

## *Standards of Legal and Regulatory Conduct*



## Letter from Our Chairman/CEO and Regulatory Compliance Officer

Dear Teammate:

We are committed to our vision of becoming *the partner of choice* for surgical care by providing outstanding clinical care to our patients and exceptional service to physicians who choose to operate at our facilities. We also share a deep commitment to our values, including *integrity* – which we define as “doing what is right, no matter how difficult, without exception.”

Our Standards of Legal and Regulatory Conduct (the Standards) provide the principles by which we ensure that we comply with all federal, state, and local laws. These Standards apply, without exception, to all teammates and all aspects of our community. All teammates, as well as all contractors when providing services on behalf of SCA, are expected to be familiar with, and follow, these Standards.

The Standards provide our general principles of conduct, and we provide a set of internal resources to help you interpret the Standards for specific situations and to address any questions or concerns about issues or situations you may encounter. These resources include:

- your supervisor, department leader, and/or Administrator;
- our policies (located on the SCA internal website);
- your Support Services teammates in Human Resources, Accounting, Legal Services, Regulatory Compliance, and Internal Audit;
- **the Compliance Hotline at (866) 842-1364.**

Please do not assume that your supervisor or senior leadership is aware of every situation that you may find concerning. If you are concerned or unsure about a situation, please reach out so you can get the help you need. Your questions and concerns will be thoroughly reviewed and corrective actions will be taken where necessary.

Every SCA teammate plays a vital role in the achievement of our vision. We ask that you join us in embracing these Standards as a cornerstone of ensuring that we follow all federal, state, and local laws in becoming *the partner of choice* for surgical care.

Warm Regards,



Andrew Hayek  
Chairman, President & CEO  
Work phone: 847-236-0924  
Cell phone: 847-504-9106  
Email: [andrew.hayek@scasurgery.com](mailto:andrew.hayek@scasurgery.com)



Mishelle Coronado  
VP & Regulatory Compliance Officer  
Work phone: 205-545-2582  
Cell phone: 404-747-3656  
Email: [mishelle.coronado@scasurgery.com](mailto:mishelle.coronado@scasurgery.com)

**Table of Contents**

**PURPOSE OF THE STANDARDS OF LEGAL AND REGULATORY CONDUCT ..... 4**

**WHO IS COVERED ..... 4**

**APPROVALS AND WAIVERS ..... 5**

**OUR REGULATORY COMPLIANCE PROGRAM ..... 5**

**REGULATORY COMPLIANCE ..... 6**

*Accounting, Financial Reporting, General Business Standards and Practices, and Safeguarding of Assets ..... 6*

**REGULATORY COMPLIANCE – A SHARED COMMITMENT ..... 7**

*Special Responsibilities of SCA Leaders ..... 8*

**CONSEQUENCES OF NON-COMPLIANCE ..... 9**

**GETTING ANSWERS TO QUESTIONS OR REPORTING A POSSIBLE VIOLATION OF LAW OR SCA POLICY ..... 10**

*Your Supervisor ..... 10*

*Human Resources and General Workplace Issues ..... 10*

*Health Care Regulatory Issues/Conflicts of Interest ..... 10*

*Accounting, Financial Reporting, Safeguarding of Assets and/or General Business Standards and Practices ..... 10*

*Compliance Hotline ..... 11*

*Non-Retaliation Policy ..... 12*

**STANDARDS OF LEGAL AND REGULATORY CONDUCT ..... 13**

    APPENDIX A: CODE OF ETHICAL CONDUCT FOR THE CHIEF EXECUTIVE OFFICER AND FINANCIAL LEADERS ..... 25

*Financial Code Principles and Responsibilities ..... 25*

*Reporting of Violations of the Code, Illegal or Unethical Behavior ..... 26*

    APPENDIX B: FEDERAL FALSE CLAIMS ACT ..... 28

    APPENDIX C: IMPORTANT CONTACT INFORMATION AND RESOURCES ..... 30

---

## Purpose of the Standards of Legal and Regulatory Conduct

Our Standards of Legal and Regulatory Conduct (the Standards) provide the framework and principles by which we live our value of *integrity* with respect to federal, state, and local laws. The Standards are designed to help meet these objectives by providing guidance to all teammates in carrying out their daily activities. They apply to our relationships with our patients, business partners, affiliated physicians, payers, contractors, vendors, consultants and each other.

The Standards are an essential element of our overall Regulatory Compliance Program (see discussion of this program on the following page). They cannot, however, address every issue that may arise in the course of our business. Consequently, SCA has developed a number of more focused policies and systems to address specific areas of our operations in greater detail. These policies are available through the policyIQ link on SCA's internal website at <http://oscar.scasurgery.net/>. These policies should be consulted as a supplement to the Standards.

If you have any questions related to the Standards or policies, you should contact your supervisor, another SCA leader, or other SCA resources available to assist you. See Appendix C for a list of those resources.

---

## Who Is Covered

The Standards apply to all SCA teammates and members of the Board of Directors. Individuals and entities providing other services on behalf of SCA and its affiliated facilities, such as medical directors, are also expected to abide by these Standards while providing those services. For convenience, all of these persons will be referred to jointly as "teammates" throughout the Standards, unless otherwise specified.

In addition, because of the critical role the Chief Executive Officer and financial leaders play in SCA's corporate governance, they are also subject to the **Code of Ethical Conduct for the Chief Executive Officer and Financial Leaders**. A copy of the Code is attached to the Standards as Appendix A.

## Approvals and Waivers

The Standards set out expectations for our conduct. When certain situations require permission from management or another person before taking action, you need to make the request promptly to allow enough time for the necessary review and approval. Situations may arise that warrant a formal waiver of a provision of the Standards for a teammate. Waivers will not be granted except where they are truly necessary and will be limited and qualified as needed to protect SCA and its shareholders. Your supervisor will generally address these issues and will consider the request in consultation with the Regulatory Compliance Officer, who will review and act on requests for waivers for nonexecutive teammates. Board members and executive officers who seek a waiver should address the Board of Directors or the Audit Committee of the Board. SCA discloses such waivers for Board members and executive officers to the extent and in the manner required by law, regulation or stock exchange listing standards, along with the reasons for such waivers.

---

## Our Regulatory Compliance Program

SCA's Regulatory Compliance Program is a set of activities designed to monitor those laws, rules and regulations that impact our business, to communicate them to teammates and to educate and advise teammates regarding their implementation. This program is overseen by SCA's Board of Directors and supervised by the Regulatory Compliance Officer, who reports directly to two Board committees with input from SCA's General Counsel. These two Board committees monitor the program. The Audit Committee oversees the integrity of financial reporting, accounting and tax functions, as well as the proper use and protection of SCA assets. The Regulatory Compliance Committee oversees all other aspects of regulatory compliance, including health care laws and payment rules.

SCA's Regulatory Compliance Program is based on five elements –

1. Development of effective regulatory compliance policies and financial and management controls for all SCA operations and lines of business. These policies are available through the policyIQ link on the SCA internal website. See the contacts and resources listed in Appendix C for more information.
2. Dissemination of policies to SCA leaders and other teammates and development of appropriate training mechanisms to ensure that such policies are clearly understood and capable of being carried out effectively.
3. Opportunities for teammates to ask questions or report suspected violations of SCA policies, regulatory obligations, or financial reporting obligations without fear of retaliation and the prompt investigation of all credible reports of such violations.
4. Routine audit and monitoring of SCA functions and assessment of the effectiveness of internal controls to determine compliance with applicable regulatory obligations and the integrity of public financial reports.
5. Accountability for violation of SCA policies or regulatory obligations (including leaders who condone or unreasonably fail to prevent improper conduct).

---

## Regulatory Compliance

Each year, the Regulatory Compliance Officer prepares an annual Regulatory Compliance Plan for approval by the Regulatory Compliance Committee of the Board of Directors. The Regulatory Compliance Officer also provides the Committee with periodic reports regarding the operations of the program as well as reports of any regulatory audits and investigations as applicable.

The Regulatory Compliance Department is responsible for regulatory risk assessment, regulatory compliance policy development, education, management of the Compliance Hotline, and investigations of alleged regulatory or policy violations. All new teammates and certain contractors are required to complete regulatory compliance orientation training within 30 days of hire or engagement. This training includes an acknowledgement that the teammate understands and agrees to abide by the Standards. Because the Chief Executive Officer and financial leaders are also subject to the Code of Ethical Conduct for Financial Leaders, their regulatory compliance orientation training includes an additional acknowledgment that they understand and agree to abide by the Code. In addition, Regulatory Compliance Refresher training will be offered on or about an annual basis and all teammates will be required to complete the training as offered.

### Accounting, Financial Reporting, General Business Standards and Practices, and Safeguarding of Assets

The Regulatory Compliance Department is responsible for evaluating and helping to improve internal controls and business processes, for investigating potential violations of accounting, financial reporting, general business, and asset protection standards, and for providing an independent source of information to SCA officers, the Audit Committee, and the Board of Directors on these and related matters. The Department's independence is maintained through the direct reporting relationship to the Audit Committee mentioned above as well as open access to the Audit Committee Chairman and Committee members. Annually, the Department conducts a Company-wide risk assessment. The results are used to prepare annual audit plans that are reviewed and approved by the Audit Committee. In addition to executing its annual plan, the Department investigates all tips and complaints relevant to its area of responsibility. The Department recommends and assists in the implementation of appropriate corrective actions for accounting or management control gaps or failures.

## Regulatory Compliance – A Shared Commitment

Regulatory Compliance is a shared commitment among all SCA teammates. SCA, through its Board of Directors and senior leadership team, is responsible for establishing Standards of Legal and Regulatory Conduct and for developing policies, procedures, and systems to help teammates understand and meet these standards. Teammates are expected to act with integrity at all times and to uphold the Standards and policies established by SCA. Each teammate is also expected to:

- **Understand and apply the Standards.** You are expected to read and understand the Standards, to apply them every day in the course of your job, to use good judgment, and to abide by both the letter and the spirit of the Standards. Questions about the Standards or how they apply to you can be directed to your supervisor or the Regulatory Compliance Department, or the Controller if your question relates to financial reporting or an accounting matter.
- **Know the law.** You are not required to be a legal expert. However, you are expected to be familiar with the basic laws and regulations that apply to your specific job and level of responsibility. Pay close attention to all training information and policies. Never be afraid to ask questions or raise concerns.
- **Don't be pressured.** SCA leaders should never expect you to violate the law or any ethical standard of your profession. You should never feel pressured to do so. If you ever feel pressure to do something with which you are uncomfortable, you should seek guidance from your supervisor, another SCA leader, or the Regulatory Compliance Department.
- **Be part of the SCA team.** Offer suggestions to improve processes and their related controls or make SCA policies and systems easier to understand and use. Cooperate with your fellow teammates on audits and internal investigations.
- **Report potential violations of law or SCA policy.** If you are unsure about the legal or policy implications of a particular situation, bring the matter to the attention of your supervisor, another SCA leader, or the Regulatory Compliance or the Legal Services Departments. If a matter involves financial reporting or an accounting matter, bring it to the attention of the Controller or the Regulatory Compliance Department. Never assume that senior leadership already knows about or does not care about an issue that causes you concern.
- **Report exclusions and convictions.** Immediately inform your supervisor, the Human Resources Department, or the Regulatory Compliance Department if you (or a teammate of whom you become aware) are charged with or convicted of a felony, have sanctions imposed or disciplinary proceedings initiated against your professional license, or are informed by the Office of Inspector General for the U.S. Department of Health and Human Services that you are no longer eligible to participate in federal or state reimbursement programs or contracts.

## Special Responsibilities of SCA Leaders

All teammates are expected to abide by the Standards, but SCA leaders have a special responsibility for ensuring regulatory compliance and integrity. They must ensure that all teammates understand and apply the principles outlined in the Standards and other SCA policies. They must also ensure that all teammates understand the resources that are available to assist them with issues and concerns. SCA leaders must:

- **Be proactive.** Ensure that teammates are properly trained and understand their obligations under the Standards. Ensure that policies and procedures are in place to promote compliance with regulatory standards. Make it easy for teammates to comply with the laws, regulations, and policies and make it difficult to do otherwise.
- **Be receptive.** Maintain an open-door policy. Make it clear to your team and other teammates that you are open to questions or concerns about compliance-related issues that may be brought to you.
- **Be responsive.** Take prompt and appropriate action when a suspected violation of law, regulation, or SCA policy is brought to your attention.
- **Not allow retaliation.** Ensure that no one who, in good faith, reports a suspected violation of law or SCA policy is subject to retaliation.

Leadership requires that you set a personal example of integrity in all aspects of your job. You are responsible for setting the right tone for teammates who report to you.



## Consequences of Non-Compliance

Failure to comply with the law could lead to serious consequences for you, your fellow teammates, and SCA. These consequences may include, but are not limited to, termination of employment, imprisonment, personal or company fines, and exclusion from Medicare and other health care programs. Disciplinary action, up to and including termination of employment, will be taken against any teammate who:

- Authorizes or participates in any violation of law, the Standards, or SCA policies and procedures;
- Fails to report or conceals a violation;
- Refuses to cooperate with any internal investigation or audit; or
- Threatens or retaliates against any other teammate who reports a violation.

Disciplinary action will also be taken against any SCA leader who knew or should have known about a violation and failed to take reasonable actions to prevent or promptly report and correct the situation.

*Appendix B includes a more detailed discussion of the penalties that may be imposed on SCA or individual teammates for violation of the Federal False Claims Act.*

---

## Getting Answers to Questions or Reporting a Possible Violation of Law or SCA Policy

Open discussion of legal and policy issues without fear of reprisal is vital to the effectiveness of SCA's Regulatory Compliance Program. Ask questions about policies or practices that you do not understand and report suspected violations of law or SCA policy to an SCA leader. SCA leaders must maintain an "open-door" policy for their team and for other teammates who may reach out to them with questions or concerns. Prompt identification and reporting will allow the Company to investigate and correct potential problems before they can do material financial or reputational damage to SCA. The following resources are available to all teammates. You will find a listing of specific contact information in the back of this booklet.

### Your Supervisor

Your supervisor knows you and the issues in your workplace better than anyone else at SCA. Accordingly, many questions and concerns can best be addressed at the department or facility level. If they do not have an answer, they have access to other SCA resources that can help.

### Human Resources and General Workplace Issues

If your question or concern involves a human resource or general workplace issue, you should contact the Human Resources Department.

### Health Care Regulatory Issues/Conflicts of Interest

If you have a question or concern relating to a health care regulatory issue or a conflict of interest, you should contact the Regulatory Compliance Department.

### Accounting, Financial Reporting, Safeguarding of Assets and/or General Business Standards and Practices

If you have a question or concern relating to accounting, financial reporting, safeguarding of assets, and/or general business standards and practices, you should contact the Controller.

## Compliance Hotline

If for any reason you feel uncomfortable raising an issue to your supervisor or through other channels, or if you have not been able to resolve an issue to your satisfaction, you may call the toll-free **Compliance Hotline at (866) 842-1364** to report a concern anonymously and without fear of retaliation. The Compliance Hotline operates 24 hours a day, 7 days a week and is operated by an independent company with no other relationship to SCA or its leaders. Your call will not be traced or recorded, and your anonymity will be protected up to the limits of the law if you wish to remain anonymous. The Compliance Hotline has a Spanish-speaking staff member available at all times, and its staff has access to interpreters of numerous other foreign languages.

All reports received by the Hotline will be investigated. If substantiated, appropriate corrective actions will be taken, including disciplinary action against teammates, changes to SCA policies and systems, additional training, or disclosure of overpayments to government and/or commercial payers. The Hotline is intended to supplement, not replace, other channels for communicating questions and concerns within SCA. It should be used when you have exhausted other avenues of communication or are uncomfortable with disclosing your identity.

When you call the Hotline, you will be given a case number and a call-back date (which will usually be about two weeks from the date of the call), so that SCA can seek your help in answering questions that may have arisen during an initial investigation, while fully protecting your anonymity. Your calling back and responding to the questions may assist SCA in conducting an effective investigation, but it is entirely your decision whether to do so or not.

You may also bring a concern to the Regulatory Compliance Department via letter or fax at:

Surgical Care Affiliates, LLC  
Regulatory Compliance Department  
569 Brookwood Village, Suite 901  
Birmingham, AL 35209  
Fax: (205) 439-4938

You may also report a concern via e-mail to [regcomp@scasurgery.com](mailto:regcomp@scasurgery.com).

If an issue involves a senior leader or a leader in the Regulatory Compliance Department, you have the option of writing directly to SCA's Board of Directors at:

Surgical Care Affiliates, LLC  
Board of Directors  
510 Lake Cook Road, Suite 400  
Deerfield, IL 60015

If an issue involves a possible regulatory compliance irregularity and you are unable to get a satisfactory resolution through other channels, you may contact the Regulatory Compliance Committee of the Board of Directors at:

Surgical Care Affiliates  
Regulatory Compliance Committee of the Board of Directors  
510 Lake Cook Road, Suite 400  
Deerfield, IL 60015

If an issue involves possible accounting or financial irregularities and you are unable to get a satisfactory resolution through other channels, you may contact the Audit Committee of the Board of Directors at:

Surgical Care Affiliates  
Audit Committee of the Board of Directors  
510 Lake Cook Road, Suite 400  
Deerfield, IL 60015

Every teammate should feel secure in asking questions or reporting concerns under SCA's Regulatory Compliance program. If you request confidentiality, we will do our best to honor your wishes or, as discussed above, you can call the Compliance Hotline anonymously if you prefer. In either case, it is imperative that you provide enough facts to allow for an effective and thorough investigation.

### Non-Retaliation Policy

SCA will not tolerate retaliation against anyone who, in good faith, reports a regulatory compliance or other concern to the Hotline or to SCA leadership. If you believe that you have been the subject of improper retaliation, you should contact the Regulatory Compliance Department or the Legal Services Department directly.

## Standards of Legal and Regulatory Conduct

### **QUALITY OF CARE**

*Standard: SCA will furnish high quality, cost-effective medical care to patients safely and in accordance with high professional standards.*

Clinical Quality is the first of SCA's six values. Putting "Clinical First" by furnishing high quality, cost-effective medical care to patients on a consistent basis is the primary goal of SCA. Services should be furnished in accordance with medical orders issued by a physician or another authorized health care professional based on the needs of each patient.

- Medical services should be furnished skillfully and safely and in accordance with appropriate clinical policies and procedures, government regulations, and professional standards.
- Services should be medically appropriate for the patient and furnished in a cost-effective manner.
- Only persons with appropriate training and professional credentials and licenses may furnish or supervise the delivery of medical care.
- All professionally credentialed personnel are expected to keep their credentials current and to notify SCA promptly if sanctions are threatened or imposed on a professional license.
- No health care professional should ever furnish a service, or take any action, that would violate a professional code of ethics or practice act.

### **SAFE PATIENT CARE**

*Standard: SCA will promote a community-wide safety culture based on clinically appropriate policies, systems, and equipment.*

*Safe care is essential to the well-being and recovery of patients.* Facilities should develop processes for continuous assessment and refinement of existing safety management systems. Facilities should also ensure that the facilities and the equipment used to furnish medical services are safe, effective, and in good working order at all times. Maintenance should be performed and documented in accordance with manufacturer's instructions.

### **TREATMENT OF PATIENTS**

*Standard: All SCA patients will be treated with respect and dignity. Patients will not be denied access to medical services at any SCA facility based on race, sex, religion, national origin, gender, or other classification prohibited by law.*

Patients, as well as their issues and concerns, should be treated in the following manner:

- Respond promptly and courteously to patients' questions and concerns.
- Provide adequate and accurate information to patients and their families in order to allow them to participate in treatment planning whenever appropriate and to make informed treatment decisions.

- Safeguard the personal property of patients.
- Maintain complete and accurate medical records.
- Do not offer gifts to, or accept gifts from, patients of more than nominal value.
- Avoid any perception that the quality of care furnished in a SCA facility is dependent on the offering of gifts or other gratuities.

### **LEGAL OBLIGATIONS**

*Standard: SCA will comply with federal, state, and local laws, rules and regulations that apply to our business and we will not pursue any business opportunity that requires us to act illegally.*

All teammates are expected to know and adhere to the laws, rules and regulations that apply to their jobs. If you have questions, ask an SCA leader (e.g., your facility Administrator) or contact one of the SCA resources listed in Appendix C. All teammates are also expected to know and follow SCA policies and procedures, including the Standards, and to utilize SCA processes and systems in accordance with those policies and procedures.

SCA will not employ or contract with any person or entity that is ineligible to participate in federal health care programs. Suspected violations of law or SCA policy must be promptly reported to your supervisor or other SCA leader. This is more fully described in Getting Answers to Questions or Reporting a Possible Violation of Law or SCA Policy.

Competitive pressure or “industry practice” is never a valid basis for violating SCA policy or regulatory standards. If you believe that a competitor is achieving a commercial advantage by ignoring legal or regulatory requirements, contact the Legal Services Department or the Regulatory Compliance Department for assistance.

### **CLINICAL RECORDS**

*Standard: All clinical records, in paper or electronic format, will be accurate, complete and protected from loss or unauthorized disclosure and maintained in accordance with government and SCA record retention requirements.*

### **PROTECTING OUR PATIENTS’ PRIVACY**

*Standard: All teammates must take reasonable measures to protect the confidentiality of protected health information (PHI), whether that information is presented in oral, written, or electronic form.*

All patients’ medical and financial information should be treated confidentially. Only those persons who require patient information to furnish care, perform quality control activities, bill or collect charges for services, or furnish other administrative services are permitted access to PHI unless authorized under the law or by the patient. Similarly, PHI must not be discussed or disclosed except as necessary to treat the patient, obtain payment for services, perform administrative functions for SCA, comply with legal obligations or as authorized by the patient or their representative. SCA has developed specific policies and systems to promote this objective as well as the Protecting our Patients’ Privacy (POPP) habits and guidelines. All teammates should be familiar with these policies, systems and the POPP habits and ensure that they are applied consistently.

**DISPENSING DRUGS AND CONTROLLED SUBSTANCES**

*Standard: SCA teammates dealing with controlled substances are responsible for knowing and complying with applicable laws and regulations governing the use of controlled drugs and other pharmaceuticals, including orders, storage, administration, and inventory. The loss or misuse of any controlled substance must be reported promptly to your supervisor or another SCA leader.*

**RESEARCH**

*Standard: All research activities conducted at SCA facilities must be approved in advance by SCA.*

The Regulatory Compliance Department has an approval process that must be followed for any research conducted at SCA facilities to ensure that research protocols have been properly reviewed, that patients have been informed and given consent to participation, and that systems are in place to prevent inappropriate billing or disclosure of confidential information. Contact the Regulatory Compliance Department if you have questions related to research at SCA facilities.

**SALES AND MARKETING**

*Standard: SCA facilities will market their services fairly and in accordance with federal and state laws and regulations, and will not offer or accept any bribe, kickback, or other unlawful benefit for the purpose of inducing the referral of patients or health care products or services to our facilities.*

**Accuracy and Integrity.** All sales and marketing presentations and literature must fairly and accurately describe our services. We should not advance claims that we cannot support or make promises that we cannot keep. We will not engage in deceptive sales or marketing practices. We will respect copyright and trademark rules when using materials published by others.

**Fraud and Abuse Laws.** Federal law and many state laws prohibit health care providers from paying or receiving a kickback or other improper inducement to or from anyone for the referral of a patient or for the purchase of health care. Such laws apply not only to physicians and other health care professionals, but also to all types of referral sources, such as hospitals, physician schedulers, workers' compensation attorneys, and any other individuals in a position to influence referrals or purchases. These laws cover both:

- The offer or payment of a kickback or other improper inducement to secure referrals; and
- The request or receipt of an improper payment in exchange for agreement to purchase a health care product or service from a particular vendor or contractor.

Improper payments or inducements can take many forms. In addition to cash, kickbacks and inducements can include, but are not limited to:

- Above fair market value lease payments to a referral source (or free or below fair market value lease payments from a referral source);
- Loans to referral sources with below market interest rates or other terms that do not meet commercial lending standards;

- Professional services contracts (e.g., medical director agreements) for more services than are needed or at rates in excess of fair market value;
- Management fees that fail to cover the full cost of services furnished to a referral source; and
- Excessive gifts or entertainment.

Improper inducements may also be indirect (e.g., a payment or concession made to a third party with the expectation that it will be passed on to a referral source). Even the mere offer of a kickback or improper inducement could be a violation of law and could subject you and SCA to criminal prosecution. Federal law also prohibits the use of gifts or other financial benefits to induce a Medicare patient to receive care at a SCA facility.

**Antitrust and Business Competition.** SCA will compete vigorously, but fairly, in the marketplace. We will not seek to restrict competition through unlawful monopolistic or predatory practices. Teammates should not:

- Discuss or agree with a competitor to set prices, divide sales territories, or compromise the integrity of a competitive bidding process;
- Exchange information with a competitor about pricing, margins, bids, contracts, plans, or other confidential business matters;
- Participate in group boycotts of other health care professionals, providers, or commercial payers; or
- Make any arrangement with a competitor to artificially reduce competition.

Teammates should take particular care when pursuing joint ventures or alliances with other health care providers. Care should also be taken when participating in trade associations. It is generally acceptable for trade association members to cooperate on quality or public policy-related activities. Other forms of cooperation should be avoided. Questions relating to antitrust and business competition should be directed to the Legal Services Department.

### **PROTECTING OUR DOCTORS/PHYSICIAN OWNERSHIP**

*Standard: SCA will only buy and sell interests in its facilities at fair market value. SCA will not buy or sell more or less of ownership interest based on the number or value of referrals made by a physician. All earnings distributions for a facility will be based on the percentage of ownership held by the owners.*

SCA will not:

- Offer ownership in exchange for referrals;
- Make earnings distributions based on the number or value of referrals; or
- Allow a physician to become or remain an owner based on his or her ability to generate referrals for other physicians who will perform procedures at our facilities.

SCA has developed the Protecting our Doctors (POD) initiative in support of this program. The POD materials should be used in partnership decks and certain partner communications to emphasize SCA's commitment to compliance with rules and regulations around physician ownership in its facilities.



**BILLING AND CODING**

*Standard: All claims submitted for payment of services must be fair, accurate, and conform to applicable regulatory and contractual requirements.*

Collecting the correct payment for the services we provide and promptly reporting and returning any overpayments identified are fundamental parts of SCA's business. Accordingly, great care should be taken to properly code, bill, and collect only for services that are actually rendered and documented in patients' medical records. Under no circumstances should a claim be submitted that is known or suspected to be erroneous, fraudulent, or fictitious. Overpayments identified should always be reported and returned promptly, but in no case in excess of 60 days.

- Claims must be coded to accurately reflect the services rendered as documented in the patient record, as well as relevant patient conditions and diagnoses;
- Billing, coding, and collection practices must conform to applicable government rules and commercial contractual obligations;
- Coders must be trained and qualified to perform such functions;
- Overpayments must be promptly identified and returned to payers;
- Effective management controls, including routine audits, should be established to minimize the scope and frequency of billing errors; and
- Teammates are expected to cooperate fully with all internal and external audits of claims and billing systems.

If possible, all errors should be corrected before the claim is billed. However, if an error is identified after a claim has been filed, the payer should be notified to suspend improper payment or arrange for the refund of an overpayment. If you discover or suspect an error in a claim or in any billing system, promptly alert your supervisor or another SCA leader. A more detailed discussion of the penalties imposed by federal and state false claims laws is included in Appendix B.

**WORKING ENVIRONMENT**

*Standard: SCA will maintain a work environment where teammates are treated fairly and with respect, where they can perform their jobs safely and effectively, and where they are encouraged to realize their full professional potential.*

Additional information on the duties of each teammate to promote these policies and programs is provided in the SCA Teammate Handbook. Failure to conform to the requirements of these policies and programs will result in disciplinary action, up to and including termination of employment. Violations should be reported promptly to your supervisor, another SCA leader, or the Human Resources Department.

**Discrimination and Harassment.** SCA values a diverse workforce and recognizes its contribution to creativity and business growth. SCA does not tolerate unlawful discrimination or harassment by or against its teammates, patients, visitors, or medical staff members. All teammates and applicants for employment must be given equal employment opportunities without regard to race, religion, sex, age, national origin, disability, or any other classification protected by law. Unlawful harassment may include, but is not limited to, slurs, epithets, threats, or derogatory comments. It also includes verbal or physical conduct of a sexual nature that creates an intimidating, hostile, or offensive working environment.

**Workplace Violence.** Physical violence or threats of violence are never acceptable. This includes abusive or aggressive behavior intended to threaten or intimidate another person. Teammates, patients, visitors, and medical staff members (with the exception of authorized security personnel) are not permitted to bring any weapon onto SCA property.

**Use of Alcohol and Illegal Drugs.** Teammates are expected to be free from the influence of alcohol or drugs used illegally in the workplace. The use of alcohol or illegal drug use while conducting SCA business in the workplace jeopardizes the health and safety of patients, other teammates, and visitors. It also compromises the ability of the teammate to perform his or her responsibilities in a professional and effective manner. Teammates who appear to be under the influence of drugs or alcohol in the workplace will be subject to drug or alcohol testing. Teammates who suspect that a co-worker is under the influence of alcohol or illegal drugs in the workplace should promptly notify their supervisor (e.g., your facility Administrator), another SCA leader, or the Human Resources Department.

**Professional Practice Acts.** SCA teammates are expected to conform to applicable state professional practice acts and professional codes of ethics at all times. SCA leaders are expected to be aware of such standards and to promote regulatory compliance. This is particularly important when an SCA leader is not governed by the same standards and professional ethical obligations as a teammate.

**Health and Safety.** All teammates are expected to be familiar with the potential hazards in their workplace and to comply with government regulations and SCA policies relating to workplace safety. This includes Risk Management policies and requirements designed to protect teammates from potential workplace hazards, including but not limited to:

- Safety Management Improvement Program;
- Standard precautions for potentially infectious materials;
- Storage and use of hazardous materials;
- Facility-level safety and emergency plans;
- Ergonomic safety;
- Infection control procedures; and
- Sentinel event and other incident reporting.

Any unsafe conditions should be reported promptly to your supervisor, another SCA leader, or to SCA's Legal Services Department.

**Handling and Disposal of Hazardous Materials.** Federal and state laws regulate the handling and disposal of many hazardous materials, including blood and other bodily fluids, used needles and syringes, potentially toxic chemicals, and other materials that may present a hazard to teammates or to the local community if not properly controlled. All teammates are expected to comply with SCA policies and systems relating to hazardous materials at all times.

**Teammate Integrity.** Teammates are expected to act with integrity in recording hours worked, scheduling and reporting time off, using SCA property, seeking reimbursement for business-related expenses, and all similar matters.

**ACCOUNTING AND FINANCIAL REPORTING**

*Standard: All accounting entries, as well as all internal and external SCA financial reports, must be prepared accurately and on a timely basis in accordance with generally accepted accounting principles and applicable government regulations. Financial reports will fairly and accurately reflect the operations and financial condition of SCA.*

**Record Keeping and Management.** SCA is required to prepare and maintain accounts, books, and other records that fairly reflect the results of its business operations. All transactions must be properly authorized, recorded in the period in which they were executed, and properly documented. Each teammate is expected to be familiar and comply with SCA record retention policies that apply to documents (both paper and electronic) in his or her custody or control.

From time to time, the Legal Services Department may notify you that you and your facility or department have records relevant to a pending or reasonably foreseeable judicial or government proceeding, audit, litigation or investigation. Make sure that you comply with this legal hold notification and do not alter, destroy, mutilate, conceal or falsify records covered by it in any way. A legal hold remains in effect until you are notified by the Legal Services Department in writing.

If you have any doubt about record keeping, consult your supervisor, the Legal Services Department or the Regulatory Compliance Department.

**Internal Controls.** Teammates are expected to assist in the development, execution, and enforcement of effective internal controls to ensure that contracts, payments and other business transactions are properly authorized, conform to SCA policies and procedures, and are recorded accurately in accordance with generally accepted rules of accounting.

**Financial Reports.** Information filed with, or submitted to, the U.S. Securities and Exchange Commission or provided to others about SCA's business, earnings, and financial condition should be full, fair, accurate, timely, understandable and complete. Each teammate should promptly report any questionable accounting or auditing matters to his or her supervisor, another appropriate SCA leader, the Controller, or the Regulatory Compliance Department. Any incorrect information provided to a government agency or a lender should be corrected promptly.

**Financial Audits.** All teammates are expected to cooperate with internal reviews and SCA's independent auditors. Information provided should be accurate, complete, and not misleading. Teammates should avoid any action that could compromise, or appear to compromise, the objectivity of SCA's independent auditors.

**Code of Ethical Conduct for Financial Leaders.** The CEO and SCA financial leaders who supervise or manage accounting functions or the preparation of financial reports are required to abide by the applicable portions of a special code of conduct stressing personal responsibility for integrity, completeness, and accuracy of financial recording and reporting. A copy of the Code is attached to the Standards as Appendix A.

## **MANAGEMENT OF SCA ASSETS**

*Standard: SCA teammates will manage SCA assets and other resources honestly and wisely, including property of partnerships, joint ventures or other entities that are controlled or managed by SCA. SCA assets should be used for SCA business purposes only. Proper authorization in accordance with SCA policies must be obtained prior to the commitment of SCA funds or the disposition of other SCA resources.*

**Physical Assets.** Every teammate has a duty to protect and not misuse SCA property, assets, facilities, equipment, and supplies. When SCA property becomes surplus, obsolete, or unusable, it should be disposed of in accordance with SCA policies and procedures. Unauthorized use, removal, or disposal of any SCA property is prohibited. Teammates should immediately report missing property, as well as any unusual circumstances surrounding the disappearance of SCA assets, to their supervisor, another appropriate SCA leader or the Regulatory Compliance Department.

**Financial Assets.** Teammates responsible for managing SCA financial assets are expected to do so honestly and in conformance with established SCA policies, procedures, and internal controls. SCA funds may never be diverted for personal use, even temporarily, or used for any purpose that is not authorized and approved in accordance with SCA policies. Specific rules for approval of capital and operating expenses have been established by SCA (see the SCA Approval Authority policy).

**Confidential or Proprietary Information.** In addition to physical and financial assets, SCA assets also include certain intangible or "intellectual" property. This includes confidential or proprietary formulas, processes, inventions, pricing information, provider agreements, financial information, development plans, and other information that has not been made public and that would be of interest to a competitor or other party if disclosed. No confidential or proprietary information should be disclosed to individuals outside SCA or to other teammates who do not need the information to perform their duties unless expressly authorized by an appropriate SCA leader. All confidential or proprietary information should be protected against theft, loss, and unauthorized disclosure.

Teammates should be cautious not to inadvertently disclose confidential information to third parties when discussing sensitive information on his or her phone; transmissions may be intercepted. Use caution when speaking with coworkers in public places, such as elevators, airports and restaurants, and open areas within SCA, such as the break room, common areas and restrooms. If you learn of an unauthorized disclosure of SCA confidential information, you must report it immediately to your supervisor.

Our suppliers, customers and other third parties share their own confidential information with us. We may have an obligation to protect that information as well. If someone outside SCA requests information belonging to one of these third parties, do not share it without the owner's permission.

**Use of SCA Information Systems.** SCA's information systems, including all hardware and software used to support such systems should only be used for SCA purposes. Teammates should not share proprietary systems or software with other companies or persons. No software should be installed on SCA computers or used for SCA purposes without approval by SCA's Information Technology Department. Doing so could violate federal copyright laws or commercial licensing agreements as well as compromise the security and integrity of SCA information systems.

**CONFLICTS OF INTEREST**

*Standard: Teammates must avoid actual conflicts of interest between their private interests and the interests of SCA, and must avoid any activity involving even the appearance of such conflicts without appropriate approval. A conflict of interest exists if a business or personal relationship with another person or entity interferes with your ability to perform your duties for SCA in an objective manner.*

The following is a non-exclusive list of examples where a conflict of interest may exist, depending on the specific facts and circumstances and any relevant provisions of SCA's other governing documents.

- A teammate steers business to a vendor in which he/she or a family member have a personal financial interest;
- A teammate conducts private business on SCA time;
- A teammate's outside employment interferes with his/her responsibilities to SCA;
- A teammate tries to take advantage of a business opportunity presented to SCA for his/her own purposes;
- A teammate accepts gifts, meals, or entertainment in excess of normal business courtesy that may appear to obligate SCA to do business with a particular contractor or vendor;
- A teammate markets or promotes products or services in competition with SCA's current or potential business activities;
- A teammate serves as an officer, director, partner, or any other advisory capacity for a supplier, customer, partner, subcontractor, or competitor of SCA; or
- A teammate has an investment or other financial interest in a competitor or contractor with SCA. This includes investments, financial interests, or employment by a spouse or other immediate family member.

In general, teammates are permitted to hold other jobs so long as doing so does not, among other things, put the teammate in a position to compromise confidential or proprietary information or prevent the teammate from meeting the performance standards of their position at SCA. Any potential conflicts of interest from outside employment should be disclosed to your supervisor, the Legal Services Department, the Regulatory Compliance Department, or Human Resources Department.

Teammates are expected to disclose the potential conflict of interest before starting or continuing the activity in question. Your supervisor and resources from the above departments can provide guidance on whether such activity constitutes a conflict of interest under SCA's governing documents and these Standards, and on how to avoid or mitigate the possible conflict. This guidance may include asking you to end the activity that may create a potential conflict of interest or an appearance of a conflict. Board members and executive officers should disclose to the Board of Directors or the Audit Committee of the Board any material transaction or relationship that reasonably could be expected to give rise to such a conflict.

Full disclosure and candid discussion are elements of integrity, and they will help ensure that no conflict is present or perceived by others to be present. Full disclosure will also help prevent others from questioning your decisions or intent.

**Interacting with Vendors.** Treat all vendors fairly and professionally. Follow all SCA contracting policies and evaluate bids and vendors objectively on the merits of price and performance. Do not accept extravagant or frequent personal gifts or other personal benefits from vendors, as doing so could compromise your objectivity or the integrity of the contracting and purchasing process. Teammates may accept modest offers of meals or entertainment or other common “business courtesies” in connection with the discussion of SCA business as long as doing so does not create an expectation that the decision to use a particular vendor will be based upon personal relationships rather than price and performance. Such gifts and other benefits should not exceed a value of \$300 per calendar year from any vendor. This includes benefits to family members of teammates. A teammate should never request a personal gift or benefit from a vendor.

### **INSIDER TRADING**

*Standard: Teammates are prohibited from buying or selling securities of SCA or other companies with which SCA is affiliated at a time when in possession of material nonpublic information.*

The following is intended to provide a summary of certain provisions of SCA’s “Insider Trading Compliance Program,” which includes an “Insider Trading Policy”, as adopted by the Board of Directors. In these Standards, we refer to the Insider Trading Compliance Program and the Insider Trading Policy collectively as the “Insider Trading Program and Policy”. You are required to abide by all of the terms of SCA’s Insider Trading Program and Policy. Under the Insider Trading Program and Policy, certain teammates, including directors, executive officers and others, are only allowed to trade in SCA’s common stock during certain periods, commonly known as “trading windows.” Certain teammates are also required to obtain prior clearance from the Insider Trading Compliance Officer before engaging in any trades in SCA’s common stock or other securities. The Insider Trading Compliance Officer is SCA’s General Counsel, or upon the General Counsel’s designation in his or her absence, SCA’s Chief Financial Officer.

You are prohibited by SCA policy and the law from buying or selling securities of SCA at a time when in possession of “material nonpublic information.” This conduct is known as “insider trading.” Passing such information on to someone who may buy or sell securities – known as “tipping” – is also illegal. The prohibition applies to SCA securities and to securities of other companies if you learn material nonpublic information about other companies, such as SCA’s suppliers or customers, in the course of your duties for SCA.

Information is “material” if (a) there is a substantial likelihood that a reasonable investor would consider the information “important” in making an investment decision regarding the purchase, sale or holding of securities or engagement in any other transaction concerning securities; or (b) the information, if made public, likely would affect the market price of a company’s securities. Examples of types of material information include unannounced dividends or changes in dividend policy, earnings or losses, financial results, new or lost contracts or products, sales results, important personnel changes, business plans, possible mergers, acquisitions, divestitures or joint ventures, important litigation developments, and important regulatory, judicial or legislative actions. Either positive or negative information may be material. Information may be material even if it relates to future, speculative or contingent events and even if it is significant only when considered in combination with publicly available information.

Information is considered to be nonpublic unless it has been adequately disclosed to the public, which means that the information must be publicly disclosed, and adequate time

must have passed for the securities markets to digest the information. Examples of adequate disclosure include public filings with securities regulatory authorities and the issuance of press releases, or any other means that is reasonably designed to provide broad, non-exclusionary distribution of the information. A delay of two business days after the information has been disclosed is generally considered a sufficient period for routine information to be absorbed by the market. Nevertheless, a longer period of delay might be considered appropriate in more complex disclosures.

Do not disclose material nonpublic information to anyone, including other teammates, unless the person receiving the information has a legitimate need to know the information for purposes of carrying out SCA's business. If there is any question as to whether information regarding SCA or another company with which we have dealings is material or has been adequately disclosed to the public, contact the Legal Services Department.

### **PUBLIC COMMUNICATIONS**

*Standard: All public communications, including filings, reports and other submissions to federal, state, and local government authorities, will be full, fair, accurate, timely, understandable and complete.*

All teammates have a duty to make sure that the information SCA records is full, fair, accurate, timely, understandable and complete. Our recorded information is used to make daily decisions, advise investors on our financial results and make required legal filings.

As a publicly traded company, SCA must comply with a variety of regulations that govern public communications to investors and the public and promote transparency in financial markets. SCA has specific requirements for financial reports and documents that it files with, or submits, to the U.S. Securities and Exchange Commission and for other public communications. If you are responsible for preparing such reports or contributing information for such reports, you need to ensure that the disclosures are full, fair, accurate, timely, understandable and complete.

False statements contained in a government filing, report or other submission could subject SCA and the individual(s) responsible for preparing and submitting the filing, report or other submission to civil or criminal penalties. SCA will cooperate with authorized requests for information from government auditors and other officials. Non-routine requests for information should be brought to the attention of the Regulatory Compliance Department or the Legal Services Department.

Teammates responsible for providing information to be included in a report or a filing to be signed by a senior SCA leader are responsible for ensuring the accuracy of the information, for providing the information in a timely manner, and for disclosing any problems or concerns to the appropriate SCA leader before the final report or filing is submitted. Documentation and work papers used to prepare or support information contained in a government report or filing should be retained in accordance with SCA record retention policies.

If you manage third parties who perform work for SCA, you must ensure that SCA communicates its expectations regarding adherence to these principles and applicable laws and policies. Further, make reasonable efforts to ensure that third parties adhere to these requirements.

If you become aware of records that may be inaccurate or of questionable accounting or auditing matters, report the situation immediately to your supervisor, another SCA Leader,

the Legal Services Department, the Regulatory Compliance Department or the Audit Committee of the Board of Directors.

### **LOBBYING AND POLITICAL ACTIVITIES**

*Standard: All lobbying and other government advocacy carried out by or on behalf of SCA must conform to applicable federal and state regulations.*

**Lobbying.** The federal government and many state governments impose rules on lobbying or other types of government advocacy activities. These often include limits on meals and entertainment that may be furnished to government employees as well as requirements for registration and public disclosure of expenses incurred in connection with lobbying activities. To ensure compliance with these rules and to ensure that statements expressed by SCA teammates and consultants are consistent with SCA policy positions, all lobbying and other government advocacy at the federal and state level must be approved by the Legal Services Department.

**Political Activities.** In general, SCA funds, facilities, and assets should not be used to support a political candidate or party. Exceptions, where expressly permitted by law, must be approved by the Legal Services Department. Eligible teammates may contribute to the SCA Political Action Committee (PAC). However, no teammate may be compelled or pressured to do so. Participation in political activities through SCA channels or on a personal basis is entirely voluntary and no teammate, contractor or medical staff member may be rewarded for participating (or penalized for not participating) in any SCA-sponsored political activity, including the PAC established by SCA. Teammates should not seek reimbursement from SCA for any personal political contributions.

### **CONTACTS BY GOVERNMENT AGENCIES**

*Standard: The Legal Services Department must be immediately notified if you or your facility is contacted by a government agent in connection with a non-routine investigation of SCA or another person or company. SCA and its facilities will cooperate fully with any government investigation.*

Obtain the name of the agent, the agency, the subject of the investigation, and any other relevant information if you or your facility is contacted by a government agent in connection with a non-routine investigation. This will allow SCA's attorneys to contact the agent to establish a basis for cooperating with the investigation. If the agent wishes to arrange a personal interview with you, SCA attorneys can explain your rights and obligations and respond to any questions. No teammate may, or advise another teammate to, destroy or alter a Company document or record in anticipation of a government subpoena or other government request for documents, or make any intentionally false or misleading statement to a government official.



## Appendix A: Code of Ethical Conduct for the Chief Executive Officer and Financial Leaders

The honesty, integrity, and sound judgment of the Chief Executive Officer (CEO) and all other SCA “Financial Leaders” are fundamental to the reputation and success of SCA. This Code of Ethical Conduct for the Chief Executive Officer and Financial Leaders (“Code”) applies to the CEO and all other SCA “Financial Leaders.” Financial Leaders include persons holding such titles as the Chief Financial Officer (CFO), the Controller, the Vice President of Finance, and the Vice President of Tax. Financial Leaders also include those teammates reporting directly to each of these senior leaders who are responsible for accounting, internal control and financial reporting (e.g., the Assistant Controller).

This Code covers a wide range of financial and non-financial business practices and procedures and is in addition to SCA’s Standards of Legal and Regulatory Conduct that covers all teammates. This Code does not cover all issues and circumstances that may arise, but it sets out basic principles to guide the CEO and all Financial Leaders of SCA. If an applicable law, rule or regulation conflicts with a policy in this Code, the CEO or the Financial Leader must comply with the applicable law, rule or regulation. Questions about this Code should be directed to SCA’s General Counsel, CFO, or Controller.

SCA recognizes that the CEO and Financial Leaders hold an important and elevated role in corporate governance. They are uniquely capable and empowered to ensure that stakeholders’ interests are appropriately balanced, protected and preserved. Accordingly, this Code provides principles to which the CEO and Financial Leaders are expected to adhere and advocate. This Code embodies rules regarding individual and peer responsibilities, as well as responsibilities to SCA, the public and other stakeholders. The CEO and Financial Leaders who violate the standards of this Code will be subject to disciplinary action, which may include termination of employment.

### Financial Code Principles and Responsibilities

Financial Leaders shall adhere to and advocate to the best of their knowledge and ability the following principles and responsibilities governing their professional and ethical conduct.

1. Act with honesty and integrity, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships. Promptly disclose to the General Counsel the nature of any such conflict of interest or any material transaction or relationship that reasonably could be expected to give rise to such a conflict of interest and abide by any conditions imposed to control or eliminate any potential conflict of interest. Intimidation or harassment of any teammate is expressly prohibited.
2. Provide full, fair, accurate, timely, understandable and complete information in reports and documents that SCA files with, or submits to, the U.S. Securities and Exchange Commission and in other public communications made by SCA.
3. Provide stockholders, the Board of Directors, members of the SCA management team and other teammates with information that is accurate, complete, objective, relevant, timely and understandable.

4. Ensure that all transactions are appropriately and adequately documented and that source and original documentation is organized, maintained and safeguarded.
5. Ensure all transactions are accurately reported, timely, and in accordance with Generally Accepted Accounting Principles and with SCA policies. When a question or clarification is needed, approval from the Controller will be obtained prior to recording the transaction.
6. Comply with all applicable laws, rules and regulations of federal, state and local governments, listing authorities and other regulatory agencies.
7. Act in good faith, responsibly, with due care, competence and diligence, without misrepresenting material facts or circumstances or allowing their independent judgment to be subordinated and without seeking improperly to influence or hinder SCA's independent auditors in any way in the performance of their engagement.
8. Protect the confidentiality of proprietary information acquired in the course of their work. Confidential information acquired in the course of their work shall in no event be used for personal advantage.
9. Share knowledge and maintain skills important and relevant to stockholders, the Board of Directors, members of the SCA management team and other teammates and SCA's needs.
10. Proactively promote ethical behavior as a responsible partner among peers in the work environment.
11. Ensure responsible use of and control over all assets, resources and information employed or entrusted to them.
12. Assist in design and implementation of internal controls regarding the reliability of financial reporting, including disclosure controls. Perform all designated internal controls and ensure that subordinates perform internal controls for which they are responsible. Ensure that controls are performed at the specified frequency.
13. Ensure that receipts and expenditures are made only in accordance with applicable SCA policies.
14. Promptly report observed or suspected Code violations.

### Reporting of Violations of the Code, Illegal or Unethical Behavior

Teammates and others are expected to report observed or suspected violations of the Code and illegal or unethical behavior to a senior Financial Leader (the Controller or the CFO), the Regulatory Compliance Department, or the Legal Services Department. (See **Appendix C: Important Contact Information and Resources** on page 30 for names and contact information of these individuals.) Complaints regarding SCA accounting, internal accounting controls or auditing matters may also be addressed to:

The Audit Committee  
Surgical Care Affiliates  
510 Lake Cook Road, Suite 400  
Deerfield, IL 60015

Teammates may also use SCA's Compliance Hotline (866) 842-1364. Reports will be treated in a confidential manner. Investigations related to this Code will be conducted by the Regulatory Compliance Department. Teammates are expected to cooperate fully and in good faith in internal investigations of misconduct and violations of this Code.

This Code is a supplement to, and not a replacement of, SCA's Standards of Legal and Regulatory Conduct. The CEO and Financial Leaders will be held accountable for adherence to both this Code and the Standards of Legal and Regulatory Conduct.

\* \* \* \* \*

I, hereby, acknowledge that the Company's Code of Ethical Conduct for Financial Leaders describes procedures for the internal reporting of violations of that Code. I will comply with those reporting requirements and encourage others under my supervision to do so, emphasizing SCA's policy of non-retaliation against teammates who make good faith reports of misconduct or violations of the Standards of Legal and Regulatory Conduct or this Code. I further acknowledge that the consequences of my failure to adhere to this Code or the Standards of Legal and Regulatory Conduct may result in disciplinary action, up to and including termination.

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

## Appendix B: Federal False Claims Act

The federal False Claims Act prohibits the submission of a knowingly false or fraudulent claim for payment to the federal government. It also prohibits the use of false statements or records for the purpose of obtaining an improper payment or concealing the receipt of such a payment. Accordingly, identified overpayments by the federal government are required to be returned within 60 days of the date of identification in order to remain in compliance with the Act. The Act applies to all claims for payment of an item or service furnished to a beneficiary of Medicare, Medicaid, or other federally-financed health care program. It also applies to certain claims-related filings and reports such as Medicare and Medicaid cost reports.

The term “knowingly” includes actual knowledge that a claim or statement is false, deliberate ignorance of the truth or falsity of a claim or statement (willful blindness), or reckless disregard for the truth or falsity of a claim or statement. This does not include honest mistakes or errors, but it may include failure to implement adequate measures to ensure the accuracy of claims or statements or failure to undertake prompt remedial steps to correct improper claims or statements once they are discovered.

Penalties for violation of the Act can include:

- Civil penalties of up to three times the value of any improper payments received as the result of a false claim or statement
- Additional civil penalties of \$10,781 to \$21,563 per false claim

As further encouragement to report false claims, the Act authorizes private “whistleblowers” to file a suit against another private party for alleged false claims. The federal government has the option to join the suit or to let the original private party pursue the matter on his or her own. If the suit ultimately results in a monetary judgment or settlement, the whistleblower that initially brought the suit may be awarded a percentage of the funds recovered. A whistleblower’s share may be reduced or eliminated if he or she is found to have planned and initiated the false claims violation.

The Act prohibits retaliation against an employee who files a whistleblower suit. An employee may not be discharged, demoted, suspended, threatened, harassed, or otherwise discriminated against in his or her employment as a result of the employee’s lawful acts in furtherance of a false claims action. The whistleblower may be entitled to reinstatement with the same seniority status, two times the amount of back pay, interest on the back pay, and compensation for any special damages as a result of the discrimination such as litigation costs and reasonable attorney’s fees.

**State False Claims Acts.** A number of states have adopted laws similar to the federal False Claims Act covering claims and statements relating to state government payments. These generally include items and services furnished to state Medicaid beneficiaries or beneficiaries of other state-sponsored health care programs. Penalties for violation of state false claims acts vary, but are generally designed to be large enough to pose a significant deterrent to fraudulent behavior. Many state acts also include whistleblower provisions and protections. Questions about a state false claims law for a specific state should be directed to the Legal Services Department or the Regulatory Compliance Department.

In addition to the standards for accurate billing and reporting to government entities contained in the Standards of Legal and Regulatory Conduct, SCA has adopted a number of policies and internal controls to prevent the filing of false claims or statements. All teammates and contractors should be familiar with the policies and controls applicable to their job responsibilities including, but not limited to the following policies, which have general applicability to all SCA functions:

- [CMP\\_01\\_105: Investigations and Government Disclosures](#)
- [CMP\\_01\\_108: Reporting of Related Party Transactions for Cost Reports \(Surgical Hospitals only\)](#)
- [CMP\\_01\\_116: Late Entry and Error Documentation](#)
- [CMP\\_01\\_122: Cost Report Reviews and Other Financial Reports and Certifications to Government Agencies](#)
- [CMP\\_01\\_126: Unapplied Cash, Credit Balances, and Overpayments](#)
- [CMP\\_01\\_128: Medicare Bad Debt & Small Balance Write-offs](#)
- [CMP\\_01\\_137: Communication with Physicians and other Practitioners on Coding and Billing Matters](#)
- [CMP\\_01\\_139: Transactions and Other Arrangements with Referral Sources](#)

SCA encourages all teammates and contractors to be alert to the potential for false claims or statements and to report questions or concerns through the mechanisms described in the Standards. Issues should first be brought to the attention of your supervisor. Issues that are not able to be addressed adequately at the facility or department level should be reported to the Regulatory Compliance Department or the Legal Services Department. Confidential reports may be made to the Compliance Hotline at (866) 842-1364.

SCA leaders are expected to act promptly to investigate and resolve reports of possible false claims or statements and may not retaliate against a teammate who, in good faith, reports a suspicion of improper conduct to SCA leadership or to the Hotline. All SCA Leaders must be familiar with and abide by the requirements of SCA's non-retaliation policy: [CMP\\_01\\_117: Non-Retaliation and Internal Reporting of Suspected Violations of Compliance Policies or Legal/Regulatory Obligation](#).

**Appendix C: Important Contact Information and Resources****Regulatory Compliance Department  
(Healthcare Regulatory and HIPAA Issues)**E-mail: [regcomp@scasurgery.com](mailto:regcomp@scasurgery.com)

Mishelle Coronado – VP &amp; Regulatory Compliance Officer

Phone: (205) 545-2582

Email: [mishelle.coronado@scasurgery.com](mailto:mishelle.coronado@scasurgery.com)

Scott Thompson – Director of Regulatory Compliance and HIPAA Privacy Officer

Phone: (205) 545-2713 Fax: (205) 439-4938

E-mail: [scott.thompson@scasurgery.com](mailto:scott.thompson@scasurgery.com)

Blake Boland – Director of Regulatory Compliance

Phone: (205) 307-5284

E-mail: [blake.boland@scasurgery.com](mailto:blake.boland@scasurgery.com)**Legal Services Department**

Rich Sharff – General Counsel

Phone: (205) 545-2764

E-mail: [rich.sharff@scasurgery.com](mailto:rich.sharff@scasurgery.com)

Tracy Calvert – Assistant General Counsel

Phone: (205) 545-2763

E-mail: [tracy.calvert@scasurgery.com](mailto:tracy.calvert@scasurgery.com)**Controller**

Phillip Prince

Phone: (205) 545-2683

E-mail: [controller@scasurgery.com](mailto:controller@scasurgery.com)**Chief Executive Officer**

Andrew Hayek

Phone: (847) 236-0924

E-mail: [andrew.hayek@scasurgery.com](mailto:andrew.hayek@scasurgery.com)**Chief Operating Officer**

Michael Rucker

Phone: (847) 236-0927

E-mail: [michael.rucker@scasurgery.com](mailto:michael.rucker@scasurgery.com)

Other Resources

**policyIQ**

policyIQ includes Support Services policies on a range of subjects and the ability to search by key word or phrase. The link to policyIQ is available on SCA's internal website home page.

**Regulatory Compliance Website**

SCA maintains a regulatory compliance website as a resource for compliance information and contacts. The compliance website (available on the SCA internal website at [OSCAR → Field Support Services → Regulatory Compliance and Internal Audit](#)) contains helpful information, questions, answers, and other resources about the policies and procedures summarized in this booklet.

**Compliance Hotline (toll-free)**

(866) 842-1364

**HIPAA Security Officer**

James Willcox, Senior Director IT Compliance & Risk

Phone: (205) 545-2625

E-mail: [james.willcox@scasurgery.com](mailto:james.willcox@scasurgery.com)

**Human Resources Department**

Phone: (800) 768-0094, ask for Human Resources

E-mail: [humanresources@scasurgery.com](mailto:humanresources@scasurgery.com)

Approved by the SCA Board of Directors

**October 30, 2013**