

**United Church Homes and Services and Affiliates
Lake Prince Center, Inc.**

COMPLIANCE AND ETHICS PROGRAM MANUAL

I. INTRODUCTION

United Church Homes and Services recognizes the problems that both deliberate and accidental misconduct in the healthcare industry can pose to society. Our Compliance and Ethics Program strives to create a culture that promotes understanding of and adherence to applicable federal, state and local laws and regulations. United Church Homes and Services is committed to ensuring that it operates under the highest ethical and moral standards and in compliance with all applicable laws. We believe this commitment is consistent with our history and reputation in the community and our values and mission as a healthcare provider.

Mission Statement: A Christian ministry committed to providing vibrant senior living opportunities, diverse programs of outreach and compassionate healthcare services.

II. FUNDAMENTAL ELEMENTS OF AN EFFECTIVE COMPLIANCE AND ETHICS PROGRAM

The U.S. Sentencing Commission Guidelines and the Office of Inspector General have outlined fundamental elements that comprise an effective Compliance and Ethics Program. Our program includes each of these elements: 1) Written policies, procedures and Standards of Conduct approved by the governing body; 2) Designated Compliance Officer and Compliance Committee; 3) Effective training and education; 4) Effective lines of communication; 5) Enforcement of standards through well-publicized disciplinary guidelines; 6) Internal monitoring and auditing; 7) Prompt response to detected offences and corrective action plans. We also conduct annual risk assessments and annual evaluations of our program's effectiveness.

A. Overview of the Compliance and Ethics Program

1. Governing Body

United Church Homes and Services is committed to operating as a good corporate citizen of our community, state, and nation. Accordingly, in a resolution dated February 10, 2001, our Board of Directors reiterated the organization's commitment to comply with all laws that affect its various operations. In its efforts to help ensure that operations are being conducted in compliance with the law, the Board established the Compliance Department and appointed a Compliance Officer to maintain the Compliance and Ethics Program. The Board is ultimately responsible for supervising the work of the Compliance Officer and adopting and maintaining the standards of conduct and compliance policies. The Board consults with advisors as necessary; ensures that integrity hotline calls and correspondence are treated confidentially; coordinates with the Compliance Officer to ensure the adequacy of the Compliance and Ethics Program; receives reports related to state or federal survey inspection reports, deficiencies and corrective actions; receives routine reports containing quality of care data; ensures that appropriate corrective measures are instituted and maintained in response to identified quality issues; ensures the Compliance and Ethics Program evolves to meet changing needs; reviews the performance of the organization and employees in light of the Compliance and Ethics Program; ensures that the organization meets applicable standards of business, legal, and ethical compliance; ensures that matters related to education, training, and communication in connection with the Compliance and Ethics Program are properly disseminated, understood, and followed; takes action as appropriate and necessary to ensure that the organization conducts its activities in compliance with applicable laws and regulations and sound business ethics; and ensures that appropriate corrective action is taken, including employee disciplinary action, in response to verified violations of applicable laws or policies.

2. Written Policies and Procedures

An effective Compliance and Ethics Program defines the expected conduct of its members through the establishment of written, dynamic policies and procedures. Within our organization, these policies and procedures begin with the Mission Statement, Statement of Values, and Code of Ethics, which provide a framework. This conduct is more specifically defined in our Standards of Conduct, Compliance Manual, and Employee Handbook.

To manage known risks effectively, adherence to policies and procedures are reviewed on a periodic basis. In addition, newly identified risks result in the promulgation of new policies and procedures or revisions to old ones as well as corrective action plans where necessary, to address those risks.

Detailed policies outlining important compliance activities are maintained by the Compliance Officer and are readily accessible to staff throughout the organization through a computer network system.

3. Compliance Officer

The Chief Quality and Compliance Officer has been appointed by the Board to serve as the [Chief] Compliance Officer and [HIPAA Privacy] Compliance Officer. The Compliance Officer is charged with the responsibility of meeting the organization's compliance objectives. The Compliance Officer works closely with staff to establish systems which enhance each employee's ability to understand and adhere to the complex laws and regulations that govern our business. In doing so, the Compliance Officer reports compliance activities directly to the President/CEO and the Board of Directors.

The duties of the Compliance Officer include:

- a) Supervises the implementation of the Compliance and Ethics Program;
- b) Serves as Chair of the Compliance Committee and works closely with senior management, compliance liaisons at the Centers, and the Board to set compliance direction and strategy;
- c) Maintains, distributes and promotes the Standards of Conduct and Compliance and Ethics Policies (Appendix A), to be followed by employees, agents, and independent contractors, that establishes standards of conduct, clearly identifies prohibited conduct, establishes the manner in which compliance is monitored, and the mechanisms by which prohibited conduct is reported to the Compliance Officer;
- d) Coordinates compliance awareness education of employees, agents, and contractors through training programs, emails, printed materials, and other means;
- e) Assists supervisory staff to establish multi-level mechanisms (including periodic audits) to monitor compliance with standards set forth in compliance policies and documents implementation and results;
- f) Reviews high-risk compliance areas for effectiveness in reducing the likelihood of noncompliance with applicable laws, regulations, and policies;
- g) Maintains current knowledge of laws and regulations, keeping abreast of recent changes that may affect policies, procedures and processes through personal research, seminars, peer contact, and bench-marking compliance monitoring practices and implementation strategies with other entities;
- h) Provides advice and guidance to staff and agents to facilitate compliance with statutory, regulatory, and policy requirements;
- i) Assists Human Resources and Compliance Committee in provision of processes to help ensure no retaliation for employee good faith reporting of noncompliance;

- j) Implements and oversees a confidential system for employees and others to seek guidance on business conduct and to report suspected compliance violations;
- k) Provides oversight of policies and procedures for exercising due diligence in hiring/screening employees, vendors, and affiliates against appropriate governmental exclusion/debarment/suspension lists to ensure eligibility for hire and/or to participate in federally funded healthcare programs;
- l) Coordinates investigations of all suspected intentional and accidental misconduct and works with appropriate parties to handle violations promptly, properly, and consistently;
- m) Ensures completion of annual risk assessment and preparation of compliance plan by Compliance Committee for Board approval;
- n) Proposes modifications to the Compliance and Ethics Program, if necessary, to prevent recurrence of problems or to address new risks;
- o) Coordinates OIG/SAM excluded parties screening and procedures to ensure the organization does not delegate substantial discretionary authority to individuals who have a propensity to engage in criminal, civil, and administrative violations, which could cause the organization to generate an inappropriate bill to be paid directly from a federal healthcare program;
- p) Works with Chief Financial Officer regarding regular financial audits by outside auditors; and
- q) Conducts a regular review of the Compliance and Ethics Program's effectiveness and prepares periodic and annual reports for the Board describing the compliance efforts undertaken during the preceding year, identifying any changes necessary to improve the Compliance and Ethics Program.

4. **Compliance Committee**

The role of the Compliance Committee is to assist the Compliance Officer in carrying out his or her duties of maintaining the Compliance and Ethics Program in order to monitor the organization and ensure consistent application of relevant laws and rules, to proactively identify problem areas, and to recommend, establish, and implement, as appropriate, solutions and system improvements. The committee composition may include but is not limited to representatives from compliance, operations, administration, risk management, quality assurance, clinical services, finance, information technology, human resources, medical records, foundation and marketing. The compliance committee meets at least quarterly and follows a written agenda. Written records of committee meetings are maintained for a minimum of six years.

The duties of the Compliance Committee include:

- a) Assists the Compliance Officer in analyzing risk areas and developing the annual compliance and audit plan, including legal risks, operations issues, and quality of care issues;
- b) Assists in evaluating and updating policies and procedures, including compliance manual and program;
- c) Works with Compliance Officer in developing standards of conduct;
- d) Assists in monitoring internal controls for carrying out the policies and procedures;
- e) Assists in the education of employees and agents.

5. **Preventing Individuals Involved in Illegal Activities From Exercising Discretionary Authority**

The Compliance Officer works with the Human Resources Department to help ensure that:

- a) No individual who has engaged in certain illegal or unethical behavior as determined by the Compliance Officer/Committee and/or who has been convicted of healthcare-related crimes is allowed to occupy positions within the organization, which involve the exercise of discretionary authority.

- b) Any applicant for an employment position with the organization is required to disclose whether he or she has been employed under a different name and whether he or she has ever been convicted of a crime, including healthcare-related crimes.

Designated staff members reasonably inquire into the status of each prospective employee and agent, including, but not limited to the following:

- a) Conduct background checks on newly hired employees to determine whether any history of engaging in illegal or unethical behavior exists, which would prohibit continued employment due to the nature of the offense as related to the job position.
- b) Conduct a review of the System of Award Management (SAM) List of Parties Excluded from Federal Programs and the HHS/OIG Cumulative Sanction Report for contractors providing services to healthcare facilities which could cause the organization to generate an inappropriate bill which would be paid directly from a federal healthcare program.
- c) The organization's management in consultation with the Human Resources Department and the Compliance Officer will remove any person in a position of authority if there is any evidence that the person is not willing to comply with the requirements of the Standards of Conduct and Compliance Policies.
- d) The organization's management in consultation with the Human Resources Department and the Compliance Officer will terminate employees or its relationship with agents and independent contractors, who are excluded from participation in federal programs, including immediate removal from direct responsibility or involvement in any federally funded healthcare programs.
- e) The organization's management in consultation with the Human Resources Department and the Compliance Officer will remove from direct responsibility or involvement in any federally funded healthcare programs any employees or agents with pending criminal charges relating to healthcare or any proposed exclusion from participation in federally funded healthcare programs.

6. Training and Education

Training and education is considered a necessity in order to provide Board members, staff, contractors and agents with the knowledge and skills to carry out their responsibilities in compliance with all requirements. Orientation and continuing training and education at all levels are a significant element of our Compliance and Ethics Program. Adherence to and promotion of this program is a factor in evaluating the performance of employees at all levels. A variety of educational methods, materials, and tools, will be utilized to present general and specific compliance education and training programs.

All new staff members are required to attend Compliance and Ethics Program training as part orientation, and receive a Compliance Manual at hire, which includes a copy of the Standards of Conduct and other information to promote compliance. All employees are required to attest to their understanding and agreement to abide by the Standards of Conduct.

Each current staff member is required to attend training with respect to the Compliance and Ethics Program at least annually, where he or she will receive any updated Compliance and Ethics Program documents and be required to sign and return a new acknowledgment form.

Some staff members receive specialized training due to the nature of their work. This specialized training may focus on complex areas where there is high risk for noncompliance. For example, staff may receive training in billing and documentation requirements. Human Resources employees may also receive training regarding background checks of applicants, conducting internal investigations, and performing Exit Interviews.

All agents and staff requested to attend special training are expected to attend. All supervisors are responsible for ensuring that employees reporting to them have attended the training sessions applicable to that person's job duties.

The effectiveness of the training is evaluated periodically by testing or written evaluations. Records of each employee's attendance at compliance training sessions are maintained for at least six years.

The Compliance Department strives to ensure that training and education for all staff and agents includes the dissemination of written policies and procedures regarding pertinent topics including but not limited to:

- a) Fraud, Waste and Abuse
- b) False Claims Act and Whistleblower Protections
- c) Anti-Kickback Statute
- d) Physician Self-Referral laws (STARK)
- e) Deficit Reduction Act
- f) Specific statutory and regulatory provisions
- g) Applicable state civil or criminal laws
- h) Detecting and preventing fraud, waste, and abuse
- i) HIPAA Privacy & Security/HITECH, Identity Theft Prevention
- j) Non-Retaliation

7. **Communication**

The Compliance Officer and Compliance Committee through a variety of methods communicate to staff, agents and contractors, the Standards of Conduct, regulatory guidelines, and/or changes in the law. Communication methods can include one-on-one conversations, broadcast emails, mailings, education sessions, small and large-group meetings, and periodic distribution of pertinent publications.

8. **Enforcement Through Discipline**

United Church Homes and Services imposes sanctions against a member of its workforce who fails to comply with its Standards of Conduct, compliance standards, policies and procedures. The sanctions will be appropriate to the severity of the violation, whether the violation was intentional or unintentional. The organization will consider all facts and circumstances pertaining to a violation.

Sanctions normally apply to the following situations:

- a) Failure to report suspected problems
- b) Participating in non-compliant behavior
- c) Encouraging, directing, facilitating, or permitting non-compliant behavior
- d) Failing to perform any obligation or duty required of staff relating to compliance with this Compliance and Ethics Program or applicable laws or regulations
- e) Failure of supervisory or management personnel to detect non-compliance with applicable policies and legal requirements and this Compliance and Ethics Program, where reasonable diligence on the part of the manager or supervisor would have led to the discovery of any violations or problems

Potential sanctions include:

- a) Verbal warning
- b) Written warning
- c) Suspension
- d) Termination, with or without liability for damages
- e) Governmental prosecution

Sanctions for employees are guided by established personnel policies. Sanctions for contracted service providers are generally guided by the established contract policy and the terms of the contracts. Contractor relationships with any individual or entity which becomes excluded from participation in a federally funded healthcare program should be terminated upon conclusive verification of the exclusion, in accordance with federal and state law.

9. Risk Assessment and Annual Work Plans

The Compliance Officer and Compliance Committee conduct on-going risk assessments to determine the types of risks facing the organization, the probability of those risks occurring, and the impact those risks would have on the organization. The Compliance Officer conducts assessments and interviews with key personnel dealing with operational and billing issues. The Compliance Committee also reviews the OIG annual work plans, CMS Bulletins, Recovery Audit Contractor audit plans, new federal and state laws and regulations, and changes to federal and state laws and regulations to determine those items that present a risk to the organization. The Compliance Committee quantifies the risks and develops the annual work plans that identify those areas that will be monitored or reviewed and the timeframe for accomplishing those reviews. The results of the risk assessment and the annual work plan are submitted to the Board of Directors and the Board approves the annual work plan. The Compliance Committee utilizes the annual work plan to develop a detailed annual audit and monitoring plan.

10. Monitoring And Auditing Systems

Generally. The Compliance Committee performs a compliance risk assessment on an annual basis and develops a work plan for auditing and monitoring based on risks identified. The Compliance Officer supervises and coordinates systems for periodic monitoring and auditing compliance with legal requirements. Tools and procedures are developed to be used at the facility and corporate office level to monitor on-going compliance efforts by the facilities and corporate office.

Billing, Coding, and Reimbursement Audits. The Compliance Officer monitors the conduct of periodic audits of billing/coding and clinical documentation. The Compliance Officer and Chief Operating Officer coordinate regular meetings with contracted therapy provider to monitor therapy utilization, clinical documentation and billing issues. Audit procedures are implemented that are designed primarily to determine accuracy and validity of coding and billing submitted to Medicare/Medicaid, other federal health programs, and other payors. In addition, special attention will be given to reviewing the reasons given for claim denials and frequent billings of certain procedure codes, and to analyzing other facts, which may suggest inappropriate conduct.

Any suspected incidents of non-compliance will be reported to the Compliance Officer, Compliance Committee and the Department Manager where such suspected noncompliance is occurring. Suspected fraudulent activities will be reported to General Counsel and the Board.

The Compliance Officer coordinates the ongoing review of industry publications, including OIG Special Fraud Alerts, to identify failures to comply with any applicable requirements, examine all applicable statutes and regulations including those pertaining to: fraud, waste and abuse, Medical Record Coding, Medicare/Medicaid billing, and antitrust.

11. Vendor Relationships

Policies are followed to help ensure relationships with vendors are maintained in compliance with applicable laws, statutes and regulations. Policies and written agreements, when applicable, address issues including but not limited to:

- a) Compliance with the Anti-Kickback Statute and Physician Self-Referral (Stark) Laws
- b) Gifts and Gratuities/Inducements For Referrals
- c) HIPAA Privacy and Security/Identity Theft Prevention
- d) Maintaining Licensure and Certification
- e) Screening (Exclusion from Federal Healthcare Programs)
- f) Civil Rights/Nondiscrimination
- g) Compliance With Federal and State Regulations For Specific Licensed/Certified Healthcare programs
- h) Liability Insurance Coverage
- i) Maintenance of Required Clinical and Financial Records
- j) Elder Justice Act Crimes Reporting
- k) Written Agreements Requirements For Services Billed to Medicare/Medicaid
- l) Sanctions For Compliance Violations

B. Reporting and Responding

1. Reporting System

The organization has both a voluntary and mandatory reporting system. The organization's integrity hotline is a voluntary reporting system which can be accessed by anyone, including employees, agents, residents and referring healthcare practitioners. The organization has established a mandatory reporting policy that requires employees and agents to report any suspected violations of the Standards of Conduct, Compliance policies, Operational policies or any law or regulation.

2. Integrity Hotline 1-800-826-6762

The organization has established an integrity hotline, a toll-free service that allows employees and consumers to report any issues or concerns regarding adherence to our Compliance and Ethics Program. This service allows callers to report their concerns confidentially or anonymously without fear of retaliation. The integrity hotline is available for calls 24 hours a day, 7 days a week.

3. Mandatory Reporting Policy

Any employee who suspects that another employee or agent has violated the Standards of Conduct, Compliance policies, Operational policies, or any law or regulation, should immediately report his/her suspicion to the employee's direct supervisor, the Center Executive, Compliance Officer, or the Human Resources Director. An employee, who for any reason is uncomfortable reporting a suspected violation to any of the above-referenced individuals, is encouraged to call the integrity hotline. All reports of suspected violations will be treated confidentially to the extent permitted by law. The organization will promptly and thoroughly investigate any suspected violation in as confidential manner as possible, and take appropriate disciplinary action if warranted. United Church Homes and Services has a zero tolerance for retaliation or reprisal towards any individual who reports a suspected compliance violation.

It is important to the integrity of our operation that all claims of suspected violations be thoroughly reviewed and investigated so that appropriate action can be taken as necessary.

4. Investigating Reports of Noncompliance

Violations of the Compliance and Ethics Program, failures to comply with applicable federal and state law, and other types of misconduct threaten our organization's status as a reliable, honest, and trustworthy provider, capable of participating in federal healthcare program. The

organization strives to ensure that all allegations of failure to comply are promptly and thoroughly investigated and that there is a prompt and appropriate response to all government inquiries.

The Compliance Officer coordinates investigations and works with the Director of Human Resources and other members of the Compliance Committee, to investigate compliance violations. These are general guidelines to be utilized when investigating reports of potential compliance violations. The guidelines may need to be altered for cases which are reported anonymously or through an integrity hotline, or as otherwise deemed appropriate. The extent of the investigation will vary depending upon the issues and circumstances.

- a) Interview the complainant as soon as possible after the report of the alleged violation. Interviews can be held over the telephone or in person and should be private and confidential. Encourage the complainant to disclose all facts and other relevant information regarding this or any other alleged violation. If appropriate, request a signed written summary of his/her complaint. Remind the complainant that the organization will not tolerate any form of retaliation for having made the complaint, and that the complainant should immediately report any retaliation or threatened retaliation to the Compliance Officer or to the Human Resources department. Even if the Complainant states that he/she does not want anyone to "get in trouble," or does not want an investigation to occur, the investigator should explain to the complainant that the organization has a legal responsibility to investigate any allegation that is other than trivial.
- b) Interview any witnesses or other persons with knowledge regarding the alleged violation, which based on the circumstances may include residents, vendors and other providers, as appropriate. Such interviews should take place in as confidential manner as possible. Explain to the witnesses that the organization will not tolerate any form of retaliation for having participated in the investigation, and that the witness should immediately report any retaliation or threatened retaliation to the Compliance Officer or to the Human Resources department. Encourage the witnesses to disclose all facts and relevant information to enable the organization to make an informed decision. Non-employee witnesses should not be compelled to talk. When appropriate, witnesses who are employees should be required to submit a written statement. Refusal by an employee to cooperate with an investigation will be subject to disciplinary action up to and including termination. Carefully document the interviews. If no witnesses are named, the Compliance Officer should make a determination as to whether the scope of the investigation should be broadened. The Compliance Officer also should make a determination as to whether it is appropriate at that time to refer the matter to a criminal and/or civil law enforcement agency.
- c) Investigate the alleged compliance violation. Interviews should take place in as confidential manner as possible. Explain to those being interviewed that a complaint has been made concerning a possible compliance violation, and that no conclusions or decisions have been made by the organization. Advise any personnel being interviewed that disciplinary action up to and including termination will occur if he/she is not truthful or makes any material omissions. Carefully document the interview.
- d) Make an initial determination as to whether the alleged compliance violation occurred, and the appropriate disciplinary action that should result if an employee is involved in the compliance violation.
- e) If the Human Resources Department agrees that a violation has occurred after reviewing the Compliance Officer's investigation, the parties should make a final determination as to appropriate discipline. If a senior manager has engaged in a compliance violation, the Compliance Officer may elect to refer final authority on the appropriate discipline to the President or the Board of Directors.

- f) Notify the complainant informing him/her that the organization's investigation has concluded and the general results of the investigation. The communication should emphasize the organization's anti-retaliation policy.
- g) Prepare and submit any necessary government report.
- h) Submit any necessary refund to the appropriate government agency or third party payor.
- i) Prepare any necessary notices or disclosures and report the findings to the President and Board of Directors.

5. Responding to Government Investigations

Government investigators may arrive unannounced at our offices or at the homes of present or former employees and seek interviews and documentation. The organization maintains a mechanism for the orderly response to government investigations and audits to enable us to protect the interests of clients, staff and the organization, as well as appropriately cooperate with the investigation. The organization will cooperate with any appropriately authorized government investigations or audit; however, we will assert all protections afforded by law in any such investigation or audit.

III. STANDARDS OF CONDUCT

INTRODUCTION

United Church Homes and Services (UCHS) has adopted a Compliance and Ethics Program to help ensure that UCHS operates in full compliance with applicable laws. An important component of the program is Standards of Conduct, which sets out basic principles which all of UCHS and UCHS subsidiaries, directors, officers, employees (personnel) and agents must follow. These Standards apply to all business operations and personnel. Non-personnel representatives of UCHS, such as contractors or external advisors and consultants, should also be directed to conduct themselves in a manner consistent with these Standards when they are acting on behalf of UCHS. If you have any questions about the Standards or its applicability to a particular situation, please contact your supervisor or the Compliance Officer.

The Compliance and Ethics Program and these Standards are not intended to and shall not be deemed or construed to provide any rights, contractual or otherwise, to any personnel or to any third parties. The Standards of Conduct is comprised of the following principles:

STANDARDS OF CONDUCT: Principle 1

Our employees and agents strive for honesty and integrity while delivering quality services that are necessary to attain or maintain the physical, psychosocial, mental and spiritual well being of those we serve.

- A fundamental principle on which UCHS will operate its business is full compliance with applicable laws. UCHS will also conduct its business in conformance with sound ethical standards. Achieving business results by illegal acts or unethical conduct is not acceptable.
- Our employees and agents shall act in compliance with the requirements of applicable law and these Standards in a sound ethical manner when conducting business and operations.

- Our employees and agents should respect a person's dignity and treat him or her with consideration, courtesy and respect, with recognition of the needs of the aged, cognitively impaired and dying.
- Our employees and agents should maintain the integrity and reputation of our organization and maintain truthful communications with those we serve.
- Our employees and agents should observe appropriate standards of informed consent and refusal of treatment.
- Those we serve have the right to know what they need to know to make intelligent decisions. That includes receiving information about our organization and our policies, procedures and charges, and who will provide services on behalf of our organization.
- Our employees and agents strive to provide appropriate and sufficient treatment and services based upon an accurate comprehensive assessment and plan of care that address their clinical conditions.
- Our employees and agents should have sufficient education, licenses, background experience, on the job training and supervision to render services to those we serve.
- No deficiency or error should be ignored or covered up. A problem should be brought to the attention of those who can properly assess and resolve the problem.
- Employees and agents should receive clear instructions about what is expected of them.
- Our highest priority is the health and safety of those we serve and ourselves. We should strive to do our jobs so that no harm is caused to those we serve, ourselves or the public.
- Our employees and agents should protect each person we serve from neglect; verbal, mental or physical abuse (including resident-on-resident abuse); exploitation; misappropriation of personal property; corporal punishment; and involuntary seclusion. Any such incident should be reported to the Center Executive and other officials of our organization for investigating and reporting, as required by law. Employees and agents are responsible for reporting reasonable suspicions of a crime against a resident to the State Survey Agency and local law enforcement in accordance with the reporting requirements included in Section 1150B of the Social Security Act.
- Our employees and agents should protect individuals against the inappropriate use of physical or chemical restraints.
- Our employees and agents should provide individuals with personal privacy and access to their personal records, and should respect and protect the confidentiality of medical, financial and other personal information records. Employees and agents should refrain from revealing any personal or confidential information unless supported by legitimate business or patient care purposes and in accordance with law.
- Our employees and agents should safeguard financial affairs of each person we serve.

STANDARDS OF CONDUCT: Principle 2

Our employees and agents strive to comply with all applicable laws and regulations that affect our various businesses.

- Employees and agents should promptly report all suspected violations of the Standards of Conduct, compliance policies, operational policies, laws or regulations.
- Our employees and agents should not pursue any business opportunity that requires engaging in unethical or illegal activity.
- Neither our organization, nor our employees or agents should pay employees, physicians, or other healthcare professionals, directly or indirectly, in cash or by any other means, for referrals. Every payment to a referral source must also be supported by proper documentation that the services contracted for were in fact provided.
- No employee or agent is authorized to enter into any joint venture, partnership or other risk sharing arrangement with any entity that is a potential or actual referral source unless the arrangement has been reviewed and approved by our legal counsel.
- Our employees and agents shall be completely honest in all dealings with government agencies and representatives.
- Employees or agents who perform billing and/or coding of claims must take every reasonable precaution to help ensure that their work is accurate, timely and in compliance with federal and state laws and regulations and our policies.
- No misrepresentations shall be made and no false bills or requests for payment or other documents shall be submitted to government agencies or representatives. No falsification of medical, time or other records pertaining to resident care and services or billing for such care and services will be tolerated.
- Our employees and agents should bill only for services that are medically indicated, ordered by the person's physician, actually rendered and which are fully documented in the person's clinical records. If the services must be coded, then only billing codes that accurately describe the services provided should be used.
- Personnel certifying the correctness of records submitted to government agencies, including bills or requests for payment, shall have knowledge that the information is accurate and complete before giving such certification.
- We should act promptly to investigate and correct the problem if errors in claims that have been submitted are discovered.
- We should maintain complete and thorough clinical and billing records.
- All drugs or other controlled substances should be maintained, dispensed and transported in conformance with all applicable laws and regulations.
- By and through our employees and agents we should comply with all applicable laws, regulations, standards and other requirements imposed by any level of government. Without limiting the generality of that statement, our employees and agents should comply with applicable requirements of the Medicare and Medicaid programs; HIPAA/HITECH; Identity Theft Protection laws, the Deficit Reduction Act of 2005 and the Affordable Care Act.
- Our employees, agents and business associates have a responsibility to safeguard protected health information in compliance with HIPAA and HITECH Act requirements. Protected Health Information (PHI)

violations should be reported to the Compliance Officer or IT Director immediately so required breach notifications can be issued.

STANDARDS OF CONDUCT: Principle 3

Our employees and agents strive to engage in ethical business relationships and practices.

- Our organization strives to not employ or contract with any person or entity ineligible to participate in federally funded healthcare programs. We conduct pre-engagement and periodic screening.
- Our organization seeks positive relationships with government programs and third party payers.
- Employees or agents should not use or reveal any confidential information concerning our organization or use, for personal gain, confidential information obtained as an employee or agent of our organization.
- Employees and agents should be honest in doing their jobs; should safeguard passwords, user ID codes, electronic signatures and any other authorization they have that allows access to protected information.
- No employee or agent should subordinate his or her professional standards, judgment or objectivity to any individual. If significant differences of opinion in professional judgment occur, then they should be referred to management for resolution.
- Employees and agents should be honest and forthright in any representations made to residents, vendors, payers, other employees or agents and the community.
- All reports or other information required to be provided to any federal, state or local government agency should be accurate, complete and filed on time.
- Employees and agents should perform their duties in a way that promotes the public's trust in our organization.
- The source or amount of payment should not determine the quality of care that we deliver.
- During nonworking time, employees are not permitted to provide any services for compensation to residents, program participants, clients or their representatives.
- Employees and agents shall not offer or give any bribe, payment, gift or thing of value to any person or entity with whom UCHS has or is seeking any business or regulatory relationship except for gifts of nominal value which are legal and given in the ordinary course of business. Personnel must promptly report the offering of gifts above a nominal value to the Center Executive.
- Employees and agents may not request or accept any gift or gratuity in any amount from a resident, resident's family member or representative, that is cash or a cash equivalent including a check, a gift card, a credit or discount for a service or product, a personal loan, or payment for a service or product received by the employee or agent. Gifts which are not cash or a cash equivalent may be accepted from a resident, resident's family or representative only if they have not been requested and do not exceed \$25.00 in value

in any calendar year. Any gift accepted by an employee or agent must be reported to the Center Executive and documented immediately.

- Employees and agents shall not directly or indirectly authorize, pay, promise, deliver or solicit payment, gratuity, or favor for the purpose of influencing any political official or government employee in the discharge of that person's responsibilities. Employees and agents shall not entertain government personnel in connection with the Organization's business.

STANDARDS OF CONDUCT: Principle 4

Our employees and agents strive to avoid either conflicts of interest or the appearance of an impropriety.

- Employees and agents should not have other jobs that interfere with their ability to perform their duties at our organization.
- Employees and agents should avoid any activity that conflicts with the interests of our organization or its residents. They should try to avoid even the appearance of an impropriety. If an employee or agent suspects that a conflict may exist or be created, then he or she should consult with management.
- Placing business with any firm in which there is a family relationship may constitute a conflict of interest. Employees and agents must report any potential conflicts of interest concerning themselves or their family members to management.
- Employees and agents shall not engage in any financial, business or other activity which competes with UCHS business which may interfere or appear to interfere with the performance of their duties that involve the use of UCHS property, facilities, or resources, except to the extent consistent with the conflict of interest policies. Personnel should not become involved, directly or indirectly, in outside commercial activities that could improperly influence their actions. For example, an employee or agent may not be an officer, director, manager or consultant of a potential competitor, customer, or supplier of our organization without first disclosing that relationship to management.
- There should not be any business activities conducted between UCHS and other entities, which would give the appearance of corruption, bribery, facilitation payments or other types of inappropriate inducement. Other than compensation from UCHS and as consistent with the conflict of interest policies, personnel shall not have a financial or other personal interest in a transaction between UCHS or any of its business operations and a vendor, supplier, provider or customer.
- Employees and agents should not accept or provide benefits that could be seen as creating conflict between their personal interests and our organization's legitimate business interests, or could be seen as inducing or rewarding the referral or generation of business. This includes accepting expensive meals, gifts, refreshments, transportation, lodging or entertainment provided or received in connection with the job. The value of free passes for educational sessions, conferences, expositions and related lodging provided by an individual vendor may not exceed \$50.00 per year.
- Gifts and benefits given to or received from clinicians or referral sources are not appropriate. Occasional gifts that are limited to reasonable meal expenditures or entertainment or that are of nominal value are discouraged, although not prohibited. Gifts of cash or can be converted to cash are prohibited.

- Employees may not be appointed to serve as a resident's agent in a general power of attorney or a healthcare power of attorney, unless the employee is an immediate family member of the resident or has been appointed to serve as the resident's agent through legal proceedings. Employees may not serve as a notary or as a witness in executing a healthcare power of attorney for any resident. Employees may not serve as a witness for a resident in executing a general power of attorney, or any other document where there is potential for a conflict of interest.
- All political activities relating to UCHS shall be conducted in full compliance with applicable law. No UCHS funds or property shall be used for any political contribution or purpose unless first approved by the Political Action Committee. Personnel may make direct contributions of their own money to political candidates and activities, but these contributions will not be reimbursed.
- Employees and agents 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 customers or geographic markets, or joint action to boycott or coerce certain customers, suppliers or providers.
- UCHS and its employees and agents shall not engage in unfair competition or deceptive trade practices including misrepresentation of UCHS products or operations.

STANDARDS OF CONDUCT: Principle 5

Our employees and agents strive to protect our property and respect the property rights of others with whom we do business.

- All employees and agents are personally responsible and accountable for the proper expenditure of our funds and for the proper use of company property.
- All employees and agents must obtain authorization prior to committing or spending our organization's funds.
- Medical waste or other hazardous materials should be disposed of properly.
- Employees and agents may not use our resources or the resources of a person we serve for personal or improper purposes, or permit others to do so.
- Surplus, obsolete or junked property should be disposed of in accordance with our procedures.
- Books and records shall be created, maintained, retained or destroyed in accordance with the schedule outlined in the UCHS record retention policy.
- Employees and agents have a duty to be productive during the time that is paid for by our organization.
- Employees and agents may only use computer systems, networks and software consistent with our license(s) and/or rights. They should take all reasonable steps to protect computer systems and software from unauthorized access or intrusion.

- Any improper financial gain to the employee through misconduct involving misuse of our property or a person we serves property is prohibited, including the outright theft of property or embezzlement of money. Employees and agents should report any observed misuse of property to management.
- Drugs and other pharmaceuticals should be safely stored, secured, inventoried, and missing supplies should be reported promptly to supervisors.
- Employees and agents shall maintain confidentiality of UCHS business information and of information relating to UCHS' vendors, suppliers, providers and customers. Our confidential and proprietary information is valuable and personnel shall not use any confidential or propriety information except as appropriate for business. Personnel shall not seek to improperly obtain or to misuse confidential information of UCHS' competitors.

STANDARDS OF CONDUCT NO. 6

Our employees and agents strive to respect each other as human beings and healthcare professionals.

- All employees and agents should show proper respect and consideration for each other, regardless of position or station. All employees and agents are responsible for ensuring that the work environment is free of discrimination or harassment due to age, race, gender, color, religion, national origin, disability, sexual orientation or covered veteran status. Discriminatory treatment, harassment, abuse, or intimidation will not be tolerated.
- All employees and agents should maintain confidentiality in the workplace among themselves, residents, family members and guests in an effort to maintain a harmonious work environment. Personal information about self or others should not be disclosed to individuals who do not have a "need to know" for conducting business in the workplace. When requesting or providing personal information, it should be limited to the minimum amount necessary to get the job done.
- Quality care can only be delivered through the use of qualified, competent staff. Our organization will contribute to an employee's or agent's competence by making available continuing job-related education and training, within the limits of its resources.
- Applicants and employees should be afforded equal employment and advancement opportunities, pursuant to our policies.
- Employees and agents are expected to conform to the standards of their respective professions and exercise sound judgment in the performance of their duties. Any differences of opinion in professional judgment should be referred to appropriate management levels for resolution in accordance with standard grievance procedures.
- Employees and agents are expected to provide only truthful and accurate information when reporting a compliance concern for investigation and/or providing information to investigators during an investigation.
- Work and safety rules were created to protect us all. Employees and agents shall follow safe work practices and comply with all applicable safety standards and health regulations.
- As defined further in our policies, we strive to maintain a working environment free from all forms of sexual harassment including the creation of a hostile working environment or intimidation. By way of example,

unwelcome sexual advances, requests for sexual favors and other verbal or physical conduct of a sexual nature are prohibited and will not be tolerated.

- We promote a tobacco, drug and alcohol free workplace in accordance with our policies.
- We do not permit any action of retaliation or reprisal to be taken against an employee who reports a violation of law, regulation, standard, procedure, or policy.

These Standards have been distributed to all personnel and sets forth general standards applicable to all business and operations. In addition, there are a number of more detailed and specific policies covering particular programs or subject matters. UCHS will communicate those specific policies to personnel who are particularly affected by and who must comply with them in the course of UCHS business. A current set of such policies is available at UCHS worksites (and on the UCHS computer network). A person may review them by contacting his/her supervisor or the Compliance Officer.

IV. PERTINENT LAWS AND STATUTES

FEDERAL CIVIL FALSE CLAIMS ACT

Pursuant to the Deficit Reduction Act of 2005, United Church Homes and Services is required to provide to employees contractors and agents, educational information on the Federal and State False Claims Acts and whistleblower protection laws aimed at preventing and detecting fraud, waste and abuse in health care programs. Annual compliance training addresses False Claims Act provisions and whistleblower protections, and such information appears in the Employee Handbook.

The federal civil False Claims Act, 31 U.S.C. § 3729, et seq., ("FCA") was originally enacted in 1863 to combat fraud perpetrated by defense contractors against the United States Government during the Civil War. The current version of the FCA was enacted in 1982 and was amended in 1986; however, the FCA's purpose, to protect the United States government from fraud, waste and abuse, remains unchanged.

The FCA prohibits any "person" from:

- A. Knowingly submitting a false or fraudulent claim for payment to the federal government or causing such a claim to be submitted;
- B. Knowingly making or using a false record or statement to secure payment from the federal government for a false or fraudulent claim or causing such a false record or statement to be made or used; or
- C. Conspiring to get a false or fraudulent claim paid by the federal government.

The FCA specifically states that a person acts "knowingly" when that person: (1) has actual knowledge of the information, (2) deliberately ignores the truth or falsity of the information, or (3) recklessly disregards the truth or falsity of the information. The FCA also defines the term "claim" as any request or demand for money or property where the United States government provides any portion of the money or property which is requested or demanded.

A person who has violated the FCA must repay all of the falsely-obtained reimbursement and is liable for a civil penalty of up to \$11,000 and three times the amount of actual damages the federal government sustained for each false claim that was submitted. In addition, a person who has violated the FCA may be terminated from participation in federal health care programs, including the Medicare and Medicaid programs.

Both the United States Attorney General and private citizens may bring lawsuits alleging a violation of the FCA. When brought by private citizens, these actions are known as *qui tam* law suits, and the citizens who

file these suits are known as "relators" or "whistleblowers." When a relator brings a *qui tam* action, the United States government may choose to intervene in the lawsuit and exercise primary responsibility for prosecuting, dismissing, or settling the claim. If the government declines to intervene, the relator can pursue the suit individually. As a reward for filing the action, a *qui tam* relator may receive between fifteen and thirty percent of the sum recovered for the government, in addition to attorneys' fees and other expenses. Alternatively, if a court determines that a relator's suit was frivolous, clearly vexatious, or brought primarily to harass the defendant, the relator will have to reimburse the defendant for the fees and costs it spent defending the lawsuit.

The FCA offers "whistleblower protection" to employees who bring suit pursuant to the FCA. If these employees are discharged, demoted, suspended, threatened, harassed, or discriminated against because of their involvement in an FCA claim, the employee may bring suit against his or her employer. A court may then determine that the employee is entitled to reinstatement, twice the amount of back pay plus interest, attorneys' fees, and other costs and expenses.

FEDERAL PROGRAM FRAUD CIVIL REMEDIES ACT OF 1986

The Program Fraud Civil Remedies Act of 1986, 31 U.S.C. § 3801, *et seq.*, ("PFCRA") imposes administrative remedies against a person who presents or causes to be presented a claim or written statement that the person knows or has reason to know is false to certain federal agencies, including the United States Department of Health and Human Services. The PFCRA states that a person "knows or has reason to know" that a claim or statement is false if the person: (1) has actual knowledge that the claim or statement is false, fictitious, or fraudulent, (2) deliberately ignores the truth or falsity of the claim or statement, or (3) acts in reckless disregard of the truth or falsity of the claim or statement. The PFCRA, like the FCA, defines a "claim" as any request or demand for money or property where the United States government provides any portion of the money or property which is requested or demanded.

A person who violates the PFCRA may be assessed civil money penalties of up to \$5,000 per false claim and as much as twice the amount of each claim. The PFCRA generally applies to claims valued at less than \$150,000. Alleged violations of the PFCRA are investigated by the agency to which the false claim was submitted, and enforcement actions may be brought only with the approval of the United States Attorney General.

NORTH CAROLINA MEDICAL ASSISTANCE PROVIDER FALSE CLAIMS ACT

The North Carolina Medical Assistance Provider False Claims Act, N.C.G.S. § 108A-70.10, *et seq.*, ("NC FCA") forbids North Carolina Medical Assistance Program providers (e.g., Medicaid providers) from:

- A. Knowingly submitting a false or fraudulent claim for payment or approval to the Medical Assistance Program or causing such a claim to be submitted, or
- B. Knowingly making or using a false record or statement to secure payment from the Medical Assistance Program for a false or fraudulent claim or causing such a false record or statement to be made or used.

The NC FCA specifically states that a provider acts "knowingly" when that provider: (1) has actual knowledge of the information, (2) deliberately ignores the truth or falsity of the information, or (3) recklessly disregards the truth or falsity of the information. The NC FCA defines the term "claim" as an application for payment or approval that is submitted to the Medical Assistance Program and that identifies a service, good, or accommodation as reimbursable under the Medical Assistance Program.

A provider who has violated the NC FCA may be liable for a civil money penalty of up to \$11,000 plus three times the amount of damages sustained by the Medical Assistance Program for each false claim that was submitted. The provider will also be liable for investigatory and court costs, as well as interest on the damages amount.

Lawsuits brought pursuant to the NC FCA can only be instituted by the North Carolina Attorney General. Thus, unlike the federal FCA, private citizens may not file actions against providers under the NC FCA.

The NC FCA, like its federal counterpart, does provide "whistleblower protection" to employees who assist in the investigation or pursuit of an NC FCA claim. If these employees are discharged, demoted, suspended, threatened, harassed, or discriminated against because they aided in the furtherance of an NC FCA investigation or suit, the employee may bring a claim against his or her employer. A court may determine that the employee is entitled to reinstatement, twice the amount of back pay plus interest that the employee is due, attorneys' fees, and other costs and expenses.

PROHIBITIONS AGAINST SUBMISSION OF FALSE CLAIMS TO INSURERS

Section 58-2-161 of the North Carolina General Statutes levies civil and criminal penalties against any person who, with the intent to injure, defraud, or deceive an insured or insurance claimant:

- A. Presents or causes to be presented a statement or claim for payment or other benefit pursuant to an insurance policy, knowing that the statement contains false or misleading information concerning a material fact, or
- B. Assists, solicits, or conspires with another person to prepare or make a statement or claim for payment or other benefit pursuant to an insurance policy, knowing that the statement contains false or misleading information concerning a material fact.

VIRGINIA FRAUD AGAINST TAXPAYERS ACT

The Virginia Fraud Against Taxpayers Act (Virginia Code §8.01-216.1 *et seq.*) protects the Commonwealth by imposing liability on anyone making a knowingly false or fraudulent claim to the Commonwealth for money or property. The statute imposes treble damages, civil penalties, attorney's fees, and costs on those who violate its terms.

Any "person" with first-hand information about false claims fraud against the Commonwealth of Virginia can hire their own *qui tam* counsel, and prosecute a case in the name of the Commonwealth. Such individuals are called "relators" in the language of the statute, and they are entitled to receive anywhere from 15 to 30 percent of the Commonwealth's recovery.

A. Examples of a possible false claim ...

1. Making false statements regarding a claim for payment;
2. Falsifying information in the medical record;
3. Double-billing for items or services;
4. Billing for services or items not performed or never furnished;
5. Billing for services where the quality of care was substandard to the extent that there appears to be no real benefit to the recipient.

B. What should be done if a possible false claim has been made?

1. If an employee discovers an event that is similar to one of the examples of a false claim above, an employee is encourage to:
 - a) Report to the Compliance Officer (828) 465-8022 for further investigation. If the employee is not comfortable doing this;
 - b) The Employee should contact the integrity hotline (800) 826-6762
2. An employee is not required to report a possible FCA violation to the United Church Homes and Services first. A report may be made directly to the Department of Justice or applicable state authorities. However, in many instances United Church Homes and Services believes that the use of its internal reporting process is a better option because it allows our compliance office to quickly address potential issues. United Church Homes and Services encourages employees to consider first reporting suspected false claims to the Compliance Officer but the choice is up to the employee.

3. United Church Homes and Services will not retaliate against any employee for informing us or the federal or state government of a possible FCA violation.

ANTI-KICKBACK STATUTE

The Anti-Kickback Statute (42 U.S.C. Section 1320a-7b(b)) makes it a criminal offense to knowingly and willfully offer, pay, solicit, or receive any remuneration to induce or reward referrals of items or services reimbursable by a Federal healthcare program. Kickbacks may include:

- A. Cash for referrals
- B. Free rent or below fair-market value rent for medical offices
- C. Free clerical staff, and
- D. Excessive compensation

PHYSICIAN SELF-REFERRAL LAW (STARK LAW)

The Physician Self-Referral Law (Stark Law) (42 U.S.C. Section 1395nn) prohibits doctors from referring Medicare beneficiaries for certain designated health services (e.g., clinical laboratory services, physical therapy, and home health services) to an entity in which the doctor (or one of the doctor's immediate family members) has an ownership/investment interest or with which he or she has a compensation arrangement, unless an exception applies. Examples include:

- A. Ownership/investment in a business
- B. Compensation for referrals, and
- C. Business connections with family members

CONDITIONS OF PARTICIPATION

CMS develops Conditions of Participation (CoPs) that health care organizations must meet in order to begin and continue participating in the Medicare and Medicaid programs. These health and safety standards are the foundation for improving quality and protecting the health and safety of beneficiaries. The "Requirements for Long Term Care Facilities" appear in 42 Code of Federal Regulations, Part 483. The provisions of this part contain the requirements that an institution must meet in order to qualify to participate as a SNF in the Medicare program, and as a nursing facility in the Medicaid program. They serve as the basis for survey activities for the purpose of determining whether a facility meets the requirements for participation in Medicare and Medicaid. Long Term Care Facilities are surveyed for compliance by State Survey Agencies under contract with CMS according to requirements appearing in the State Operations Manual, Appendix PP – Guidance to Surveyors for Long Term Care Facilities.

Board Approval: 2.10.01

Revised: 12.20.12; 5.3.14

Standards /Procedures Revised: 5.3.04; 6.13.05; 7.25.06; 8.13.07; 6.30.08; 6.5.09; 6.14.10; 5.16.11; 8.27.13; 5.3.14; 9.14.15

APPENDIX A

Compliance Policies

Table of Contents

Abuse and Neglect
Admissions
Agreements with Actual or Potential Referral Sources
Billing
Chaplain Honorariums
Conflict of Interest
Cost Reports
False Claims Act
Financial Relationships with Referral Physicians
Gifts and Gratuities
HIPAA/HITECH (located in separate HIPAA policy section)
Human Resources
Identity Theft Prevention—Credit Report Address Verification
Identity Theft Prevention Program
Informed Consent for Rehabilitative Services
Marketing—Nursing Facility
MDS Assessment
Medical Record
Medicare Part B Billing
Medicare Part B Claims for Physician Services
Non-Discrimination in Resident Services & Charges
Plan of Care
Quality of Care
Record Retention and Destruction
Refund of Overpayments
Reporting Misconduct and Disorders by Health Care Practitioners (Lake Prince Woods Only)
Reporting to the Board of Directors
Service Delivery
Sanctions and Mitigation for Compliance Violations
Subpoenas, Search Warrants, Responding to Government Investigations, other Legal Actions
Vendor and Supplier Relationships
Whistleblower Protection; Non-intimidation; Non-retaliation

Copies Available Upon Request:

Compliance Officer
United Church Homes and Services
100 Leonard Avenue
Newton, NC 28658