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 $100,000 per violation and prison time of up to 10 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.