Foundations Health Solutions
Nursing Facility
Integrity Manual

Revised August 2017

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OUR COMMITMENT TO INTEGRITY

Commitment to Integrity

Foundations Health Solutions is committed to operating its business in an honest, ethical, and legal manner. There are many laws and regulations governing our operations, and the operations of the skilled nursing facilities we service, and we strive to comply with all of them. We also endeavor to be a good corporate citizen and to act ethically in our dealings with vendors, referral sources, competitors, and others.

We strive to foster a culture of compliance, such that all employees and contractors will "live" compliance when carrying out their responsibilities on our behalf. We recognize that compliance is a cooperative effort, and we cannot meet our high standards without the support and assistance of our employees and contractors. We expect our employees and contractors to contribute to our commitment to integrity by recognizing and doing "the right thing."

This Integrity Manual formalizes our commitment to integrity by establishing standards of conduct, well summarized in the Code of Ethics, as well as policies and procedures regarding compliance with applicable laws. This Integrity Manual is intended to apply, where applicable, to all relationships involving our organization, the skilled nursing facilities we service and their owners, our employees, and other health care providers, vendors, and suppliers. Specifically, when we use the word "employee(s)" or "individual(s)" in this Integrity Manual, we are referring to not only employees, but also Foundations Health Solutions' contractors, subcontractors, agents, and other persons who provide items or services to our affiliated facilities or who perform billing or coding functions on our or their behalf. The obligations in this Integrity Manual apply equally to those contractors, subcontractors, agents, and other persons who are involved in our delivery and billing for health care services.

This Integrity Manual also reaffirms our organization's commitment to the delivery of quality health care consistent with applicable State and Federal health and safety standards. We use the word "Resident" in this Integrity Manual to refer to all residents of our affiliated nursing facilities.

Oversight

Our organization has appointed an Integrity Officer and has an Integrity Department and Integrity Committee charged with the responsibility of developing, operating and monitoring its Integrity Program. The Integrity Officer reports directly to Foundations Health Solutions' President on compliance matters. Questions regarding the application of this Integrity Manual may be directed to the Senior Vice President of Integrity Program, often referred to in this Manual as the "Integrity Officer."

Education

Individuals will receive education regarding compliance upon hire and annually, and will be educated on the laws governing their job responsibilities and the matters set forth in this Integrity Manual, by individuals knowledgeable on such items. Training and education will be continuous and ongoing to reflect changes in the laws and regulations. Adherence to the elements of the Integrity Program will be a factor in evaluating the performance of all employees and contractors.

Reporting of Violations

An important goal in fostering our compliance culture is that all individuals feel comfortable reporting any inappropriate activity. In fact, all individuals have an obligation to report violations, suspected violations, questionable conduct, or questionable practices, including suspected violations of any Federal health care program requirements, in accordance with the reporting mechanisms established in this Integrity Manual**.** Retaliation against any individual for reporting is strictly prohibited.

Because our organization believes that compliance is a cooperative effort, we have adopted a chain of command approach with respect to compliance reporting and response. That is, all employees are expected to report suspected violations to their immediate supervisor, or, in the case of a contractor without a direct supervisor, facility contact. Assuming that the issue is within the supervisor's area of expertise, the supervisor will determine the appropriate response. If a supervisor needs assistance, the supervisor can report the potential violation "up the chain" to his/her supervisor for additional input. Further reports up the chain may be necessary in the event of significant compliance issues.

We recognize that situations may arise where an employee does not feel comfortable reporting to his/her supervisor, or an employee may be concerned that his/her supervisor will not address the issue. Accordingly, we have developed additional mechanisms for individuals to report issues or questions associated with Foundations Health Solutions' or any of its affiliated facilities, owners, management, or employees' policies, conduct, practices, or procedures believed by the individual to be a potential violation of criminal, civil, or administrative law. Such reports may be made anonymously

through our 24-hour Integrity Program hotline (1-877-647-3335) or online at **www.redflagreporting.com**, and/or directly to members of the Integrity Department as follows:

Senior Vice President of Integrity Program: Anna Moorehead (440) 537-6099
Vice President of Integrity Program – HIPAA Director: Grace Rawlins (419) 566-9723

Continuous Improvement

We appreciate your contributions to our organization's compliance culture. If you have any thoughts about how we can improve our Integrity Program, please share them. Our organization always welcomes your comments, questions, concerns, and suggestions.

1.0
CODE OF ETHICS

We will not lie, cheat, steal, harm others, or tolerate those who do.

We require that every person and every company working with us conduct their business ethically and in compliance with the law. We consider our standards to apply to independent contractors, volunteers and vendors in addition to employees; we will judge whether to continue relationships based on compliance with these standards.

We believe that if those individuals and companies working with us abide by some general principles, they will be able to meet our standards for compliance. Each employee and contractor certifies that they have read and will abide by this Code of Ethics:

Follow Our Policies. Our organization is required to abide by a large number of laws and regulations because of the nature of the services that we provide. These laws will be manifested through our policies and the training and in-services in which you will be expected to participate. Our organization can face serious consequences for failure to abide by the law. Therefore, we expect that *all* policies will be followed.

- To be honest and truthful at all times;
- To fully comply with all State and Federal health care program requirements;
- To be committed to the proper preparation and submission of accurate claims consistent with the program requirements for actual services provided;
- To be committed to full compliance with our policies and procedures to prevent fraud, waste, and abuse and to ensure appropriate Resident care and services;
- To appropriately handle and protect our and our Residents' assets and funds;
- To secure, protect and maintain confidentiality of Residents' medical information in accordance with the Health Insurance Portability and Accountability Act (HIPAA) and State laws;
- To report suspected violations of any State or Federal health care program requirements to a facility Administrator or Integrity Officer;
- To immediately report to a facility Administrator or their designee any credible allegations of Resident harm, with full, complete and honest detail;
- To promptly disclose his/her exclusion, disbarment, suspension or ineligibility to participate in the State or Federal health care programs;
- To fully cooperate in a government investigation; and
- To refrain from retaliating against an employee or contractor reporting violations and to support the confidentiality and anonymity of such reports.

Do the Right Thing. While the right thing is not always the easy thing, you most likely know what it is without having to be told. We expect that our employees and contractors will work hard and diligently on behalf of our organization and perform to the best of their abilities. We also expect our employees and contractors to be honest, trustworthy, and respectful.

Follow the Golden Rule. Treat others as you would want them to treat you. Treat others with respect and dignity. Never harm another person, or allow them to be harmed while they are in your care.

We expect every person and company working with our organization to report any violations of our code of ethics to us immediately.

The most important thing is to report – the method of reporting is less important. We have adopted numerous ways for people to bring concerns to our attention: if you are an employee: tell your supervisor; if you are a contractor: inform your primary contact at our organization; anyone is welcome to use one of our numerous official reporting mechanisms.

2.0
REPORTING & RESPONSE
(Disclosure Program)

2.1 Reporting Suspected Violations and Inquiries

We believe that an Integrity Program functions best when all individuals assist in promoting compliance within their own area of expertise. To take advantage of the different competencies and knowledge within our organization, we have adopted a chain of command approach to compliance reporting and inquiries regarding potential compliance issues. These reporting mechanisms may be used to address any issues or questions associated with Foundations Health Solutions' or any of its affiliated facilities, owners, management, or employees' policies, conduct, practices, or procedures believed by the individual to be a potential violation of criminal, civil, or administrative law.

All individuals have an obligation to report violations or suspected violations of our policies, including this Integrity Manual, questionable behavior, and any other issues, questions, or conduct that they believe could be a potential violation of criminal, civil, or administrative law or of any Federal health care program requirements, to their immediate supervisor. In the case of a contractor, the facility "supervisor" may be the contractor's facility contact. This obligation to report includes a duty on the individual to report their own wrongdoing to their supervisor.

If the employee's immediate supervisor does not have the necessary knowledge to respond to a report or inquiry, the supervisor may, in turn, move the issue another rung up the chain by reporting to his/her supervisor. Reports and inquiries are to be moved further up the chain of command, and all the way to the Integrity Officer, as necessary, until the individual with the appropriate expertise is reached and can respond to the report in accordance with Section 2.3. Further reports up the chain may also be necessary in the event of significant compliance issues.

We believe that the majority of compliance issues may be appropriately handled through the chain of command approach. However, in the event an employee's supervisor is implicated in the potential wrongdoing, if an employee is concerned that the supervisor will not respond to a report, or if the reporting individual does not have a supervisor in place, our organization has established additional procedures for reporting. For example, the employee may choose to "skip" a level and make the report to the next supervisor in the chain of command. Alternately, the employee or contractor may report directly to members of the Integrity Department as follows:

Senior Vice President of Integrity Program: Anna Moorehead (440) 537-6099
Vice President of Integrity Program – HIPAA Director: Grace Rawlins (419) 566-9723

Lastly, an individual may file a report through our 24-hour Integrity Program hotline – 1-877-647-3335, or by reporting through our secure compliance website – **www.redflagreporting.com**, using the facility's phone number as their client code.

We are committed to fostering a compliance culture where all individuals feel comfortable and are proactive in reporting potential violations directly to their supervisors. Our organization strictly prohibits any retaliation or discrimination against individuals for reporting potential compliance violations, and individuals are free to report potential violations anonymously. Our company makes no attempt to identify anonymous reporters out of respect for those reporters' preference in communication methods.

Please note that there may be additional reporting obligations for certain compliance violations under the laws governing the operation of nursing facilities. Employees are also required to comply with these reporting obligations, which are addressed in other policies and procedures of our organization. For example, employees must report Resident abuse to the Administrator in accordance with our abuse policies and procedures.

2.2 Reporting Guidelines

The following guidelines shall apply to all reports made pursuant to this Integrity Manual:

A. **No Retaliation**. Our organization prohibits any retaliatory action against any individual for making any verbal or written compliance communication in good faith to his/her supervisor, the compliance hotline, an Integrity Officer, or to any government agency.

B. **Discipline**. There will be discipline or other consequences for failure to report timely and thoroughly. Prompt and complete disclosure may be considered a mitigating factor in determining an employee's or contractor's discipline or sanction if they are the wrongdoer. The discipline or sanction shall not be increased because an individual reported his/her own violation or misconduct.

C. **Interference with Reporting**. No individual shall attempt to prevent any person from making a compliance report. If an individual does try to prevent a person from making a report, then that individual shall be subject to disciplinary action, which may include termination.

2.3 Supervisor Response

When a report of a suspected violation of the policies in this Integrity Manual is brought to the attention of a supervisor, the supervisor will assess the issue and investigate starting no later than five (5) business days after the initial report to determine whether a violation has occurred and whether a significant compliance issue has been raised.

If a significant compliance issue has been raised, the supervisor will report the issue directly to the Integrity Officer for investigation and response. If the supervisor determines that a violation has occurred, but does not require the assistance of the Integrity Officer, the supervisor may determine the appropriate response, such as recommending disciplinary action, providing training, or correcting a billing error.

If a supervisor needs direction or has a question regarding how to respond to a report of suspect activity, the supervisor may take his/her inquiry to the next supervisor in the chain of command.

2.4 Integrity Officer Response

When a report of a suspected violation of the policies in this Integrity Manual is brought to the attention of the Integrity Officer, the following steps shall be followed:

A. **Initial Assessment**. The Integrity Officer will gather all relevant information from the disclosing individual and will make a preliminary, good faith inquiry into the allegations to determine whether the report raises compliance issues and a further review should be conducted. For any disclosure that is sufficiently specific so that it reasonable: (1) permits a determination of the appropriateness of the alleged improper practices; and (2) provides an opportunity for taking corrective action, the Integrity Officer will conduct an internal investigation (as explained below) and ensure that proper follow-up is conducted.

B. **Investigation & Report**. The Integrity Officer will investigate the suspected violation or questionable conduct or may delegate the investigation or analysis of suspected violations or questionable conduct to any individual he or she deems appropriate.

   A report regarding such inquiry shall be prepared. The report, at a minimum, shall address: (1) the allegation that has been made; 2) the specific steps and/or methods used in investigating the matter (such as people interviewed, records reviewed, analyses performed, etc.); 3) the specific findings and/or results of the investigation; and 4) a proposed plan of action (such as disciplinary action, policy or procedure changes, in-service training regarding existing policy and/or procedure, or other suggested actions) to prevent future non-compliance.

   If the issue raised is not a compliance issue but requires additional attention, the Integrity Officer will refer the issue to the appropriate person for follow-up.

C. **Post-Investigation Assessment & Referral to Integrity Committee**. If, after the investigation, the Integrity Officer believes that a significant compliance issue has been raised, then the report will be forwarded to the appropriate Integrity Committee members for review, and a determination of how it believes the allegation should be addressed. The Integrity Committee's proposed disposition of a violation may include, but is not limited to, contacting Legal Counsel, revising the Integrity Manual, conducting educational in-services for staff, instituting disciplinary action, reporting the

violation to the appropriate authorities, repayment of funds, and/or making a monetary restitution to affected third parties.

D. **Response**. Based on the results of the investigation by the Integrity Officer, and taking into consideration any other suggestions by the Integrity Committee, the Administrator, Legal Counsel, or other appropriately designated party, the Integrity Department will take appropriate corrective and/or disciplinary action, or will recommend such action to the facility owners, if necessary. Employees and contractors who report compliance concerns should be informed of the follow-up response related to their concern.

E. **Approaches Specific to Disclosures about Vendors**. Depending on the facts and circumstances of the allegation against a vendor, the Integrity Officer can pursue one or more of the following approaches, as well as any other applicable response or corrective action, when investigating vendor conduct:

1. No Further Action. If the investigation concludes the allegation is unsubstantiated, no further action may be required from the Integrity Officer.
2. Acceptance of Good Faith and Full Disclosure. If the vendor self-reports a compliance violation and/or fully cooperates with the Integrity Officer's investigation, no further action may be warranted from the Integrity Officer.
3. Affirmation of Compliant Conduct. The Integrity Officer may require the vendor to complete an attestation stating that the allegation is false and affirming that the vendor's conduct is lawful and in compliance with Foundations Health Solutions' standards.
4. Heightened Scrutiny. The Integrity Officer may require that the vendor be subject to increased monitoring by appropriate members of the Integrity Committee.
5. Independent Review. If the Integrity Officer and vendor disagree on the legality of the vendor's conduct, the Integrity Officer may engage a neutral party's analysis or legal opinion to be the deciding factor on the conduct.
6. Exclusion from Contract Privilege. If the Integrity Officer determines the allegation against a vendor is substantiated, and is not satisfied with the vendor's resolution, the Integrity Officer may recommend termination of the vendor's contract by Foundations Health Solutions or the facility, as applicable. If a vendor has been subject to termination based upon the Integrity Officer's investigation, no affiliated facility is authorized to work with that vendor.
7. Reporting. Substantiated unethical, illegal, or fraudulent behavior may be reported to the vendor's governing body and/or corporate office, licensing and/or credentialing agency, and/or the government.

Approaches to allegations about vendors are not linear; the Integrity Department will have discretion in the utilization and sequence of interventions, including approaches other than those outlined above. Facility owners and Integrity Committee members will have direct communication from the Integrity Officer related to the investigation of and subsequent consequence to a vendor. Vendor investigations and outcomes will be tracked and logged by the Integrity Department.

F. **Storage of & Access to Compliance Files**. The Integrity Officer shall place all files regarding compliance matters in a secure location. Access to compliance files will be provided only to the Integrity Officer, Legal Counsel, authorized owners, authorized officers, authorized Integrity Committee members, and appropriate regulatory agencies and the OIG upon request.

G. **Disclosure Log**. The Integrity Officer shall maintain a disclosure log recording all compliance reports made, whether through the Integrity Program hotline or through direct reporting mechanisms, within two (2) business days of receipt. The disclosure log shall include a summary of each disclosure received, (anonymous or not), the status of the respective internal investigation, and any corrective action taken in response to the internal investigation.

3.0
COMPLIANCE POLICIES

As part of our commitment to integrity and compliance with applicable laws and Federal and State health care program requirements, we have established policies and procedures identifying those steps that individuals must take to maintain compliance in several areas of risk for nursing facilities.

Adherence to our compliance policies is an element of evaluating employee performance and contractor relationships. Any of our employees or contractors who fail to follow these policies may be subject to disciplinary action, up to and including termination of employment or contract. These policies are assessed and updated at least annually, and are made available to employees and contractors, as well as to the Office of the Inspector General upon request.

3.1 Ethical Business Practice

3.2 Billing

3.3 Cost Reporting

3.4 Screening

3.5 The Anti-Kickback Statute

3.6 Arrangements

3.7 Marketing

3.8 Hospice

3.9 Residents' Rights

3.10 Quality of Care

3.11 Records & Documentation

3.12 Government Relations

3.13 Confidentiality & HIPAA

3.14 Transparency & Resident Choice

3.1
ETHICAL BUSINESS PRACTICE

POLICY

Employees and contractors are expected to conduct themselves to avoid actual impropriety and/or the appearance of impropriety in making business decisions. Employees and contractors may not use their positions at our organization to profit personally or to assist others in profiting in any way at the expense of the organization, or its Residents.

Employees and contractors shall disclose to their supervisor and/or to the Integrity Officer any financial interest, ownership interest, or any other relationship they, (or a member of their immediate family), have with Residents, vendors, or competitors.

PROCEDURE

A. **Services for Competitors or Vendors**. No individual shall perform work or render services for any competitor of our organization or for any organization with which we do business, or which seeks to do business with us, without the approval of his/her supervisor. No employee shall be a director, officer, or consultant of an outside organization, nor permit his/her name to be used in any fashion that would tend to indicate a business connection with such organization without the prior approval of the employee's supervisor.

B. **Stealing Information**. Individuals shall not steal information belonging to another person or entity, including use of any publication, document, computer program, information or product in violation of a third party's interest in such product. All individuals are responsible for ensuring that they do not improperly copy for their own use documents or computer programs in violation of applicable copyright laws or licensing agreements. Individuals shall not use confidential business information obtained from competitors, including customer lists, price lists, contracts or other information in violation of a covenant not to compete, prior employment agreements, or in any other manner likely to provide an unfair competitive advantage to our organization.

C. **Use of Insider Information**. Individuals may not use "insider" information for any business activity conducted by or on behalf of our organization. All business relations with must be conducted at arm's length both in fact and in appearance, and in compliance with our policies and procedures. Employees must disclose personal relationships and business activities with contracted personnel that may be construed by an impartial observer as influencing the employees' performance or duties. Employees have a responsibility to obtain clarification from management on questionable issues that may arise.

D. **Financial Reporting**. Individuals must accurately and clearly represent the relevant facts and true nature of a transaction on all financial reports, cost reports, accounting records, research reports, expense accounts, time sheets and other documents. Improper or fraudulent accounting, documentation or financial reporting is contrary to our policy and may be in violation of applicable laws.

E. **Travel & Entertainment**. An employee or contractor should not suffer a financial loss or a financial gain as a result of business travel and entertainment. Individuals are expected to exercise reasonable judgment in the use of our organization's assets and to spend our organization's assets as carefully as they would spend their own. Individuals must also comply with policies relating to travel and entertainment expense, including those governing the treatment of spouses or significant others.

F. **Personal Use of Corporate Assets**. Individuals are expected to refrain from converting assets of our organization to personal use. All property and business shall be conducted in a manner designed to further our organization's interest rather than the personal interest of an individual employee or contractor. Employees and contractors are prohibited from the unauthorized use or taking of equipment, supplies, materials or services.

G. **Referrals**. Individuals will not engage in any arrangement or practice in which free or discounted services or supplies are offered, accepted, provided, or received from a referral source or a referral recipient in exchange for a promise or agreement to make referrals.

H. **Conflicts of Interest.** Employees shall avoid situations that may create a conflict of interest with their primary responsibilities to our organization. While not all inclusive, the following should act as a guide to the types of activities by an employee, or an immediate family member of an employee, which might cause a conflict of interest:

1. Ownership in or employment by any outside organization which does business with our organization. (This does not apply to stock or other investments held in a publicly held corporation, provided the value of the stock or other investments does not exceed 5% of the corporation's stock.)
2. Conduct of any business not on behalf of our organization, with any vendor, supplier, contractor, or agency, or any of their officers or employees.
3. Representation of our organization by an employee in any transaction in which he or she or an immediate family member has a substantial personal interest.
4. Disclosure or use of confidential, special or inside information of or about our organization, particularly for personal profit or advantage of the employee or an immediate family member.
5. Competition with our organization by an employee, directly or indirectly, in the purchase, sale or ownership of property or property rights or interests, or business investment opportunities.

3.2
BILLING

POLICY

We are committed to prompt, complete, and accurate billing of all services provided to Residents for payment by Residents, government agencies, or other third party payors. Billing shall be made only for services actually provided, directly or under contract, pursuant to all terms and conditions specified by the government or third party payor and consistent with industry practice. We continually review and reassess billing practices to make sure problems are identified and corrected.

Our organization shall not make or submit any false or misleading entries on any bills or claim forms, and no individual shall engage in any arrangement, or participate in such an arrangement at the direction of another employee or contractor (including any officer of our organization or a supervisor), that results in such prohibited acts. Any false statement on any bill or claim form shall subject the individual to disciplinary action, including possible termination of employment.

PROCEDURE

A. **Reporting False Billing Practices**. If an individual has any reason to believe that anyone (including the employee or contractor himself or herself) is engaging in false billing practices, that individual shall immediately report the practice.

   Failure to act when an individual has knowledge that someone is engaged in false billing practices shall be considered a breach of that individual's responsibilities and shall subject the individual to disciplinary action, including possible termination of employment or possible termination of their contractual relationship with our organization.

B. **Minimum Data Set Accuracy**. Our organization's expectation is that the Minimum Data Set assessment ("MDS") be accurate in the way it is coded, have documentation in the medical record to support its coding, and reflect services provided that are medically necessary. We train staff on the proper way to complete MDS assessments and periodically conduct audits of these assessments for validity and accuracy. Our organization follows the Centers for Medicare & Medicaid Services RAI Manual, and clinicians are to utilize the RAI Manual's guidelines in the completion and modification of MDS assessments. (Please refer to the RAI manual for instruction on how the MDS Department's activities are operationalized.)

C. **Medicare and Medicaid Billings**. We will periodically audit services billed to make sure they are both medically necessary and properly documented to meet the Federal and State billing requirements. Our organization expects claims billed to the Federal and State health care programs to be reviewed routinely at utilization review, triple-check, and/or prospective payment system meetings for accuracy prior to submission for payment. At a minimum, claims should be reviewed for coverage period, revenue codes, HIPPS codes (RUG categories and the modifiers for assessment type), and units of service.

D. **Prohibited Billing Practices**. False claims and billing fraud may take a variety of different forms, including, but not limited to, false statements supporting claims for payment, misrepresentation of material facts, concealment of material facts, theft of benefits of payments from the party entitled to receive them, or retaining an overpayment, as defined by law. We shall specifically refrain from engaging in the following billing practices:

   1. Making claims for items or services not rendered or not provided as claimed, such as billing for hours of therapy when only minutes were provided.

   2. Submitting claims to Medicare Part A for Residents who are not eligible for Part A coverage; in other words, who do not require services that are so complex that they can only be effectively and efficiently provided by, or under the supervision of, professional or technical personnel.

   3. Submitting claims to any payor, including Medicare, for services or supplies that are not medically necessary or that were not ordered by the Resident's physician or other authorized caregiver.

   4. Submitting claims for items or services that are not provided as claimed, such as billing Medicare for expensive prosthetic devices when only non-covered adult diapers were provided.

5. Submitting claims to any payor, including Medicare and Medicaid, for individual items or services when such items or services either are included in the health facility's per diem rate for a Resident or are of the type that may be billed only as a unit and not unbundled.

6. Double billings (billing for the same item or service more than once).

7. Providing inaccurate or misleading information for use in determining the resource utilization groups, (RUG) assigned to the Resident, including, but not limited to, misrepresenting a Resident's medical condition on the minimum data set (MDS).

8. Paying or receiving anything of financial benefit in exchange for Medicare or Medicaid referrals, such as receiving non-covered medical products at no charge in exchange for ordering Medicare-reimbursed products.

9. Billing Residents for services or supplies that are included in the per diem payment from Medicare, Medicaid, a managed care plan, or other payer.

10. Altering documentation or forging a date or physician signature on documents used to verify that services were ordered and/or provided.

11. Failing to report and return any funds received from any payor source to which our organization is not entitled, after applicable reconciliation, in accordance with law.

3.3
COST REPORTING

POLICY

Our organization is required to submit various cost reports to the Federal and State government in connection with our operations in order to receive payment. Such reports will be prepared as accurately as possible and in conformity with applicable law and regulations. If errors are discovered, billing personnel shall contact an immediate supervisor promptly for advice concerning how to correct the error(s) and notify the appropriate payor.

PROCEDURE

A. **Duty to Report.** If an individual has any reason to believe that anyone (including the employee or contractor himself or herself) is engaging in questionable or false cost reporting or is engaged in questionable internal accounting practices, he/she shall immediately report the practice. Individuals who report suspected cost reporting or accounting irregularities in good faith shall not be retaliated against or subject to adverse action.

B. **Failure to Report.** Failure to act when an individual has knowledge that someone is engaged in questionable cost reporting or accounting irregularities shall be considered a breach of that individual's responsibilities and shall subject the individual to disciplinary action by our organization, including possible termination of employment or termination of their contractual relationship with our organization.

3.4
SCREENING

POLICY

It is our policy to complete background checks of all employees, where required by law, and to retain on file applicable records of current employees regarding such investigations. It is our policy to complete exclusion and licensure checks, where applicable, of all employees and contractors.

PROCEDURE

A. **Nurse Aide Registry**. We will check the State Nurse Aide Registry prior to using the individual as a nursing assistant. We will check all employees against the Nurse Aide Registry for abuse, neglect, and misappropriation.

B. **Licensure & Certification Status**. We will check with all applicable licensing and certification authorities to ensure that employees hold the requisite license and/or certification status to perform their job functions. Licensure checks will be conducted upon hire and annually. Contractors will be required to certify via contract that they hold all current and applicable licensing and qualifications.

C. **Reference Checks**. To the extent the information is available; we will also check the prospective employee's references from two prior employers.

D. **Exclusion Check**. We will check all prospective employees and contractors against the HHS/OIG List of Excluded Individuals/Entities ("LEIE") prior to engaging services and at least monthly thereafter. Our organization will also require all such persons to disclose whether they are currently excluded from participation in any health care program, or convicted of a criminal offense that could result in exclusion but the person has not yet been excluded, debarred, suspended or otherwise declared ineligible.

E. **Applicant Certification**. Applicants for employment will be required to certify on their employment application that they have not been convicted of an offense that would preclude employment in a nursing facility and that they are not excluded from participation in the government's health care programs.

F. **Background Checks**. We will conduct background checks of all prospective employees through the Bureau of Criminal Investigation ("BCI") pursuant to statutory requirements.

G. **Temporary Employment Agencies**. Temporary employment agencies will be required by contract to ensure that temporary staff assigned to our organization have undergone background checks that do not preclude them from employment with the facility, including licensure and certification, BCI, and LEIE checks.

H. **Removal Requirement.** Any employee or contractor who has been excluded from participation in the Federal or State health care programs or who has been convicted of an offense making them ineligible to work in nursing homes, or whose licensure or certification has lapsed, will be removed from working for our company. If an employee or contractor is charged with an offense that makes them ineligible to work in nursing homes or is proposed for exclusion, we will take appropriate actions to ensure that his/her responsibilities have not and will not adversely affect the quality of care rendered to any Residents or the accuracy of claims submitted to any Federal or State health care programs.

I. **Ongoing Duty of Persons to Report**. It is the ongoing and continuous obligation of all employees and contractors to immediately disclose to the Human Resources department or contracting manager of any offense, charge, indictment, finding, plea, settlement or conviction that would disqualify them from participation in any Federal or State health care program and of any exclusion from participation in any Federal or State health care program.

3.5

THE ANTI-KICKBACK STATUTE

POLICY

It is the policy of our organization that all relationships with potential referral sources or recipients shall be in compliance with the Anti-Kickback Statute. It is also the policy of our organization not to offer, pay, provide, or accept any remuneration, including payment of any type, for referrals of Residents.

The Anti-Kickback Statute makes it illegal to provide another person with something of value, or to receive something of value, if given to induce the referral of Federal health care program business. Employees and contractors shall not accept gifts, favors, services, entertainment or other things of value to the extent that decision-making or actions affecting our business might be influenced. Similarly, the offer or giving of money, services or other things of value with the expectation of influencing the judgment or decision-making process of any purchaser, supplier, government official or other person by our organization is absolutely prohibited. Any such conduct must be immediately reported.

DEFINITIONS

1. **The Anti-Kickback Statute**: A criminal statute (42 U.S.C. § 1320a-7b) that prohibits the exchange of (or offer to exchange), anything of value, in an effort to induce (or reward) the referral of Federal health care program business. Violations of the Anti-Kickback Statute violations can yield criminal and civil/administrative sanctions. Criminal penalties include fines of up to $25,000 per violation and prison time of up to 5 years per violation. Civil/administrative penalties include False Claims Act Liability, up to $50,000 in civil monetary penalties per violation, triple damages of the final violation amount assessed, and/or exclusion from the Federal health care program.

2. **Nominal Value**: Having a retail value of no more than $15 per item or $75 in the aggregate per individual on an annual basis, provided that the item is not cash or a cash equivalent.

3. **Vendor**: Any physician, health care professional, hospital, hospital discharge planner, hospice, home health agency, nursing facility, pharmacist, DME company, laboratory, diagnostic testing facility, long-term care pharmacy, therapy company, therapist, or any other individual or entity with whom our organization has a contractual relationship for goods and/or services.

PROCEDURE

To avoid the appearance of impropriety and to avoid the potential of providing or receiving an improper kickback, our organization shall observe the following:

A. **Gifts from Residents and Residents' Representatives**. We are prohibited from soliciting tips, personal gratuities or gifts from Residents and/or Residents' representatives and from accepting monetary tips or gratuities. Individuals may accept gratuities and gifts of a nominal value from Residents only with the approval of the Administrator. If a Resident or another individual wishes to present a monetary gift, he/she should be referred to the Administrator.

B. **Gifts from Vendors**. We may only retain gifts from vendors which have a nominal value. If an employee or contractor has any concern whether a gift should be accepted, the employee should consult with his/her Administrator, or a member of the Integrity Department. To the extent possible, these gifts should be shared with other individuals at the facility. Individuals shall not accept excessive gifts, meals, expensive entertainment or other offers of goods or services which have more than a nominal value nor may they solicit gifts from vendors, suppliers, contractors or other persons. For example, an employee who was given a promotional coffee mug may accept this gift from a vendor; however, the employee would be prohibited from accepting a television set from that vendor.

C. **Beneficiaries of Government Reimbursement Programs**. We shall not offer or provide any gift, hospitality, or entertainment of more than nominal value to any beneficiary of a government reimbursement program. Examples of permissible items include nominal marketing items such as pens, T-shirts, water bottles, etc.

D. **Referral Sources**. We will not offer or provide any gift, payment, hospitality, or entertainment of more than nominal value to any actual or potential source of referrals for government health care program business. All relationships with, and marketing to, referral sources shall be entered into in compliance with our company's contract review and marketing policies and procedures, as applicable.

E. **Arrangements**. Our organization has established policies, procedures, and training to ensure our arrangements (including contracts) comply with the Anti-Kickback Statute.

F. **Marketing**. Our organization requires that all marketing practices be conducted in compliance with the company's marketing policy and procedures in order to comply with the Anti-Kickback Statute and to avoid the appearance of impropriety.

G. **Waivers of Coinsurance / Deductible**. We shall not offer waivers of coinsurance or deductible amounts as part of any advertisement or solicitation. Our organization and its employees shall not routinely waive coinsurance or deductible amounts, and shall only waive such amounts after determining in good faith that the Resident is in financial need, and after making reasonable efforts to collect the cost-sharing amounts from the Resident.

H. **Government Employees**. We shall not offer any gifts or entertainment to any Federal, State or local elected official or government employee.

I. **Swapping**. We will not accept discounts on items and services paid for by our organization in return for the referrals of other business, sometimes called "swapping".

J. **Access to Health Information**. We will not solicit or receive items of value in exchange for providing a supplier or medical provider access to Residents' medical records or other information needed to bill Medicare or Medicaid.

K. **Third Party Guarantees & Supplementation**. We will not condition admission or continued stay on a third party guarantee of payment, nor will we impose charges on another party for services already covered by Medicare and Medicaid.

L. **Part D Plans**. We will not accept any payments from any plan or pharmacy to influence a beneficiary to select a particular Part D plan. We recognize that Residents have freedom of choice in choosing a Part D plan and we will not coach or steer a Resident to select or change a plan. Our organization or its contracted pharmacy will inform Residents about all of the Part D plans available to them and, where possible, try to assist/educate the Residents regarding whether and to what extent those plans cover the Residents' medications.

M. **Changes to Medicare Beneficiary Health Coverage**. Health care coverage elections are initiated by the Resident and/or Resident's representative. We will ensure changes to beneficiaries' health care coverage comply with regulations regarding enrollment and disenrollment and Resident rights.

N. **Training on Kickbacks**. Our organization will provide, and all employees shall attend, at least annual training regarding the Anti-Kickback Statute. We will provide additional, focused Anti-Kickback training to all employees involved with the development, approval, management, or review of our company's arrangements with actual or potential referral sources.

3.6
ARRANGEMENTS

POLICY

Our organization has identified areas of potential compliance risk to include arrangements (including contracts) with health plans, home health agencies, physician services, hospice agencies, and other contractors who are a source and/or recipient of referrals for services billable to the Federal and State health care programs. It is our policy that all relationships with vendors and contractors and all individuals doing business with our organization adhere to the requirements of Federal and State law and our policies and procedures regarding arrangements.

DEFINITIONS

A. **Arrangements**:

1. Every arrangement or transaction that involves, directly or indirectly, the offer, payment, solicitation, or receipt of anything of value; and
2. is between the organization and
    a. any actual or potential source of health care business or referrals to the organization, or
    b. any actual or potential recipient of health care business or referrals from the organization.

B. **Focus Arrangements**:

1. Every arrangement that is between the organization and any actual source of health care business or referrals to the organization, and involves, directly or indirectly, the offer, payment, or provision of anything of value; or
2. Every arrangement that is between the organization and any recipient of health care business or referrals from the organization, and involves, directly or indirectly, the offer, payment, or provision of anything of value.

C. **Source of Health Care Business or Referrals**: Any individual or entity that refers, recommends, arranges for, orders, leases, or purchases any good, facility, item or service for which payment may be made, in whole or in part, by a Federal health care program.

D. **Recipient of Health Care Business or Referrals**: Any individual or entity:

1. To whom the organization refers an individual for the furnishing, or arranging for the furnishing, of any item or service for which payment may be made in whole, or in part, by a Federal health care program, or
2. From whom the organization purchases, leases or orders, or arranges for, or recommends the purchasing, leasing, or ordering of any good, facility, item, or service for which payment may be made in whole, or in part, by a Federal health care program.

PROCEDURE

A. **Contracting**. We will comply with applicable laws governing the referral of Residents or health care business and the company's policies and procedures regarding arrangements, such as the Contract Review Policy. Arrangements must:

1. Be in writing;
2. Be approved by the organization's Contract Manager or Legal Counsel prior to execution;
3. Be negotiated only by Legal Counsel, a facility owner, or their designees;
4. Be signed by all parties;
5. When taken as a whole, be reasonable in their entirety and have a business rationale;
6. Specify the terms under which compensation and any other benefits are provided, and compensation and benefits shall be consistent with the fair market value of the services provided;
7. Specify all obligations of the parties;

8. Not take into consideration the value or volume of referrals provided to our organization; and
9. Be for a term of at least one (1) year.

B. **Health Plans**. We shall not participate in any arrangement with a health care plan that effectively requires our organization and its employees to forgo certain Medicare cost-sharing amounts. We shall not participate in any arrangement with a health care plan that requires our organization to waive charges for copayments and deductibles when Medicare is the primary payor and the applicable Medicare reimbursement is higher than the plan fee schedule amount.

C. **Home Health & Hospice Agencies**. Our organization will partner with home health and hospice companies that provide high quality care, maintain good working relationships with us, and have not engaged in behavior identified as a compliance concern. We will not engage in any arrangement with a home health or hospice that encourages or permits inappropriate utilization of Federal or State health care program benefits.

D. **Physician Services**. Federal and State Anti-Kickback and physician self-referral laws prohibit the offer or payment of any compensation to any party in exchange for the referral of Residents or health care business. We will not engage more medical directors or physicians than necessary for legitimate business purposes. We will ensure compensation is commensurate with skill level and fair market value.

We will not accept or solicit a referral from a physician to an entity in which the physician (or an immediate family member) has a financial relationship (broadly defined to encompass any ownership interest, investment interest, or compensation arrangement) for a designated health service as deemed in 42 U.S.C. §1395nn (h) (6), except as permitted by law. Designated health services include: a) Clinical laboratory services; b) Physical therapy services; c) Occupational therapy and speech-language pathology services; d) Radiology services, including magnetic resonance imaging (MRI), computerized axial tomography (CAT) scans, and ultrasound services; e) Radiation therapy services and supplies; f) Durable medical equipment and supplies; g) Parenteral and enteral nutrients, equipment, and supplies; h) Prosthetics, orthotics, and prosthetic devices and supplies; i) Home health services; j) Outpatient prescription drugs; and k) Inpatient and outpatient hospital services.

E. **Gifts**. We will comply with the policies governing gifts set forth in this Integrity Manual with respect to all Arrangements.

F. **Submission of Claims**. We will not submit, nor cause to be submitted, a bill or claim for reimbursement for services provided pursuant to a prohibited arrangement.

G. **Certifications.** We shall require certification that any contractor with whom an agreement is executed has current valid licenses as required by law, has not been excluded from participation in the Medicare and Medicaid programs, maintains current malpractice liability coverage, and completes training mandated by the Integrity Program.

3.7
MARKETING

POLICY

We will comply with applicable laws, including the Anti-Kickback Statute, and avoid the appearance of impropriety when engaging in marketing activities. Marketing activities will adhere to the spending parameters outlined below.

IMPLICATIONS OF THE ANTI-KICKBACK STATUTE

The Anti-Kickback Statute makes it illegal to provide another person with something of value, or to receive something of value, if given to induce the referral of Federal health care program business. The purpose of marketing is to influence an individual toward using a certain product or service. There is potential for marketing practices to violate the Anti-Kickback Statute if the marketing induces, as opposed to influences, referrals to the nursing facility.

There is not always a clear distinction between "inducement" and "influence" when it comes to marketing. Questions related to the appropriateness of marketing practices should be reviewed against the spectrum of OIG advisory opinions and legal enforcement actions for guidance on what the government finds allowable. The Integrity Department and Legal Counsel, as needed, should be consulted on questions of appropriate marketing practices.

PROCEDURE

A. **Responsibility**. This procedure pertains to individuals responsible for marketing: Administrators, personnel in the Admissions and Marketing Departments, and individuals directly delegated to market by the Administrator.

B. **Audience**. Marketing to beneficiaries of government health care programs should not be demanding or aggressive. Information about eligibility requirements, for example of a skilled stay, should be clearly communicated and not misleading.

   Marketing to referral sources should be conservative and educational in nature. The higher the value of the incentive provided to referral sources, the higher the exposure is to violating the Anti-Kickback Statute. During marketing events, provide education on the services offered by the company. Always have an employee representing the company at marketing events. As much as possible, also include individuals who are not referral sources at marketing events. Have participants sign off on their attendance.

C. **Spending Parameters**. Gifts, incentives, and meals to beneficiaries of government health care programs should be nominal in value, which is $15 per item, per beneficiary, not to exceed $75 annually for an individual beneficiary.

   Gifts and incentives to individual referral sources should not exceed $25 per item, per individual. Meals and events should not exceed $75 per item, per individual. Annually, the amount spent on an individual referral source is not to exceed $200.

   Raffle and door prizes are not to exceed $100 in value. Event sponsorships and charitable donations to non-profit organizations are not to exceed $500. Annually, the amount spent on a corporate referral source is not to exceed $1000.

   Any spending outside of the aforementioned parameters must be pre-approved in writing by a member of the Integrity Department.

D. **Conditions**. Marketing events, items, donations, and/or sponsorships must never be conditioned upon the receipt of referrals or government health care program beneficiaries' information.

E. **Marketing Logs**. Marketing expenses are to be logged by referral source in order to enable tracking and auditing of compliance with company-mandated spending parameters.

3.8
HOSPICE

POLICY

We are committed to making available appropriate hospice services to Residents who elect hospice coverage.

PROCEDURE

For Residents who are eligible for hospice benefits under Medicare or Medicaid, we shall observe the following:

A. **Contracts**. Provide services pursuant to a written agreement with a hospice program that meets the conditions of participation for hospices and our company's credentialing standards, upon evidence that the Resident qualifies for and has properly elected the hospice benefit.

B. **Resident-Centered Plan of Care**. Develop and implement, in conjunction with the Resident, Resident's representative, and hospice team, a coordinated and individualized plan of care.

C. **Communication**. Communicate to the Resident, Resident's representative, and hospice team changes in the Resident's condition and/or plan of care. Ensure clear delineation of who (our company or the hospice program) is providing respective responsibilities of the Resident's plan of care.

D. **Billing**. Bill the Medicare and/or Medicaid programs only for the treatment of conditions unrelated to the terminal illness, as permitted by law.

E. **Payments from Hospice**. For Residents eligible for Medicare hospice benefits and Medicaid coverage of the Resident's room and board, our organization shall not accept payment by a hospice for room and board provided to a hospice Resident in excess of the amount that our organization would have received if the Resident had not been enrolled in hospice. Any additional payment from the hospice for items and services purchased from the facility must represent the fair market value of such additional items and services actually provided to the Resident that are not included in the Medicaid daily rate.

F. **Provision of Services**. Provide only those services we are allowed to provide to hospice Residents under applicable law.

G. **Prohibited Arrangements**. Not engage in any arrangement in which we offer, accept, provide, or receive free services to or from a hospice in exchange for a promise or agreement to refer nursing facility Residents to the hospice, or vice versa. Examples include hospice paying room and board in excess of what the facility would have received directly from Medicaid, hospice providing free care to facility Residents while receiving skilled care with the expectation that after benefits exhaust the Resident would enroll into their hospice program, and hospice nurses passing medications and/or completing treatments on behalf of the facility. Facilities will contract with at least two hospice agencies to allow for freedom of choice. Contracted hospice agencies' information will be made available at the time of referral.

3.9
RESIDENT RIGHTS

POLICY

Our Residents will be cared for in a manner and in an environment that promotes maintenance or enhancement of each Resident's quality of life. Our organization has numerous policies and procedures designed to protect a Resident's quality of life. We are committed to assuring that the Residents' rights articulated under Federal and State law are protected.

PROCEDURE

A. **Transfer & Discharge**. We will maintain identical policies and practices for all individuals regarding transfer and discharge, regardless of payment source, and to comply with all applicable law with respect to admissions decisions, as well as the provision of services under the state Medicaid plan.

B. **Personal Privacy**. We will take measures to ensure that each Resident's right to personal privacy is observed. For purposes of this policy, the term "personal privacy" includes accommodations, medical treatment, written and telephone communications, personal care, visits, and meetings of family and Resident groups, but does not include the right to a private room.

C. **Clinical Records**. We recognize that Residents have the right to confidential treatment of his/her personal and clinical records, and may approve or refuse the release of his/her personal and clinical records to any individual outside our organization, except when the Resident is transferred to another health care institution, or the record release is authorized or required by law.

D. **Medical Care & Treatment**. We recognize that a Resident has the right to choose his/her own personal physician and has the right to privacy during medical examination or treatment, and in the care of personal or bodily needs. The Resident also has the right to be fully informed of his/her health status and to participate in treatment decisions, including the right to refuse treatment, unless adjudged incompetent or incapacitated.

E. **Communication**. Our organization recognizes Residents have the right upon reasonable request to private and unrestricted communications with his/her family, social worker, and any other person, unless not medically advisable as documented in his/her medical record by the attending physician. The Resident also has the right to private and unrestricted communications with a Resident's physician, attorney or with public officials. The Resident's right of private and unrestricted communication shall include the right to: 1) receive, send, and mail sealed, unopened correspondence; 2) reasonable access to a telephone for private communication; and 3) private visits in accordance with our policies.

F. **Financial Affairs**. We recognize that the Residents have the right to manage his/her financial affairs or permit the facility to hold and manage his/her funds. Personal funds may not be used to pay for items or services paid for by Medicaid or Medicare.

G. **Abuse, Neglect & Misappropriation of Resident Funds**. We recognize that Residents have the right to be free of abuse, neglect and misappropriation of his/her funds. All allegations of abuse, neglect of misappropriation will be reported to the state agency and law enforcement, (in the case of a crime), in accordance with State and Federal law.

3.10
QUALITY OF CARE

POLICY

It is our policy that we shall strive to provide the care and services necessary to attain or maintain nursing facility Residents' highest practicable physical, mental and psychosocial well-being and to, at a minimum, meet all Centers for Medicare & Medicaid Services ("CMS") requirements of participation.

PROCEDURE

A. **Philosophy**. Our organization aligns clinical operations with the priorities of the U.S. Department of Health and Human Services.

B. **Resident-Centered Care**. We respect our Residents' right to self-determination and strive to honor their preferences in a setting that emphasizes a home-like, as opposed to acute care, structure when appropriate.

C. **Staffing**. We are committed to meeting both State and Federal staffing requirements, and assuring that there is a relationship between the level and skill set of staff and the acuity of the Residents being served. We will also make efforts to reduce employee turnover.

D. **Advanced Care Planning.** Each Resident of will have a comprehensive care plan that is designed and implemented by various members of the interdisciplinary team including, but not limited to, the Resident, the Resident's representative, physician, nurses, nursing assistants, dietician, social service, activities, and therapists where applicable. These interdisciplinary team meetings will be documented and the content and participants in the meeting will be recorded.

E. **Infection Control**. We will employ an infection control program to work toward reducing the incidences of health care acquired infections and unnecessary hospital re-admissions, and to promote antibiotic stewardship.

F. **Medication Management**. We will manage the medications of our Residents, including psycho-tropics, and are committed to the gradual reduction of their use, where medically possible, and to monitoring Residents for adverse side effects. We do not use medications as a means of chemical restraint for the purposes of discipline or convenience. We have contracted with a consulting pharmacist who will assist in the management of each Resident's medications and will perform regular drug regimen reviews.

G. **Resident Safety**. We believe that it is the responsibility of everyone who comes in contact with our Residents to preserve their safety and wellbeing. With that in mind, our organization has a policy that its Residents will be free of abuse and neglect, and that their possessions will not be misappropriated by anyone. Anyone who is aware of or suspects that a Resident is being abused or neglected, or that his/her possessions have been misappropriated will immediately report this knowledge or suspicion in accordance with our abuse policy.

   We also recognize that our Residents have the potential to suffer abuse from not only staff members, but also from other Residents and/or visitors. Therefore, we not only conduct background and exclusion checks of staff members and provide employees and contractors with regular in-service training on abuse, neglect prevention and reporting, but we also enforce our policy with respect to all that abuse or mistreat our Residents. We will thoroughly investigate any reported incident and report it to law enforcement as required by State law.

H. **Restorative and Personal Care.** Our organization has policies and procedures addressing the prevention and treatment of pressure ulcers, the delivery of range of motion exercises and restorative care, falls management and prevention, incontinence management and the delivery of personal care and grooming. We strive to meet all State and Federal licensing rules and regulations governing the health care services provided to our Residents, and to monitor the quality of those services through our quality assurance programs.

I. **Rehabilitation Therapy**. Our organization's standards for the delivery, management, and oversight of rehabilitation therapy services include, but are not limited to:

1. Services are pursuant to an individualized plan of care;
2. Services are consistent with the nature and severity of the illness or injury;
3. Services comply with acceptable standards of medical practice;
4. Services are reasonable in duration and quantity;
5. Services are reasonable and necessary to improve condition, prevent or slow progression, or restore prior levels of function;
6. Services require the skills of licensed therapists;
7. Tracking of therapy minutes complies with Federal and State health care program requirements;
8. Documentation, including but not limited to, physician's orders and clinician treatment notes, supports medical necessity of therapy services provided; and
9. Therapy department personnel communicate and interact effectively with company employees at all levels of the organization (*e.g*. corporate, regional, and facility) who provide, manage, or oversee the delivery of therapy services to Residents.

3.11

RECORDS & DOCUMENTATION

POLICY

Accurate and complete recordkeeping and documentation is critical to virtually every aspect of our organization's operations. It is our policy that all documentation shall be timely, accurate, and consistent with applicable professional, legal, and facility guidelines and standards. This includes all aspects of the facility's documentation, including Resident assessments and care plans, clinical records, and all billing and payment documentation. Falsification of records is strictly prohibited, including backdating of records. Appropriate late entries duly noted and under applicable professional and legal standards may be made.

PROCEDURE

A. **Legally Required Documentation**. We will keep all clinical, therapy, billing and claims documentation, cost reports, MDS assessments, care plans and survey plans of correction in accordance with State and Federal requirements.

B. **Integrity Program Documentation**. We will keep records of Integrity Program operations, such as the disclosure log, educational activities, corresponding investigations and reports, in order to demonstrate the effectiveness of our Integrity Program. We maintain and keep records of facility advisory requests and corresponding responses from government agencies. Documents related to our Integrity Program will be made available to the OIG upon request.

C. **Storage**. All documents will be stored in a safe and secure place and in a manner as to be easily retrievable.

D. **Destruction**. Destruction policies will conform to applicable State and Federal laws. Employees and contractors shall not destroy or alter information or documents in anticipation of, or in response to, a request for documents by any applicable government agency or from any court, or from any party in conjunction with a lawsuit.

E. **Protection**. We will limit access to documentation to avoid accidental or intentional fabrication or destruction of records.

F. **Retention.** Our company will maintain documents and records relating to reimbursement from the Federal and State health care programs and our Integrity Program for six years, or longer if required by law.

3.12
GOVERNMENT RELATIONS

POLICY

Our organization has many contacts and dealings with governmental bodies and officials. All such contacts and transactions shall be conducted in an honest manner. It is our policy to ensure that dealings with Federal, State and local governmental officials, agencies, representatives, and contractors fully comply with all applicable laws and regulations. It is our desire to at all times be in compliance with the law, preserve and protect our reputation, and to avoid even the appearance of impropriety. Any attempt to influence the decision-making process of governmental bodies or officials by an improper offer of any benefit is absolutely prohibited. Any requests or demands by any governmental representative for any improper benefit should be immediately reported.

PROCEDURE

A. **Licensure and Certification.** Employees and contractors are expected to be educated on the laws governing the operation of a nursing facility that affect their specific job responsibilities and to comply with licensure and certification laws applicable to our organization. Employees and contractors shall report any concerns that they have with regard to appropriateness or legality of any actions taken by our organization.

B. **Lobbying & Political Activities.** No individual may make any agreement to contribute any money, property, or services at our organization's expense to any political candidate, party, organization, committee or individual in violation of any applicable law. Employees and contractors may personally participate in and contribute to political organizations or campaigns, but they must do so as individuals, and they must use their own funds.

C. **Governmental Investigations**. Our organization shall not unlawfully obstruct or interfere with government enforcement investigations, and shall cooperate to the fullest extent possible within the confines of applicable law with the relevant government agency/official/agent on such occasions.

D. **Prohibitions.** We expect our employees and contractors to refrain from engaging in any activities that have even the appearance of impropriety.

1. Gifts or Entertainment. Employees are strictly prohibited from offering gifts or entertainment to any Federal, State, or local government or elected official or employee, surveyor, law enforcement officer, auditor working under contract with a government agency, peer review agency, or any other regulatory entity or agency that interacts with our organization. Any employee or contractor who becomes aware of such activity shall immediately report the violation.

2. Demands for Improper Benefits. Any requests or demands for any improper benefit should be reported immediately. This includes demands made by any Federal, State, or local government or elected official or any employee, surveyor, law enforcement officer, auditor, peer review agency, or any other regulatory entity or agency that interacts with our organization.

3. False, Fraudulent or Misleading Claims. Our organization shall not submit false, fraudulent or misleading claims to any governmental entity or third party payor, including claims for services not rendered claims which characterize the service differently than the service actually rendered, or claims which do not otherwise comply with applicable program or contractual requirements.

4. False Representations. Our organization shall not make false representations to any governmental entity or official in order to gain or retain participation in a program or to obtain payment for any service.

3.13
CONFIDENTIALITY & HIPAA

POLICY

Our organization is in possession of and has access to a broad variety of confidential, sensitive and proprietary information. The inappropriate release of this information could be injurious to individuals, our business partners and us. Every employee and contractor has an obligation to actively protect and safeguard confidential, sensitive and proprietary information in a manner designed to prevent the unauthorized disclosure of information.

PROCEDURE

A. **Resident Information.** All individuals have an obligation to maintain the confidentiality of Resident information in accordance with all applicable laws and regulations. Individuals shall refrain from revealing any personal or confidential information concerning Residents, unless supported by legitimate business or Resident care purposes. In general, employees and contractors shall not disclose confidential medical or personal information pertaining to our Residents without the express written consent of the Resident or appropriate legal representative, and in accordance with applicable law and our policies and procedures. If questions arise regarding an obligation to maintain the confidentiality of information or the appropriateness of releasing information, individuals should seek guidance from their supervisor, the facility Administrator (who is the facility's Privacy Official), or the HIPAA Director.

B. **Corporate Privacy Program**. Our organization's Privacy Program is responsible to oversee and monitor the appropriate use and disclosure of Residents' protected health information, in accordance with Federal and State regulations, including, but not limited to, the Health Insurance Portability and Accountability Act of 1996 and all of its implementing regulations ("HIPAA"). The Program accomplishes this through annual and episodic audits, investigations, policy and procedure implementation and revision, and employee education.

The mission of the Privacy Program is to observe and protect our Residents' right to privacy and access of their protected health information and to educate and equip our employees to be fully compliant with HIPAA's privacy, security, and breach notification standards.

Policies and procedures related to HIPAA are located in the company's Privacy Manual.

1. HIPAA Privacy Rule. We protect Residents' protected health information ("PHI") in accordance with the Privacy Rule component of HIPAA. Our Residents are assured those rights afforded by HIPAA, and, to the extent required by HIPAA, we:
    a. Obtain Resident consent and control regarding how their PHI is used and shared;
    b. Provide Residents access to their PHI;
    c. Provide Residents the ability to request a correction of their PHI;
    d. Provide Residents the ability to receive a listing of who their PHI has been shared with;
    e. Give Residents the ability to file a privacy complaint with the facility's Privacy Official without fear of retaliation; and
    f. Provide a copy of the facility's Notice of Privacy Practices.

    Concerns regarding HIPAA or privacy issues should be directed to the Administrator, who is the facility's Privacy Official, or to the HIPAA Director.

2. HIPAA Security Rule. We protect Residents' electronic protected health information ("E-PHI") in accordance with the Security Rule component of HIPAA.We accomplish this through implementing and maintaining administrative, technical, and physical safeguards of E-PHI to:
    a. Ensure the confidentiality, integrity, and availability of E-PHI;
    b. Identify and protect against reasonably anticipated threats to the security and integrity of E-PHI;

c. Protect against reasonably anticipated, impermissible uses or disclosures of E-PHI; and

d. Ensure workforce compliance with HIPAA mandates.

Concerns regarding security safeguards of E-PHI should be directed to the Administrator, HIPAA Director, or Corporate Security Official.

3. HIPAA Privacy and/or Security Incidents. Privacy and/or security incidents will be investigated according to our organization's HIPAA policies and procedures. Breaches will be reported in accordance with the guidelines established by the U.S. Department of Health and Human Services.

C. **Proprietary Information.** Information pertaining to our organization's competitive position or business strategies, payment and reimbursement information, information relating to negotiations with employees or third parties, quality assurance materials, trade secrets, and protocols and documentation developed in order to operate our organization should be protected and shared only with employees and contractors having a need to know such information in order to perform their job responsibilities.

D. **Personnel Information.** Salary, benefit and other personal information relating to employees and contractors shall be treated as confidential. Personnel files, payroll information, disciplinary matters and similar information shall be maintained in a manner designed to ensure confidentiality in accordance with applicable laws. Employees and contractors will exercise due care to prevent the release or sharing of information beyond those persons or outside entities that may need such information to fulfill their job function or duties under the law.

3.14
TRANSPARENCY & RESIDENT CHOICE

POLICY

We recognize the importance of Resident choice in selecting health care providers. Therefore, it is our policy to respect Resident choice. In addition, we believe that Residents should understand the relationships among their various health care providers so that they can make informed choices in determining from whom they wish to receive services. Therefore, it is also our policy to provide full transparency and accurate disclosure to all Residents regarding common ownership or affiliations our organization has with other providers.

PROCEDURE

A. **Full Transparency.** We will notify Residents of any common ownership of, or affiliations with, other health care providers from which the Resident may receive services upon admission and whenever a referral is made. We will attempt to answer any questions by Residents or their representatives regarding our organization's affiliations honestly and fully.

B. **Respect of Resident Choice.** We will inform Residents and their representatives of their freedom to choose among credentialed providers, when appropriate, and will respect the Resident's and Resident's representative's preferences when they are expressed. We will not require any Resident to select a provider affiliated with our organization for services, threaten any Resident who does not wish to select such a provider, or otherwise intimidate or retaliate against any Resident for his/her selection. We will follow all applicable State and Federal regulations regarding Resident choice.

4.0
EDUCATION

4.1 Continued Professional Competence

Employees and contractors are expected to participate in educational "in-services" offered by our organization and by various professional groups and associations, where appropriate, and to be educated on the laws governing the operation of a nursing facility that affect their specific job responsibilities. Adherence to the elements of the Integrity Program is to be a factor in evaluating the performance of all employees and contractors.

4.2 Educational Elements

There are three basic elements to Integrity Program training: (1) new employee and contractor education; (2) continuing education; and (3) corrective education.

A. **New Employee & Contractor Education**. All new employees and contractors of our organization will be required as a condition of their employment or engagement to attend a training session or view a training video presentation which shall include an introduction to our organization's culture of compliance, an overview of the Code of Ethics and the compliance policies and procedures applicable to each employee's and contractors job responsibilities; procedures for reporting compliance violations, including available reporting mechanisms; and the disciplinary system. Employees and contractors will be informed that strict compliance with these policies and procedures is also a condition of their employment and contractual relationship with our organization.

B. **Annual Education.** All employees and contractors will receive at least annual training regarding our company's Corporate Integrity Agreement ("CIA") requirements, if applicable, the Integrity Program, and applicable government health care program requirements including the Anti-Kickback Statue. Certain individuals, such as those that oversee the arrangements we enter into, and those responsible for the billing and submission of claims, may be required to undergo additional training. In addition, our organization shall post notices detailing its commitment to ethical standards and compliance with all applicable laws and regulations in the conduct of its business at each of its facilities.

   An Integrity Program training plan is developed annually.

C. **Corrective Education**. Directed, corrective education will be instituted on a case-by-case basis when compliance issues are raised through audits, reports of violations, or other monitoring activities. The Integrity Officer shall be responsible for recommending corrective education, and the Integrity Committee shall be responsible for determining the form and content of that education.

   Completion of mandatory Integrity Program training is a condition of continued employment and contractual relationship with the company. Failure to complete training will result in consequence, up to and including, termination of employment or contract.

4.3 Training Plan

Our organization has developed a written plan that outlines the steps we take to ensure employees and contractors receive at least annual training regarding the requirements of our Integrity Program and the Federal and State health care programs.

A. **Objectives**. Our company's Integrity training plan is implemented in order to foster a culture of compliance throughout the organization; communicate our Code of Ethics; and keep employees and contractors apprised of the laws governing the operations of nursing homes that affect their specific job responsibilities.

B. **Format**. The training plan notes the following information: training topic, persons required to complete the training, as well as the length, format, and schedule of the training.

C. **Effectiveness**. Our company's goal is for training to be effective. Supervisors should assess the effectiveness of training by monitoring the ability of employees and contractors to apply what was learned to their job responsibilities. Supervisors should communicate employee and contractor responsiveness to trainings in routine interactions and on

performance appraisals. In addition to supervisory input, our company utilizes end of course testing and monitoring and auditing, as needed, to measure the effectiveness of training.

4.4 Documentation of Educational Efforts

All compliance education shall be documented. The Integrity Officer is responsible for establishing appropriate systems of documentation, and for reporting on the status of educational efforts to the owners of Foundations Health Solutions' affiliated facilities, and to the OIG upon request.

5.0
RISK ASSESSMENT & INTERNAL REVIEW PROCESS

5.1 Annual Risk Assessment

Our organization conducts a centralized, annual risk assessment, through an internal review process, to identify and address risks including, but not limited to, arrangements and participation in the Federal and State health care programs.

A. **Process**. The Integrity Department, Legal Counsel, and senior representatives from the following disciplines: operations, human resources, clinical, audit, and finance/reimbursement, will:

1. Identify and prioritize compliance risks;
2. Develop internal work plans related to the identified risk areas;
3. Implement the internal audit work plans;
4. Develop corrective action plans in response to the results of any internal audits performed, as applicable;
5. Track the implementation of the corrective action plans; and
6. Assess the effectiveness of the corrective action plans.

The team conducting the annual risk assessment will review information such as: the Office of the Inspector General's Program Guidance for Nursing Facilities and annual work plans, industry and regulatory trends, input from the facility owners, and results of the Integrity Committee's internal audits and action plans.

B. **Topics**. Topics to be assessed for compliance risk include, but are not limited to:

1. Arrangements;
2. Submission of accurate claims;
3. Quality of care;
4. HIPAA privacy, security, and breach notification rules;
5. Employee screening;
6. CMS/ODH regulatory compliance;
7. Therapy utilization;
8. MDS accuracy;
9. The Federal Anti-Kickback Statute; and
10. Hospice arrangements.

5.2 Quarterly Review

Internal audit work plans, audit results, and corresponding action plans developed as a result of the risk assessment will be presented to and reviewed with the Integrity Committee on a quarterly basis.

5.3 Documentation

The Integrity Department will maintain copies of internal audit work plans, audit results, and corresponding action plans for at least six years, or longer if otherwise required by law. Copies of internal audit work plans, audit results, and corresponding action plans will be made available to the OIG upon request.

6.0
MONITORING

6.1 Integrity Officer Responsibility

The Integrity Officer, or his/her designee, shall be responsible for conducting reviews on a regular basis of various areas, such as beneficiary billing, admissions procedures, code assignment, employee and contractor screening, vendor contracting, quality of care and life (including compliance with applicable State and Federal health and safety standards), and employee and contractor compliance training, to ensure that applicable laws and regulations are being followed, and that accurate information is being conveyed or submitted.

In fulfilling this responsibility, the Integrity Officer:

A. May use the services of employees and qualified legal or accounting consultants, as necessary;

B. May use interviews, questionnaires, onsite visits, unannounced mock surveys, and document reviews, as well as sampling techniques in conducting the review; and

C. Shall include a copy of whatever findings are made in relevant compliance files.

6.2 Complaint Audits

Upon receipt of a credible allegation or complaint alleging non-compliant practices, an audit may be undertaken in accordance with our internal auditing policies and protocols, if deemed necessary by the Integrity Officer or the Integrity Committee.

7.0
ENFORCEMENT & DISCIPLINE

7.1 Consistent Enforcement

The standards established in this Integrity Manual shall be consistently enforced through disciplinary proceedings and sanctions. These shall include, but are not limited to, informal reprimands, formal reprimands, demotion, suspension, and termination. In determining the appropriate discipline for any violation of the Integrity Program, we shall treat all employees and contractors equally, without taking into account a particular individual's title, position, or function.

7.2 Discipline for Compliance Violations

Any employee or contractor who engages in a violation of standards established in the Integrity Manual, or any other laws or regulations shall be subject to disciplinary action, up to and including possible termination of employment or possible termination of their contractual relationship with our organization. We shall accord no weight to an individual's claim that any improper conduct was undertaken for the benefit of our organization. Any such conduct is not for the benefit of our organization and is expressly prohibited.

When appropriate, discipline shall be enforced against employees and contractors for failing to detect or report wrongdoing. This means that individuals must understand that they have an affirmative duty to report wrongdoing.

8.0
COMPLIANCE OVERSIGHT

8.1 Owners

The owners of Foundations Health Solutions' affiliated facilities ("Facility Owners") are ultimately responsible for supervising the work of the Integrity Officer and adopting and maintaining the standards in this Integrity Manual. The Facility Owners are responsible for delegating responsibility and authority and for reviewing the effectiveness of the Integrity Program.

The specific oversight responsibilities of the Facility Owners are:

A. Overseeing all of the compliance efforts of their facilities;

B. Consulting with advisors as necessary;

C. Coordinating with the Integrity Officer to ensure the adequacy of the program;

D. Receiving quarterly reports from the Integrity Officer concerning the Integrity Program;

E. Ensuring that appropriate corrective measures are instituted and maintained in response to identified quality issues;

F. Maintaining, and improving as appropriate, the Integrity Program and this Integrity Manual;

G. Reviewing the overall performance of their facilities and our organization in light of the Integrity Program and this Integrity Manual;

H. Ensuring that their facilities and our organization meet applicable standards of business, legal, and ethical compliance;

I. Taking action as appropriate and necessary to ensure that their facilities and our organization conduct their activities in compliance with applicable law and regulations and sound business ethics;

J. Completing training on the Integrity Program and its requirements; and

K. Certifying that their facilities are in compliance with applicable Federal health care program requirements and obligations of the Integrity Program.

8.2 Integrity Officer

The Senior Vice President of Integrity Program is the designated Integrity Officer. The Integrity Officer has the primary responsibility of developing, implementing and overseeing our organization's Integrity Program. The Integrity Officer is an employee and member of senior management, reports directly to the President, and is not subordinate to General Counsel, if one exists, or to the Chief Financial Officer. The Integrity Officer does not have any responsibilities that involve acting in any capacity as legal counsel or supervising legal counsel functions for our organization and his/her noncompliance responsibilities will be limited.

The Integrity Officer receives periodic training in compliance procedures; has direct access to the Facility Owners; has access to necessary records and documentation, including Resident records, billing records, and marketing agreements and records; and has authority to conduct investigations.

The Integrity Officer is responsible for:

A. Consulting with supervisors regarding compliance issues and assisting supervisors in responding to reports of suspected violations;

B. Developing and implementing policies, procedures, and practices designed to ensure compliance with the requirements of the Integrity Program and with Federal and State health care program requirements;

C. At least annually (and more frequently, if appropriate) assessing and updating as necessary, our organization's compliance policies and procedures and distributing new policies to employees and contractors;

D. Making periodic (at least quarterly) reports regarding compliance matters directly to the President and the Facility Owners;

E. Monitoring the day-to-day compliance activities engaged in by our organization;

F. Ensuring the Code of Ethics is distributed to all employees and contractors;

G. Ensuring employees and contractors receive education and training regarding the Code of Ethics and compliance policies and procedures applicable to their job responsibilities;

H. Ensuring this Integrity Manual is revised as needed to reflect changes in State or Federal law, private payor requirements, or changes in our organization's operations;

I. Ensuring a background check is conducted for all prospective employees and contractors, including a criminal background check when applicable, and a determination made of whether the prospective employee or contractor is subject to sanctions under or exclusion from the Medicare and/or Medicaid programs;

J. Ensuring employees and contractors are given appropriate Integrity Program training, including information regarding the duty to report suspected violations or questionable conduct and the mechanisms for such reporting;

K. Ensuring hotline calls, correspondence, and other reports of suspected compliance violations or questionable conduct are treated confidentially (unless specific circumstances dictate to the contrary);

L. Ensuring an appropriate inquiry or investigation is initiated with respect to any report of a suspected compliance violation or questionable conduct, and corrective and/or employee disciplinary action is taken, where appropriate;

M. Ensuring a compliance filing system is maintained, including a disclosure log of all compliance issues raised through hotline calls and direct communication reports, the resolution of such issues, and action taken in response, if any;

N. Ensuring annual reviews of vulnerable areas are conducted and the findings reported to the President and the Facility Owners;

O. Ensuring specific compliance issues are assigned to individuals outside our organization for review, as appropriate, such as Legal Counsel, accountants, quality consultants, etc. The Integrity Officer has the authority and responsibility to authorize such reviews;

P. With Legal Counsel, ensuring appropriate reporting and repayment of self-discovered overpayments occurs within a reasonable period, but no longer than sixty (60) days from the date it is identified as an overpayment or when the cost report is due, if applicable, whichever is later;

Q. Ensuring activities of the Integrity Committee are coordinated to assure that all duties are fully performed;

R. Ensuring vendors, suppliers, and other contractors are informed in writing about our Integrity Program;

S. Ensuring that all reporting obligations of the Integrity Program and the Office of Inspector General are met;

T. Completing training on the Integrity Program and its requirements; and

U. Certifying that the Integrity Department is in compliance with applicable Federal health care program requirements and obligations of the Integrity Program.

8.3 Integrity Committee

Our organization has established an Integrity Committee to assist the Integrity Officer in carrying out his/her duties, and to assist with the development, implementation, and oversight of the Integrity Program. The Integrity Committee shall be appointed by the Integrity Officer, and, at a minimum, shall consist of the Integrity Department and senior representatives from the following disciplines: operations, human resources, clinical, audit, and finance/reimbursement. The Integrity Officer will chair the Integrity Committee.

In addition to other responsibilities requested or assigned by the Integrity Officer, the Integrity Committee shall:

A. Assist the Integrity Officer in analyzing risk areas that should be addressed in our organization's Integrity Program, including legal risks, operational issues, and quality of care issues;

B. Assist in assessing our organization's policies and procedures, including the Integrity Manual and program, and in developing new policies or amending existing policies, as appropriate;

C. Assist in implementing compliance policies and procedures;

D. Work with the Integrity Officer and staff to develop and implement standards of conduct;

E. Oversee monitoring of internal and external audits and investigations;

F. Assist the Integrity Officer in monitoring internal controls for carrying out our organization's policies and procedures and implementing corrective action;

G. Assist the Integrity Officer in employee education and tracking its completion;

H. Meet at least quarterly; and

I. Make its committee meeting minutes available to the OIG upon request.

8.4 Supervisors

Supervisors serve as the first line of communication regarding compliance issues for employees. Supervisors are "deputized" by the Integrity Officer to respond to reports of suspect activity within their area of supervision. If a supervisor needs direction or has a question regarding how to respond to a report of suspect activity, the supervisor should seek guidance from the next level of our organization's chain of command, in accordance with our organization's reporting procedures.

Supervisors shall maintain policies and procedures that ensure that functions under their supervision are implemented in compliance with law, and that employees under their supervision perform their duties in compliance with these policies and procedures and applicable law. Supervisors' performance of these responsibilities shall be a factor in their evaluations.

Supervisors must be available to discuss with each employee under their direct supervision:

A. The principles underlying the Code of Ethics;

B. That adherence to the Code of Ethics and the Integrity Program is a condition of employment;

C. That our organization shall take appropriate disciplinary action, including termination of employment, for violation of the principles set forth in the Integrity Program and applicable laws and regulations;

D. That neither our organization nor any of its employees or contractors will retaliate against any individual for reporting a suspected violation or questionable conduct or assisting in an investigation;

E. The necessity and importance of participating in ongoing training regarding our organization's Integrity Program; and

F. The necessity of completing any required affirmations of compliance, and to ensure that those statements are acknowledged and returned to appropriate personnel.

Additionally, supervisors are required and directed to report significant compliance issues up the chain of command to members of the Integrity Department. Supervisors should exercise discretion as to whether a compliance issue is so significant as to warrant the attention of the Integrity Officer. Generally, systemic issues, issues that involve questions of ethical business practices, and/or legal or billing violations should be reported to the Integrity Officer.

Supervisors/managers may also be asked to certify that their departments are in compliance with the Integrity Manual and applicable Federal health care program requirements.

8.5 Legal Counsel

The Integrity Officer and/or the Facility Owners may consult Legal Counsel as necessary on issues raised by reports of suspected violations or questionable conduct.

Legal Counsel may be responsible for:

A. Providing advice regarding our organization's compliance with applicable laws;
B. Conducting and overseeing investigations of allegations of compliance violations;
C. Reviewing our organization's Integrity Program periodically and as needed; and
D. Assisting in any needed revisions to the Integrity Program.

9.0
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