

CODE OF CONDUCT

I. OUR MISSION AND VALUES STATEMENT

The Center is part of a family based tradition of dedication to the delivery of quality long term, rehabilitative and related health care services for over 35 years. Our mission is to be the preeminent provider of services in all of our markets. We strive to deliver the highest quality of care and quality of life to our residents and patients and in pursuit of these objectives, we conduct ourselves at all times with honesty, integrity, and respect for our residents and patients, their families, our profession, ourselves, and the law. In short, we will always strive to “*Do the Right Thing*” on behalf of our residents and patients and in our conduct of the Center’s business.

II. PURPOSE OF OUR CODE OF CONDUCT

This Code of Conduct sets forth a number of fundamental principles by which the Center expects all of its employees, consultants, vendors and anyone else engaged in the Center’s business, (“Center staff”) to conduct themselves. Basically, the Code of Conduct is intended to provide you with guidance as to what it means to “*Do the Right Thing*” in various situations that come up in the day to day conduct of the Center’s business.

There are many complex and detailed state and federal laws, rules, regulations, policies and procedures that expand in great detail upon the principles set forth in this Code of Conduct. The Code of Conduct is not intended to serve as a substitute for these legal authorities nor is it intended to serve as a strict, final statement as to their interpretation and application in any given case. Rather, the purpose of the Code of Conduct is to provide you with general guidance as to the intent of those authorities and how they can or should affect your day to day activities.

A. Communication is Key

No Code of Conduct can anticipate every single question or concern that may arise. Accordingly, this Code of Conduct is intended to be a starting point and not an end point in your analysis of what it means to “*Do the Right Thing*” in any situation. The Code of Conduct should be read in conjunction with your knowledge of the laws pertinent to that situation, the applicable Center policies and procedures pertinent to that situation, and your own personal values and sense of what feels right. Above all, the Center encourages you to engage in discussion with your colleagues with respect to any Code of Conduct or compliance related issues or concerns that may arise and to ask questions when you are unsure of your or the Center’s obligations. Questions should first be directed to your supervisor. If you are not comfortable speaking with your supervisor about the issue or are not satisfied with the response you get at that level you should direct your question to the next level of management. If you are still uncomfortable or dissatisfied with the response at that level you can also contact any member of the Human Resources Department or the Compliance Committee (See Section XI Below, The Compliance Team). In addition, questions can also be presented through the “*Because We Care*” Compliance “Hotline” (1-800-362-1059) (“the Hotline”). When resorting to the Hotline, however, please keep in mind that it is intended as a vehicle for questions that cannot be addressed through usual management structures and processes. The Hotline is not intended as a convenient substitute for routine human resources issues or for other questions that can be addressed at the facility or regional level.

III. COMPLIANCE - A PERSONAL AND SHARED RESPONSIBILITY

No Code of Conduct can be effective if the audience to whom it is directed does not read and agree to be bound by it. Accordingly, you will be expected to attest to the Center that you have read the Code of Conduct and agree to be bound by its terms. This obligation extends to any material revisions or amendments to the Code of Conduct which may from time to time be published or distributed by the Center.

Compliance with the principles set forth in the Code of Conduct is not voluntary. It is fundamental to our attainment of the mission objectives set forth in the first paragraph above. It is an obligation that every one of us working for or on behalf of the Center, regardless of his or her position, owes to our residents and patients, to the government, to our colleagues, to ourselves and to the Center.

A. Reporting, Investigation, Enforcement, Confidentiality, and Non Retribution

Agreeing to be bound by the Code of Conduct also means helping to make sure it is enforced. Reporting of violations is not intended to foster suspicion or distrust among co-workers but to ensure that we help each other understand what is required of us and to encourage a Center wide cooperative effort on the education and enforcement of compliance requirements. If you learn of or suspect a violation of this Code of Conduct or any of its related laws, policies or procedures, you should bring it to the attention of your supervisor first. As with general questions, if you are uncomfortable bringing the issue to your supervisor or are dissatisfied with the response you get at that level you should direct your concern to anyone in the Human Resources Department, to any member of the Compliance Committee (See Section XI below) or if necessary you can make a report to the Compliance Hotline (800-362-1059).

Regardless of how your questions, concerns or reports are presented, however, they will be fully investigated by the Center and where necessary corrective action will be taken. To the extent it is requested by the reporter or required in order to effectively conduct the investigation, the Center will, make every effort to keep any such questions, concerns or reports confidential. The Center will not tolerate any retribution or retaliation against anyone who brings or seeks to bring to its attention any questions, concerns or reports or other issues which he or she reasonably and in good faith believes do or may constitute a violation of any applicable laws, rules, regulations, or Center policies and procedures including but not limited to the principles set forth in this Code of Conduct. In such cases appropriate disciplinary action will be taken as set forth immediately below.

Center staff who fail or refuse to conduct themselves in accordance with the principles and guidance set forth in this Code of Conduct, who fail to take reasonable measures to prevent, detect, or report people they know or should know are in violation of these standards, who fail to cooperate with the Center's investigation of reported violations of this Code of Conduct or who otherwise fail to conduct themselves in an ethical manner in carrying out the Center's business undermine the integrity of our Center, place all of us in jeopardy and will be subject to discipline up to and including termination in accordance with Center Human Resources Policies and Procedures.

Compliance is a fundamental cornerstone of our success. It is a serious matter and the Center wants everyone to take it seriously and to encourage their colleagues to do so as well. Working together we can ensure that we always "*Do the Right Thing.*" Your personal commitment to this obligation is expected and appreciated.

IV. THE CODE OF CONDUCT AND THE ELEMENTS OF COMPLIANCE

The Code of Conduct is an important part of our overall Compliance Program but it is just one part. Compliance is a mindset or a culture to always, “*Do the Right Thing*,” that should affect everything that every one of us does on the Center’s behalf. The Compliance Program is the formal structure by which we develop, communicate, oversee and enforce that mindset or culture.

That formal structure includes many other elements such as a formal Compliance Committee, the appointment of a Chief Compliance Officer to oversee the program, the establishment of a “Hotline” (1-800-362-1059) to assist in the communication of compliance concerns, the establishment of and commitment to various discipline specific policies and procedures to implement the principles set forth in the Code of Conduct, the establishment of a formal education and training program to teach and reinforce those policies and procedures, appropriate employee and vendor screening mechanisms to avoid hiring people or contracting with vendors who have a history of compliance violations, appropriate human resources procedures to enforce the various components of the Compliance Program, and appropriate mechanisms to monitor and audit the effectiveness of the Program’s various components and to investigate potential violations.

While the Code of Conduct and these various other components make up the structure of the Compliance Program, the Program is in reality defined by our personal values and the personal commitment that each of us makes to “*Do the Right Thing*” on behalf of our residents and patients and the Center.

V. QUALITY OF CARE, QUALITY OF LIFE, AND RESPECT FOR OUR RESIDENTS AND PATIENTS

Among the principles discussed in this Code of Conduct, none is more important to our success than that by which we strive to always deliver to our residents and patients the highest possible quality of care and the best possible quality of life, while maintaining the highest degree of respect for their rights and the circumstances that have placed them in our trust. In upholding this principle we make no distinction in the admission, transfer or discharge of patients or in the care we provide based on age, color, religion, national origin, gender, sexual orientation or disability.

This is a fundamental obligation we owe to our residents and patients, their families and friends, to the Medicare and Medicaid programs, and to any other individual, entity or agency responsible to pay for the services we provide. It is also how we will distinguish ourselves as the premier provider in our markets.

Commitment to this principle extends of course to reading, understanding, applying and upholding the Center’s policies and procedures on detection and prevention of resident abuse, neglect and the theft, misappropriation or other misuse of resident property. It extends as well to our obligation to safeguard the privacy and confidentiality of residents’ and patients’ personal information (see below at Section VI C), to respect our residents’ and patients’ dignity and to respect all of the other resident rights which are mandated by every state licensing agency where our facilities are located and which are posted in every facility and distributed to every resident. It applies of course to the basic professional, clinical, and ethical obligations of resident assessment, treatment and care imposed upon us by the contracts to which the Center binds itself, by the professional standards of the health care community in which we operate, and by the

Federal Nursing Home Reform Act (OBRA'87) mandates to deliver care and services that allow each resident/patient to “*attain and maintain his/her highest practicable physical, mental and psychosocial well- being,*” by. The Center strives to articulate these basic standards through its policies and procedures and through its on going education and training. Reckless or careless indifference to or deviation from these basic standards of care and respect for our residents and patients will not be tolerated by the Center and will be grounds for discipline up to and including termination of employment or contract.

Commitment to this principle extends well beyond the “do no harm” concepts embodied in these basic regulatory and industry standards, however, and requires each of us to continually explore how we can better understand our residents’ and patients’ needs, and better manage our resources to enhance our residents’ and patients’ experience while in our care to the greatest extent possible.

Through its Performance Improvement processes, the Center is committed to continuously measure, evaluate, re-evaluate and improve upon the quality of the services it provides. As the quality of our services, however, is ultimately only as good as the people who deliver them, the Center expects all of its staff to apply the same processes to their own personal conduct and ask both themselves and our residents and patients what more each of us can do every day to show compassion, dignity and respect for our residents and patients, and to improve their quality of care and quality of life. Nowhere is the personal and shared commitment to “*Do The Right Thing*” more important to the success of our Center than here.

A. Gifts from Residents and Patients

From time to time, residents and patients or their representatives may offer Center staff gifts to express appreciation for the care they receive. **Although gifts from residents and patients may be offered with the best of intentions, you need to refuse them.** The practice of accepting gifts can lead to a perception that residents and patients who give gifts receive better care than those who do not give gifts, a perception that is wholly inconsistent with Center policy. Accepting gifts also can lead to conflicts with family members or residents and patients who may not have reliable short-term memories. If a resident or family member offers a gift, the appropriate response is to politely decline the gift and inform the person offering the gift that the Center has a policy against receiving gifts from residents and patients to reassure people that everyone gets the same level of quality care. If flowers or other perishables are delivered to a facility and it is not possible to decline them, they should be used in resident areas. If the resident or the resident’s representatives insist on making such gifts please contact your supervisor or the Administrator for assistance.

VI. RESPECT FOR THE LAW AND ITS PROCESSES

As indicated above, there are many complex state and federal laws, rules, regulations, policies, and procedures that govern virtually every aspect of the Center’s business. These authorities are generally intended to ensure the quality and the integrity of the services we provide. These authorities are administered and enforced by a broad range of governmental agencies through a number of processes that are often very routine but can also be unusual, out of the ordinary or otherwise unfamiliar to you.

Some of the most important of these authorities and /or governmental processes are specifically addressed in this and other sections of the Code of Conduct below; however, regardless of whether or not they are specifically addressed in this Code of Conduct,

respect for all of the laws, rules, regulations, policies and procedures which govern our business and the governmental agencies and processes through which they are administered and enforced is a fundamental principle of the Compliance Program.

A. Referral of Business – The Federal “Anti Kick Back Statute”

The "Anti Kickback Statute" is a federal law intended to protect the integrity of federally funded health care programs such as but not limited to Medicare and Medicaid by prohibiting certain relationships that could lead to unnecessary or otherwise improper utilization of those federally funded health care benefits. In short the Anti-Kickback Statute makes it a criminal offense to knowingly and willfully offer, pay, request, or receive any gift, payment or benefit of any kind, whether directly or indirectly, to or from any person or entity, that is intended to induce or reward referrals of items or services reimbursable by a Federal health care program. This law applies to the referral of actual patients but also to the referral of any other business paid for in whole or in part by federal health care programs. It is a very broad law that can affect many aspects of the Center’s business. As discussed in greater detail in section VII below, Center staff must not offer or accept cash, gifts, benefits or payments of any kind to influence the referral of residents, patients, or other business. All staff engaged in admissions, marketing or vendor relations of any kind should pay special attention to Section VII.

B. Federal and State False Claims Acts and Related Laws

The Federal “False Claims Act” and many similar or related state and federal laws provide for significant civil and/or criminal penalties for the filing of false or inaccurate claims for reimbursement from Medicare, Medicaid, other public health programs and third party payers.

False claims include claims for services no one performed, claims for more services than what someone actually performed, claims that are not medically necessary, are inaccurate or that misrepresent the scope or the nature of the services rendered, and claims for services that the programs do not cover. Increasingly, false claims will also include claims for services that significantly deviate from the accepted quality standards for those services.

As required by federal law, The Center has developed and published for all staff, policies specifically addressing the provisions of the Federal False Claims Act and related state laws as well as the protections afforded under those laws to those who report actual or suspected violations of the laws, referred to as “Whistle Blowers.” The Center’s commitment to the integrity of its claims submissions extends far beyond this mandated federal policy, however, as discussed in greater detail below at Section VIII. Billing, Reimbursement, Professional Credentialing and Documentation. All staff in any way engaged in the determination of resident eligibility for Medicare, Medicaid or any other health care benefit, in the preparation and submission of reimbursement claims and/or in the creation and maintenance of the clinical and financial records upon which those determinations or claims are based are especially encouraged to read Section VIII carefully.

C. Resident Privacy – The Health Insurance Portability and Accountability Act (HIPAA)

The federal Health Insurance Portability and Accountability Act (HIPAA) formally recognized the privacy interest that all health care consumers have in their personal health care information and imposed upon the health care industry as a whole, various requirements to help

safeguard those privacy interests from inappropriate and unnecessary disclosure of personal health information. Personal healthcare information protected under HIPAA (“protected health information” or “PHI”) includes any information that can be used to identify the person as a resident or consumer of healthcare services from the Center or that relates to the person’s health care status, treatment or payment status.

The Center respects the privacy interest of its residents and patients and requires its employees, consultants, contractors and anyone else with access to resident personal and confidential health care information to do so as well. To that end the Center has adopted specific HIPAA policies to address the more complex issues that might arise regarding the “use” or “disclosure” of resident “protected health information” in any particular situation. Under those policies, Administrators are the HIPAA Privacy and Security Officers charged with primary responsibility to address questions that may arise at the facility level. Further, as with any other compliance issue, HIPAA questions can always be raised through the Compliance Hotline (1-800-362-1059) or directed to any member of the Compliance Committee.

As a general principle, however, you should consider all resident medical, financial or other personal information strictly confidential and absent the express approval of the resident or his/her legal representative, you should keep all discussion of such “protected health information” strictly limited to those within the Center or other health care providers who are engaged in the resident’s care and treatment or related billing, reimbursement or payment eligibility issues. Even in those situations you should use only the minimal amount of information necessary for you to effectively accomplish the care task with which you are involved. Careless or deliberate public discussion of the resident out side of that context, even public discussion of the fact that the individual is a resident of the facility, runs the risk of violating HIPAA. Last, **if there is any doubt about whether you should release resident information, DO NOT RELEASE IT, and ask for guidance.**

D. Prohibited Employment

Numerous state and federal laws prohibit our Center from employing or contracting with individuals or entities who have violated a broad range of compliance related and other laws. Failure to take reasonable measures to prevent such individuals or entities from obtaining employment with the Center can lead to significant adverse consequences. The Center has established pre-employment and ongoing background checks and other screening procedures to minimize these risks and will communicate with affected individuals or entities as necessary.

In addition to these procedures utilized by the Center, it is the obligation of every employee, consultant, contractor or other individual or entity doing business with the Center to immediately inform their supervisor or human resources personnel in the event they become aware of or have reason to believe, that they or any other individual or entity have been charged with or convicted of an offense that may prohibit them from further employment by or contracting with the Center. Failure to provide such notice will be grounds for disciplinary action up to and including termination of employment or contract.

E. Cooperation with Surveys and Other Governmental Investigations

It is the Center’s policy to fully cooperate with all government investigations or inquiries in a direct, honest and truthful manner. These investigations and inquiries may be fairly routine such as with “reportable events” or annual facility certification surveys or they may involve

agencies, issues or procedures with which you are completely unfamiliar. While in most cases any contact you will have with a government investigation will be at work, this is not necessarily always the case. Government investigators may also contact you at home or elsewhere away from the workplace.

Regardless of when or how you find yourself involved in a governmental investigation of any sort, there are some general guidelines to follow that will help to ensure that the Center fully cooperates with the government in an effective and responsible manner.

1. **Identification** – The first thing to do in the event of any contact from any individual or agency is to politely request the name, address and telephone number of the person or entity making the contact and the purpose of the contact.

2. **Notification** – At the earliest opportunity, notify your immediate supervisor and such other Center personnel as may be established through “DOH Alerts” or other protocols. In the case of governmental investigations or inquiries other than routine Center surveys, you should also immediately notify the Legal and Compliance Departments at 201-242-4029. Wherever possible, politely inform investigators that before producing any documents, witnesses, or other materials and before providing any statements, Center policy requires you to complete the notification process to ensure that management can oversee and monitor full cooperation with the investigation or inquiry.

3. **Cooperation** – In all cases of governmental investigations or inquiries you should make every reasonable effort to fully cooperate with investigators and never attempt to delay or otherwise obstruct any such investigation. This means that Center staff must:

(a) Always be polite and courteous to the investigators;

(b) Never hide, withhold, destroy, or change any documents in anticipation of or in response to a governmental investigation or inquiry no matter how routine the issue or how serious the potential outcome;

(c) Never lie or make false or misleading statements to any investigator;

(d) Never attempt to persuade or assist any one else to provide any false or misleading information, to withhold alter or destroy any information or to otherwise obstruct any governmental investigation.

4. **Accurate Documentation** - The accuracy and reliability of the documents we generate during the course of our day to day activities are critical to the integrity of the Center and nowhere is that more true than in responding to governmental investigations or inquiries. Center staff are expected to help maintain the Center’s integrity by ensuring that all records and documents, particularly those at issue in governmental investigations and inquiries are thorough, complete and accurate and that they are never altered, edited or amended except as may be permitted in strict accordance with applicable Center policies. Disregard for this principle will be grounds for serious disciplinary action up to and including termination.

5. Representation – you have a legal right to speak with an attorney before you respond to any questions from an investigator if you so desire and may decline to be interviewed until you do so. Should you feel the need to speak with an attorney you may request assistance from your own counsel or request guidance from the Legal Department at 201-242-4029.

Former employees are requested to notify the Legal Department at 201-242-4029 if an investigator interviews them regarding a matter related to their employment with the Center.

VII. BUSINESS RELATIONSHIPS: REFERRALS, BUSINESS GIFTS, CHARITABLE DONATIONS AND CONTRACTS

In our day to day conduct of the Center’s business many of us are exposed to a wide variety of professional affiliations and commercial business relationships ranging from routine marketing efforts to promote our services in the local health care community to substantial contracts for goods and services affecting multiple facilities. While management of these relationships may seem routine to those of us routinely engaged in them, they can easily lead to significant legal and compliance issues. The Center expects all of its staff to understand the risks inherent in such relationships, and to conduct themselves at all times in an ethical, honest, open and responsible manner in accordance with applicable law, applicable Center policies and procedures, and the guidance set forth in this Code of Conduct, to use common sense and good judgment in their business practices and to always ask questions first if there are any concerns about a particular business relationship.

A. Referral of Residents, Patients and Other Business

As discussed in Section VI A above, the federal “Anti Kick Back” statute can lead to serious criminal penalties for anyone who requests, offers, accepts or pays a “kick back” intended to influence, encourage or induce the referral of business paid for in whole or in part by Medicare, Medicaid or other federally funded health care program.

The referrals covered by this law implicate not only our relationships with physicians, hospitals or other individuals or entities in a position to directly refer residents and patients to our facilities, but also implicate our relationships with vendors, consultants, contractors or other individuals or entities seeking to sell us goods or services to be used directly or indirectly in the care of our residents and patients.

The “kick backs” prohibited by this law include of course any direct request for, offer, acceptance or payment of cash, gifts or “freebies” made for the purpose of influencing the referral of residents and patients or other business. They can also include, however, less direct forms of influence such as the “swapping” of services between business partners or the offer of certain goods or services at commercially unreasonable discounts, below cost or below fair market value in exchange for “exclusive” referral of other business paid for by Medicare or Medicaid.

The issue in all “Kick Back” cases is whether or not the payment or benefit was offered with the intent to influence the referral of business; however, in the case of a disputed relationship, the ultimate determination as to what the parties intended will be made by someone other than the parties themselves. Moreover, government cases have established that where even one purpose of the payment was intended to influence the referral of business, it makes no difference that other “legitimate” business purposes exist. As you can see, the “Anti Kick Back”

statute is a very broad law that can affect a wide range of business relationships. In fact, it prohibits many transactions or relationships that may be common place in any other business. If you have any questions about the propriety of a particular business relationship don't assume, ASK!

B. Business Gifts, Business Development and Marketing

The Center makes decisions on the acceptance and referral of residents and patients based solely on an assessment of their clinical needs and our ability to provide the goods and services required to address those needs. Similarly, the Center makes decisions on the hiring of vendors and on other business relationships based on the quality of the good and services they can provide and based on the fair and reasonable value of those goods or services.

The Center does not authorize and will not sanction or condone the offer, request for, payment or acceptance of any money, gift, benefit or “kick back” of any kind which Center staff know or should have reason to believe is being made for the purpose of inducing the referral of residents and patients or any other business paid for in whole or in part by Medicare, Medicaid or any other federally funded health care program.

That said, there is an established and commonly accepted practice of occasionally providing small and inexpensive gifts and gratuities among business partners, particularly during holiday seasons, of engaging in legitimate business discussions with existing or potential business partners over meals, or especially in the health care industry, of participation between business partners in workshops, seminars, training sessions or other legitimate continuing educational programs necessary to maintain credentials or otherwise intended to improve the quality of the health care services offered in our communities.

It is not the Center's policy to prohibit staff from engaging in such routine or legitimate arrangements with existing or actual business partners. As stated above, however, it is the Center's expectation that all of its staff take the time to understand the risks inherent in such arrangements, and to conduct themselves at all times in an ethical, honest, open and responsible manner exercising common sense and good judgment. Even the most routine and common arrangements with business partners can be abused or misconstrued. All staff, but especially those engaged in marketing, business development, and vendor relations must be particularly sensitive to how their actions might be perceived by others such as competitors or government agencies with a duty to protect the integrity of their health care programs.

A good rule to keep in mind is this. If the proposed arrangement between business partners who are in a position to influence the referral of residents and patients or other business, involves the exchange of goods, services or anything of material value for “free” or below what you know, have reason to believe, or can reasonably ascertain is the “fair market value” of those goods or services, the arrangement is likely to be perceived by others as a potential problem. Similarly, if the proposed arrangement is dependent at all on the volume or the nature of business referred between the parties it is a potential problem.

Perhaps an even better rule to keep in mind is this. You do not have to make all of these decisions on your own. The Center encourages you to discuss the principles of compliance with your colleagues and to ask questions when you have any doubts or concerns. If you have questions about the propriety of any business arrangement ask your supervisor or any member of the Legal Department or Compliance Committee.

C. Charitable Donations

The Center enthusiastically participates in, and welcomes the participation of its staff in contributions to *bona fide* charitable organizations which are organized for purposes consistent with our health care mission. To the extent that such charitable activities involve hospitals or other entities in a position to engage in the referral of business with the Center which is often the case, there is always the potential for them to be misunderstood as discussed in Sections VII A and B above. To minimize that potential, Center staff should not commit the Center to any charitable contribution without obtaining approval from the appropriate regional management representative (e.g. Regional Vice President of Marketing or senior regional operations representative) and through those supervisors, the Compliance Officer.

D. Contracts

For the reasons set forth in this section and for many other reasons, contracts entered into on behalf of the Center must be carefully scrutinized to minimize the risk of potential compliance and other legal issues. Accordingly, Center staff cannot commit the Center to any contract without first obtaining the approval of the regional head of operations and after that approval is granted, without review and approval by the Legal Department.

In particular, Center staff are not authorized to commit the Center to unwritten deals, “handshake” arrangements or verbal agreements of any kind whether they be initial relationships or amendments to existing relationships. Center staff should conduct all business negotiations on the Center’s behalf at arm’s length and should avoid transactions that appear improper or that might otherwise compromise the Center’s integrity. To the extent Center staff have direct or indirect personal relationships with actual or potential contract partners they need to so advise their supervisor to avoid the appearance of impropriety and/or conflict of interest (see below at Section IX Respect for the Center).

VIII. BILLING, REIMBURSEMENT, PROFESSIONAL CREDENTIALING AND DOCUMENTATION

The accuracy of our billing and claims submission processes is fundamental to the integrity and success of the Center and of the healthcare system as a whole. The obligation to safeguard that integrity extends not only to those Center staff directly involved in the preparation and submission of actual reimbursement claims, but to every one of us who delivers the services and prepares or maintains the records upon which those claims are based. Even an innocent mistake, careless oversight or accidental error can have serious consequences for the Center if it affects the accuracy of the claims and related documentation we submit for payment.

As indicated at Section VI B above, the Center has developed and distributed policies and procedures to comply with the requirements of the various federal and state laws aimed at preventing the filing of false claims. The Center’s commitment to the integrity of its billing and claims submission processes goes beyond these governmental mandates, however, and includes the dedication of substantial resources to educate Center staff on the importance of this principle, and to monitor, audit and enforce compliance with it.

Central to this principle, all care decisions made on behalf of our residents and patients are to be based solely on a thorough and proper assessment of residents’ and

patients' needs, and on the delivery by qualified personnel of the care and services necessary and appropriate to fully address those needs.

The submission or making of false, fraudulent or misleading information to the government, to a third party payer or to any other person or entity in order to get paid for a service or to qualify for participation in Medicare, Medicaid or a related government program, or the provision of assistance to any resident/patient, residents' and patients' representative or any other person to do so will be grounds for serious disciplinary action up to and including termination.

A Credentialing – Public and private payment of reimbursement claims generally depends upon the delivery of care by staff properly licensed, registered, certified or otherwise credentialed in accordance with applicable state and federal laws. All Center staff who deliver services on behalf of the Center which require such credentials are personally obligated to maintain their credentials up to date at all times, to practice in accordance with the standards imposed upon them by the appropriate licensing or regulatory agency, and to inform their supervisors immediately upon learning of any impairment to those credentials.

B Documentation – As indicated above, the reliability of the claims we submit and hence the Center's ability to get paid for those claims, depends fundamentally on the thoroughness, accuracy and integrity of the medical, financial or other documentation upon which those claims are based. Accordingly, the Center expects that all records, including medical and financial records will provide reliable documentation of the basis for and the nature and scope of services rendered to our residents and patients and that all staff who contribute to the creation and maintenance of those records, including physicians, will provide timely and accurate information and will not destroy or alter any information considered part of those records except in strict accordance with the Center's policy on amendment of medical records.

All Center staff are expected to know or reasonably believe that the information contained in claims, statements and reports they submit on behalf of the Center or in the medical or financial documentation upon which those claims, statements and reports is based is thorough, accurate, and correct. Whether information is true and correct includes making reasonably sure that all essential facts are accurate, and that no essential fact is omitted.

IX. RESPECT FOR THE CENTER - INTEGRITY IN THE WORKPLACE

The Center is committed to the principle that an ethical, safe and supportive work environment encourages personal and professional growth, greater job satisfaction, better care for our residents and patients, and ultimately helps us achieve the objectives set forth in Section I above.

In keeping with that principle, the Center is committed to a policy of non-discrimination and equal opportunity for all employees and qualified applicants without regard to race, color, religion, sex, sexual orientation, marital status, national origin, ancestry, age, disability, veteran status, genetic information, military service, or any other category protected under applicable law. Workplace violence, sexual or other harassment based on the diverse characteristics or cultural backgrounds of those who work with us, and degrading or humiliating jokes, slurs, intimidation, or other harassing conduct is not acceptable and will not be tolerated. Center staff who observe or experience any form of discrimination, harassment, or violence should report the

incident to their supervisor, the Human Resources Department or the Compliance Hotline (1-800-362-1059) without fear of intimidation or retaliation.

These principles are discussed in greater detail in the Employee Handbook which is distributed to all employees. As with all compliance principles, Center staff have a personal obligation to read the Employee Handbook and to help ensure that these principles are honored every day in everything they do on the Center's behalf. In short, staff are expected to recognize that their conduct will always be viewed as a reflection on the Center itself and to act accordingly. Staff should treat all residents and patients, family members, vendors, contractors, each other and anyone else who does business with the Center with courtesy and respect, and to conduct themselves at all times with honesty, integrity and professionalism that reflects positively on the Center.

IX. RESPECT FOR THE CENTER - CENTER PROPERTY AND CONFLICTS OF INTEREST

The Center expects all staff to commit themselves professionally to the best interests of the Center and its residents and patients and to help ensure that the Center's resources are most effectively dedicated to that goal.

Accordingly, Center staff should not conduct non-Center business during working hours without prior approval from a supervisor or use Center property for their own personal business. Staff are further expected to fully comply with all specific Center policies related to the use and security of software, internet access and telephones. Staff must not disclose or use the Center's proprietary information (information about the Center's finances, business plans and strategies, payment and business negotiations) or any other confidential, special, or inside information on or about the Center, for the personal benefit of themselves or others without the specific authorization of Center management. Similarly, Center staff should not engage in unlawful disparagement of the Center that is intended to damage the Center's reputation or business interests.

In addition, Center staff must not use their positions to profit or assist others to profit at the Center's expense and should otherwise avoid where possible activities or relationships which create or could be perceived as creating a conflict of interest with the Center. A conflict of interest may arise any time your commitment to the Center is or could appear to be compromised by a personal interest. Sometimes even the appearance of a conflict can be as damaging as an actual conflict. Conflicts of interest can arise through many different professional or personal relationships involving staff or their family members. Some obvious situations that may create at least an appearance of a conflict of interest include the following.

- Ownership or management of, employment by or other financial interest held by staff or immediate members of their families in any outside concern that either competes with the Center, does business with the Center or seeks to do business with the Center.
- Participation in any transaction on the Center's behalf in which you have a personal interest, financial or otherwise. This could include the sale to the Center of property, goods or services in which you or a family member has a financial interest or the recommendation of a vendor or contractor with whom you have a personal relationship.

- Engaging in personal relationships or other personal activity which overlaps with or otherwise interferes with your normal working hours or may compromise your ability to devote your attention and commitment to the best interests of the Center or its residents and patients.

As with the discussion on Business Relationships in Section VII above, avoidance of conflicts of interest or the appearance of such conflicts requires staff to exercise good judgment and common sense and try to view the situation as others might. Where you know or suspect that such a conflict or an appearance of conflict might exist, you should report the situation to your supervisor or in the case of contractors, to the contractor's contact.

X. EDUCATION, TRAINING AND COMMUNICATION

The Compliance Program and this Code of Conduct are intended to help us deal with the growing complexity in the ethical, professional and legal considerations of delivering health care today. As those considerations evolve so too will our Compliance Program in order to address the new challenges.

The Center has dedicated significant resources to communicate to and educate staff on the principles set forth in this Code of Conduct and on the numerous policies and procedures which support it and which govern all aspects of the Center's business. Understanding the principles of compliance is essential to living them. Accordingly, it is the obligation of all Center staff to participate in, to successfully complete and to apply on a daily basis the training the Center provides on compliance and all other issues. As is stated throughout this Code of Conduct of Conduct, if any Center staff have any questions whatsoever about their or the Center's obligations related to any aspect of the Center's business they are encouraged to ask questions. Education, training and communication is a two way process the success of which is everyone's responsibility. Discussion and inquiry is an essential component of that process.

XI. THE COMPLIANCE TEAM

As set forth in Section III above, commitment to the principles of compliance is both a personal and a shared responsibility. Accordingly, the compliance team is really all of us acting every day in every way to "*Do The Right Thing.*"

Our Chief Compliance Office is Linda Martin, JD. Ms. Martin may be reached by phone at 201-242-4914 or via email at Lmartin@care-one.com

Members of the Corporate Quality & Compliance Committee may be reached via email at ComplianceCommittee@care-one.com

Concerns or issues can also be raised by calling the "Because We Care" Compliance Hotline, toll-free at 1-800-362-1059

**CODE OF CONDUCT
CONFIRMATION OF RECEIPT**

I hereby confirm that I have been provided with a copy of the Company's Code of Conduct and that I have read and understood it. I understand that the Company expects that all business related activities be conducted in accordance with the principles set forth in the Code of Conduct and the policies and procedures referenced therein. I understand that failure to do so on my part may lead to disciplinary measures being taken against me up to and including termination of my relationship with the Company.

I understand further that the Company encourages all employees, vendors and physicians to express any issues or concerns they may have related to compliance, without fear of retaliation, and that I have both the opportunity and the obligation to do so while I am associated with the Company. Should I observe or otherwise discover any violation of the principles set forth in the Code of Conduct, I will promptly report it to the Company using one of the reporting mechanisms described.

Signature

Date

Name and Title (Print)

Center Name

Check One:

(___) Employee

(___) Vendor / Supplier

(___) Physician / Licensed Independent Practitioner