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**MARSHALL REHABILITATION  
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## **MARSHALL REHABILITATION CORPORATE COMPLIANCE PLAN**

### **I. INTRODUCTION**

#### **A. OVERVIEW**

MERCER MANOR's (the "Facility") obligations to comply with all federal and state laws, rules, and regulations are paramount. This corporate compliance plan is designed to help the Facility comply with those rules in accordance with existing guidance from the U.S. Department of Health and Human Services, Office of Inspector General, the statutory requirements of the Patient Protection and Affordable Care Act, as well as any state specific laws.

In response to laws requiring an effective corporate compliance program, the board of directors and senior management have adopted this corporate compliance plan and a Code of Conduct which are designed to emphasize to any and all owners, directors, officers, clinical staff, employees, independent contractors, consultants, and others working for the Facility ("Associates") the importance placed on maintaining high ethical standards and compliance with all applicable laws. In addition to containing generally applicable standards and procedures, the goal of the corporate compliance program is to ensure that the Facility adheres to all applicable Medicare and Medicaid laws, rules, and regulations related to the submission of claims. This includes, among other things, to ensure proper documentation of services, billing, coding, and claims submission, employee and independent contractor credentialing, and the prevention, prompt detection, and appropriate corrective action to detect, address, and prevent fraud, waste, and abuse.

Additionally, the corporate compliance program is designed to help Associates understand and meet the legal and ethical standards that govern the Facility's business; to emphasize the Facility's commitment to accurate and lawful documentation and submission of all claims for services to Medicare, Medicaid and other third-party payers; promote the prevention, detection, and resolution of any acts that do not conform to applicable federal and/or state laws, rules, and regulations; and minimize, through early detection and reporting, any potential loss to the government from erroneous claims as well as reduce the Facility's potential exposure to damages and civil and criminal penalties that may result from noncompliance.

The corporate compliance plan is tailored to address specific issues of particular importance to the Facility, and has been designed to establish the framework by which the Facility will use reasonable efforts to ensure compliance with all such laws. It is emphasized, however, that an effective compliance program is a dynamic process and, accordingly, this compliance plan may be updated from time to time to meet the unique challenges facing the Facility.

#### **B. COMPLIANCE WITH THE PLAN**

***a. Compliance is a key component of the Facility's day-to-day operations and it is the responsibility of all Associates to use reasonable efforts to comply with all applicable laws, rules, and regulations as well as this Compliance Plan, Code of Conduct, and any the Facility's policies and procedures. Associates who fail to comply with the elements of this Plan may face disciplinary action, up to and including termination.***

b. Included within the corporate compliance plan are standards of conduct for all Associates. These standards of conduct shall be made available to all applicable Associates and periodically updated, as necessary. Associates are expected to sign an acknowledgment verifying that they have received a summary of the plan, including the Code of Conduct (see attachment A), and are familiar with the contents and requirements.

#### **C. SCREENING FOR EXCLUDED INDIVIDUALS AND ENTITIES**

No payment may be made by a Federal health care program for items or services furnished by an excluded individual. Companies that violate this ban may be assessed civil money penalties if the company knew or should have known an employee or contractor was excluded from Federal health care program participation.

The federal government strongly advises nursing facilities to screen all owners, officers, directors, employees, agents, and contractors (including, but not limited to, medical directors, physicians and other clinical professionals, vendors and suppliers) against the list of excluded individuals maintained by the OIG as well as the list prepared by the U.S. General Services Administration. Additionally, certain state laws require monthly exclusion checks these individuals as well. As part of its compliance program, the Facility will screen as recommended by the government including all new employee hires and agent and contractor engagements. Furthermore, the Facility will perform appropriate background checks on all potential the Facility Staff and on all Contractors who have compliance-related duties, in accordance with the policies set forth in the Compliance Policies and Procedures, the Facility's human resources policies, and the Facility's credentialing policies.

The Facility will also undertake screening of its Contractors with compliance related responsibilities, as determined by the Compliance Officer or his or her designee, and require an affirmative statement in each such contract that the Contractor has not been excluded from participation in federal or state health care programs, and that the contract will terminate if such exclusion occurs. The Facility will provide all such contractors with a copy of its Code of Conduct and applicable sections of the Compliance Policies and Procedures, and require compliance with the documents.

## **II. OVERVIEW OF COMPLIANCE PLAN**

An overview of the corporate compliance plan is set forth below:

### **A. PROCEDURES, DIRECTIVES, POLICIES, AND GUIDANCE**

To assist healthcare providers in establishing effective corporate compliance programs, the federal government (and state government) has recommended that such plans include the following eight elements:

a. Designating a Compliance Officer

The Compliance Officer is responsible to oversee the corporate compliance program. The Compliance Officer functions independently and objectively reviews and evaluates compliance issues/concerns within the facility. The Compliance Officer ensures that the owners, management, and employees are in compliance with the rules and regulations of regulatory agencies, that the Facility policies and procedures are being followed, and that all Associates' behavior meets the Facility's Standards of Conduct.

b. The Compliance Officer's duties and responsibilities include:

- i. Developing, initiating, maintaining, and revising policies and procedures for the general operation of the corporate compliance program and its related activities to prevent illegal, unethical, or improper conduct. The Compliance Officer manages day-to-day operation of the program.
- ii. Developing policies that encourages the reporting of suspected fraud and other improprieties without fear of retaliation;
- iii. Developing and periodically reviewing and updating the Code of Conduct to ensure continuing currency and relevance in providing guidance to management and employees.
- iv. Monitoring developments and changes in relevant state and federal law, regulations, government agency guidance, and court rulings, which may affect the Corporate Compliance Program, and revising the program when appropriate to reflect any changes in expectations and/or requirements.
- v. Periodically reporting directly to the governing body on the activities of the compliance program.
- vi. Collaborating with different departments to direct compliance issues to appropriate existing channels for investigation and resolution, and consulting with the Facility's corporate attorneys as needed to resolve legal compliance issues.
- vii. Responding to alleged violations of rules, regulations, policies, procedures, and standards of conduct by evaluating or recommending the initiation of investigative procedures, as well as developing and overseeing a system for uniform handling of such violations.
- viii. Working with individuals responsible for personnel decisions to ensure that the Facility does not delegate substantial discretionary authority to individuals whom the Facility knows or has reason to know has the propensity to engage in criminal, civil, and/or administrative violations;
- ix. Acting as an independent review and evaluation body to ensure that compliance issues/concerns within the Facility are being appropriately evaluated, investigated, and resolved.
- x. Monitoring, and as necessary, coordinating compliance activities of other departments to remain abreast of the status of all compliance activities and to identify trends.
- xi. Identifying potential areas of compliance vulnerability and risk; developing/implementing corrective action plans for resolution of problematic issues; and providing general guidance on how to avoid or deal with similar situations in the future.
- xii. Providing reports on a regular basis, and as directed or requested, to the Corporate Compliance Committee and senior management to keep them informed of the operation and progress of compliance efforts.

- xiii. Ensuring proper reporting of violations or potential violations to duly authorized enforcement agencies as appropriate and/or required.
- xiv. Establishing and providing direction and management of the compliance Hotline.
- xv. Instituting and maintaining an effective compliance communication program for the Facility, including promoting (a) use of the compliance Hotline; (b) heightened awareness of the Code of Conduct; and (c) understanding of new and existing compliance issues and related policies and procedures.
- xvi. Ensuring that all Associates have read the Code of Conduct and signed a statement acknowledging their understanding of its requirements;
- xvii. Maintaining documentation and tracking all issues referred to the Compliance Officer and/or the Compliance Committee.
- xviii. Working with the Facility's compliance attorneys, compliance consultants, and others as appropriate to develop an effective compliance training program, including appropriate introductory training for new employees as well as ongoing training for all employees and managers.
- xix. Monitoring the performance of the corporate compliance program and taking appropriate steps as necessary to improve its effectiveness.

**Henry McGill is hereby appointed as the Facility's Compliance Officer.**

c. Compliance Committee

- i. The Facility has appointed a Compliance Committee (the Committee), which will oversee and have overall responsibility for all compliance activities. The Committee will meet no less than quarterly to review reports on the Facility's compliance activities.
- ii. The Committee's duties consist of assessing the Facility's implementation of the Compliance Program elements, including:
  - Staying up to date on current issues and standards specific to the Facility's business;
  - 1. Ensuring that the program reflects the latest state, national, and industry standards;
  - 2. Ensuring the Compliance Officer's direct access to senior management and the allocation of sufficient funding, resources, and staff to fully perform his or her responsibilities;
  - 3. Ensuring that the Facility's Code of Conduct and written compliance policies and procedures that guide the Facility and the conduct of its staff in day-to-day operations is revised as necessary, and ensuring the relevant education and training for Associates;
  - 4. Reviewing reports on the Facility's compliance activities;
  - 5. Ensuring the implementation of appropriate mechanisms for Associates to seek guidance and to report concerns;
  - 6. Overseeing the Facility's systems and processes that are designed to: (a) Periodically assess the Facility's compliance obligations and associated risks; (b) Monitor and audit the Facility's systems, processes and transactions; (c) Investigate alleged misconduct; and (d) Promote and enforce standards through incentive and disciplinary actions;
- iii. Making necessary modifications to the Compliance Program;
- iv. Advising and assisting the Compliance Officer in his/her responsibilities; and
- v. Ensuring that the Facility meets the highest standards of compliance.

**B. IMPLEMENTING WRITTEN POLICIES, PROCEDURES, AND STANDARDS OF CONDUCT**

The Facility is committed to conducting business with honesty and integrity and in compliance with the requirements of applicable laws and sound business practices. The Facility has written policies and procedures that (1) describe compliance expectations as embodied in the Facility's Code of Conduct, (2) implement the operation of the compliance program to ensure compliance with state and federal regulatory agency standards and applicable laws and regulations, (3) provide guidance to Associates on dealing with potential compliance issues, (4) identify how to communicate compliance issues to appropriate compliance personnel, and (5) describe how potential compliance problems are investigated and resolved.

The Facility has implemented policies and procedures in a number of areas, including such areas as:

- a. The Deficit Reduction Act of 2005
- b. Fraud, Waste, and Abuse and False Claims Laws

- c. Stark Self-Referral Prohibitions
- d. Federal and State Anti-Kickback laws
- e. Privacy/Security (the Health Insurance Portability and Accountability Act (HIPAA));
- f. Non-Intimidation and Non-Retaliation for good-faith reporting of compliance issues;
- g. Federal and State Employment standards; and
- h. Federal and State standards for resident safety and quality of care.

The Compliance Officer is responsible for developing and maintaining all compliance-related policies and procedures. All written policies and procedures will be reviewed and revised periodically to reflect changes to the Facility's business practices as well as changes to applicable laws, rules, and regulations. Revised policies and procedures shall become effective upon approval by the Compliance Officer and Compliance Committee.

The Facility's policies and procedures also include the adoption of a Code of Conduct designed to assist Associates in avoiding both the appearance and commission of improper activities. The Code of Conduct is distributed to all staff members. The Compliance Officer is responsible for ensuring that all Associates have certified that they have received, read, and fully understand the Code of Conduct.

### **C. EFFECTIVE EDUCATION AND TRAINING PROGRAMS**

To ensure that Associates are effectively educated on specific regulatory compliance issues and their responsibilities under the compliance program, the Facility will oversee the training and education of Associates, including executives and governing body members, on compliance issues, expectations, and the compliance program operation. These trainings are mandatory for Associates, shall be geared to the level of responsibility and job function of the specific Associates, shall occur periodically throughout the year, and shall be made a part of the orientation for each new employee, associate, executive, and governing body member.

Training sessions may be in person, online, or via other electronic methods (e.g. DVD or videotape) in order to accommodate individual schedules and appropriate to accommodate the skills, experience, and knowledge of the trainees. Other forms of education will be employed, such as the use of posters, bulletin boards, paycheck stuffers, etc., to inform employees of new compliance issues or to reinforce various aspects of past training. No matter how the information is presented, that training occurred must be thoroughly documented, including the date, attendees, and agenda. Associates that fail to participate in the mandatory trainings will be subject to disciplinary action.

Members of the Governing Body will receive training on the Facility's Corporate Compliance Program, including training on an overview of fraud and abuse laws, the False Claims Act, a summary of the Code of Conduct, and explanation of the elements of the Corporate Compliance Plan and Compliance Policies and Procedures applicable to their conduct and responsibilities. This training shall include information about the complaint or reporting process, and a statement of the Facility's commitment to integrity in its business operations and compliance with applicable laws and regulations. The Facility Contractors that have compliance-related duties, including but not limited to health care professionals, will receive a copy of the Code of Conduct and the elements of the Compliance Policies and Procedures that relate to their duties and services to the Facility, and shall also be informed of their duty to report violations of the Facility's Compliance Program and other misconduct under the Code of Conduct and Compliance Policies and Procedures.

The Compliance Officer will arrange for additional training for Associates involved in specific areas of risk, as necessary. The Compliance Officer will coordinate and schedule this training as needed and will supplement the core training with additional or specialty materials. The Compliance Officer or the Director of Human Resources will maintain records of all formal training and educational activities.

### **D. REPORTING SYSTEM AND DEVELOPING OPEN LINES OF COMMUNICATION**

The effectiveness of the corporate compliance program rests upon the ability of Associates to openly and freely report potential compliance issues to their supervisors, the Compliance Officer, and the Compliance Committee. The Facility will take no adverse action or retaliation against any Associate who makes a good faith report of a compliance concern.

The Facility's methods for maintaining open lines of communication to assist Associates in making good faith reports of potential compliance issues include but are not be limited to:

The ability to make a good-faith report of potential violations or any concerns regarding compliance to the Compliance Officer without fear of retaliation. To the fullest extent possible, all communication to the Compliance Officer will remain confidential.

The option to make an anonymous report via the Facility's Compliance Hotline at 800-610-2544.

The name and contact information for the Compliance Officer, the Facility's Compliance Documents and related policies are available in the Administration office. In addition, the name and contact information

for the Compliance Officer and the Hotline number will be posted throughout the facility, and will be provided to all Associates during compliance training.

#### **E. ENFORCING DISCIPLINARY STANDARDS THROUGH WELL-PUBLICIZED GUIDELINES**

The Facility has established disciplinary policies and procedures to encourage good faith participation in the compliance program by all Associates. This includes policies that articulate the Facility's expectations requiring the reporting of compliance issues and assisting in their resolution, as well as policies that outline sanctions for:

- a. failing to report suspected problems;
- b. participating in non-compliant behavior in violation of the compliance program or federal or state law and regulations; or
- c. encouraging, directing, facilitating, or permitting non-compliant behavior.
- d. Discipline will be handled on a case-by-case basis, after an investigation of the specific facts presented. The Facility will impose sanctions fairly, uniformly, and firmly in accordance with well-publicized guidelines. Thus, as a general rule similarly situated employees committing similar offenses under similar circumstances shall be subject to the same discipline. However, the form of correction or discipline provided will be case specific and may be based on a variety of factors, including whether the employee promptly reported his/her own violation, severity of the offense, previous incidents involving the individual, whether the employee cooperates fully in investigating/correcting the violation, and the individual's commitment to a positive change in behavior.

The range of disciplinary action to which persons may be subject include the following:

- a. Verbal Warnings;
- b. Written Warnings;
- c. (Paid or Unpaid) Suspension from Employment or Revocation of Contract;
- d. Termination.

The Facility will not take disciplinary action against a person for merely reporting what the person reasonably believed to be a violation of the Compliance Plan, the Code of Conduct, the Compliance Policies and Procedures, or state or federal laws or regulations. However, an individual will be subject to disciplinary action if, after an investigation into the matter, the Administrator or Compliance Officer concludes that the individual knowingly fabricated a report of wrong doing to injure someone else or to protect himself/herself or others. An individual whose report contains admissions of personal wrongdoing will not be guaranteed protection from discipline or enforcement action.

#### **F. POLICY OF NON-INTIMIDATION AND NON-RETALIATION**

The Facility strictly prohibits intimidation, retaliation, discrimination, harassment, or any other adverse action by management or any other person or group, either directly or indirectly, against any individual or group for good-faith participation in the Facility's Compliance Program, including but not limited to:

- reporting potential issues;
- investigating issues;
- self-evaluations;
- audits and remedial actions; and
- reporting to appropriate officials;

for reporting a potential violation of the Compliance Program; or for other misconduct in good faith. No individual may intimidate or threaten to retaliate against another individual for filing such a report or for participating in good faith in an investigation of any compliance matter, including matters related to resident safety and treatment or resident confidentiality.

- a. Prohibited retaliation includes, but is not limited to,
  - i. Termination
  - ii. Suspension
  - iii. Demotion
  - iv. Failure to consider for promotion
  - v. Harassment
  - vi. Reduction in compensation
  - vii. Adverse change in working conditions.

Retaliation is prohibited even if it is determined that the allegedly improper conduct covered by a report was proper or did not occur, provided that the report was made in good faith. The Facility reserves the right to take disciplinary action against any employee who maliciously or intentionally files a report he or she knows to be untrue.

## **G. CONDUCTING INTERNAL AUDITING AND MONITORING**

The Facility shall establish a system for routine identification of compliance risk areas, for self-evaluation of such risk areas including internal audits or external audits by outside attorneys or consultants, and for evaluation of potential or actual non-compliance as a result of such self-evaluations and audits. Data will be collected and analyzed on a regular basis to assess the Facility's compliance with established standards of practice, in particular, documentation, billing, and reimbursement guidelines.

The Compliance Officer, in consultation with the Compliance Committee and relevant supervisors, should regularly identify priorities for periodic audits or monitoring. Such audits or monitoring will follow the policies set forth in the Compliance Policies and Procedures. The Compliance Officer will work together with both inside and outside auditors and report the results of audits and monitoring to the Governing Body in writing at least quarterly. Any areas of potential noncompliance shall be kept confidential. Based on these reports, the Compliance Officer and Compliance Committee shall determine an appropriate response.

The Facility's compliance program shall be applicable to:

- a. billings;
- b. payments;
- c. medical necessity and quality of care;
- d. governance;
- e. mandatory reporting;
- f. credentialing; and
- g. other risk areas that are or should with due diligence be identified by the Facility.

The Facility will employ a variety of monitoring techniques, including but not limited to the following:

- a. Periodic interviews with management personnel regarding their perceived levels of compliance within their departments or areas of responsibility;
- b. Questionnaires developed to poll personnel regarding compliance matters as well as the effectiveness of individual training techniques;
- c. Periodic written reports of department managers, utilizing assessment tools developed to track specific areas of compliance;
- d. Audits designed and performed by internal and/or external auditors using auditing guidelines; and
- e. Exit interviews of departing employees.

The Compliance Officer will report the results of audits and monitoring to the Governing Body in writing at least quarterly. Any areas of potential noncompliance shall be kept confidential. Based on these reports, the Compliance Officer and Compliance Committee shall determine an appropriate response.

Data obtained from the auditing and monitoring processes will be used to identify opportunities for improvement and assess compliance. The Compliance Officer and Compliance Committee will review monitoring and auditing efforts for their effectiveness, and to identify additional areas of risk, violations of the Compliance Documents and applicable federal and state laws, and the Facility's response to identified problems. The Facility will respond to identified deficiencies through education/training and corrective action plans, an assessment of the obligation to report fraud and abuse to the appropriate agencies, and to repay funds to federal or state health care programs.

## **H. RESPONDING APPROPRIATELY TO DETECTED OFFENSES AND DEVELOPING CORRECTIVE ACTION**

As discussed above, the Compliance Officer, with the assistance of legal counsel as necessary, will coordinate the investigation of all reported compliance violations as they are raised in a timely manner.

The Compliance Officer will:

- a. Document all reports received through either a reporting mechanism or through some other mechanism (e.g., auditing),
  - i. If the initial assessment indicates that there is a basis for believing that the conduct reported constitutes noncompliance, the matter shall be reported to the Compliance Committee for review,
- b. Respond to compliance problems as identified in the course of self-evaluations and audits in a prompt manner,
  - i. all instances of potential noncompliance shall be evaluated carefully to determine whether the allegation appears to be well founded.
- c. Be responsible to conduct a comprehensive investigation of all potential compliance issues,

- d. The Compliance Officer shall promptly begin an investigation in accordance with the following procedure:
  - i. The Compliance Officer shall commence an investigation as soon as reasonably possible, but in no event more than thirty (30) days following reasonable suspicion of a compliance violation.
  - ii. The investigation may include:
    - 1. Interviews of the person(s) involved in or having knowledge of the potential noncompliance;
    - 2. Interviewees with relevant information may be required to submit a signed, dated, written statement;
    - 3. If the Compliance Officer does not request a written statement from Interviewee, the Compliance Officer shall document the interview and he/she should sign and date the record.
  - iii. The creation of a timeline of events;
    - 1. Review of related documents, if appropriate;
    - 2. Review of applicable federal and state laws, rules, and regulations as well as the Facility's policies and procedures;
    - 3. Collaboration with the Compliance Committee; and
    - 4. Consultation with legal counsel, auditors, healthcare consultants, etc.
- e. Every effort to investigate potential compliance shall be documented and kept with the original report.
  - i. be responsible for establishing a plan – including implementing procedures, policies, and systems as necessary – to correct such problems promptly and thoroughly and to reduce the potential for recurrence.
  - ii. be available to participate or assist in compliance investigations by the Facility's Contractors, at their request
- f. If allegations made in a report are substantiated, the Compliance Officer shall take the following steps:
  - i. determine whether the alleged activity violates federal, state, or the Facility's policies and procedures,
  - ii. determine whether the allegation warrants reporting
  - iii. determine what corrective actions, if any, should be taken such as
    - 1. identifying and reporting the compliance issues to the appropriate government offices,
    - 2. refunding overpayments as appropriate,
    - 3. instituting whatever disciplinary action is necessary,
    - 4. implementing system changes to prevent a similar violation from recurring in the future,
    - 5. revising applicable policies and procedures to clarify proper protocols and/or development of new systems to safeguard against future noncompliance of a similar nature,
    - 6. requiring additional mandatory training for Associates,
    - 7. increasing auditing and/or monitoring of the affected areas
    - 8. Focusing a review of records made by Associates for a defined period of time following discovery of noncompliance,
  - iv. Report the issue to an outside government agency such as the Office of Inspector General (OIG).
  - v. Other reasonable corrective measures calculated to ensure adherence to applicable federal and state laws, rules, regulations, and the corporate compliance program.

If an allegation is not substantiated, the Compliance Officer shall keep a clear record of the investigation's conclusion as well as what factors were considered in making that determination.

It is the responsibility of all associated with the Facility to assist in resolving compliance issues by participating in good faith in the Facility's response to potential compliance violations, including cooperating when the Facility is conducting investigations and abiding by corrective action put into place. As provided for above, the Facility has a policy of non-intimidation and non-retaliation non-intimidation for good faith participation in the Compliance Program, including but not limited to reporting potential

issues, investigating issues, self-evaluations, audits and remedial actions, and reporting to appropriate officials.

#### **I. PERIODIC REASSESSMENT OF THE CORPORATE COMPLIANCE PROGRAM**

An effective and efficient compliance and ethics program must remain current – properly reflecting contemporary laws and policies, existing conditions in the facility, and the latest focus trends of regulatory enforcement agencies. Periodic reassessment of the corporate compliance program is necessary. Thus, the Facility shall undertake to internally monitor and audit the corporate compliance program as appropriate. The Compliance Officer and the Compliance Committee will have applicable federal, state and local rules, laws, alerts and regulations monitored for changes that are relevant to the Facility. The Compliance Committee may also manage a reassessment, enlisting the assistance of various staff members to study the latest compliance developments and identify areas of the corporate compliance program that require modification. These efforts are in addition to – rather than in place of – reviews of the fundamental effectiveness of the program systems and structures and assessments of the overall success of the program in general, as well as each of its basic elements. The Facility also recognizes the need for ongoing external auditing and monitoring to ensure objectivity in implementing, enforcing and updating a proper compliance program. As such, the Compliance Officer and the Compliance Committee may procure the services of independent third-party consultants, as needed. These efforts will help the corporate compliance program remain relevant and useful in effectively guiding the Facility to achieve full regulatory and ethics compliance.

#### **III. CONCLUSION**

The Facility's priority is and should always remain providing the highest level of care practicable to our residents. The Facility appreciates the pivotal role an effective and efficient compliance program plays in achieving its mission. The Facility counts on all Associates' full support of the Facility's compliance efforts and looks forward to working together in making this corporate compliance program an enduring success.

**MARSHALL REHABILITATION**  
**COMMITMENT TO COMPLIANCE CODE OF CONDUCT AND COMPLIANCE PROGRAM SUMMARY**

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## COMMITMENT TO COMPLIANCE

The Facility is engaged in the business of providing high-quality skilled nursing care to its residents in a manner that conforms with the highest standards of ethical behavior and care. The Facility and any and all directors, officers, clinical staff, employees, independent contractors, consultants, and others working for the Facility ("Associates") constantly strive to ensure that all activity by, on behalf of or with the organization complies with all applicable federal, state, and local Laws, Regulations, ordinances, administrative directives, and any other binding governmental directives ("Laws and Regulations").

The Facility is committed not only to providing residents with the high quality and caring medical services necessary to attain or maintain the resident's highest practicable physical, mental, and psychological well-being, but also to provide those services pursuant to the highest ethical, business, and legal standards. These high standards apply to our interactions with everyone with whom we deal. This includes our residents, the community, other healthcare providers, companies with whom we do business, government entities to whom we report, and the public and private entities from whom reimbursement for services is sought and received. In this regard, all personnel must not only act in compliance with all applicable legal rules and regulations, but also strive to avoid even the appearance of impropriety. While the legal rules are very important, we must hold ourselves up to even higher ethical standards.

The Facility does not, and will not, tolerate any form of unlawful or unethical behavior by anyone associated with the Facility. We expect and require all Associates to be law-abiding, honest, trustworthy, and fair in all of their business dealings. To ensure that these expectations are met, the Facility has prepared a comprehensive Code of Conduct and standards of conduct. The Code of Conduct and standards are designed to assist you in navigating the various compliance obligations of the highly regulated industry in which we do business. By adhering to the Code of Conduct and standards, you enable the Facility to continue to achieve its goal of providing excellent service to our residents in a legal and ethical fashion.

In addition, as part of the Facility's commitment to health care fraud and abuse and regulatory compliance, and in an effort to assist the Facility's personnel in meeting their compliance obligations, the Facility has established a Compliance Program. The Compliance Program is designed to implement the Code of Conduct and prevent violations of applicable laws and regulations and, where such violations occur, to promote their early and accurate detection and prompt resolution through education, monitoring, disciplinary action, and other appropriate remedial measures.

Because of the importance of the Compliance Program, we require that all Associates cooperate fully. All Associates will be given a copy of this Code of Conduct ("Code"), and will be required to review and become familiar with its contents. In addition to this Code, the Facility will provide its employees with formal training regarding the Code of Conduct and Compliance Program policies. The Compliance Program standards and policies will be maintained by the corporate compliance officer and will be made available to all personnel upon request. All the Facility Associates shall adhere to the high standards of business ethics as set forth in the compliance program and in its Code, and acknowledge that such compliance is a condition of employment and is a factor that will be considered in his or her performance evaluation. Any conduct by an Associate that runs contrary to the Facility's expectations regarding the Compliance Program will be considered a violation of the compliance program and related policies and procedures and the Associate will be subject to a range of disciplinary measures.

### I. CODE OF CONDUCT

This Code of Conduct is intended to articulate general principles in order to provide guidance to Associates in their obligation to comply with applicable Laws and Regulations. The general principles contained in this Code, however, are neither exclusive nor complete. Associates are therefore expected to refer to the Facility's compliance program, manuals, policies and procedures, as well as other relevant Laws and Regulations for further guidance. It is critical for all Associates to recognize that they are required to comply with all applicable Laws and Regulations, as well as the Facility's compliance program, manuals, policies and procedures, whether or not specifically addressed in this Code of Conduct. Any questions regarding the existence of, interpretation or application of any law, regulation, rule, standard, policy and/or procedure that arise should be directed to the Facility's Compliance Officer.

The Facility has adopted the following Code as a central part of our compliance program. Everyone should adhere both to the spirit and the language of the Code, maintain a high level of integrity in their conduct and avoid any actions that could reasonably be expected to adversely affect the Facility's integrity or reputation. Compliance with the Code is a condition of employment, and violation of the Standards (as defined below) will result in discipline being imposed, up to and including possible termination.

Nothing in this Code of Conduct is intended to, nor shall be construed as, providing any additional employment or contractual rights to Associates or other persons.

**A. HONESTY AND LAWFUL CONDUCT.** Associates of the Facility, including all physicians who see residents at our facility, must avoid all illegal conduct, both in business and personal matters. No person should take any action that he or she believes violates any statute, rule, or regulation. In addition, Associates must comply with the Code and departmental compliance policies and procedures, strive to avoid the appearance of impropriety, and never act in a dishonest or misleading manner.

**B. COOPERATION WITH THE COMPLIANCE PROGRAM.** We require everyone to cooperate fully with the compliance program because the program is effective only if everyone works together to ensure its success and understands the requirements under the law and the Code. In particular, all departments, personnel, and physicians must cooperate with all inquiries concerning improper business,

documentation, coding or billing practices, respond to any reviews or inquiries, and actively work to correct any improper practices that are identified.

**C. QUESTIONS AND CONCERNS.** Neither this Code nor our overall Compliance Program can cover every situation that you might face. As a result, if you are unsure of what the proper course of conduct might be in a specific situation, or if you believe that this Code or any compliance standards or policies (whether set forth in here or elsewhere) may have been violated, then you are expected to contact the corporate compliance officer, who can be reached at the facility.

You may contact the corporate compliance officer at any time, either in person, by telephone, or in writing, with any compliance-related question or concern you may have. Questions or concerns may be raised anonymously, if you wish. All reports will be held in the strictest confidence possible, consistent with the need to investigate the matter.

**D. NON-RETALIATION.** It is absolutely forbidden for any personnel to punish or conduct reprisals against anyone who has reported a suspected violation of a law or regulation or any the Facility policy. It is also forbidden for any personnel to punish or conduct reprisals against anyone who has participated or cooperated in an investigation of such matters. Retaliatory actions violate this Code and will not be tolerated.

## II. CODE OF CONDUCT STANDARDS

The Code provides a high-level overview of the expectations that the Facility has for all its Associates. Because Associates will be responsible for complying with this Code, the Facility has adopted the following standards of conduct ("Standards") that all Associates are expected to follow. These Standards outline and summarize the basic concepts underlying the Facility's Code of Conduct and its compliance program. These Standards must be carefully reviewed and closely followed by all the Facility Associates. Supplemental information relating to these Standards will be provided through periodic formal and informal training and educational programs. Additionally, many Standards are expanded in greater detail in the Facility's compliance standards and policies.

### **A. COMPLIANCE WITH THE LAW AND HIGH ETHICAL BUSINESS STANDARDS**

The Facility operates in a heavily regulated industry and is subject to a large number of federal and state civil and criminal laws and regulations. Violation of these laws and regulations can result in harm to the public, severe financial penalties, exclusion from participation in government health care programs and – in some cases – criminal fines and/or imprisonment. The Facility's Code of Conduct and compliance program are designed to prevent and detect such violations. Accordingly, it is critical that all Associates comply with all applicable federal and state laws and regulations and with all policies and procedures that comprise the compliance program.

While one of the objectives of the Facility's compliance program is to educate all the Facility Associates about the basic requirements of these laws and regulations, the Facility does not expect any of its Associates to become experts in these areas. For precisely this reason, where an individual is not sure whether a particular activity or practice violates the law (or any of the compliance program policies), the individual should not – under any circumstances – "guess" as to the correct answer. Instead, the individual should seek appropriate guidance from his or her supervisor or the corporate compliance officer. The Facility Associates will not be penalized for asking compliance-related questions. To the contrary, the Facility is intent on creating a culture in which every individual is comfortable asking the questions necessary to ensure that he or she understands and performs his or her tasks and obligations in full.

The following is a list of legal compliance issues that can pertain to Associates. Specifically, Associates shall refrain from any illegal conduct including, but not limited to:

- a. **Fraud Waste and Abuse.** The Facility expects its Associates to refrain from conduct that may violate any federal and state laws relating to health care fraud and abuse. Each employee and contractor is expected to: (1) maintain honest and accurate records of services provided; (2) follow current and applicable laws, regulations, and guidelines to facilitate proper documentation of services; and (3) take necessary steps to prevent the submission of claims for payment and reimbursement of any kind that are fraudulent, abusive, inaccurate, or medically excessive or unnecessary.
- b. **Anti-Trust.** Associates shall comply with applicable antitrust laws. There shall be no discussions or agreements with competitors regarding price or other terms for product sales, prices paid to suppliers or providers, dividing up geographic markets, or joint action to boycott or coerce certain suppliers or providers.
- c. **Licensure/Certification.** All Associates that require licenses or certifications from state or federal agencies must comply with all licensure and certification laws applicable to the Facility's operations. Such Associates are expected to participate in educational "in-services" offered by the Facility and by various professional groups and associations, and to be familiar with the laws that affect their specific job duties.
- d. **Tax.** The Facility and its Associates will truthfully and accurately report payments to appropriate taxing authorities, and will file all tax returns and other information in a manner consistent with applicable laws.
- e. **Discrimination.** It is the Facility's policy to treat patients, employees, vendors, and contractors, etc. without regard to race, color, religion, sex, ethnic origin, age, disability, or any other classification protected by law. The Facility recruits, hires, trains, promotes, assigns, transfers,

lays off, recalls, and terminates Associates based on their ability, achievement, experience and conduct without regard to race, color, religion, sex, ethnic origin, age, disability or any other classification protected by law. No form of harassment or discrimination on the basis of sex, race, color, disability, age, religion or ethnic origin or disability or any other classification protected by law will be permitted. All Associates are responsible for ensuring that the work environment is free of discrimination or harassment due to sex, age, race, gender, color, religion, national origin, disability, or any other status protected under state or federal law. Each allegation of harassment or discrimination should be promptly reported to the compliance officer so that it can be investigated and appropriate action can be taken.

- f. Lobbying/Political Activity. Associates may personally participate in, and contribute to, political organizations or campaigns as individuals, not as representatives of the Facility. Associates may not make any agreement to contribute any money, property, or services at the Facility's expense to any political candidate, party, organization, committee, or individual in violation of any applicable law. Any attempt to influence the decision-making process of governmental bodies or officials by an improper offer of any benefit is absolutely and completely prohibited.
- g. Kickbacks, Inducement, and Self-Referrals. The Facility and its Associates shall comply with all laws relating to kickbacks, inducements, and self-referrals. The Facility and its Associates shall not knowingly offer, pay, solicit, or receive bribes, kickbacks, or other improper remuneration in order to induce business reimbursable by any federal or state government program including, but not limited to, Medicare and/or Medicaid. All Associates are required to report any gifts or other gratuities, other than those of nominal value, received from any outside source that would stand to benefit from the referral of business to the Facility.

## **B. STANDARDS RELATING TO QUALITY OF CARE AND SERVICES**

The Facility is fully committed to providing the highest quality of resident care in accordance with all applicable laws, rules, and regulations. As part of this commitment, the Facility will ensure that necessary quality assurance systems are in place and functioning effectively.

- a. Quality of Care Principles and Resident Rights. In keeping with the Facility's mission and values, the following quality of care and services principals have been incorporated into the Facility's compliance program:
  - i. All residents will receive treatment without discrimination as to race, color, religion, sex, national origin, disability, sexual orientation, source of payment, or age.
  - ii. All residents will receive information that is necessary to give informed consent for any proposed procedure or treatment. This information shall include the possible risks and benefits of the procedure or treatment.
  - iii. All residents will receive considerate and respectful care in a clean and safe environment free of unnecessary restraints.
  - iv. The Facility will protect and promote the rights of each resident, including, but not limited to, the resident's right to respect, privacy, a dignified existence, self-determination, and the right to participate in all decisions about their own care, treatment and discharge.
  - v. The Facility will conduct background checks pursuant to Federal and State law on all employees and personnel involved in resident care, or who have access to residents' possessions.
  - vi. All individuals employed by the Facility will have the proper credentials, experience, and expertise required to discharge their responsibilities, pursuant to the Facility's Employee and Independent Contractor Credentialing Policy and Procedure.
  - vii. The Facility will continuously strive toward a culture of resident safety and providing quality medical care to its residents.
- b. Mandatory Reporting. As part of its commitment to providing the highest quality of resident care and services, the Facility complies with all applicable federal and state mandatory reporting laws, rules, and regulations. To this end, the Facility will ensure that all incidents and events that are required to be reported are done so in timely manner, and will monitor compliance with such requirements. The Facility will also comply with and have policies and procedures in place relating to the reporting requirements under the Federal Elder Justice Act.

## **C. STANDARDS RELATING TO BILLING AND CODING**

- a. Billing Generally. The Facility is committed to conducting the coding, billing, and collection process with integrity pursuant to the applicable billing laws, regulations, and guidelines to facilitate the proper documentation, coding, and billing of claims. The Facility will therefore ensure that all billing conforms with all federal and state laws regarding the submission of claims. The Facility will accurately code and bill third party payors based upon medical necessity and supporting documentation. Periodic auditing and monitoring may be necessary to ensure full compliance by the Facility. All Associates responsible for billing will be trained in the appropriate rules governing billing and documentation and will follow all regulations governing billing

procedures. The Facility takes all reasonable steps to ensure that its billing software reliably and accurately codes and bills all services according to the most recent federal and state laws and regulations. Policies and training of coding and billing personnel shall focus particular attention to issues of medical necessity, appropriate diagnosis codes, prospective payment, consolidated billing, and individual Medicare Part B or Medicaid claims.

- b. Compliance with Federal and State Laws Regarding the Submission of Claims. All Associates shall comply with all applicable federal and state laws and regulations governing the submission of billing claims and related statements. A detailed description of (i) the federal False Claims Act; (ii) the federal Program Fraud Civil Remedies Act; (iii) state civil and criminal laws pertaining to false claims; and (iv) the whistleblower protections afforded under such laws is provided in the Facility's Fraud, Waste, and Abuse Policy and Procedure.

#### **D. STANDARDS RELATING TO BUSINESS PRACTICES**

All Associates must conduct their business affairs with integrity, honesty, and fairness to avoid conflict between personal interests and the interest of the Facility, and Associates have a responsibility to obtain clarification from management on questionable issues that may arise. Associates shall forego any transaction or opportunity that can only be obtained by improper and illegal means, and will not make any unethical or illegal payments to induce the use of the Facility's services. Specifically, Associates shall comply with the following standards:

- a. Honest Communication. Associates are expected to be honest and truthful with regard to the performance of their responsibilities and in communications with the Facility's attorneys, consultants, and auditors. Associates may not make false or misleading statements to any state or federal official, investigator, or person/entity doing business with the Facility. Associates shall not destroy or alter the Facility information or documents in anticipation of, or in response to, a request for documents by any applicable government agency or from any court.
- b. Business Relationships. Associates shall not engage in any business practice intended to unlawfully obtain favorable treatment or business from any government entity or any other party in a position to provide such treatment or business. Associates shall not use confidential or proprietary information about the Facility for their own personal benefit or for the benefit of any other person or entity, except the Facility.
  - i. Disclosure of Financial Interest. Associates must disclose to the Compliance Officer any financial interest, ownership interest, or any other relationship that they or a member of their immediate family have with any of the Facility's vendors or competitors.
  - ii. Disclosure of Personal Relationship. Associates must disclose personal relationships and business activities with any vendor or contractor that may be construed by an impartial observer as influencing any of the Associates' performance or duties.
  - iii. No Use of Insider Information. The Facility and its Associates will not use insider information for any business activity conducted by or on behalf of the Facility. All business relations with vendors and contractors providing any services to the Facility will be conducted at arm's length both in fact and in appearance, and in compliance with the Facility's policies and procedures.
- c. Unfair Competition and Deceptive Trade Practices. The Facility and its Associates shall not engage in unfair competition or deceptive trade practices, including misrepresentation of the Facility's products or operations. Associates shall not make false or disparaging statements about competitors or their products or attempt to coerce suppliers or providers into purchasing products or services.
- d. Financial Reporting. All financial reports, cost reports, accounting records, research reports, expense accounts, time sheets, and other documents must accurately and clearly represent the relevant facts or the true nature of a transaction.
- e. Travel and Entertainment. It is the Facility's policy that no Associates should suffer a financial loss or gain because of business travel and entertainment. That said, travel and entertainment expenses must be consistent with the Associate's job duties, and Associates are expected to exercise reasonable judgment in the use of the Facility's assets.
- f. Personal Use of Corporate Assets. All the Facility business shall be conducted, and the Facility assets property utilized, in a manner designed to further the Facility's interest rather than the personal interest of an individual Associate. Associates are prohibited from the unauthorized use or taking of the Facility's equipment, supplies, materials or services and from converting the Facility assets to personal use.
- g. Gifts from Residents or Others. Associates are prohibited from soliciting or accepting tips, personal gratuities, loans, gifts, or other things of value from the Facility residents, or vendors, contractors, and any others that seek to do business with the Facility. If a resident or another individual wishes to present a monetary gift, he/she should be referred to the Compliance Officer.
- h. Gifts Influencing Decision-Making. Associates shall not accept gifts, favors, services, entertainment, or other things of value to the extent that decision-making or actions affecting the

Facility 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 the Facility is absolutely prohibited.

- i. Gifts from Existing Vendors or Residents. Associates may retain gifts from vendors or residents, which have a nominal value generally less than \$50 in aggregate over each year. To the extent possible, these gifts should be shared with the Associates' co-workers. Gifts of cash and cash equivalents (e.g. gift certificates) are never acceptable.
- j. Vendor or Business Associate Sponsored Entertainment. Occasionally, at a vendor's or business associate's invitation, an Associate may accept meals or refreshments, attend a local theater or sporting event, or similar entertainment, at the vendor's or business associate's expense, so long as the cost is of nominal value under the circumstances, generally less than \$50 in aggregate over each year. In most circumstances, a regular business representative of the vendor or business associate should be in attendance with the employee or contractor. Associates should advise the Compliance Officer of vendors or business associates that offer such invitations on a frequent basis, even if the Associate does not accept such invitations.
- k. Conflicts of Interest. Associates may not use their positions at the Facility to profit personally or to assist others in profiting in any way at the expense of the Facility. Associates shall not engage in any financial, business, or other activity which competes with the Facility's business which may interfere or appear to interfere with the performance of their duties, or that involve the use of the Facility property, facilities, or resources, except to the extent consistent with the conflict of interest policies.
- l. Services for Competitors or Vendors. No Associate shall perform work or render services for any competitor of the Facility or for any organization with which the Facility does business or which seeks to do business with the Facility, without the approval of a member of the Senior Executive Board. No Associate 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 a member of the Senior Executive Board.

#### **E. STANDARDS RELATING TO HUMAN RESOURCES**

- a. Controlled Substances. The use, sale, or possession of controlled substances or alcohol on the Facility property is strictly prohibited, except as normal course of business, such as authorized sale of alcoholic beverages through Dining Services.
- b. Criminal Background Checks. The Facility shall comply with the provisions of the Elder Justice Act contained within the Patient Protection and Affordable Care Act, Pub. L. 111-148, 124 Stat. 199 ("EJA"). To this end, the Facility shall not hire an applicant, or retain an Associate who has violated the reporting requirements of the EJA.
- c. Occupational Health and Safety Act. The Occupational Safety and Health Act (OSHA) requires employers to provide a work environment that meets certain safety and health standards. The Facility takes this responsibility seriously. We provide periodic education programs addressing the requirements of OSHA. Associates are required to comply with established facility policies and procedures designed to meet these guidelines. An Associate who identifies a known or suspected workplace hazard must report it immediately to his/her supervisor.
- d. Sexual and Other Forms of Harassment. The Facility is committed to maintaining a professional work environment that is free from sexual and other illegal harassment, which can include harassment based on race, color, religion, sex, sexual orientation, national origin, age, disability, or any other classification protected by law. Any illegal harassment of any individual by any Associate(s) is prohibited and will not be tolerated. Sexual harassment consists of both direct and indirect actions that create a hostile work environment.

#### **F. STANDARDS RELATING TO CONFIDENTIALITY**

The Facility safeguards confidential information regarding its residents, such as individually identifiable health information, and confidential and proprietary information regarding the Facility's business, such as resident lists, development plans, marketing strategy, financial data, proprietary research, and information about pending or contemplated business deals. Inappropriate disclosure of the Facility's confidential business information, whether intentional or accidental, may adversely affect the Facility.

Associates shall not steal information belonging to another person or entity – including information belonging to the Facility – or use any publication, document, computer program, information, or product in violation of a third party's interest in such product. All Associates are responsible for ensuring that they do not improperly copy documents or computer programs in violation of applicable copyright laws or licensing agreements for their own use. Associates shall not use confidential business information obtained from competitors or pre-employment agreements, in violation of a covenant not to compete, or in any other manner likely to provide an unfair competitive advantage to the Facility.

Associates who learn confidential business information about the Facility or its residents shall not disclose that information to third parties, including family or friends, except with the prior written consent of the Facility, or as required by applicable law.

### **III. EDUCATION**

The Facility will develop and implement a regular education and training program for all Associates. All Associates are expected to participate in educational programs and abide by policy requirements. Adherence to the Facility's Compliance Program will be a factor in evaluating the performance of an Associate. The Facility will maintain records of all educational programs presented to Associates.

### **IV. OVERSIGHT BY COMPLIANCE OFFICER**

The Facility Compliance Officer will report to the Facility Board (or an appropriate member of the Board). The Compliance Officer shall review all material issues of interpretation of this Code of Conduct with the Board or appropriate committee of the Board.

### **V. REPORTING OF VIOLATIONS**

- A. Illegal acts or improper conduct may subject the Facility to severe civil and criminal penalties, including large fines and being barred from certain types of federally funded insurance programs and businesses. It is, therefore, crucial that any illegal activity or violations of the Code be promptly brought to the attention of the Corporate Compliance Officer. In many cases, if the Facility discovers and reports illegal acts to the appropriate governmental authorities, the Facility may be subject to lesser penalties.
- B. Any Associate who believes or becomes aware of any violation of this Code or any illegal activity by any other Associate or person acting on the Facility's behalf shall promptly report the violation or illegal activity in person, by phone, or in writing, to (i) the appropriate supervisor; (2) the Administrator; (3) the Compliance Officer; or (4) the compliance hotline at 800-610-2544.
- C. Associates who do not report a violation of the Code or any known or suspected illegal activity will have violated this Code. Associates that have questions about whether particular acts or conduct may be illegal or violate the Code, have a duty to contact the Compliance Officer to get clarification.
- D. High-level Associates to whom illegal activity or violations of this Code are reported to have a responsibility to ensure that such activity is properly investigated. Neglecting to properly investigate such reports shall be a violation of this Code.
- E. It is the Facility's policy to promptly, thoroughly, and comprehensively investigate reports of illegal activity or violations of this Code. Associates must fully cooperate with these investigations and shall not take any action to prevent, hinder, or delay discovery and full investigation of illegal acts or violations of this Code.
- F. Associates may report illegal acts or a violation of this Code anonymously. To the extent permitted by law, reasonable precautions will be taken to maintain the confidentiality of those individuals who report illegal activity or violations of this Code and of those individuals involved in the alleged improper activity, whether or not it turns out that improper acts occurred. Failure to abide by this confidentiality obligation shall be a violation of this Code.
- G. No reprisals, retaliation, or disciplinary action will be taken or permitted against Associates for good faith reporting of, or cooperating with the investigation of, illegal acts or violations of this Code.

### **VI. DISCIPLINARY ACTION**

Associates who violate this Code or commit illegal acts are subject to discipline up to and including dismissal. Associates who report their own illegal acts or improper conduct, however, will have such self-reporting taken into account when determining the appropriate disciplinary action.

### **VII. CONCLUSION**

This Code of Conduct reflects standards that the Facility believes to be in the best interest of its residents, employees, contractors, vendors, and others with whom it does business. However, in addition to the specific directives set forth in this Code of Conduct, each Associate's own individual judgment is critical in determining the correct course of action for a particular situation. As each Associate contemplates a situation, the Associate should consider whether the proposed action or inaction is consistent with the Facility's practices and whether it conforms to the letter and the spirit of this Code of Conduct. Additionally, whenever an Associate sees a situation in which the purpose of this Code of Conduct does not appear to be served, the Associate should bring the concern to the attention of the Compliance Officer.

The Facility thanks you for your cooperation with this Code of Conduct and for upholding the high standards of the Facility.

**ACKNOWLEDGEMENT OF CODE OF CONDUCT AND COMPLIANCE PLAN**

I hereby acknowledge by my signature that I have received a copy of the Facility’s Code of Conduct and Compliance Plan, and that I should report any compliance concerns to either my manager, the Administrator, the Compliance Officer, Henry McGill, or as a last resort by openly or anonymously calling our Compliance Hotline at (800) 610-2544. I hereby agree to abide by the requirements of this Code of Conduct, the Compliance Plan, and the compliance program in general. I further understand that adherence to this policy is a condition of employment or continued business dealings with the Facility.

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Company Name (If Contractor)

\_\_\_\_\_  
Date