



CODE OF CONDUCT

INTRODUCTION AND PURPOSE

United Surgical Partners International, Inc., its subsidiaries and affiliates (collectively referred to herein as "USPI" or the "Company"), are committed to the highest standards of ethics and morality in business and complying with the law. To further assure compliance, the Company has implemented a Corporate Compliance Program (the "Program"). As part of the Program, USPI has appointed John Wellik as Corporate Compliance Officer ("CCO") who is responsible for the operation of the Program. However, complying with the law also requires that every Company director, officer, employee, contractor or other agent conducts him or herself in a manner that is compliant with the law. It also requires that each Company representative report possible legal or ethical violations committed by you or by others. The Code of Conduct is intended to help define the conduct that is expected of you, to assist you in resolving legal and ethical issues, to help you avoid conflicting interests and improper corporate activities, to provide you with a way to report violations, and to assure the Company remains in full compliance with all applicable laws and standards of propriety.

This publication is to be distributed to all Company representatives and to all employees at the commencement of their tenure with the Company.

I. EMPLOYEE / MANAGER RESPONSIBILITIES

1. Every Employee's Responsibilities

Your business decisions and behavior while employed by the Company should be governed by the Code of Conduct contained in this publication. It is your responsibility to be familiar with this Code of Conduct and to be sensitive to any situations that would violate it. Claims of ignorance, good intentions or bad advice are not acceptable as excuses for noncompliance. Failure to comply with this Code of Conduct may result in termination or other disciplinary action, civil penalties or criminal charges. Consequences to the Company could be substantial monetary fines and loss of Company integrity.

It is also your responsibility and right to help the Company enforce this Code of Conduct. As you will see from reading this Code of Conduct, USPI expects that if you are asked to do something that you do not feel is right or if you see activity by other employees that may be unlawful or in violation of the Code of Conduct, you should make a report of that conduct or activity.

CODE OF CONDUCT (continued)

Any questions or concerns you have regarding the Code of Conduct should be discussed with your supervisor or the Company's Corporate Compliance Officer, John Wellik, at (972) 713-3578 or jwellik@unitedsurgical.com.

2. **Manager's Additional Responsibilities**

Managers of the Company should insure that the employees they supervise both understand and comply with the high standards of business conduct set forth in this Code of Conduct. Managers are responsible for maintaining programs and familiarizing personnel with matters relating to this Code of Conduct.

II. **PERSONAL: CODE OF CONDUCT**

1. **Legal Obligations**

Do not break the law.

You must conform to all laws that apply to the business of the Company, wherever it is conducted. If you question as to whether an action is legal or have difficulty interpreting a law, consult legal counsel or the Corporate Compliance Officer.

2. **Business Conduct**

Display good judgment and high ethical standards in your business dealings.

All of the Company's business affairs must be conducted with honesty, fairness and integrity. These qualities are evidenced by truthfulness and the absence of deception or fraud. Special attention should be paid to any dealings with physicians where payment is involved and to all coding matters. These two areas are important to understand the legal and ethical position of the Company and its employees to avoid concerns regarding fraud and abuse arrangements or practices.

3. **Financial Records**

Keep honest and accurate financial records.

Company Representatives must not knowingly create, maintain or submit records, reports or statements that are inaccurate, false or misleading. No undisclosed or unrecorded funds or assets can be established. All items of income and expense and all assets and liabilities must be entered in the Company's financial records and must be accurately and adequately

CODE OF CONDUCT (continued)

described. All payments must be for the purpose stated. All reports submitted to governmental authorities must be accurate and complete and all transactions shall be executed in accordance with management's authorization.

4. Confidential Information

Maintain patient and physician confidentiality in accordance with HIPAA standards and do not use confidential information for personal gain. Protect the patient's right to privacy.

Company Representatives deal on a daily basis with confidential information about the Company. You cannot disclose confidential information about the Company to unauthorized people.

In addition, you must not use confidential information in a way that is not related to the Company's business activities during or after your employment. Confidential information cannot be given to competitors, suppliers, contractors, or to other employees who do not have a legitimate company business "need to know."

5. Conflict of Interest

Conduct personal business to avoid conflict of interest.

You must not participate in any activities that could conflict or appear to conflict with your responsibilities to the Company. You may not realize any profit or gain as a result of your position with the Company apart from the Company's compensation/benefit programs. A conflict of interest occurs if your activities or responsibilities are detrimental to the interests of the Company, or result in an improper or illegal gain for you or a third party.

A Company Representative shall not become involved in non-Company related interests to the extent that such Company Representative spends a substantial portion of the Company's normal business hours on such other interests.

Neither you nor any member of your family can receive gifts, loans or other special preferences from a person or organization that does or wants to do business with the Company or is a competitor of the Company. The only exception is gifts of limited value (i.e., less than \$100) extended as a business courtesy, such as sales promotion items or occasional meals.

CODE OF CONDUCT (continued)

If any member of your family or household works for or consults with a supplier, customer or competitor, you must disclose that relationship to the Company's Corporate Compliance Officer. Investments in competitors' or suppliers' businesses must not involve any conflicts of interest.

Nepotism

USPI allows the employment of relatives of employees as long as such employment does not create a conflict of interest. If you and a relative are employed by USPI, one may not directly supervise the other nor may they work in a position in which a conflict of interest may exist. Heightened disclosure and segregation of duties are expected when family members work together. Please see the USPI Employee Handbook for this guidance.

6. Customer Gifts

Use good judgment if giving gifts to customers.

You must not provide gifts, loans or other benefits to a physician (or representative) or potential customer (or representative) to obtain patient referrals or beneficial arrangements from the customer.

Gifts to physicians or customers (or representatives) are appropriate only if 1) the monetary value is modest, not in excess of \$100 per occurrence and \$400 maximum per year; 2) the benefit is part of marketing, educational or other ordinary business activity; and 3) the benefit does not violate any applicable law. Occasional business meals or entertainment events are acceptable provided they are of reasonable cost and the business purpose is clearly documented. If you have any question whatsoever regarding the appropriateness of a gift, please discuss with your Regional Vice President.

7. Payments or Gifts to Government Officials

Do not use Company funds for improper or illegal activities.

You may not make payments to government officials to secure sales or obtain a favorable treatment. Gifts to or entertainment of government officials or employees are prohibited because these actions could be construed as attempts to influence government decisions.

You also cannot use corporate funds to contribute to a political party, committee, organization or candidate. You may, of course, make personal contributions of your own choice but such contributions are on a voluntary basis and are not subject to reimbursement by the Company.

CODE OF CONDUCT (continued)

8. Company Property

Use Company property for business only.

Do not use Company property for personal reasons. The Company's assets, such as equipment and office supplies, must not be taken out of Company facilities except for purposes of performing your job. If removed from Company facilities, the property must be returned to the facility when it is no longer needed for Company business purposes.

9. Regulatory Information Requests

Consult the Company's Corporate Compliance Officer about any non-routine requests from national, state and municipal government agencies. Similarly, any non-routine requests from accrediting bodies or insurance companies should be addressed with the CCO.

It is the Company's policy to cooperate with reasonable requests from any governmental agency concerning the Company's operations. The fact that a law enforcement agent requests information from the Company or a Company Representative does not mean a crime has been committed by the Company or even that the agent has concluded that a crime was committed at all. At the same time, it is Company policy that you should advise the Company's Corporate Compliance Officer before responding to any requests which are outside the ordinary scope of routine reports that are regularly made to governmental agencies. If a government agency asks you for such non-routine information or for an interview regarding USPI, notify your supervisor and the Company's Corporate Compliance Officer and wait for instructions before proceeding.

10. Advertising and Marketing

Advertise and market the Company's services fairly, honestly and in a non-deceptive manner stressing their value and merits.

Do not use tactics that misrepresent the Company's services or that unfairly undermine the products and services of a competitor. This includes the use of disparaging comments or innuendoes.

CODE OF CONDUCT (continued)

III. THE COMPANY: CODE OF CONDUCT

1. No Payment for Patient Referrals or Prohibited Arrangement with Physicians

The Company will comply with Fraud and Abuse laws and will not accept or make prohibited referrals.

The referral of patients from one health care provider or supplier to another provider or supplier is one of the primary areas of federal investigation. The federal anti-kickback statute (42 U.S.C. §1320a-7b(b), "Anti-kickback Statute") is extremely broad and essentially prohibits payments to physicians and health care facilities for the referral of Medicare and Medicaid business. Courts generally have broadly construed the Anti-kickback Statute to include virtually anything of value given to an individual or entity if one purpose of the remuneration is to influence the recipient's reason or judgment relating to referrals. There are both criminal and civil penalties for violating the Anti-kickback Statute. Criminal sanctions include a fine not to exceed \$25,000 or imprisonment up to five years or both. Civil penalties include exclusion from the Medicare and Medicaid programs.

Considering the Anti-kickback Statute, all referrals by Company Personnel of Medicare business and Medicaid program business to other providers or suppliers should be based solely on medical necessity and appropriateness of care. A referral should never be tied to, or have any relationship to, a financial incentive, or such arrangement may be found to violate the Anti-kickback Statute. Gifts, honoraria, advisory board/committee appointments and outside employment represent situations that could implicate the Anti-kickback Statute and related provisions.

No Company Representative shall solicit or receive, or offer to pay or pay any remuneration of any type (including kickbacks, bribes or rebates) in return for referring or recommending the referral of an individual to another person, hospital or medical facility for services.

There are a number of "safe harbors," or transactions that are expressly stated to not violate the fraud and abuse limitations. The Company's Corporate Compliance Officer and the Company's legal counsel are available to assist in the structuring and preparation of documentation reflecting legal arrangements with physicians.

In addition, federal law known as "Stark II" prohibits a physician from making referrals to entities furnishing certain designated health services if

CODE OF CONDUCT (continued)

a physician owns an interest in the entity or has a financial relationship with the entity, unless the ownership interest or financial relationship meets certain limited exceptions. ***Surgical staff ownership of ambulatory surgery centers is viewed as one of those exceptions.*** Limited partnerships of any joint venture or other transaction between the Company and a referral source should be reviewed in advance by the Company's Corporate Compliance Officer and the Company's legal counsel. Further, the Company will fully comply with the statute's exceptions in all of its financial arrangements with physicians.

You are urged to use caution and seek advice/approval from the CCO when engaging in transactions that involve referral sources to healthcare entities. If you believe that an illegal arrangement has been, or may be, entered into involving the Company and a referral source, you should report such arrangement immediately directly to the officer, department head or administrator to whom you have functional responsibility.

2. Customer Billing

The Company will bill accurately for all services.

The Company is committed to billing accurately for all services it provides in accordance with all applicable federal, state and local laws and regulations. It is imperative that billing statements to patients and third party payors accurately reflect the services actually provided, who performed the services and the precise charge for those services, as well as other relevant data relating to the patient. Claims for payment that contain incorrect information may expose the Company to civil and/or criminal liability. The Company and Company Personnel may only bill patients, Medicare, Medicaid and other payers for services that are medically necessary and properly documented.

The Company or an independent auditor, on at least an annual basis, shall review the Company's billing procedures and practices to ensure that federal and state law, regulations and other requirements are complied with and that patients and governmental third party payors are charged appropriately for services that are rendered. Company Personnel orientation, audit procedures and billing controls are integral components to ensure that each individual is performing his or her duties appropriately. Noncompliance by any individual with the requirements of federal and state law regulations or this provision of the Code of Conduct on business practices will be grounds for discipline, up to and including termination. Company personnel must use their best efforts to prevent, detect and report compliance issues relating to the Company's billing practices. If any individual encounters inappropriate billing activities by Company

CODE OF CONDUCT (continued)

personnel, he or she must report this compliance issue to his or her manager or to the Company's Corporate Compliance Officer.

3. Equal Employment Opportunity

The Company does not discriminate in its employment.

It has been and will continue to be the policy of USPI to be an equal opportunity employer. The objective of USPI is to recruit, hire, train, and promote into all job levels the most qualified applicants without regard to race, color, religion, sex or national origin. All such decisions are made by utilizing objective standards based on the individual's qualifications as they relate to the particular job vacancy and to the furtherance of equal employment opportunity.

All other personnel decisions such as compensation, benefits, transfers, layoffs, returns from layoff, company-sponsored training, education, tuition assistance, social and recreation programs will continue to be administered without regard to race, color, religion, sex or national origin.

4. Harassment

The Company will provide a work environment free from harassment.

The Company's Code of Conduct is to provide a work environment that is free from harassment. Therefore, the Company will not tolerate harassment based on age, race, gender, color, religion, national origin, disability, marital status, sexual orientation, status with respect to public assistance and other characteristics protected under state, federal or local law. Such conduct is prohibited in any form at the workplace, at work-related functions, or outside of work if it affects the workplace. This Code of Conduct applies to all Company employees, clients, customers, guests, vendors and persons doing business with the Company.

Sexual harassment, one type of prohibited harassment, has been defined as---Unwelcome sexual advances, requests for sexual favors and other verbal or physical conduct of a sexual nature when (a) submission to such conduct is made a term or condition, either explicitly or implicitly, of an individual's employment, (b) submission to or rejection of such conduct by an individual is used as a factor in decisions affecting that individual's employment and (c) such conduct has the purpose or effect of substantially interfering with an individual's work performance or creates an intimidating, hostile or offensive work environment.

CODE OF CONDUCT (continued)

5. Compliance with Environmental Laws

The Company will protect the environment in its operations.

The Company is committed to promoting sound corporate environmental practices that will prevent and eliminate damage to the environment, enhance human and community resources and reduce or avoid exposure to environmental liabilities. Any Company Representative that detects an existing or potential condition hazardous to human health or the environment should report the condition immediately to the officer, department head or administrator to whom he or she has functional responsibility. Prompt disclosure of such events is critical to effective remedial action and to the Company's efforts to insure that such events do not recur. Company Representatives with responsibility for the proper handling and disposal of hazardous substances and infectious waste should ensure that contractors hired to dispose of such materials do so in a proper manner.

6. Antitrust Laws

The Company will comply with all antitrust laws.

Under the antitrust laws of the United States, certain agreements, whether explicit or implicit, with competitors, customers or others may constitute punishable crimes and result in severe personal and institutional civil damages if they produce an unreasonable restraint of trade or substantial lessening of competition. Examples of conduct that may be anti-competitive include exclusive buying or selling agreements and certain mergers and acquisitions. The facts of a particular course of conduct are important to an evaluation of the anti-competitive consequences of such conduct and require expert legal guidance. The Company recognizes that routine communications with competitors are appropriate and reasonable in many instances, but communication with competitors about matters that could be perceived to have the effect of lessening competition should take place only after consultation with and the approval of the Company's Corporate Compliance Officer.

General business information about competitors is important to the Company's efforts to maintain and improve upon competitive position in the markets in which the Company operates. However, only legal and ethical means should be used to gather information about existing and potential competitors. Agreements with competitors to exchange such information are improper. Company Representatives shall not (1) respond to any inquiry or survey from a competitor that requests information on prices, wages, marketing activities, acquisition or development plans, or

CODE OF CONDUCT (continued)

any other competitive information; (2) request from a competitor information on acquisition or development plans, prices the competitor charges or pays for any goods or services; or (3) knowingly share with a competitor, directly or through a third party, information regarding pay scales, wages, salary ranges or compensation formulas. Competitive information should be collected only from generally available industry sources, from information within the public domain or to respond to appropriate requests for competitive information when the information is being gathered confidentially by a third party and will be made available to others in summary so no individual competitor is identifiable.

7. Patient Information

The Company will keep patient information confidential, and strive to comply with the guidelines and standards of HIPAA.

Maintain the confidentiality of sensitive patient information and records. Our profession requires that we gather a great deal of personal information about patients. The privacy of much of this information is protected by state and federal law. The inappropriate release of protected health information (PHI) may be injurious to the patient and to USPI. The inappropriate release of patient information may subject you to civil and criminal prosecution, as well as termination from employment by or other relationship with USPI.

In order to protect PHI from inappropriate disclosure, you are expected to: limit your access to patient information to the extent required by your duties and permitted by law; use only legitimate means to collect patient information and, whenever practical, obtain it directly from the patient; refrain from revealing any patient information unless supported by patient care purposes; and refrain from removing or sending a patient medical record or a copy of such record from a designated storage facility or department without the authorization of a supervisor or other designated official.

When in doubt, you should confer with the Company's Corporate Compliance Officer, the Company's legal counsel or your facility's designated Privacy Officer.

Maintain the confidentiality of business information and records. All business records of USPI are proprietary and confidential.

CODE OF CONDUCT (continued)

8. Management Responsibility and Consultation

Management is to respond to any matter which arises under this Code of Conduct.

Corporate officers, supervisors, and all field/facility management are responsible for taking timely action, including any necessary remedial action in response to any matter which arises under this Code of Conduct. With respect to any such matter, any person has access to and is encouraged to consult with higher management as the circumstances may require.

IV. REPORTS AND PERIODIC REVIEWS

1. All Employees

All employees will report suspect activities and possible conflicts of interest of him/herself and of others to the Company's Corporate Compliance Officer.

- (1) If you are requested to make, accept, authorize or agree to any offer, action or payment which is or may be contrary to this Code of Conduct or any other local, state or federal regulation not specifically referenced herein, promptly report such information to the officer, department head or administrator to whom you have functional responsibility, or to the Company's Corporate Compliance Officer.
- (2) If you have, or are considering, the assumption of a financial interest or outside relationship, or are or have been offered or given a gift or favor, which might involve a conflict of interest or cause embarrassment to the Company, whether or not such interest, relationship or gift is specifically described in this publication, promptly report such matter to the officer, department head or administrator to whom you have functional responsibility or to the Company's Corporate Compliance Officer.
- (3) If you acquire information that gives you reason to believe that any Company employee is engaged in conduct which violates this Code of Conduct, or that any agent, representative or other person or firm representing the Company in any transaction is engaged in the type of conduct (whether or not in connection with a transaction involving the Company) which does not meet these standards, promptly report such information to the officer, department head or

CODE OF CONDUCT (continued)

administrator to whom you have functional responsibility or to the Company's Corporate Compliance Officer.

2. Officers, Department Head and Administrators

Officers, department heads and administrators will consult with higher management of situations covered by this Code of Conduct.

- (1) If you receive any such report under Section IV.1.(1) above, promptly advise higher management, consult with the Company's Corporate Compliance Officer and, after appropriate investigation, take timely remedial or other action as required by the circumstances.
- (2) Not less frequently than annually, review with your direct reports and such other employees as you may select, this Code of Conduct contained herein and compliance herewith.

3. Compliance Disclosure Schedules

At least annually, each officer shall complete a disclosure statement concerning compliance with this Code of Conduct.

Not less frequently than annually, each officer, and such other employees as the President of the Company may determine, shall complete a disclosure statement concerning compliance with this Code of Conduct.

V. EDUCATIONAL PROGRAMS

Corporate orientation and educational programs, particularly programs designed for development of general management, marketing management and financial management, will include instruction in matters covered by this Code of Conduct.

VI. RESPONSIBILITY APPRAISAL

The Company considers the actions of each employee under this Code of Conduct to be significant indications of judgment and competence. Accordingly, those actions constitute an important element in the evaluation of the employee for position assignments and promotions. Disregard of this Code of Conduct is subject to appropriate disciplinary action up to and including termination.

CODE OF CONDUCT (continued)

VII. SUMMARY

1. Do not break the law
 - Do not make improper payments to doctors.
 - Code appropriately, and accurately.
 - Ensure accurate financial reporting for your area of responsibility.
2. When in doubt, ask your supervisor or the CCO.
3. Report suspected wrongful conduct in good faith and as soon as possible.
4. Maintain the confidentiality of sensitive patient information and records.
5. Maintain the confidentiality of business information and records.