively seeking up-to-date material and releases regarding regulatory compliance.
- Maintaining a reporting system (hotline) and responding to concerns, complaints, and questions related to the Compliance Plan.
- Acting as a resourceful leader regarding regulatory compliance issues.
- Investigating and acting on issues related to compliance.
- Coordinating internal investigations and implementing corrective action.

## **The Structure, Duties, and Role of the Compliance Committee**

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### **I. Reporting Structure and Purpose**

Compliance Committee members are appointed by the Chief Executive Officer and approved by the Board of Directors. Compliance issues are reported by the Compliance Committee to the Chief Executive Officer and the Board, where appropriate. The Compliance Committee's purpose is to advise and assist the Compliance Officer with implementation of the Compliance Plan.

### **II. Function**

The roles of the Compliance Committee include:

- Analyzing the environment where the Hawthorne Foundation does business, including legal requirements with which it must comply.
- Reviewing and assessing existing Policies and Procedures that address these risk areas for possible incorporation into the Compliance Plan.
- Working with departments to develop standards and Policies and Procedures that address specific risk areas and encourage compliance according to legal and ethical requirements.
- Advising and monitoring appropriate departments relative to compliance matters.
- Developing internal systems and controls to carry out compliance standards and policies.
- Monitoring internal and external audits to identify potential non-compliant issues.
- Implementing corrective and preventive action plans.
- Developing a process to solicit, evaluate, and respond to complaints and problems.



## **Delegation of Substantial Discretionary Authority**

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### **I. Requirement**

Any employee or prospective employee who holds, or intends to hold, a position with substantial discretionary authority for the Hawthorne Foundation is required to disclose any name changes and any involvement in non-compliant activities including health care related crimes. In addition, the Agency performs reasonable inquiries into the background of such applicants, contractors, vendors, and Members of the Board of Directors.

The following organizations may be queried with respect to potential employees, contractors, vendors and Members of the Board of Directors:

- a) HHS/OIG cumulative sanction report. The URL address is:  
<http://exclusions.oig.hhs.gov/search.html>
- b) NYS Medicaid Fraud Database. The URL address is:  
<http://www.omig.ny.gov/search-exclusions>
- c) State of New Jersey Consolidated Debarment Search. The URL address is:  
<http://www.state.nj.us/treasury/debarred/debarsearch.htm>
- d) State of Connecticut Department of Social Services Administrative Actions List. The URL address is: <http://www.ct.gov/dss/cwp/view.asp?a=2349&q=310706>
- e) Licensure and disciplinary record with NYS Office of Professional Medical Conduct (Physicians, Physician Assistants). The URL address is:  
<http://www.health.state.ny.us/nysdoh/opmc/main.htm>) and/or

New York State Department of Education (physicians and other licensed professionals). The URL address is:  
<http://www.op.nysed.gov/opsearches.htm>

## **Education and Training**

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### **I. Expectations**

Education and training are critical elements of the Compliance Plan. Every employee and agent is expected to be familiar and knowledgeable about the Hawthorne Foundation's Compliance Plan and have a solid working knowledge of his or her responsibilities under the Plan. Compliance policies and standards will be communicated to all employees through required participation in training programs.

### **II. Training Topics - General**

All personnel and members of the Board of Directors shall participate in training on the topics identified below:

- Government and private payer reimbursement principles;
- Government initiatives;
- History and background of Corporate Compliance;
- Legal principles regarding compliance and Board responsibilities related thereto;
- General prohibitions on paying or receiving remuneration to induce referrals and the importance of fair market value;
- Prohibitions against submitting a claim for services when documentation of the service does not exist to the extent required;
- Prohibitions against signing for the work of another employee;
- Prohibitions against alterations to medical records and appropriate methods of alteration;
- Prohibitions against rendering services without a signed physician's order or other prescription, if applicable;
- Proper documentation of services rendered; and
- Duty to report misconduct.

### **III. Training Topics - Targeted**

In addition to the above, targeted training will be provided to all managers and any other employees whose job responsibilities include activities related to compliance topics. Managers shall assist the Compliance Officer in identifying areas that require specific training and are responsible for communication of the terms of this Compliance Plan to all independent contractors doing business with the Hawthorne Foundation.

#### **IV. Orientation**

As part of their orientation, each employee and contractor shall receive a written copy of the Compliance Plan, policies, and specific standards of conduct that affect their position.

#### **V. Attendance**

All education and training relating to the Compliance Plan will be verified by attendance and a signed acknowledgement of receipt of the Compliance Plan and standards.

Attendance at compliance training sessions is mandatory and is a condition of continued employment.

## **Effective Confidential Communication**

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### **I. Expectations**

Open lines of communication between the Compliance Officer and every employee and agent subject to this Plan are essential to the success of our Compliance Program. Every employee has an obligation to refuse to participate in any wrongful course of action and to report the actions according to the procedure listed below.

### **II. Reporting Procedure**

If an employee, contractor, or agent witnesses, learns of, or is asked to participate in any activities that are potentially in violation of this Compliance Plan, he or she should contact the Compliance Officer, his or her immediate supervisor, or the Chief Executive Officer. Reports may be made

- In person;
- By calling the telephone line dedicated for the purpose of receiving such notification, (914) 468-7411;
- By mailing information to: Corporate Compliance Officer, Hawthorne Foundation Inc., 5 Bradhurst Avenue, Hawthorne, NY 10532;
- By dropping it in a corporate compliance drop box. Drop boxes are located at:

Hawthorne Foundation Inc.  
5 Bradhurst Avenue  
Overcash Hall  
3<sup>rd</sup> Floor  
Hawthorne, NY 10532

Hawthorne Country Day School  
156 William Street  
New York, New York 10038

Upon receipt of a question or concern, any supervisor, officer, or director shall document the issue at hand and report to the Compliance Officer. Any questions or concerns relating to potential non-compliance by the Compliance Officer should be reported immediately to the Chief Executive Officer.

The Compliance Officer or designee shall record the information necessary to conduct an appropriate investigation of all complaints. If the employee was seeking information concerning the Code of Ethics or its application, the Compliance Officer or designee shall record the facts of the call and the nature of the information sought and respond as appropriate. The Hawthorne Foundation shall, as much as is possible, protect the anonymity of the employee or contractor who reports any complaint or question.

### **III. Protections**

The identity of reporters will be safeguarded to the fullest extent possible and will be protected against retribution. Report of any suspected violation of this Plan by following the above shall not result in any retribution. Any threat of reprisal against a person who acts in good faith pursuant to his or her responsibilities under the Plan is acting against the Hawthorne Foundation's compliance policy. Discipline, up to and including termination of employment, will result if such reprisal is proven.

### **IV. Guidance**

Any employee and agent may seek guidance with respect to the Compliance Plan or Code of Conduct at any time by following the reporting mechanisms outlined above.

## **Enforcement of Compliance Standards**

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### **I. Background Investigations**

For all employees who have authority to make decisions that may involve compliance issues, the Hawthorne Foundation will conduct a reasonable and prudent background investigation, including a reference check, as part of every employment application.

### **II. Disciplinary Action - General**

Employees who fail to comply with the Agency's compliance policy and standards, or who have engaged in conduct that has the potential of impairing the Agency's status as a reliable, honest, and trustworthy service provider, will be subject to disciplinary action, up to and including termination. Any discipline will be appropriately documented in the employee's personnel file, along with a written statement of reason(s) for imposing such discipline. The Compliance Officer shall maintain a record of all disciplinary actions involving the Compliance Plan and report at least quarterly to the Board of Directors regarding such actions.

### **III. Performance Evaluation - Supervisory**

Agency's Compliance Program requires that the promotion of, and adherence to, the elements of the Compliance Program be a factor in evaluating the performance of Agency employees and contractors. They will be periodically trained in new compliance policies and procedures. In addition, all managers and supervisors will:

- a. Discuss with all supervised employees the compliance policies and legal requirements applicable to their function.
- b. Inform all supervised personnel that strict compliance with these policies and requirements is a condition of employment.
- c. Disclose to all supervised personnel that the Hawthorne Foundation will take disciplinary action up to and including termination or revocation of privileges for violation of these policies and requirements.

### **IV. Disciplinary Action - Supervisory**

Managers and supervisors will be sanctioned for failure to adequately instruct their subordinates or failure to detect noncompliance with applicable policies and legal requirements where reasonable diligence on the part of the manager or supervisor would have led to the earlier discovery of any problems or violations and would have provided the Hawthorne Foundation with the opportunity to correct them.

## **Auditing and Monitoring of Compliance Activities**

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### **I. Internal Audits**

Ongoing evaluation is critical in detecting non-compliance and will help ensure the success of the Hawthorne Foundation's Compliance Program. An ongoing auditing and monitoring system, implemented by the Compliance Officer and in consultation with the Compliance Committee, is an integral component of our auditing and monitoring systems. This ongoing evaluation shall include the following:

- Review of relationships with third-party contractors, specifically those with substantive exposure to government enforcement actions;
- Compliance audits of compliance policies and standards; and
- Review of documentation and billing relating to claims made to federal, state, and private payers for reimbursement, performed internally or by an external consultant as determined by Compliance Officer and Compliance Committee.

The audits and reviews will examine the Agency's compliance with specific rules and policies through on-site visits, personnel interviews, general questionnaires (submitted to employees and contractors), and consumer record documentation reviews.

### **II. Plan Integrity**

Additional steps to ensure the integrity of the Compliance Plan will include:

- Annual review with legal counsel of all records of communications and reports by all employees or contractors kept in accordance with this Plan.
- The Compliance Officer will be notified immediately in the event of any visits, audits, investigations, or surveys by any federal or state agency or authority, and shall immediately receive a photocopy of any correspondence from any regulatory agency charged with licensing the Agency and/or administering a federally or state-funded program or County-funded program with which the Hawthorne Foundation participates.
- Establishment of a process detailing ongoing notification by the Compliance Officer to all appropriate personnel of any changes in laws, regulations, or policies, as well as appropriate training to assure continuous compliance.

## **Detection and Response**

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### **I. Violation Detection**

The Compliance Officer, Chief Executive Officer, and the Compliance Committee shall determine whether there is any basis to suspect that a violation of the Compliance Plan has occurred.

If it is determined that a violation *may have* occurred, the matter shall be referred to legal counsel who, with the assistance of the Compliance Officer, shall conduct a more detailed investigation. This investigation may include, but is not limited to, the following:

- Interviews with individuals having knowledge of the facts alleged;
- A review of documents; and
- Legal research and contact with governmental agencies for the purpose of clarification.

If advice is sought from a governmental agency, the request and any written or oral response shall be fully documented.

### **II. Reporting**

At the conclusion of an investigation involving legal counsel, he/she shall issue a report to the Compliance Officer, Chief Executive Officer, and Compliance Committee summarizing his or her findings, conclusions, and recommendations and will render an opinion as to whether a violation of the law has occurred.

The report will be reviewed with legal counsel in attendance. Any additional action will be on the advice of counsel.

The Compliance Officer shall report to the Compliance Committee regarding each investigation conducted.

### **III. Rectification**

If the Hawthorne Foundation identifies that an overpayment was received from any third party payer, the appropriate regulatory (funder) and/or prosecutorial (attorney general/police) authority will be appropriately notified with the advice and assistance of counsel. It is Hawthorne Foundation policy to not retain any funds that are received as a result of overpayments. In instances where it appears an affirmative fraud may have occurred, appropriate amounts shall be returned after consultation and approval by involved regulatory and/or prosecutorial authorities. Systems shall also be put in place to prevent such overpayments in the future.



#### **IV. Record Keeping**

Regardless of whether a report is made to a governmental agency, the Compliance Officer shall maintain a record of the investigation, including copies of all pertinent documentation. This record will be considered confidential and privileged and will not be released without the approval of the Chief Executive Officer or legal counsel.

## **Whistleblower Provisions and Protections**

### **I. Provisions**

The False Claims Act provides protection to qui tam relators who are discharged, demoted, suspended, threatened, harassed, or in any other manner discriminated against in the terms and conditions of their employment as a result of their furtherance of an action under the False Claims Act.

The Hawthorne Foundation will not take any retaliatory action against an employee if the employee discloses information about the Agency's policies, practices or activities to a regulatory, law enforcement or other similar agency or public official. Protected disclosures are those that assert that the Hawthorne Foundation is in violation of a law that creates a substantial and specific danger to the public health and safety or which constitutes health care fraud under the law or that assert that, in good faith, the employee believes constitute improper quality of patient care.

### **II. Protections**

The employee's disclosure is protected only if the employee first brought up the matter with a supervisor and gave the employer a reasonable opportunity to correct the alleged violation, unless the danger is imminent to the public or patient and the employee believes in good faith that reporting to a supervisor would not result in corrective action.

The Hawthorne Foundation will protect qui tam relators with remedies that include reinstatement with comparable seniority as the qui tam relator would have had but for the discrimination, two times the amount of any back pay, interest on any back pay, and compensation for any special damages sustained as a result of the discrimination, including litigation costs and reasonable attorneys' fees.

If the Agency takes a retaliatory action against the qui tam relator (employee), the employee may sue in state court for reinstatement to the same, or an equivalent position, any lost back wages and benefits and attorneys' fees.