

A. INTRODUCTION**1. Adoption**

The following is hereby adopted by the Governing Body as the compliance policy for Five Star Home Health Care (hereinafter referred to as "FSHHC").

2. Background

FSHHC has a policy of maintaining the highest level of professional and ethical standards in the conduct of its business. FSHHC places the highest importance on its reputation for honesty, integrity, and ethical standards. This Corporate Compliance Policy is a reaffirmation of the importance of the highest level of ethical standards.

All staff and employee will be oriented to the Policy upon hire and on an ongoing basis. FSHHC is committed to a quality business and a reputation that values integrity, respect and truthfulness, and a strong commitment to the highest ethical standards. FSHHC has designated the Administrator as the Corporate Compliance Officer.

The principles within this Policy apply to employee interactions with patients, and the employers that hire them, coworkers, vendors, government and regulatory agencies and the public. The Policy applies to all staff and employees of FSHHC, its Board of Directors and governing body. FSHHC employees must be familiar with this Policy and adhere to its guidelines.

The Corporate Compliance Program is not a comprehensive guide of all compliance and ethical issues that staff and employees may face, but merely highlights specific problems. In dealing with problems not detailed in this Policy, employees are expected to use common sense and their best moral judgment. If an employee has ethical questions, please contact

the Corporate Compliance Officer. This Policy may be modified or updated at any time. FSHHC welcomes any and all employee suggestions on changes.

3. Purpose

The purpose of this policy is to enable FSHHC to demonstrate integrity and honesty as a participant in federally and state funded health care programs and its compliance with applicable laws and regulations.

FSHHC and

- (a) each of its corporate trustees, directors, officers, and employees;
 - (b) any individuals engaged directly by FSHHC to provide patient care services, such as nurses, physical therapists, occupational therapists, speech therapists, medical social workers, nurse aides and other health care professionals;
 - (c) individuals involved in the management, sale, marketing, and billing of FSHHC services (whether employees or independent contractors); and
 - (d) all individuals who order home health services shall maintain the business integrity and honesty required of a participant-supplier in federally funded health care programs.
- will implement and maintain the requirements specified herein to the extent reasonably possible.

4. Annual Review

The compliance policy will be reviewed at least annually and updated as necessary by the Compliance Officer and approved by the CEO.

All new employees will be asked to sign a statement certifying that they have received, read and understood the standards of conduct outlined in this policy. Such statements shall also be signed by all employees when policies or standards of conduct are amended, or new ones are adopted. Certifications shall be maintained by the HR dept.

B. STANDARDS OF CONDUCT

Policies outlining standards of conduct shall be distributed to all individuals who are affected by the specific policy at issue, along with new and amended or revised compliance policies when available.

1. Patient Rights

Clients (or guardian or responsible party) have a right to be notified of their rights and responsibilities before initiation of care or treatment. FSHHC has an obligation to protect and promote patient rights, which are detailed in the FSHHC Client Information Book. The rights detailed in the Book include details on services provided, frequency, cost, process for transfer/discharge, how to file a complaint, accessibility and other important information.

2. Client Abuse & Neglect

Our clients can be vulnerable to abuse or neglect. FSHHC staff are mandated reporters when abuse or neglect are suspected, which can be physical, psychological, or financial mistreatment of a minor, elderly, vulnerable, or incapacitated person. Physical abuse is an act that results in bodily harm, injury, impairment, or disease. It can take the form of hitting, slapping, punching, pinching, burning, or striking with objects. Psychological abuse inflicts emotional pain or distress on its victims. It comprises verbal scolding, harassment or intimidation, threatening punishment or deprivation, treating the victim like a child or infant or isolating the elder from family, friends, or activities. Physical neglect involves failure to provide goods and services necessary for the health and well-being of the elder. Physical neglect may include withholding adequate meals or hydration, physical therapy or hygiene, as well as failure to provide physical aids such as hearing aids, glasses and false teeth, or safety precautions such as night lights or safety bars. Psychological neglect is failure to provide social stimulation. That may mean leaving the older person alone for long periods of time, ignoring him or giving him “the silent treatment,” or failing to provide companionship, changes in routine, or links to the outside world. Financial neglect consists of failure to use available resources to sustain or restore the health and security of the older adult. Signs may include a family seeking care that does not meet the senior’s needs even though money

is available to provide the proper level of care, an elder's confusion about her financial situation or a sudden transfer of assets. Abuse and neglect can arise from misunderstanding or ignorance. Not all neglect is intentional or malicious and can be as simple as leaving a patient unattended for a moment in which an accident occurs. Sometimes people feel frustrated with the elderly, because they don't really understand the effects of aging. They fail to give elders the extra time they may need to process information, respond to questions or perform tasks. Those people may not mean to abuse anyone, but they do. Some of the warning signs of abuse are unexplained bruises, welts, lacerations, fractures, burns, rope or restraints marks. Injuries in various stages of healing can indicate ongoing abuse. Genital injuries may be symptomatic of sexual abuse. Some warning signs of neglect include but not limited to dehydration, malnutrition, decubitus ulcers, poor personal hygiene or lack of compliance with medical regimes. You may be encountering psychological abuse or neglect in patients or residents who are extremely withdrawn, depressed, or agitated, behaving childishly or acting indifferently toward others. Financial abuse or neglect should be considered if the senior appears to be receiving an inadequate level of care despite adequate financial resources. Also, be suspicious if the elder seems vague about his or her finances or has suddenly transferred assets or control of them to someone else.

Pursuant to the Code of Virginia, FSHHC staff are mandated reporters of suspected abuse, neglect and exploitation. Suspected conditions: Dehydration, malnutrition, broken bones/sprains, pain from touching, scratches, burns, bruises, soiled clothing/bed, unsafe/unsanitary housing, depression, lack of communication, isolation, withdrawal, anxiety, anger or abuse or financial exploitation by primary caregiver.

A person participating in good faith in making a report or testifying about alleged abuse, neglect, abandonment, financial exploitation or self-neglect of a vulnerable adult in a judicial or administrative proceeding is immune from liability. However, anyone who fails to report suspected abuse or who intentionally, maliciously or in bad faith makes a false report is considered guilty of a gross misdemeanor, and subject to the appropriate penalties.

As part of new hire training and orientation, FSHHC will be trained on abuse and neglect and the procedures for reporting. The following are organizations that provide or arrange for assessment of possible victims of suspected or alleged abuse, neglect, or exploitation:

Virginia Department of Social Services Adult Protective Services Hotline – 888-832-3858

Virginia Department of Social Services Child Protective Services Hotline – 800-552-7096

Northern Virginia Long Term Care Ombudsman – 800-989-2286

National Child Abuse Hotline – 800-4-A-CHILD

Parents Anonymous National Parent Helpline – 855-4-A-PARENT

3. Conflicts of Interest

FSHHC employees must avoid having a personal, business, financial, or other interest, activity or relationship, outside FSHHC that has or may conflict with FSHHC. Any material transaction or relationship that may give rise to an actual or perceived conflict of interest should be discussed with FSHHC's Corporate Compliance Officer.

Conflicts of interest may include, but are not limited to, the following situations:

- (a) Employees should not perform work or render direct consulting or managerial services for an organization that competes or does business with FSHHC without appropriate approval from management.
- (b) Managers or supervisors may not engage in a sexual, romantic, or dating relationship with subordinate employees.
- (c) Accepting loans or gifts of entertainment, food, or cash from patients, subordinate employees, regulatory or any outside concern that does or seeks to do business with or is a competitor to FSHHC.
- (d) Obtaining a personal financial benefit in any sale or loan of company property.
- (e) Performing services for customers outside those consistent with FSHHC's.

- (f) Using or disclosing any confidential information gained during employment for an employee's personal benefit or the benefit of others, including a future employer.

4. Claim Development and Submission Process

- (a) Submission of claims for payment to Medicare, Medicaid and other federal health programs will be in accordance with current reimbursement rules, policies and procedures promulgated by the Health Care Financing Administration, the state Medicaid agency, any applicable fiscal intermediary or carrier or other agency with responsibility for the program in question.
- (b) Claims for payment shall be submitted to Medicare, Medicaid or other federally funded health care programs only for medically necessary services for homebound patients that were rendered by qualified, licensed personnel. Only one bill shall be submitted for each service provided.
- (c) Claims will be submitted only when appropriate documentation supports the claims and only when such documentation is maintained for audit and review. Such documentation shall include at least a properly certified plan of care dated no more than 60 days before the date of service, nursing and/or progress notes and visit slips or logs.
Documentation shall include the length of time spent with patients and the identity and professional licensure or certification of the individual providing the service. The documentation used as the basis for claims submission shall be organized in a legible form to enable audit and review.
- (d) All professional services rendered to patients shall be documented in a proper and timely manner so that only accurate and properly documented services are billed. Clinical and reimbursement staff shall use their best efforts to communicate effectively and accurately with each other to assure compliance.
- (e) Compensation for billing department personnel (including coders) and billing consultants shall not contain any financial incentive to submit improper claims or codes.
- (f) Diagnosis and procedure codes for home health services reported on the claim shall be based on the patient's medical record and other documentation and shall comply with all applicable official coding rules and guidelines. The documentation necessary for

accurate code assignment shall be available to the coding staff. The Health Care Financing Administration Common Procedure Coding System (HCPCS), International Classification of Disease (ICD), FSHHC's Current Procedural Terminology (CPT), or revenue codes (or successor codes) used by the billing staff shall accurately describe the service that was ordered by the physician and performed by FSHHC.

- (g) If compliance issues are suspected, previously submitted claims shall be randomly examined for accuracy and compliance with applicable rules and regulations and the Compliance Officer shall inform the fiscal intermediary or carrier of any steps taken to monitor FSHHC's claim submission process.
- (h) The fiscal intermediary or carrier shall be promptly advised of any incorrectly submitted claim and shall be promptly reimbursed for any overpayment. Where possible, the beneficiary shall be reimbursed for any copayment or deductible incorrectly paid.

5. Medical Necessity

- (a) Claims shall be submitted to federally and state funded health care programs only for services that are medically necessary and that meet the requirements of a qualifying service. Upon request, FSHHC shall provide documentation, such as physician orders, a properly certified plan of care and other patient records, that support the medical necessity of a service that FSHHC has provided and billed to a federal or state program.
- (b) A clear, comprehensive summary of the "medical necessity" definitions and applicable rules of the various government and private plans shall be prepared by the Compliance Officer and disseminated and explained to appropriate FSHHC personnel, including physicians who order home health services.

6. Homebound Beneficiaries

FSHHC shall use its best efforts to ensure that the homebound status of a Medicare beneficiary is verified and the specific factors qualifying the patient as homebound are properly documented. The following specific steps shall be taken to verify patients' homebound status:

- (a) The ordering physician shall certify that the beneficiary was confined to the home at the time the services were provided.
- (b) Written prompts on nursing note forms shall direct clinicians (e.g., registered nurse, licensed practical nurse) to adequately assess and document the homebound status and home health needs of Medicare beneficiaries, which may be used by the ordering physician in developing and authorizing a plan of care.
- (c) A written notice shall be sent to all Medicare beneficiaries reminding them that they must satisfy the regulatory requirements for homebound status to be eligible for Medicare coverage.

7. Physician Certification of the Plan of Care

FSHHC shall take all reasonable steps to ensure that claims for home health services are ordered and authorized by a physician, including the following:

- (a) The plan of care shall be reviewed by the ordering physician at least every 60 days in order for the beneficiary to continue to qualify for Medicare coverage of home health benefits.
- (b) Home health services shall be billed only if the physician has signed a certification attesting that the patient is confined to the home, is in need of skilled nursing care, or physical, speech or occupational therapy, is under the care of the physician and that a plan of care has been established and is periodically reviewed.
- (c) FSHHC shall assist physicians who order home health services in determining the medical necessity of those services and in formulating appropriate and certified plans of care by properly documenting any assessment it has made of a beneficiary's home health needs.
- (d) FSHHC shall remind or educate physicians, as appropriate, about the scope of their duty to certify patients for home health services to be reimbursed by Medicare.

8. Cost Reports

Submission of cost reports to Medicare, Medicaid and other federal health programs will be in accordance with current reimbursement rules, policies and procedures promulgated by the Health Care Financing Administration, the state Medicaid agency, any applicable fiscal intermediary or carrier, or other agency with responsibility for the program in question. All cost reports submitted to Medicare or Medicaid shall comply with the following rules:

- (a) all costs claimed shall be properly documented and classified;
- (b) allocations of costs to various cost centers are accurate and supported by verifiable and auditable data;
- (c) accounts containing both allowable and unallowable costs are analyzed to determine that unallowable costs are not claimed for reimbursement;
- (d) Medicare fiscal intermediary prior year audit adjustments are implemented and are either not claimed for reimbursement or, if claimed for reimbursement, are clearly identified as protested amounts on the subsequent cost report;
- (e) all related parties are identified on the cost report and all related party charges are reduced to the cost to the related party;
- (f) management fees are reasonable and necessary, and shall not include unallowable costs;
- (g) any return of overpayments shall be appropriately reflected in cost reports; and
- (h) if an error is discovered after the submission of a cost report, the Medicare fiscal intermediary or other applicable payor shall be notified within 30 days.

9. Services Provided to Patients Who Reside in Assisted Living Facilities

FSHHC will provide services to patients who reside in assisted living facilities only to the extent that they are appropriate and not duplicative of those services provided or required to be provided by the facility. Upon a request for services for a patient residing in an assisted living facility, the following steps shall be followed:

- (a) the appropriate state licensing authority shall be contacted to determine any applicable state licensure and service requirements for the specific facility involved;

- (b) reasonable attempts will be made to verify the specific license, if any, held by the facility; and
- (c) the service agreement between the facility and the resident will be reviewed during the initial assessment visit to determine the extent and type of the services that the facility is contractually obligated to provide to the resident.

10. Relationships with Referral Sources

- (a) Any contract or other financial arrangement with a physician or other health care provider who can refer patients to FSHHC shall be in writing, shall conform to FSHHC's Standards of Conduct Relating to Physician Contracts and shall be reviewed by legal counsel prior to execution.
- (b) No gifts, free services, or other incentives shall be offered to patients, relatives of patients, physicians, hospitals, contractors, assisted living facilities, or other individuals or entities who would be able to refer patients to FSHHC.

11. Business Ethics

- (a) No employee, Board member or physician may make improper use of FSHHC property or permit others to do so. Examples of improper use include the unauthorized appropriation or personal use of services, equipment, technology and patents, software, and computer and copying equipment and the alteration, destruction or disclosure of data. The occasional use of telephones, copying machines and office supplies, when the cost is insignificant, is permitted.
- (b) Seeking, accepting, offering or making any payment, gift or other thing of value to or from any subcontractor, vendor, supplier or potential contractor for the purpose of obtaining or acknowledging favorable treatment under a private or government contract or subcontract is strictly forbidden. Ordinary business courtesies or *de minimis* gifts (under \$25 in value) which are not solicited may be accepted.

- (c) All entries on books and records, including financial records, clinical records, and expense accounts, shall be accurate and complete and conform with applicable policies.
- (d) Employees shall use their best efforts to avoid violations of federal copyright laws, including, but not limited to laws, pertaining to, computer software.
- (e) Required time records shall be completed in a timely and accurate manner. No cost should be allocated which is unallowable, misallocated, contrary to a contract provision, or otherwise improper.
- (f) All Board members, managers and employees shall refrain from any conduct during the performance of their duties that has the appearance of impropriety or that could reasonably be construed as contrary to the interests and mission of this organization.

12. Gifts from Vendors

Gifts from companies in the pharmaceutical, device, and medical equipment industries often serve an important and socially beneficial function. For example, drug companies have long provided funds for educational seminars and conferences. However, some gifts that reflect customary practices may not be consistent with the principles of medical ethics. To avoid the acceptance of inappropriate gifts, all employees of FSHHC shall observe the following standards of conduct:

- (a) Gifts should primarily entail a benefit to patients and should not be of substantial value. Accordingly, textbooks, modest meals, and other gifts are appropriate if they serve a genuine educational function. Cash payments may not be accepted.
- (b) Individual gifts of minimal value are permissible if the gifts are related to the individual's work (e.g., pens and notepads).
- (c) Subsidies to underwrite the costs of continuing medical education conferences or professional meetings can contribute to the improvement of patient care and therefore are permissible. Since the giving of a subsidy by a company's sales representative may create a relationship that could influence the use of the company's products, any subsidy should be accepted by the conference's sponsor, who, in turn, can use the

money to reduce the conference registration fee. Payments to defray the costs of a conference may not be accepted directly from the company by individuals who are attending the conference.

- (d) Subsidies from vendors may not be accepted directly or indirectly to pay for the costs of travel, lodging, or other personal expenses, nor may subsidies be accepted to compensate for the individual's time. Subsidies for hospitality may not be accepted outside of modest meals or social events that are held as part of a conference or meeting. It is appropriate for faculty at conferences or meetings to accept reasonable honoraria and to accept reimbursement for reasonable travel, lodging, and meal expenses. It is also appropriate for consultants who provide genuine services to receive reasonable compensation and to accept reimbursement for reasonable travel, lodging, and meal expenses. Token consulting or advisory arrangements cannot be used to justify the compensation of individuals for their time or their travel, lodging, and other out-of-pocket expenses.
- (e) No gifts may be accepted if there are strings attached. For example, physicians should not accept gifts if they are given in relation to the physician's prescribing practices. In addition, when companies underwrite conferences or lectures other than their own, responsibility for and control over the selection of content, faculty, educational methods, and materials should belong to the organizers of the conferences or lectures.

13. Information Accuracy and Truthfulness

All information provided by employees, including contracted staff, must be accurate and truthful. Such information may be verbal, written or involve electronic submission and/or transmission of data. FSHHC requires all staff and employees to engage in the employment process in good faith. FSHHC has the right to terminate any employee for failing to participate in good faith by falsifying any information. Falsification is defined as fabrication, in whole or in part, of any information provided by an employee to FSHHC. This includes, but is not limited to, any reformatting, redrafting or content deletion of documents, including home care record documentation and billing information.

14. Employment Practices

FSHHC prohibits discrimination and harassment of FSHHC employees whether the incidents occur on FSHHC premises and whether the incidents occur during business hours. FSHHC follows federal, state, and local law to ensure equal recruitment, employment, compensation, development and advancement opportunity for all qualified individuals, and prohibits deliberate harassment based on federally protected categories of race, color, religion, sex, national origin, age, or disability. FSHHC does not tolerate workplace violence including threats, threatening behavior, harassment, intimidation, assaults or similar conduct. FSHHC employees may not carry firearms or other weapons on FSHHC facilities or any location where we conduct business, unless obtaining prior permission. FSHHC employees must not distribute, possess or use illegal or unauthorized drugs or alcohol on FSHHC property or in connection with FSHHC business.

15. Books, Records and Communications

Employees must act in good faith not to misrepresent material facts in FSHHC's books and records or in any internal or external correspondence, memoranda, or communication of any type, including telephone or electronic communications. All FSHHC funds, assets, liabilities and receipts must be recorded in the company's general ledger with no discretion. There cannot be any "off the books" accounts. FSHHC maintains documents in accordance with all applicable laws and regulations. If FSHHC employees receive a subpoena, a request for records or other legal papers or if we have reason to believe that such a request or demand is likely, the law requires FSHHC to retain all relevant records. FSHHC employees must cooperate fully with internal and outside auditors during examination of FSHHC's books, records, and operations. Employees must not make public statements regarding issues or matters of FSHHC about which they are not authorized spokespersons. FSHHC takes necessary steps to assure that all advertised products or services in any of its literature, exhibits or other public statements is true, supported by documentation, and does not mislead customers.

16. Use of Company Resources

Employees may use company equipment, online capabilities and electronic mail solely for business purposes. FSHHC electronic mail system is a company resource and FSHHC reserves the right to read, view and copy any email communications. Employees must take reasonable care not to disclose confidential information or acquire unauthorized information over the Internet. All equipment and supplies purchased by FSHHC remain FSHHC property, including but not limited to office supplies, office furniture, fax machines, computers, software, hardware, medical supplies and equipment, and may not be used by FSHHC employees for personal reasons.

17. Privacy and Confidentiality

FSHHC employees must exercise care to avoid disclosing non-public, internal, secret, or proprietary information related to FSHHC to unauthorized persons, either within or outside FSHHC during employment or afterwards, except as such disclosure is legally mandated or approved by FSHHC. Only FSHHC employees that truly need to know confidential information to conduct their business have access to confidential information and must take necessary steps to keep this information private and confidential. Employment records of FSHHC staff and employees are confidential and private. Records may only be disclosed if the employee provides a written release or required by applicable law. Employee must be protected as required by privacy laws and regulations.

18. Compliance with Compliance Policy

All FSHHC employees must be familiar with this Policy document and adhere to its guidelines. If questions arise please contact the Corporate Compliance Officer. Supervisors must take reasonable care to assure that subordinate employees are complying with these guidelines. Supervisors are responsible for misconduct by employees if the supervisor orders misconduct; ratifies the conduct, even by inaction; the supervisor has direct authority and knows of the conduct but fails to act appropriately; or should have known with reasonable diligence that the actions occurred. Employees must report any actual or suspected violations of this Policy to the Corporate Compliance Officer. Failure to report any

actual or suspected violations of the Policy is itself a violation of this Policy. Employees will not be retaliated against or subject to any form of reprisal for raising a good faith concern under this policy or participating in an investigation into any such concerns. Retaliation is a serious violation of this Policy and should be reported immediately. All inquiries, complaints, and reports will be promptly investigated. Employees are expected to cooperate in the investigation. Reasonable measures will be taken to preserve confidentiality of the claim and the identity of anyone who reports a suspected violation or participated in the investigation. If you are unsure whether a violation has occurred, FSHHC encourages you to seek advice from the Corporate Compliance Officer before acting. FSHHC honors the right of all staff and employees to disclose any violations of this Policy in a confidential manner. FSHHC maintains a confidential disclosure program for reporting non-compliance issues. All FSHHC employees and other covered persons have the right to report non-compliance issues or concerns in a confidential and anonymous manner. FSHHC pledges to maintain a non-retaliatory and non-retribution environment for all confidential disclosures. FSHHC will take any and all efforts to retain the confidentiality of any confidential disclosures. All concerns or issues reported will be reviewed and appropriate corrective action will be taken in response to any concerns or issues raised.

To facilitate the confidential disclosure aspect of this program, FSHHC has implemented a suggestion box that is in the common area of the office, as well as an e-mail address compliance@fshhc.com. This email will be monitored by the Corporate Compliance Officer.

FSHHC takes a zero-tolerance approach to violations of this Policy and failure to report actual or suspected violations of the Policy, or retaliation against whistleblowers. Employees that are found to have violated this Policy or retaliated against whistleblowers could have their employment with FSHHC terminated.

C. DESIGNATION OF A COMPLIANCE OFFICER

The CEO shall designate a Compliance Officer. This individual shall report to the CEO and shall have access to other senior management, legal counsel and the governing body. The

CEO has designated the Administrator as the Compliance Officer. The responsibilities of the Compliance Officer shall include:

1. overseeing and monitoring the implementation of the compliance program and reporting on a regular basis to the Chief Executive Officer on the progress of implementation;
2. assisting in establishing methods to improve FSHHC's efficiency and quality of services and to reduce FSHHC's vulnerability to fraud, abuse and waste;
3. periodically revising the compliance program to conform to changes in the organization, the law, and policies and procedures of government and private payor health plans;
4. reviewing employees' certifications that they have received, read and understood the standards of conduct;
5. developing written compliance policies and procedures that are readily understandable by all employees;
6. coordinating and participating in a multifaceted education and training program that focuses on the elements of the compliance program and seeks to ensure that all appropriate employees and management know, and comply with, pertinent federal, state and private payor standards;
7. ensuring that independent contractors and agents who furnish nursing or other health care services to the clients of FSHHC, or who provide billing services to FSHHC, are informed of FSHHC's standards of conduct with respect to coding, billing, and marketing, among other things;
8. coordinating personnel issues with FSHHC's Human Resources team to ensure that the appropriate credentials and background investigations have been checked with respect to all employees, medical staff, and independent contractors who order or provide services to home health patients;
9. assisting financial management in coordinating internal compliance review and monitoring activities, including annual or periodic reviews of departments;
10. independently investigating and acting on matters related to compliance, including the design and coordination of internal investigations (e.g., responding to reports of problems or suspected violations) and any resulting corrective action and reporting thereon to the Chief Executive Officer;

11. developing policies and programs that encourage managers and employees to report suspected fraud and other improprieties without fear of retaliation; and
12. continuing the momentum of the compliance program and the accomplishment of its objectives long after the initial years of implementation.

The Compliance Officer shall have the authority to review all documents and other information relevant to compliance activities, including, but not limited to, patient records, billing records, and records concerning the marketing efforts of the facility and FSHHC's arrangements with other parties, including employees, professionals on staff, relevant independent contractors, suppliers, agents, supplemental staffing entities, and physicians. The Compliance Officer shall have the authority to consult with legal counsel when necessary.

D. EDUCATION AND TRAINING

1. Education and training are critical elements of the Corporate Compliance Program. All employees shall be required to attend at least one hour of training regarding corporate compliance each year. Employees shall receive such training when they are first hired and on a periodic basis thereafter. Attendance at such training sessions is a condition of continued employment and adherence to the provisions of the compliance program, including training requirements, shall be a factor in the annual evaluation of each employee. Any formal training undertaken as part of the compliance program shall be documented by the Compliance Officer.
2. Such training shall emphasize FSHHC's commitment to compliance with federal and state statutes, regulations, program requirements, the policies of private payors and corporate ethics. It shall highlight the elements of the compliance program, including how to report suspected violations, summarize the fraud and abuse laws, and review coding requirements, claim development, the claim submission process and marketing practices that reflect current legal and program standards.

Basic training for appropriate corporate officers, managers and other employees shall include at least the following topics:

- (a) government and private payor reimbursement principles;
- (b) general prohibitions on paying or receiving remuneration to induce referrals;
- (c) improper alterations to clinical records;
- (d) the need for proper physician authorization and certification;
- (e) the need for accurate and timely documentation of services rendered, including the correct application of official ICD and CPT coding rules and guidelines;
- (f) patient rights and patient education;
- (g) compliance with Medicare conditions of participation; and
- (h) the duty to report misconduct and how to do so.

Targeted training shall be provided to corporate officers, managers and other employees whose actions affect the accuracy of the claims submitted to government and private payors, such as employees involved in the coding, billing, cost reporting and marketing processes.

Supervisors and managers involved in the claims and cost report development and submission processes shall inform all supervised employees and relevant contractors of the following:

- (a) the compliance policies and legal requirements pertinent to their function;
- (b) that strict compliance with these policies and requirements is a condition of employment; and
- (c) FSHHC will take disciplinary action up to and including termination for violation of these policies or requirements.

Managers shall assist the Compliance Officer in identifying areas that require training and in carrying out the training.

Managers and supervisors will be sanctioned for failing to adequately instruct their subordinates or for failing to detect noncompliance with applicable policies and legal requirements where reasonable diligence on the part of the manager or supervisor

would have led to the discovery of problems or violations and given FSHHC the opportunity to correct them earlier.

Active clinical staff shall participate in educational programs focusing on billing and the need for thorough, precise and timely documentation of services.

The Compliance Officer shall maintain records of employee training, including attendance logs and material distributed at training sessions.

The Compliance Officer shall establish a procedure for employees and others to submit questions about, or request clarification of, any compliance issues. If appropriate, the Compliance Officer shall share the questions and answers with appropriate employees, directors, medical staff appointees and others.

E. COMMUNICATION

An open line of communication between the Compliance Officer and FSHHC employees will be maintained. Any employee or agent who has knowledge of activities that he or she believes may violate the law has an obligation, promptly after learning of such activities, to report the matter to his or her immediate supervisor, to the Compliance Officer or to the Chief Executive Officer. Reports may be made anonymously and without fear of retribution. Every effort will be made to keep reports confidential but there may be instances where the identity of the individual making the report will have to be revealed. The process for reporting suspected violations to the Compliance Officer will be part of the education and/or orientation for all employees.

Employees may seek clarification from the Compliance Officer or the CEO of any policy or procedure. Requests for clarification and answers shall be documented, dated and, if appropriate, shared with other employees.

Employees will be asked during annual performance reviews and during exit interviews whether they are aware of any potential misconduct or suspected violations of FSHHC policies and procedures or federal or state laws or regulations.

F. DISCIPLINARY ACTIONS

Individuals who fail to comply with FSHHC's compliance policies and/or federal or state laws or who have otherwise engaged in wrongdoing that has the potential of impairing FSHHC's status as a reliable, honest, trustworthy provider will be subject to discipline in accordance with applicable personnel procedures, which could include termination.

Failure to report known violations, failure to detect violations due to negligence or reckless conduct and making false reports shall be grounds for disciplinary action, including termination.

G. AUDITING AND MONITORING

1. Periodic Audits

Regular, periodic audits of FSHHC operations will be conducted under the direction of the Compliance Officer, with attention paid to FSHHC's compliance with laws governing kickback arrangements, the physician self-referral prohibition, claim development and submission, reimbursement, marketing, cost reporting, record-keeping, regulations and patient rights. Such audits shall also review specific rules and policies that have been the focus of attention on the part of fiscal intermediaries and the government.

Audits shall be conducted by individuals who are independent of line management and who have access to existing audit resources, relevant personnel and all relevant areas of operation. Audit procedures shall include, at a minimum:

- (a) visits and interviews of patients in their homes;
- (b) analysis of utilization patterns;

- (c) testing clinical and billing staff on their knowledge of reimbursement coverage criteria and official coding guidelines (e.g., present hypothetical scenarios of situations experienced in daily practice and assess responses);
- (d) assessment of existing relationships with physicians, hospitals, and other potential referral sources;
- (e) unannounced mock surveys, audits, and investigations;
- (f) reevaluation of deficiencies cited in past surveys for Medicare conditions of participation;
- (g) examination of complaint logs;
- (h) checking personnel records to determine whether any individuals who have been reprimanded for compliance issues in the past are among those currently engaged in improper conduct;
- (i) interviews with personnel involved in management, operations, claim development and submission, patient care, and other related activities;
- (j) questionnaires developed to solicit impressions of a broad cross-section of FSHHC's employees and staff;
- (k) interviews with physicians who order services provided by FSHHC;
- (l) reviews of clinical documentation (e.g., plan of care, nursing notes, etc.), financial records, and other source documents that support claims for reimbursement and Medicare cost reports;
- (m) validation of qualifications of physicians who order services provided by FSHHC;
- (n) evaluation of written materials and documentation outlining FSHHC's policies and procedures; and
- (o) trend analyses, or longitudinal studies that uncover deviations, positive or negative, in specific areas over a given period.

2. Reports to the Compliance Officer

At least annually, a written report on compliance activities shall be presented to the Compliance Officer, the Chief Executive Officer and the governing body. The report shall identify areas where corrective actions are needed and shall be used by the Compliance

Officer and management to correct problems and prevent them from recurring. Subsequent audits will be performed to ensure that corrective actions have been implemented and are successful.

3. Requests for Advice from Government Agency

The Compliance Officer shall document any request for advice from a government agency charged with administering a federal health care program (including a Medicare fiscal intermediary or carrier). The response, whether oral or written, shall also be documented along with the determination of the Compliance Officer as to whether reliance on such advice is reasonable and any efforts to develop procedures based upon such advice.

H. VIOLATIONS AND INVESTIGATIONS

1. Any report or evidence of a suspected violation of law, regulations or applicable standards of conduct shall be forwarded to the Compliance Officer who shall review the report or evidence and determine whether there is any basis to suspect that a violation has occurred.
2. If the Compliance Officer determines that a violation may have occurred, the matter shall be referred to outside legal counsel who, with the assistance of the Compliance Officer, shall conduct a more detailed investigation which may include, but is not limited to, the following:
 - (a) interviews with individuals who have knowledge of the facts alleged;
 - (b) a review of documents;
 - (c) legal research and contact with governmental agencies for the purpose of clarification.
3. A log shall be kept of all reports of possible misconduct that indicates the nature of any investigation and its results.
4. Any reports to an outside agency shall be made pursuant to FSHHC's Policy on Reporting to Outside Agencies.

I. NEW EMPLOYEE POLICY

Each applicant for employment in FSHHC shall complete an application form that requires the applicant to disclose any criminal conviction related to controlled substances, health care fraud, patient abuse or the Medicare or Medicaid program and any exclusion from participation in the Medicare or Medicaid program. A reference check shall be performed on each applicant including a review of the Cumulative Sanction Report. No individual who has been convicted of a crime listed above or who has been excluded from the Medicare or Medicaid program shall be hired.

**ACKNOWLEDGMENT OF RECEIPT
OF CORPORATE COMPLIANCE POLICY**

I have received a copy of the Corporate Compliance Policy. I have also received and read policies and standards of conduct applicable to my position. I agree to comply with them. I acknowledge that I have a duty to report any suspected violations of law or of the standards of conduct to my immediate supervisor, the Compliance Officer or the Chief Executive Officer.

Signature of Employee

Printed Name

Date