
COMPLIANCE AND ETHICS PROGRAM: CODE OF CONDUCT

This Code of Conduct sets forth the mission of Hillside Manor Rehabilitation and Extended Care Center (the “Facility”) and the standards of conduct that all Personnel must adhere to and follow. If you have any questions or concerns about anything covered in the Code of Conduct or about any matter relating to the Compliance and Ethics Program, or if you wish to report a concern or problem, please contact the Compliance Officer, your direct supervisor, or other senior management.

A. Mission and Values

The Facility is dedicated to providing our residents with excellent, personalized clinical care in a warm, nurturing setting. The Facility is committed not only to providing residents with high quality and caring nursing services, but also to providing those services pursuant to the highest ethical, business, and legal standards. These high standards must apply to our interactions with everyone with whom we deal. This includes our residents, other health care providers, companies with whom we do business, government entities to whom we report, and the public and private entities from whom reimbursement for services is sought and received. In this regard, all Personnel not only act in compliance with all applicable legal rules and regulations, but also strive to avoid even the appearance of impropriety.

We do not and will not tolerate any form of unlawful or unethical behavior by anyone associated with the Facility. We follow the letter and spirit of applicable laws and regulations and conduct our business ethically and honestly. Everyone should adhere both to the spirit and the language of the Code maintain a high level of integrity in their conduct and avoid any actions that could reasonably be expected to adversely effect the integrity or reputation of the Facility. Compliance with the Code of Conduct is a condition of employment, and violation of these standards will result in discipline being imposed, up to and including possible termination of employment or termination of contract.

B. General Standards

1. Honesty and Lawful Conduct. Personnel associated with the Facility must be honest and act lawfully in all of their business dealings. No person should take any action that he or she believes violates any statute, rule, or regulation.

2. Cooperation with the Compliance and Ethics Program. Personnel must comply with the Code of Conduct; report any action they think may potentially be unlawful, inappropriate or a violation of the Code; cooperate with compliance-related investigations; and work to correct any improper practices that are identified.

3. Responsibilities of Department Heads, Supervisors and Managers. All department heads, supervisors and managers have the responsibility to create and maintain a work environment in which ethical concerns can be raised and openly discussed. They are also responsible for ensuring that the personnel they supervise understand the importance of this

Code and the Compliance and Ethics Program; that personnel are aware of the procedures for reporting suspected wrongdoing; and that personnel are protected from retaliation or intimidation if they come forward with information about such suspected wrongdoing.

4. No Intimidation or Retaliation. Personnel may not engage in any adverse action that intimidates or retaliates against anyone who has engaged in good faith participation in the Program. Retaliatory and intimidating actions violate this Code and will not be tolerated.

5. Violations of the Code Will Result in Disciplinary Action. Personnel who violate the Code or commit illegal acts are subject to discipline up to and including termination of employment or contract. Personnel who report their own illegal acts or improper conduct, however, will have such self-reporting taken into account when the Facility, in its discretion, determines the appropriate disciplinary action.

C. Standards Relating to Quality of Care and Medical Necessity

The Facility is committed to providing the high quality skill nursing and rehabilitative services to our residents in accordance with all applicable laws, rules and regulations, including Federal health care program requirements. As part of this commitment, we will ensure that necessary quality assurance systems are in place and functioning effectively. Moreover, the Facility is committed to providing and ensuring that each resident receives all care and services needed to attain and maintain their highest practicable level of physical, emotional and psychosocial well-being, in accordance with individual assessments and care plans. In keeping with our mission and values, the following quality of care and service principles have been incorporated into the Compliance and Ethics Program:

1. Resident Admissions. All residents and potential residents will have equal access to admissions without regard to sex, race, creed, color, age, blindness, sexual preference, national origin, marital status, disability, source of payment or sponsorship in admission. The Facility will not charge, solicit, accept or receive anything of value as a precondition of admission, expedited admission or continued stay.

2. Comprehensive Person-Centered Assessments. Comprehensive person-centered assessments of each resident's medical condition(s) will be conducted upon admission and throughout their stay, in accordance with applicable federal and state regulations and time limits.

3. Resident Rights. The rights of all residents, including privacy, dignified existence, self-determination and to participate in their own care and treatment are at all times respected. The Facility, upon admission, will provide all residents with written notice of their rights and notice of our policies and procedures.

4. Resident Safety. The Facility is dedicated to ensuring the safety of all of its residents. The Facility appropriately screens personnel to ensure resident safety (see the Standards Related to Credentialing, below). Moreover, the Facility will screen and, as necessary, monitor residents to prevent resident-to-resident abuse. Allegations of resident abuse and all unexplained injuries, incidents and accidents involving residents must be immediately reported (*i.e.*, as soon as possible, but no later than twenty-four hours after discovery) to the appropriate supervisor and will be investigated. If there is reasonable cause to believe that allegations of

abuse, mistreatment, or neglect (including injuries of unknown origin) or that a crime against a resident has occurred, a report must be made immediately to the Facility's management and the state in accordance with federal and state regulations (see also Standards Related to Mandatory Reporting, below).

5. Rehabilitative Therapy Services. The Facility will only provide rehabilitative services, such as physical therapy, occupational therapy, speech language pathology and mental health services, pursuant to a written care plan and a physician order. Services must be reasonable and necessary for treatment of the resident, based on the resident's actual clinical condition.

6. Quality Assessment and Assurance Committee. The Facility monitors both quality and compliance assurance through its Quality Assessment (QA) and Assurance Committee. The Compliance Officer or designee will ensure that QA reviews are conducted, issues are addressed and corrective actions are implemented.

7. Medical Necessity for Services and Tests. A medically necessary service or test is defined in federal law as one that is reasonable and necessary for the diagnosis or treatment of an illness, injury, or to improve the functioning of a malformed body member. The Facility submits claims to Medicare or Medicaid (or any other federally funded health care program) only for services that are medically necessary or that otherwise constitute a covered service. Medical necessity will be determined individually for each service or test provided or ordered by the responsible physician.

8. Medication Management. The Facility has a medication management process, which includes appropriate training of staff, advancing resident safety and minimizing adverse drug interactions.

9. Psychotropic Medications. The use of psychotropic medication by the Facility's residents are carefully monitored, documented and reviewed to ensure that such usage comports with federal regulations and generally accepted professional standards. It is prohibited to use psychotropic drugs as a chemical restraint for purposes of discipline or convenience.

10. Other Specific Standards of Care. Providing quality skilled nursing care to its residents is a continuing obligation of the Facility. To this end, the Facility ensures that each resident receives appropriate treatments, medications, diets and/or other health services in accordance with individual care plans, such as: activities of daily living, vision and hearing, pressure sores, urinary incontinence, range of motion, mental and psychosocial functioning, enteral feeding tubes, nutrition, hydration, special needs and wound care.

D. Standards Related to Credentialing

The Facility has processes in place of the on-going and continuous credentialing and competency reviews of the Facility's clinical and non-clinical staff. The Facility conducts appropriate background checks pursuant to federal and state law (which may include, but is not limited to, criminal history checks for all Personnel (or prospective Personnel) involved in resident care or who have access to residents' possessions and whether any Personnel are excluded from participation in Federal health care programs.

It is the on-going and continuous obligation of all Personnel to alert the Compliance Officer in writing, within two days, of any criminal conviction, exclusion from participation in a Federal health care program (e.g., Medicare or Medicaid), or any other finding that would disqualify them from providing services. Upon receipt of any conviction or exclusion report, the Compliance Officer will assess whether your conviction or exclusion violates the Compliance and Ethics Program, with the assistance of counsel as may be appropriate.

Employees are required to certify annually that they have not been (i) excluded, debarred or declared otherwise ineligible for participation in any Federal health care programs (e.g., Medicare and Medicaid); or (ii) convicted of a crime. Employees are further required to certify annually that their New York State certification/license and registration to practice their profession are current (if applicable).

E. Standards Related to Billing and Payments

All billing must be accurate and truthful and based on adequate documentation of the medical justification for the services provided.

1. Assessments and Plans of Care. A comprehensive person-centered and up-to-date plan of care is maintained for each resident in a skilled nursing unit. All resident assessment documents, including but not limited to the Minimum Data Sets (MDS) and Care Area Assessments (CAAs) must be fully, timely and accurately completed in accordance with all applicable federal, state and local rules and regulations.

2. Services. Only those services provided to residents that are consistent with acceptable standards of medical care may be billed.

3. Adequate Documentation. Billing must always be based on adequate documentation of the medical justification for the services provided. The medical documentation must comport with all applicable laws and regulations.

4. Physicians' Services. The Facility's clinical staff will ensure, to the extent possible, that each resident is visited by a physician every thirty (30) days. Additionally, the Facility will ensure that all residents are provided, as needed, with physician services more frequently, including twenty-four (24) hour physician availability in cases of medical emergencies. The Facility, as well as State and Federal law, prohibits attending physicians from providing and billing for medically unnecessary services or excessive visits. Anyone who engages in such practices, either intentionally or otherwise, will be subject to discipline, including loss of privileges and/or termination.

5. Charges. Personnel should never misrepresent charges to, or on behalf of, a resident or a third-party payor. Deliberate or reckless misstatements to government agencies or other payors will expose the Personnel involved to termination of employment or contract and potential criminal penalties.

6. Compliance with Federal and State Law Regarding the Submission of Claims. All personnel shall comply with all applicable Federal and State laws and regulations governing the submission of billing claims and related statements. A discussion of these laws is contained

in a separate policy entitled, "Compliance with Applicable Federal and State False Claims Acts: Overview of the Laws Regarding False Claims and Whistleblower Protections." All Personnel will receive a copy of this policy.

7. Overpayments. The Facility does not retain any payments to which it is not entitled. The Facility will timely report, return and explain any identified overpayments in accordance with applicable law, rules, regulations and contractual requirements. For more information, see the Standards Related to Mandatory Reporting, below.

F. Standards Related to Governance

The Governing Body maintains oversight of the Facility's compliance with Federal health care program requirements and this Program. In that regard, the Governing Body regularly receives reports from the Compliance Officer and the Compliance Committee regarding the effectiveness of the Program.

The Governing Body also oversees the Facility's procedures for evaluating potential or actual conflicts of interest. Personnel must exercise the utmost good faith in all transactions that touch upon their duties and responsibilities for, or on behalf of, the Facility. Even the appearance of illegality, impropriety, conflicts or the duality of interests can be detrimental to the Facility and must be avoided. Personnel who are in positions to influence any substantive business decisions must complete an annual Conflict of Interest Disclosure Statement, disclosing all direct and familial interests which compete or do business with the Facility.

G. Standards Related to Referrals

In compliance with federal and state anti-referral laws, the Facility does not pay incentives to any Personnel based upon the number of residents admitted to the Facility, or the value of services provided. Nor does the Facility pay physicians, or anyone else, either directly or indirectly, for resident referrals. The Facility also does not accept any form or remuneration in return for referring our residents to other health care providers. The Facility at all times respects and honors a resident's freedom to choose a health care provider.

All financial relationships with other providers who have referral relationships with the Facility are based on the fair market value of the services or items provided.

H. Standards Relating to Ordered Services

Physicians and other practitioners that order services for the Facility's Medicaid program recipients must ensure such orders are in accordance with the resident's treatment plan, are in writing (or if given verbally in an emergency, followed by a written order), and that payment of any item of medical care is made only to the provider who actually furnished such care, not to the ordering physician/practitioner.

I. Standards Relating to Business Practices

The Facility will forego any transaction or opportunity that can only be obtained by improper and illegal means, and will not make any unethical or illegal payments to induce the

use of our services.

1. Business Transactions, Generally. Business transactions and joint ventures with other health care providers will be aimed at enhancing the quality or continuity of care provided to the residents. Financial investments in such transactions and ventures, and any return on investments, will be based on the bona fide financial value of the investment and its positive impact on the Facility's ability to deliver medical services. Such investments will not be based on intent to induce or reward referrals to or from another provider. In the course of the Facility's business practices, Personnel must deal with a variety of individuals, companies, organizations, and governmental agencies. In those dealings, Personnel must never make any misrepresentations, dishonest statements, or statements intended to mislead or misinform and will correct any misunderstood statement promptly.

2. Payments and Gifts. Personnel may not be involved with gifts or benefits that are undertaken: (i) in return for or to induce referrals, or (ii) in return for or to induce the purchasing, leasing, ordering or arranging (or the recommending of any of the foregoing) of any item or service. Any questions regarding whether or not an item or situation falls within the scope of this policy must be raised immediately with the Compliance Officer. In addition:

- Personnel are strictly prohibited from soliciting any gifts or benefits of any kind from any person or entity, either individually or on behalf of the Facility.
- Personnel may not accept any personal gifts, gratuities or tips from any resident or resident's family member.
- Personnel may not offer or give any gifts or benefits to a person if the gift or benefit is likely to influence the person to select us as their provider of care.
- Personnel may provide or receive, however, ordinary and reasonable business entertainment and gifts of nominal value, if those gifts are not given for the purpose of influencing the business behavior of the recipient.
- Gifts of cash or cash equivalents are strictly prohibited.

3. Purchasing and Competitive Bidding Policy. The Facility will make all purchasing decisions with the purpose of obtaining the highest quality product or service for its residents, at the most reasonable price. No purchasing decision may be made because a benefit will accrue to any Personnel, or any family member or friend of Personnel. All purchasing decisions will be approved by a member of the Governing Body or its designee and will be based on best price, quality and other relevant factors.

4. Marketing. In marketing our services, Personnel must be truthful and honest in all representations that make and never agree to offer anything of value in exchange for referrals. All marketing and advertising of services are based solely on the merits of the services provided.

5. Accuracy and Integrity of Books and Records. The Facility keeps accurate books, records, and accounts and accurately reflects the nature of transactions and payments. This includes, but is not limited to, financial transactions, cost reports, and other documents used in the normal course of business. No false or artificial entries shall be made for any purpose.

6. Cost Reports. The Facility will prepare the institutional cost report in compliance

with all applicable State and Federal regulations, claiming only such costs that are allowable and based on accurate documentation and allocating such costs to the appropriate cost centers.

7. Grants. The Facility may receive grants from government agencies, private industry, and various philanthropies to implement certain projects. While the receipt of grants is to be encouraged in appropriate cases, the receipt and use of grants must be subject to adequate safeguards to ensure that an appearance of impropriety, or actual impropriety, is not created.

J. Standards Relating to Confidentiality and Security

The Facility has implemented and maintains a Health Insurance Portability and Accountability Act (“HIPAA”) Compliance Program that addresses privacy and security. Personnel must adhere to the standards of the HIPAA Compliance Program Confidential Resident Information.

Personnel are bound by and must observe all confidentiality provisions of HIPAA and other applicable federal and state laws and regulations governing the confidentiality of residents’ records and information. Personnel must keep resident information in the strictest confidence and secure. Such information must not be disclosed to anyone unless authorized by the resident or otherwise permitted by law. This includes, without limitation, disclosure of pictures or any resident information on any form of social media.

In addition, Personnel must not disclose or release, without prior authorization of the appropriate supervisor, any confidential information relating to: the Facility’s operations, pending or contemplated business transactions or deals, trade secrets, resident lists, development plans, marketing strategy, financial data, proprietary research, and confidential Personnel information. All confidential information pertaining to the Facility is to be used for the benefit of the Facility and our residents, and is not to be used for the personal benefit of Personnel, their families or friends.

K. Standards Relating to Mandatory Reporting

As part of the Facility’s commitment to providing high quality care and services to its residents, the Facility complies with all applicable federal and state mandatory reporting laws, rules and regulations. To this end, the Facility will ensure that all incident and events that are required to be reported are done so in a timely manner, and will monitor compliance with such requirements.

1. Reporting Allegations of Abuse, Neglect, Exploitation and Misappropriation. Allegations of resident abuse, mistreatment, neglect, exploitation, or misappropriation of resident property must be immediately reported to the appropriate supervisor and investigated in accordance with applicable rules and regulations.

2. Annual Certifications. The Facility also ensures that it complies with the annual certification requirements that apply to its Compliance and Ethics Program in accordance with New York Social Services Law and the Federal Deficit Reduction Act of 2005.

3. Overpayments. The Facility will ensure that all identified overpayments are

timely reported, returned and explained. It is our policy to exercise reasonable diligence in identifying overpayments and quantifying overpayment amounts, not retain any funds which are received as a result of overpayments and to report, return and explain any overpayments from Federal health care programs (e.g., Medicare and Medicaid) within 60 days from the date the overpayment was identified. Such funds are refunded to the appropriate party (e.g., Medicare Administrative Contractor, the New York OMIG, etc.).

4. Self-Disclosures. In some circumstances, (e.g., if an internal investigation confirms possible fraud, waste, abuse or inappropriate claims) and with the assistance of legal counsel as necessary and appropriate, the Facility will avail itself of the appropriate self-disclosure or refund process (e.g., to the New York State Department of Health, OMIG, Department of Health and Human Services Office of Inspector General, etc.).

L. Standards Relating to Contractor Oversight

The Compliance Officer will ensure that arrangements with contractors, agents, subcontractors, and independent contractors (“Contractors”) specify in writing that such individuals/entities are subject to the Facility’s Program, to the extent that such Contractors are affected by the Facility’s compliance risk areas and only within the scope of the contracted authority and affected risk areas. The Facility will confirm the identity and determine the exclusion status of Contractors affected by the Facility’s compliance risk areas. All such contracts must include termination provisions for failure to adhere to the Facility’s Program requirements.

M. Government Inquiries

1. Speaking with Government Agents. Personnel may speak voluntarily with government agents, but the Facility recommends that, before speaking with government agents, Personnel contact their supervisor and Compliance Officer.

2. Responding to Subpoenas, Civil Investigative Demands, and Other Requests. Personnel must check with the Compliance Officer, who will consult with counsel as necessary and appropriate, before responding to any request to disclose Facility documents or records to any outside party. In no event may Personnel respond to a request to disclose documents that are the property of the Facility without authorization from the Compliance Officer and/or Administrator.

3. No Destruction of Records or Evidence. It is the Facility’s policy to comply with the law and cooperate with legitimate governmental investigations and inquiries. All responses for information must be accurate and complete. Any action by Personnel to destroy, alter or change any records in response to a request for such records is prohibited and will subject the individual to immediate discharge and possible criminal prosecution.