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# **CODE OF CONDUCT**

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# LETTER FROM THE CHIEF EXECUTIVE OFFICER

Dear Employee and Contractor,

We are committed to providing quality healthcare and maintaining a high level of trust with patients, residents and customers. This can only be accomplished if we are also committed to conducting all operating and business activities with unquestionable integrity.

The Guiding Principle and Values that are stated in this booklet drive our operating philosophy and our culture. Providing an environment that supports these principles gives us an opportunity to achieve excellence in our work place. Our *Code of Conduct* is designed to help all employees and contractors understand and meet this expectation. Please read it thoroughly and follow it faithfully.

If you have questions regarding this *Code of Conduct*, please share your concerns with your supervisor or other management personnel. If your concern is not promptly resolved, call the Compliance Call Line at (866) 885-5992. Your call will be treated confidentially and your privacy will be protected. There will be no retaliation or retribution against any individual for raising concerns or alleging violations of the Code.

We share the responsibility for upholding our business reputation. Our business practices must demonstrate our uncompromising commitment to honesty and integrity. Use this *Code of Conduct* to guide you to the right decisions and the appropriate course of action.

Sincerely,

A handwritten signature in black ink, appearing to read "Tony Oglesby", with a long horizontal flourish extending to the right.

Tony Oglesby  
President and Chief Executive Officer



# **PURPOSE, GUIDING PRINCIPLE AND VALUES**

## **Purpose**

Our purpose is to provide quality health care services to our residents in a caring and compassionate environment.

## **Guiding Principle**

We strive to be the best long-term health care service provider through our persistent efforts to improve the quality of outcomes through innovation, dedication, and continuous improvement.

## **Values**

The care we deliver to our residents and patients is our Number One priority.

We embrace compassion, honesty, integrity, and respect in all our interactions with employees, residents and patients, family members and communities.

We achieve success through our dedicated employees. We value their unique experiences, support their opportunities for growth, and celebrate their contributions.

## STANDARDS OF CONDUCT AND BUSINESS ETHICS

The *Code of Conduct* defines the relationships we strive to achieve with our residents and their families, employees, contractors, and the communities in which we operate. The Code serves as a framework to promote ethical and legal behavior among our employees and contractors, and states the guiding principles that must be upheld in our daily activities. We are committed to compliance with all statutes, regulations, directives, and guidelines applicable to Federal health care programs, including its commitment to prepare and submit accurate billings consistent with Federal health care program requirements, which includes procedures or instructions from other regulatory agencies, fiscal intermediaries or carriers.

While the *Code of Conduct* serves as an overall framework for how we conduct business, it is not intended to provide answers to every question or situation that may arise. Where additional guidance or direction is required, you should talk to your supervisor or other management personnel.

Our standards of conduct and business ethics include:

### Quality of Care

We are committed to providing care in strict compliance with all applicable laws, regulations, and standards related to resident care.

- We will ensure employees have appropriate qualifications to perform their duties in a competent and professional manner. All licensed or certified employees are individually responsible for maintaining their licenses or certifications in good standing. We will verify licensure and certification of employees upon hiring, monitor periodic renewals and maintain staffing levels in accordance with State and Federal law.
- We will ensure licensure and certification verification for vendors, suppliers, physicians and other contractors who provide items or services.
- We will conduct a reasonable and prudent background investigation and reference check before hiring employees who have access to residents or their possessions, or have discretionary authority to make decisions that may involve compliance with the law. Background checks will be performed for employees in accordance with State and Federal regulations.
- We will ensure care management discussions by the Interdisciplinary Team (IDT) focus on providing necessary services to meet the needs of the resident. The care provided will be based on the on-going clinical assessment of the individual.

## **Residents' Rights and Privacy**

All residents have a right to a dignified existence that promotes freedom of choice, self-determination and reasonable accommodation of individual needs. The following will not be tolerated:

- Discriminatory admissions or improper denial of access to care
- Verbal, mental or physical abuse, corporal punishment and involuntary seclusion
- Improper use of physical or chemical restraints
- Failure to provide appropriate access to resident records upon request, and to ensure the privacy and confidentiality of those records are protected
- Denial of a resident's right to participate in his or her care and treatment
- Failure to safeguard residents' financial affairs
- Failure to safeguard the privacy of residents' Protected Health Information from improper use and disclosure
- Crimes against a resident or anyone receiving care from a facility

Employees and contractors are responsible for reporting any instances of observed or suspected abuses or neglect to the Administrator or Director of Nursing. In accordance with the Elder Justice Act, employees and contractors are responsible for reporting reasonable suspicion of a crime against any individual who is a resident of, or receives care from, a facility. Management will report reasonable suspicion of any crime against a resident, or anyone who receives care from the facility, and/or credible allegations of resident harm to the appropriate authorities in accordance with Federal and State laws.

Employees and contractors will not be discriminated against for making a report or causing a report to be made pursuant to Federal and State laws.

## **Financial Practices, Billing, and Record Keeping**

All books, reports, and records must be prepared in an accurate, reliable, timely, and truthful manner. Documentation should, at all times, be a true representation of the underlying circumstances and facts supporting the related transaction or event.

- Billing and claims accurately reflecting services rendered must be supported by relevant documentation and submitted in compliance with applicable laws, rules, regulations, and program requirements. Improper, false, fictitious, or fraudulent claims must not be submitted to any government or private health care program, employee, department or agency. Improper or fraudulent activity may include:

- Cost report falsification
  - Misrepresentation of services
  - Duplicate billing
  - Multiple coverage and secondary-payor fraud
  - False claims and statements
  - Improper coding
  - Improper physician and other referrals
- The IDT should evaluate the resident's discharge potential based on a clinical assessment of the resident's status, without regard to potential reimbursement or the generation of revenue.
  - Employees and contractors should follow all Federal Medicare and State Medicaid rules as applicable. All costs reported and billings submitted to Medicare and Medicaid agencies must be accurate and proper. Any overpayments received from Medicare and/or Medicaid will be refunded in accordance with Federal and State regulations.
  - Before making payments for any goods or services, employees and contractors must require proper documentation and support to ensure the information contained on the bill is accurate.
  - All resident records must be accurately maintained and safeguarded against improper access and disclosure. Resident Trust funds must be kept segregated and used exclusively for the benefit of the resident. Employees and contractors will abide by applicable Federal regulations and our policies/procedures, as appropriate, to detect, prevent and mitigate identity theft.
  - No unrecorded fund or asset/liability shall be established or maintained.
  - Employees and contractors must respect all assets and resources, and use them only for business purposes.
  - All required data and documentation will be maintained in accordance with the *Record Retention Guide* policy (OP5 0401.01).

Any individual who has reason to believe that any inappropriate fund, asset entry, transaction, or payment has occurred must make full disclosure to the Chief Financial Officer and to the Chief Operations Counsel.

## **Use of Assets and Information**

Employees and contractors must respect and protect assets and information, and use them only for business purposes.

- Assets made available to employees are to be used only for authorized business purposes. Employees and contractors will protect property, facilities, equipment, and supplies against loss, theft, damage, and misuse.

- Proprietary information is a valuable asset and is intended for use solely in support of operations. Employees and contractors should treat all proprietary information concerning finances, operations, policies, customers, development plans, computer programs, and related information as confidential.

## **Kickbacks, Inducements and Referrals**

Bribes and kickbacks are illegal. Employees cannot accept payments or benefits from any person intending to obtain or retain our business. In addition, no employee can participate in soliciting, offering, or receiving a payment, gift, or service in exchange for resident referrals or business. It is difficult to identify all the circumstances that may raise bribe and kickback concerns. Examples include, but are not limited to, the following:

- Making payments to or receiving payments from referral sources (i.e., physicians, hospitals) that exceed the fair market value of the services rendered
- Giving free or discounted goods or services to referral sources, or accepting free or discounted goods or services from referral sources, including, but not limited to, x-ray, laboratory, ambulance, pharmacy, therapy, and dietary services and supplies
- Payment arrangements with vendors, suppliers or others in a position to make referrals where payment is based on the amount or volume of business referred rather than the value of the services provided

The Stark Self-Referral Law prohibits a physician from referring a patient to an entity for certain “designated” health services if the physician or their immediate family member has a direct or indirect financial relationship with the entity providing such service. It also prohibits the entity from billing Medicare or Medicaid for services rendered pursuant to a referral by the physician. This law is very complicated and any questions relating to how it applies should be directed to Chief Operations Counsel.

## **Gifts and Gratuities**

Accepting or giving gifts or services under certain conditions can raise suspicions about unethical business relationships or illegal transactions.

When gifts or items of value are offered from someone other than an employee, there may be a concern that the donor’s motivation is improper, such as expecting to receive some special treatment in exchange for the gift. Accordingly, neither employees nor facilities are permitted to accept or give gifts of more than nominal value from or to vendors, suppliers, physicians, including the Medical Director, or other contractors. Nominal value means a gift or service worth no more than \$50 from any one person

or company. Employees may accept no more than \$300 in total gifts or gratuities in any 12-month period. Gifts or services offered exceeding nominal value should be politely refused. Examples include:

- Lavish dinners or other forms of entertainment
- Trips or other expensive gifts
- Services, supplies or physical space furnished for less than fair market value

In addition, employees may not accept monetary gifts or gifts of any value from residents, their responsible party or legal representative.

## **Conflicts of Interest**

A conflict of interest occurs when an employee's personal interest influences or conflicts with work responsibilities. Employees must avoid circumstances, relationships, or investments that could improperly influence, or appear to influence, his or her judgment, and performance.

- An employee having any interest (other than an interest of 5% or less in a publicly held company) in any vendor, customer, or competitor should make prompt disclosure to management and obtain approval for the continuing relationship. Employees who are in direct supervisory positions should also disclose and obtain approval for, any family relationships with other employees or with outside suppliers.
- Management employees should not work for, consult with, or provide their skills or services to competitors.
- Confidential information obtained in the course of employment cannot be used by employees for any person's personal gain or benefit.

If you have any doubt about whether a conflict of interest exists, promptly disclose the situation to your supervisor and Compliance Officer. In many cases, a conflict of interest may be resolved in advance.

## **Political Contributions**

Complex laws govern company contributions of a political nature. Contributions include the use of funds to purchase tickets to political fundraisers and/or advertisements, or donations of property or services. Contributions should not be made without approval of the Chief Operations Counsel.

## **Equal Employment Opportunity**

Our goal is to maintain a positive and productive workplace environment. Individuals will be hired, promoted, and compensated according to their

qualifications, performance, and potential.

As an equal opportunity employer, we are committed to applying fair and lawful human resources policies and practices in all areas of employment. Employees and prospective employees will be given equal opportunities regardless of their race, color, age, religion, sex, national origin, or veteran status. This applies to recruiting, selection, training, promotion, compensation, transfers, discipline, terminations, and all other personnel actions. Some states and localities also accord protected class status to other classifications (e.g., marital status, sexual orientation).

## **Employee Relations and Harassment**

All employees will be treated with respect and courtesy. No form of harassment will be tolerated in the workplace.

No supervisor shall threaten or insinuate, either explicitly or implicitly, that an employee's refusal to submit to sexual advances will adversely affect the employee's continued employment, compensation, performance evaluations, advancement, assigned duties or other condition of employment.

Other conduct or forms of harassment which demean the dignity of an employee through insulting or degrading remarks or conduct, or which creates an intimidating, hostile or offensive work environment is prohibited.

Any employee who believes that he/she has been subject to any form of harassment must report the incident immediately to their supervisor. If reporting the incident to the supervisor makes the employee uncomfortable (or the supervisor is the offending party) the incident must be reported to the next level of management, or to appropriate Region or Field Support Human Resources management personnel.

## **Health, Safety and Environmental**

We are committed to promoting sound environmental practices that will prevent and eliminate damage to the environment, enhance human and community resources, and reduce or avoid exposure to environmental liabilities.

- Employees and contractors must comply with all applicable laws and apply due diligence and care to minimize the generation, discharge, and disposal of medical waste or other hazardous materials.
- All employees will comply with all regulations governing the management and distribution of controlled substances. Specifically, no employee or contractor will illegally distribute or divert any controlled substance, including prescription drugs. In addition, expired, adulterated or misbranded pharmaceutical drugs will not be distributed or diverted

and will be disposed of in accordance with applicable State laws.

- Disclosure of hazardous conditions must be reported to a supervisor.
- Employees and contractors will be provided with a safe working environment. Persons with disabilities will be provided reasonable accommodations under the Federal Americans with Disabilities Act.

The penalties that can be imposed against the facility and its employees for failure to comply with health, safety, and environmental laws are substantial and include imprisonment and fines.

# DEFICIT REDUCTION ACT

The Deficit Reduction Act (DRA) was signed into law on February 8, 2006 and effective January 1, 2007. DRA covers the whistleblower (*Qui tam*) and false claims actions.

## Whistleblower (*Qui tam*) Actions

If a private party believes an entity has, in some way, defrauded the Federal government, that party can file a complaint on behalf of the government. The complaint is first filed “under seal” with the Department of Justice (DOJ). The DOJ can determine whether or not to pursue the action. The complainant must be the original source or have knowledge independent of any public disclosure that materially adds to the information presented to the DOJ.

If the DOJ pursues the complaint and prevails, the complainant may recover up to 25% of the resulting proceeds of the action. If the DOJ determines not to pursue the action, the complainant may continue to pursue the action and may recover up to 30% of the proceeds, if successful.

## False Claims Actions

**Federal**—The False Claims Act prohibits a person from “knowingly” or “unknowingly” submitting claims or making a false record or statement in order to secure payment of a false claim by the Federal government. False claims can include:

- Billing for items or services not provided
- Billing for items or services that are medically unnecessary
- Billing for items or services resulting from a violation of the anti-kickback regulations
- Upcoding claims – using a billing code that provides a higher payment rate than the billing code which was assigned to the item or service furnished to the resident
- Any overpayments where established duty to repay exists
- Routine waiver of coinsurance and deductibles
- Medicare Secondary Payor issues
- Filing false cost reports

Failure to adhere to the Deficit Reduction Act could result in civil and/or criminal penalties.

- Civil penalties may be \$5,000 or more per claim, plus three times the amount of damages sustained by the Federal government.
- Criminal and/or civil penalties may be imposed for violations of Federal and/or State laws established to prevent and/or detect fraud, waste, and/or abuse of Federal health care programs.

**State**—Individual State governments have adopted other false claims statutes that are intended to prevent fraud and abuse in the State Medicaid program. These laws generally prohibit the filing of any false or fraudulent claim or documentation in order to receive compensation from the Medicaid program. Please refer to the *Deficit Reduction Act* policy (OP1 0305.01), for the State's specific regulations.

Any individual, who has reason to believe that any inappropriate transaction or payment has occurred must make full disclosure to the Chief Financial Officer and to the Chief Operations Counsel.

## **PERSONAL RESPONSIBILITY**

It is the responsibility of all employees, physicians, and contractors to comply with the *Code of Conduct* and the policies and programs described in this handbook. It is also the personal responsibility of each employee and contractor to bring violations or suspected violations of the *Code of Conduct* or the underlying policies and procedures of which they are aware, to the attention of their supervisor or other management personnel either directly or through the Compliance Call Line, (866) 885-5992. We maintain a commitment to confidentiality, and prohibit retribution against employees for making, in good faith, any such report.

## **DISCIPLINE**

Failure to comply with applicable law, the *Code of Conduct*, or the underlying policies will subject employees and contractors (including supervisors who condone, direct or have knowledge of the conduct and do not act promptly to correct the matter) to appropriate disciplinary action or contractual remedies including termination for cause.

Similarly, the facility may be penalized for failing to comply with Federal health care program requirements, its own policies and procedures, and the reporting of such non-compliance.

## **QUESTIONS AND CONCERNS**

Any questions or concerns regarding this *Code of Conduct*, including any interpretations or other issues, should be addressed to an immediate supervisor, other management personnel, or through the Compliance Call Line at (866) 885-5992.



## RECEIPT AND ACKNOWLEDGEMENT

Read, sign and date this page. Remove it from this document and submit it to management personnel at the end of training. Keep the remaining Code of Conduct document for your records.

**Training is not finished until ALL activities have been completed.**

I acknowledge that I received and read the *Code of Conduct* and that I viewed the *Compliance Training Video*. I understand that I am responsible for knowing and adhering to the principles and standards of the Code.

Signature: \_\_\_\_\_

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

Location/Facility/Company: \_\_\_\_\_

Date: \_\_\_\_\_

I acknowledge that I viewed and understand the *HIPAA Training* video.

Signature: \_\_\_\_\_

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

Location/Facility/Company: \_\_\_\_\_

Date: \_\_\_\_\_

