



Compliance and Ethics Program

**Life Care Centers of America, Inc. and
Its Affiliated Companies**

Approved by the Board of Directors on 4/26/2019

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I. Introduction

Life Care Centers of America, Inc. and its affiliated companies (hereafter referred to as “Life Care” or the “Company”) strive to always act in accordance with the highest professional and ethical standards and in compliance with all applicable laws and regulations. Life Care and its Board of Directors (the “Board”) recognize the importance of adhering to certain legal, professional, and ethical standards and have accordingly enacted this Compliance and Ethics Program (the “Program”).

The Program applies to:

- All owners, directors, officers, and employees of Life Care (hereafter collectively referred to as “Associates”);
- All contractors, subcontractors, agents, and other individuals and entities¹ when acting on behalf of Life Care (collectively referred to as “Affiliates”); and
- All healthcare professionals when providing treatment to Life Care’s residents and patients (“HCPs”).

II. General Compliance and Ethics Statement

Life Care and its Associates are committed to providing quality care and services necessary to attain or maintain our residents’ and patients’ highest practicable physical, mental and psychosocial well-being. We are also firmly committed to preventing fraud and abuse, to complying with all applicable Federal and state laws and regulations, and ethical behavior.

Consequently, Life Care has established this Program and a Code of Conduct (the “Code”) to maintain and enforce a system of accountability with compliance standards, policies, and procedures. These documents state the Company’s commitment to quality care and responsible business conduct and summarize the basic legal and ethical principles by which the Company assesses workplace behavior. The Program, the Code, and Life Care’s policies and procedures provide written standards that must be followed, the criteria used to assess

¹ In certain instances, volunteers would also be Affiliates.

adherence to those standards, and guidance to resolve conflicts or non-compliance with those standards.

A current copy of the Code may be found on Life Care's intranet site, Village Square, and on its internet site. The current versions of Life Care's policies may be accessed through Village Square.

III. Program Design

Life Care recognizes that compliance and ethics issues can arise as a result of both deliberate and unintended misconduct. Consequently, the Program is designed, implemented, and enforced to detect and prevent violations of Life Care's policies, procedures and standards, laws and regulations, regardless of the cause, as well as unethical behavior or misconduct.

The Program is designed to conform with: the guidelines prescribed by the U. S. Department of Health and Human Services' Office of Inspector General ("HHS-OIG") in its Compliance Program Guidance for Nursing Facilities;² the required components for mandatory compliance programs as dictated by the "Healthcare Reform Law"³ and other standards.⁴ Accordingly, it contains all eight of the following required elements of a Mandatory Compliance Program:

1. Development and distribution of written standards of conduct, as well as written policies and procedures that promote Life Care's commitment to compliance;
2. Designation of a Chief Compliance Officer ("CCO") and a Compliance Department with sufficient staff to develop, operate and monitor the Program;
3. Development and implementation of regular, effective education and training programs for all affected individuals;

² See OIG Compliance Program Guidance for Nursing Facilities (Fed. Reg. Vol. 65, No. 52, pages 14289-14306) and Supplemental Program Guidance for Nursing Facilities (Fed. Reg. Vol. 73, No. 190, pages 56832-56848).

³ The Patient Protection and Affordable Care Act of 2010, as amended by the Health Care Education Reconciliation Act of 2010.

⁴ See 42 CFR §483.85.

4. Creation and maintenance of an effective line of communication between the CCO (or designee) and all personnel, including a website and toll-free hotline to receive complaints;
5. The adoption of procedures to allow anonymous reporting and protect the anonymity of reporters and whistleblowers from retaliation;
6. Use of audits and other techniques to monitor compliance, identify problem areas, and assist in the reduction of identified problems;
7. Development of policies and procedures to prevent the employment or retention of excluded individuals or entities and the enforcement of appropriate disciplinary or remedial action against Associates, Affiliates, or HCPs who have violated policies and procedures, applicable statutes, regulations, or Federal, state, or private payor healthcare program requirements; and
8. Development of policies and procedures to investigate identified systemic problems, which include guidance on the prompt and proper response to detected offenses, such as the initiation of appropriate corrective action, repayments, and preventive measures.

Through the Program, Life Care intends to:

- Promote and foster conduct consistent with all applicable legal duties, and
- Provide guidance to each Associate, and to all its Affiliates and HCPs as necessary when acting on its behalf, regarding situations he or she may encounter in his or her everyday duties.

The Program will be periodically enhanced and updated as necessary to address the most relevant issues and risks.

IV. The Code

The Code is the foundation of the Program and affirms Life Care's commitment to conducting its business and operations in accordance with applicable laws and regulations and the highest standards of integrity. The Code articulates Life Care's philosophy and expectations of its Associates, as well as its Affiliates and HCPs when acting on Life Care's behalf.

The Code requires all Life Care Associates, as well as its Affiliates and HCPs, to:

1. Perform their jobs or services in accordance with the applicable laws, regulations, and the Code, as well as Life Care policies and directives; and
2. Recognize and report actual or suspected conduct or actions in conflict with the applicable laws, regulations, the Code, and/or Company policies.

All new Life Care Associates, applicable Affiliates, and HCPs shall receive a copy of the Code⁵ and the Elder Justice Act (the “EJA”) and notification of their related responsibilities. Life Care will also notify its Associates and Affiliates regarding its policies and procedures regarding the Deficit Reduction Act of 2005 (the “DRA”). Any Associate, Affiliate, or HCP who has questions regarding the Code, the Program, the DRA, the EJA, or his or her related obligations should contact his or her immediate supervisor, another supervisor in his or her chain of command, or the Compliance Department. Copies of the Code and Life Care’s DRA policy may be accessed via Life Care’s internet site at <http://lcca.com/contractors-and-agents/>, as well as via Village Square. Information regarding Life Care’s DRA policy may also be found in the Associate Handbook.

On at least an annual basis, the Code shall be reviewed to determine if any changes or enhancements are needed. Once approved, any necessary substantive changes to the Code must be approved by the Board, and all Associates and HCPs must be notified of those changes and periodically trained on the new policies and procedures.

V. Compliance Standards

A variety of Federal and state laws and regulations define and establish obligations for healthcare providers. Any Life Care Associate, or an HCP or Affiliate while acting on Life Care’s behalf, who violates these obligations risks individual indictment, criminal prosecution and penalties, civil actions, monetary penalties, and administrative exclusions. In addition, these actions by Associates, or an Affiliate or HCP acting on Life Care’s behalf, may subject Life Care

⁵ The CCO has the discretion to provide certain HCPs and Affiliates an abridged version of the Code. For example, the CCO may approve distribution of a pamphlet summarizing the Program and the Code’s requirements to those HCPs and Affiliates who do not spend, or who are not expected to spend, more than 160 hours providing services on Life Care’s behalf in a calendar year.

and/or its facilities to the same risks. Consequently, any Associate, Affiliate, or HCP who violates laws, regulations, or related Life Care's policies, procedures or standards may be subject to immediate termination of his or her employment or association with the Company.

Promotion of and adherence to the Program and the Code shall be an element of each Associate's performance standards. Compliance with Life Care's policies, procedures and standards, the Code, the Program, and laws and regulations applicable to entities participating in healthcare programs, is a condition of employment or association with Life Care. Life Care will take appropriate disciplinary or remedial action in cases of non-compliance with such standards.

VI. The Board, Compliance Advisory Board, CCO, and Compliance Department

A. The Board

The Board shall be responsible for the review and oversight of the Program. The Board (or a committee of the Board) shall meet at least quarterly to review and oversee the Program, including, but not limited to, the performance of the CCO and the Compliance Advisory Board ("CAB").

B. The CAB

The CCO will implement and administer the Program with the assistance, supervision and guidance of the Board and the CAB. The CAB shall support the CCO in fulfilling his or her responsibilities by:

- Providing the CCO with oversight of the programs and advice and guidance in the development and implementation of compliance initiatives; and
- Assist in the development and implementation of written standards of conduct, policies, and procedures relating to healthcare compliance.

The CAB and/or the CCO may engage external resources to further the goals and operations of the Program.

1. Functions:

- a. Work with appropriate Company departments to develop standards of conduct and policies and procedures to promote compliance with legal and ethical requirements;
- b. Periodically assess existing policies and procedures that address these risk areas for possible incorporation into the Program;
- c. Recommend and monitor, in conjunction with the relevant departments, the development of internal systems and controls to carry out Life Care's policies;
- d. Analyze the legal and regulatory requirements with which Life Care and its facilities must comply;
- e. Analyze and address specific risk areas for Life Care and its facilities;
- f. Determine the appropriate strategies and approaches to promote compliance and to detect any potential violations, such as through websites, hotlines and other fraud reporting mechanisms;
- g. Develop a system to solicit, evaluate, and respond to complaints and problems;
- h. Monitor internal and external audits and investigations for the purpose of identifying deficiencies; and
- i. Facilitate the implementation of corrective actions.

2. Members:

The CAB shall be chaired by the CCO. The CAB shall include members of senior management responsible for various areas such as operations, clinical, rehabilitation services, human resources, and others as deemed appropriate by the Board or other CAB members.

Members may be added or removed by majority vote of the CAB's members.

3. Meetings:

The CAB shall meet as often as necessary, but at least once every calendar quarter.

B. The CCO and Compliance Department

1. Role:

The Senior Vice President of Compliance is the head of the Compliance Department and shall serve as Life Care's CCO. He or she shall be a full-time Associate and not be subordinate to Life Care's General Counsel, Chief Financial Officer, or Chief Operating Officer. He or she shall report directly to the Board and Life Care's Chief Executive Officer ("CEO").

The CCO, supported by the Compliance Department, is responsible for day-to-day administration of the Program and coordination of the compliance process.

2. Duties:

The CCO, supported by the Compliance Department, shall:

- a. Oversee and monitor the day-to-day implementation of the Program;
- b. Be responsible for development and implementation of policies, procedures, and practices to ensure compliance with Federal healthcare program requirements;
- c. Report on at least a quarterly basis to the CAB and the Board (or a committee of the Board) on the progress of implementation of the Program, and provide ongoing support to the CAB, CEO, and the Board as they establish methods to improve Life Care's efficiency and quality of services and reduce its vulnerability to fraud, abuse, and waste;
- d. Have authorization to report directly to or discuss compliance matters with the Board or any of its members at any time he or she sees fit;
- e. Periodically review and recommend revisions to the Program and the Code as Life Care's needs and operations, as well as relevant laws, regulations, and policies of government and private payors change;

- f. Develop and implement training on the elements of the Program and the Code, and seek to ensure that all Associates understand and comply with pertinent Federal and state laws and regulations, the Code, and Company policies and procedures as they apply to their individual roles within and for the Company;
- g. Ensure that Affiliates and HCPs who furnish physician, nursing, therapy, or other services to the residents of Life Care's facilities are aware of the residents' rights and other applicable requirements of the Code and the Program;
- h. Ensure that: (i) all credentialed Associates, Affiliates, and HCPs (as appropriate) are checked via the National Practitioner Data Bank; and (ii) all Associates, Affiliates, and HCPs are checked for potential exclusion via the OIG's List of Excluded Individuals/Entities at www.oig.hhs.gov, the list of excluded individuals published at www.sam.gov, and other exclusions lists as deemed appropriate by the CCO;
- i. Implement, maintain, and manage an internal Disclosure Program to enable individuals to disclose, to the CCO or some other person who is not in the individual's chain of command, any identified issues or questions associated with policies, procedures, conduct, or practices believed by that individual to be in potential conflict with criminal, civil, or administrative laws or regulations including those applicable to Federal healthcare programs;
- j. Investigate and respond to compliance matters, including the flexibility to design and coordinate internal investigations (*e.g.*, responding to reports of problems or suspected violations) and any resulting corrective action(s) (*e.g.*, making necessary improvements to Life Care policies and practices; taking, recommending, and implementing appropriate disciplinary action) with all Life Care departments, Associates, Affiliates, and HCPs;
- k. Participate with Life Care's internal and external counsel in the appropriate reporting of self-discovered violations of Program requirements or relevant laws; and

- I. Develop and implement an annual compliance work plan that includes periodic and annual compliance reviews of Life Care's departments.
3. Level of Authority and Funding:
 - a. Life Care's Board will ensure that the CCO and the Compliance Department are provided with adequate funding, staffing, and other resources necessary to sufficiently implement and operate the Program;
 - b. To more effectively achieve the goals of the Program, the CCO will have direct access to Life Care's Senior Management and Board members in connection with all compliance matters; and
 - c. The CCO will have full authority to discontinue claims submission for any and all facilities until the relevant issue affecting billing is resolved.

4. Access to Documents and Individuals:

For Program activities, investigations, and auditing and monitoring activities, the CCO and the Compliance Department will, at the CCO's discretion, have access to the following:

- a. Any and all records related to the provision and quality of care provided to residents and patients by Life Care facilities, including, but not limited to: (i) the CMS quality indicators; (ii) internal or external surveys or reports; (iii) complaints; (iv) resident satisfaction surveys; (v) staffing data; (vi) reports of abuse, neglect, or an incident that required hospitalization or emergency room treatment; (vii) reports of any falls; (viii) reports of any incident involving a resident that prompts a full internal investigation; (ix) resident and patient medical records; (x) documents in the possession or control of any Performance Improvement committee, or other such committee;
- b. Residents, patients, Associates, Affiliates, and HCPs for interviews outside the presence of Life Care's supervisory staff or counsel, provided such interviews are conducted with the consent of residents and patients, Associates, Affiliates, and HCPs in accordance with all applicable laws and the rights of such individuals;

- c. Resident and patient financial records;
- d. Billing records;
- e. Records concerning marketing efforts;
- f. Contracts and any other records related to arrangements with other parties, including Associates, Affiliates, and HCPs;
- g. Staffing data; and
- h. Any other documents, electronic records, and individuals reasonably necessary to achieve the goals or functions of the Program.

The CCO (or designee) will:

- a. Be notified of results of external surveys and internal audits that pertain to regulatory issues, and work with key managers to identify abnormal trends in quality of care, documentation, coding, and billing;
- b. Determine patterns that require a change in policy, procedure, or practice, and forward these issues to the appropriate department to correct the problem; and
- c. Review contracts and obligations for potential violations of statutory or regulatory requirements as deemed appropriate.

VII. Training and Education on the Program and the Code

Utilizing an education program developed and approved by the CCO, Associates and Affiliates shall receive initial training (“Orientation Training”) regarding the Program and the Code upon hire or engagement per the requirement below and Life Care policy. In addition, these same Associates and Affiliates will also receive annual training (“Annual Refresher Training”) on the Code during the next calendar year of their employment or engagement of services.

A. Orientation Training

The following individuals and entities, *except for employees, contractors, subcontractors, and other persons that are reasonably not expected to work 160 hours*

or more in a year, must complete Orientation Training on the Code as soon as practical, but no later than 30 days after being hired or engaged for services:

- All new full-time, part-time, and per-diem Associates;
- All Affiliates who furnish patient care items or services or who perform billing or coding functions on behalf of Life Care, excluding vendors whose sole connection with Life Care is selling or otherwise providing medical supplies or equipment to Life Care.

However, any such Associates or Affiliates who at some point work more than 160 hours during a year must complete Orientation Training.

At a minimum, the related training materials will provide:

- A description of the Program;
- Education on each Associate and Affiliate's responsibilities, as well as Life Care's expectations, regarding compliance with laws, regulations, the Code, policies and procedures, and the provision of quality care to Company residents and patients;
- Guidance regarding other key legal and regulatory issues that Associates may encounter as part of their everyday duties including, but not limited to:
 - Abuse and neglect;
 - Interactions with physicians and other referrals sources;
 - Billing for Life Care's services, especially as it relates to Federal healthcare programs such as Medicare and Medicaid;
 - Resident rights;
 - Unauthorized use and disclosure of protected health information;
 - Medical record documentation;
 - Notification of the Company's policy regarding the DRA;
 - The reporting requirements of the EJA;

- Reporting responsibilities for actual or suspected misconduct, as well as the means available for such reporting;
- The Company's non-retaliation policy against those who make compliance reports in good faith; and
- Other information as deemed necessary by the CCO and/or the CAB.

Documentation of completion of this training will be maintained for all Associates as instructed by the CCO.

B. Annual Refresher Training

On an annual basis, the following individuals and entities, *except for employees, contractors, subcontractors, and other persons that do not work or provide services on Life Care's behalf for 160 hours or more in a year*, must complete Refresher Training on the Code and the Program approved by the CCO:

- All full-time, part-time, and per-diem Associates;
- All Affiliates who furnish patient care items or services or who perform billing or coding functions on behalf of Life Care, *except for vendors whose sole connection with Life Care is selling or otherwise providing medical supplies or equipment to Life Care.*

The curriculum and delivery method for the Annual Refresher Training shall be approved by the CCO, and the training will be updated as necessary to address regulatory risks. Documentation of completion of this training will be maintained for all applicable Associates and Affiliates as instructed by the CCO.

Annual Refresher Training does not have to be completed by the applicable Associates and Affiliates in the same calendar year that they complete Orientation Training.

VIII. Specialized Education on the Quality of Care and Billing Policies

Applicable Associates will be required to attend additional training sessions on particular issues, such as quality of care and billing. The related training materials shall identify the specific people who should be contacted about questions. Any specialized education or training on quality of care, billing, or other policies shall be submitted to the CCO (or designee) upon

request. The CCO (or designee) will provide comments and recommendations where desirable and appropriate.

IX. Auditing and Monitoring

As part of its Annual Compliance and Ethics Work Plan, the Compliance Department will develop and implement auditing and monitoring projects. The subject of these projects will be identified in consideration of regulatory risks, Company policies and procedures to address those risks, and other auditing and monitoring activities conducted by Company departments and affiliates, as well as external entities. These auditing and monitoring projects will be reviewed and adjusted annually as necessary based on any observed trends and changes in risk.

X. Disclosure Program

Life Care has established a Disclosure Program that includes a compliance reporting system (the "Compliance Hotline"). The Compliance Hotline can be used to report suspected misconduct or other legitimate concerns. It may be accessed via a toll-free telephone number (**1-877-423-8305**) or the internet (www.lcca.ethicspoint.com). A link is also available to access the Compliance Hotline via Village Square. It also serves as a means for confidential reporting by Life Care Associates, Affiliates, HCPs, and others who choose to report a compliance matter directly to the Compliance Department and not to their supervisor or other individual in their chain of command.

All Life Care offices and facilities shall prominently display a notice approved by the Compliance Department regarding the availability of the Compliance Hotline, and periodically publicize the existence of the Compliance Hotline (e.g., in training materials and newsletters).

Life Care's facilities shall also post all required names, addresses and telephone numbers of all pertinent State client advocacy groups, such as the State survey and certification agency, State licensure office, State ombudsman program, the protection and advocacy network, and the State Medicaid Fraud Control Unit.

As part of its commitment to moral, ethical and legal conduct, Life Care requires all of its Associates, as a condition of employment, to promptly report all suspected or actual misconduct involving compliance issues, such as violations of law, regulation, policy, procedure, or the Code.

The following are recommended methods of reporting an actual or suspected violation or concern to the Compliance Department:

- Use the Compliance Hotline at **1-877-423-8305** or www.lcca.ethicspoint.com;
- Fax a written description of the violation or concern to (423) 339-8318; or
- Send first class or express mail to the following address:

Chief Compliance Officer
Life Care Centers of America, Inc.
3001 Keith St. NW
Cleveland, TN 37312.

Additional reporting channels for compliance matters include the Associate's immediate supervisor;⁶ other supervisors in the Associate's chain of command (*e.g.*, department head); facility Executive Director; regional, divisional, or corporate leadership; Human Resources Department, Information Technology Department, and the Compliance Department, including the CCO.

When making reports directly to the Compliance Department, a reporter may choose to make his or her report anonymously or request confidentiality. The identity of the reporter will be protected to the extent possible. *When making an anonymous report, it is preferred that the reporter use the Compliance Hotline so the Compliance Department can communicate with the reporter (e.g., to ask for additional details to assist with the investigation). The reporter should document the time and date of the report as proof that the report was made.*

Regardless of the reporting method, the Compliance Department will acknowledge receipt of all reported matters to identified reporters and track the receipt and disposition of all reports. The reporter will be given the opportunity to receive and provide follow-up information related to the investigation conducted, if appropriate.

There are numerous circumstances that create reportable compliance issues. Examples of suspected or actual issues that require reporting include, but are not limited to, the following:

⁶ Unless such information concerns that supervisor, in which case the report should be made to the next supervisor in the associate's chain of command.

- **Billing** – Any inappropriate billing issues for Federal healthcare programs, including Medicare or Medicaid, as well as for commercial insurers and other payors.
- **Quality of Care** – The failure to provide necessary goods or services to residents and patients. Examples include:
 - Repeated instances of failing to render or perform care in a timely fashion;
 - Patterns of care delivery that do not meet accepted standards of practice;
 - Repeated violations of Life Care’s policies and procedures;
 - Grossly deficient delivery of care that harms a resident; and
 - Intentional failure to implement plans of correction as promised.
- **Staffing levels** – Staffing that fails to meet the state or Federal guidelines.
- **Falsification of Documentation** – Documentation of care or service that was never provided or not provided in the manner or time as documented. Falsification of documentation can be a criminal violation and may require certain reporting (*e.g.*, to state licensing boards).
- **Health Information Portability and Accountability Act (“HIPAA”)** – Unauthorized disclosure of protected health information (oral, written or electronic).
- **Fraud** – An intentional deception or misrepresentation made by a person with the knowledge that the deception could result in some unauthorized benefit to himself or some other person. It includes any act that constitutes fraud under applicable Federal or state law.
- **Resident Abuse and Neglect** – As defined by the state in which the event occurred.
- **Retaliation or Retribution** – Any inappropriate action taken against anyone, who in good faith, reports a compliance issue.
- **Stark Law and Anti-Kickback Issues** – Improper inducements to inappropriately increase or influence patient referrals or healthcare-related business.

- **Other Violations of the Code** – All other suspected improper conduct that violates the Code must be reported to a manager or supervisor (*again, unless the violation involves that manager or supervisor and then the next supervisor in the chain of command should be contacted*), or reported to the Compliance Department.

Non-Retaliation/Non Retribution Policy

Life Care is committed to a culture that encourages timely disclosure of compliance concerns. Consequently, Life Care prohibits retribution or retaliation against any Associate or other individual who reports such concerns internally or externally. In addition, failure to report compliance issues or criminal conduct can itself be understood to condone these acts.

Life Care shall not retaliate against any Associate who reports, or is suspected of reporting, suspected misconduct in conformity with this Program. However, any Associate who makes an intentionally false statement or otherwise misuses the Program or the Compliance Hotline shall be subject to discipline or remedial actions. In addition, the CCO may keep confidential the names of any Associates who report information, when appropriate. The CCO does not have the authority, however, to unilaterally extend any confidentiality, protection, or immunity from disciplinary action or prosecution.

XI. Investigations of Alleged Misconduct

Allegations of misconduct reported to the Compliance Department shall be investigated. Upon receipt of a disclosure, the Compliance Department shall obtain all relevant information from the disclosing individual. The Compliance Department shall then determine whether the allegations may be most appropriately addressed by the Compliance Department or by other Life Care departments or affiliates.

If the matter is a compliance issue, including a healthcare regulatory matter, the Compliance Department shall initially make a preliminary good faith inquiry into the allegations to ensure that it has obtained all of the information necessary to determine whether further review should be conducted. If the allegations are viewed as sufficiently specific and potentially credible, the Compliance Department shall investigate, direct an investigation, or cause to be investigated all reports of suspected misconduct received through the Compliance Hotline or other means. The Compliance Department will ensure that appropriate follow-up is conducted, and any inappropriate or improper practice is appropriately addressed. The CCO may refer

potential legal issues to Life Care's Legal and Risk Services Department or to outside counsel as he or she deems appropriate.

If the allegations are not related to a compliance issue, or the Compliance Department determines that the allegations or concerns are best handled by another Life Care department or affiliate, the Compliance Department shall refer the matter to such department or affiliate for further action and shall follow up at its discretion to confirm that the matter has been addressed, as needed.

All Associates, HCPs, and Affiliates must fully cooperate and truthfully convey information pertinent to any internal audits or investigations conducted by the Compliance Department as a condition of employment and relationship with Life Care.

If at any time during an investigation the CCO believes that the integrity of the investigation may or appears to be compromised because of the presence of any Associate or other individual who may be potentially (1) involved in the alleged misconduct or (2) inappropriately affecting the effectiveness and/or efficiency of the investigation, the CCO, acting through such person's supervisors, may cause such individual to be removed from his or her current responsibilities until the investigation is completed. Such measures may be necessary to ensure the actual or apparent integrity of the investigation, to protect potentially affected individuals and/or residents, or for other reasons. However, these measures are not intended, and should not be interpreted or construed, as any form of retaliation nor a determination regarding the truth or falsity of the matters under investigation. The CCO will also take appropriate steps to secure and prevent the destruction of documents or other evidence relevant to the investigation.

Where Life Care discovers credible evidence of misconduct from any source, and after a reasonable inquiry, has reason to believe that the misconduct may violate criminal, civil, or administrative law, Life Care may promptly report the existence of misconduct to the appropriate Federal and state authorities within a reasonable period of time after the determination has been made.

XII. Disciplinary Procedures

Failure to comply with applicable laws, regulations, the Program, the Code, Company policies, procedures and standards will result in disciplinary and remedial actions, up to and including termination from employment or association with Life Care. Any Associate, Affiliate, and HCP

involved in verified misconduct shall be subject to the disciplinary or remedial procedures applicable to that person's status. Enforcement, discipline, or remedial actions, among other things, may occur for the following reasons:

- Non-compliant conduct;
- Failure to report known non-compliant conduct; or
- Failure to detect a violation or non-compliant conduct.

Once a compliance investigation has concluded that a law, regulation, the Program, the Code, Company policy, procedure, or standard has been violated, the CCO, as well as the CAB and other members of Company leadership, are authorized to recommend appropriate discipline, up to and including dismissal.

Appropriate disciplinary or remedial measures shall be on a case-by-case basis and, among other things, may include:

- Verbal counseling,
- Written counseling,
- Suspension of employment or privileges,
- Termination of employment,
- A change in job duties, and/or
- Termination of a third-party contract or arrangement.

In addition to disciplinary or remedial action, Life Care may:

- Re-train appropriate personnel;
- Refund previous payments received for services billed;
- Resubmit claims to ensure accurate payment (*e.g.*, correct charges, coding);
- Modify policies and procedures; and/or

- Engage in steps necessary to reduce any error rates.

XIII. Corrective Action Plans

Whenever non-compliance is identified, Life Care will take appropriate corrective actions consistent with the letter and spirit of the Program. Life Care will also review such corrective actions periodically in order to determine their effectiveness.

XIV. Employment and Business Standards

Life Care will not knowingly employ or associate with any person who:

- Has engaged in illegal or unethical behavior;
- Has been convicted of healthcare-related crimes or “barrier”⁷ crimes for the applicable state;
- Has been found guilty of abuse, neglect, mistreatment of residents or misappropriation of their property;
- Had a finding concerning the same entered into a state nurse aide registry or abuse registry; and/or
- Has been excluded from participation in a Federal or state healthcare program.

Any applicant for employment or association with Life Care shall be required to disclose whether he or she has had a name change, has ever been convicted of a crime, including healthcare-related crimes, has been convicted of an offense that would preclude employment in a Life Care facility, and has been or is excluded from participation in any Federal healthcare programs.

Life Care will reasonably inquire into the status of each prospective Associate, Affiliate, and HCP. These inquiries will include, but will not be necessarily limited to, the following actions:

⁷ Some states have lists of specific crimes that an individual if convicted of one these crimes cannot work with vulnerable adults such as nursing facility patients.

- Performance of reasonable background and reference checks of all prospective Associates;
- Verification of licensure and certification for prospective licensed staff;
- Credentialing and periodic re-credentialing of our physicians and other licensed independent clinicians who treat our patients and residents; and
- Review for potential exclusion from participation in Federal healthcare programs via the HHS-OIG's List of Excluded Individuals and Entities (www.oig.hhs.gov), the System of Award Management (www.sam.gov), and the available state Medicaid exclusion lists.

Screening for potential exclusions and sanctions on a monthly basis for all Associates, Affiliates, and HCPs shall be performed in a method approved by the CCO and the CAB. Licenses and certifications shall be periodically monitored for all licensed Associates and applicable Affiliates and HCPs as directed by Company senior leadership.

Life Care may remove, reassign, or terminate its relationship with any person where there is any evidence that the person is unwilling to comply with the Code or the Program. Life Care will also implement procedures to terminate its relationship with any Associate, Affiliate, or HCP who is excluded from participation in any Federal healthcare program.

XV. Revisions to the Program

The Program is intended to be readily adaptable to changes in regulatory requirements and in the healthcare system as a whole. Life Care will periodically review on at least an annual basis and modify the Program as necessary. All Associates, Affiliates, and HCPs will be notified of any material changes to the Program. To facilitate appropriate revisions to the Program, the CCO shall prepare periodic reports to the Board, at least quarterly, that describe the general compliance efforts that were undertaken during the preceding year and that identifies any changes that could be made to improve compliance. Material revisions to the Program require approval by the Board.

XVI. Assessing the Effectiveness of the Program

The CCO and the Compliance Department, with assistance from the CAB, will evaluate on at least an annual basis the effectiveness of each element of the Program as well as the Program

as a whole. This process will be accomplished by assessing the various legal and regulatory risks associated with the Company's business and the controls to mitigate those risks and prevent and detect noncompliance with applicable laws and regulations. It will also evaluate how the Program performs during day-to-day operations and set future priorities for the Program.

XVII. Closing Statement

The Program described in this document is intended to establish a framework to assure compliance by Life Care, its Associates, Affiliates, and HCPs. It is not intended to set forth all of the substantive programs, policies, procedures, and standards that Life Care has established to achieve compliance. Those current and future program, policies, procedures, and standards are and will be a part of Life Care's overall legal and regulatory compliance enforcement program.