

Compliance Plan and Standards of Conduct

Harmony Community Healthcare
Compliance Officer: Tim Samuelson



Introduction

Harmony Community Healthcare is committed to providing high-quality medical care to all residents. Harmony Community Healthcare will follow guidelines that promote efficient corporate management at the lowest possible cost to each resident. Consistent with the longstanding traditions and practices at Harmony Community Healthcare, all staff is expected to adhere to the highest standards of conduct and ethical principles.

Harmony Community Healthcare's Compliance Program

Harmony Community Healthcare has developed a compliance program to encourage organizational compliance with all applicable federal and state laws and regulations. This objective is consistent with the mission and values of Harmony Community Healthcare in promoting quality and integrity. The Compliance Officer, Tim Samuelson, has primary responsibility for ensuring the effective operation of the Compliance Program.

The primary responsibilities of the Compliance Officer include: development and maintenance of compliance policies and procedures, including the Compliance Plan and Standards of Conduct; investigation and resolution of reported compliance issues; auditing and monitoring; and conducting compliance education.

Harmony Community Healthcare's Compliance Program also includes the Compliance Committee. The Compliance Committee includes management from key operational areas. The role of the Compliance Committee is to advise and assist the Compliance Officer on compliance issues as well as to address the essential elements of the Compliance Program.

Complying with Harmony Community Healthcare's Standards of Conduct

Every Harmony Community Healthcare staff member is responsible for ensuring that his or her conduct conforms to these Standards of Conduct as well as any other policy of Harmony Community Healthcare or any payor policy and any applicable federal and state law. These Standards of Conduct should not be construed as creating an employment contract or other contractual relationship, nor should they be interpreted as a promise of continued employment.

If you have a question as to whether a procedure or action conforms to the Standards of Conduct, speak with your immediate supervisor. If you don't feel comfortable discussing the matter with him or her, or if you are still unsure as to the appropriate conduct, you should contact Tim Samuelson, the Compliance Officer, or the Compliance Hotline.

Reporting Violations of the Standards of Conduct

If you become aware of violations of the Standard of Conduct, you are encouraged to report them to your immediate supervisor or Compliance Officer via telephone or in writing. You may also contact the Compliance Hotline at (877) 532-8879. The Compliance Hotline provides a venue for confidentially reporting any compliance violation. When you call the Compliance Hotline, your name and phone number are not identifiable. You may identify yourself or choose to remain anonymous. If you remain anonymous and wish to receive a status update on your report, you will need to call the Compliance Hotline and provide the control number of your hotline report. Gundersen Lutheran's Chief Compliance Officer or Director of Compliance will document every call and e-mail and will ensure that they are either reviewed by the Compliance Office or referred to another appropriate department such as Legal or Human Resources. Please refer to the Compliance Hotline policy Har-xxxx.

All such communications will be kept strictly confidential to the fullest extent possible, consistent with any reporting requirements or other obligations or needs of Harmony Community

Healthcare. You have the right to report issues anonymously. If you do choose to identify yourself, understand that there may be an occasional instance where the identity of the reporting individual may be disclosed. No retaliatory action will be taken or will be permitted by Harmony Community Healthcare against any individual or entity that reports in good faith any suspected violations of the Standards of Conduct. Please refer to our Nonretaliation policy, Har-xxxx.

Standards of Conduct

Harmony Community Healthcare will act in accordance with all pertinent federal and state laws. Harmony Community Healthcare will take reasonable steps to ensure that its employees, contractors, and members of the staff act in conformity with relevant laws and regulations. The following are the Standards of Conduct that Harmony Community Healthcare has adopted.

General Matters

1. All employees and contractors are expected to cooperate fully and completely with any compliance program or initiative instituted by Harmony Community Healthcare.
2. All employees and contractors are expected to comply with Harmony Community Healthcare's policies and procedures.
3. Consistent with Harmony Community Healthcare's long-standing policies and practices, all treatment recommended and provided by Harmony Community Healthcare will be reasonable and medically necessary.
4. All lengths of stay (LOS) will be determined in accordance with the medical needs of the resident. LOS will not be extended or limited, unless it is medically appropriate under the circumstances.
5. Harmony Community Healthcare will not over-utilize services or under-utilize services when treating residents.
6. All Harmony Community Healthcare resident health-care records and documents are of a highly confidential nature. They will not be disclosed to anyone not employed by or affiliated with Harmony Community Healthcare without the written permission of the relevant resident or his or her legal guardian, except as otherwise provided for under Harmony Community Healthcare's policies or as permitted by law.
7. Harmony Community Healthcare will not pay any person or any entity for resident referrals. Except for certain items or services of nominal value, Harmony Community Healthcare will not offer any item or service or any financial inducement, or gift to prospective residents or others in order to encourage residents to receive care at Harmony Community Healthcare.
8. All employees and contractors of Harmony Community Healthcare will report any actual or suspected violation of the compliance program or any legal, ethical, or professional standard related to Harmony Community Healthcare or its operations to their immediate supervisor, Compliance Officer or the Compliance Hotline.
9. Any employee or contractor of Harmony Community Healthcare should immediately notify the Compliance Officer in writing if he or she is charged, investigated or convicted in connection with any alleged criminal offense related to the provision of medical care or related to any alleged fraudulent act or omission.
10. Any employee or contractor of Harmony Community Healthcare should immediately notify the Compliance Officer if he or she is excluded, suspended, debarred or removed from any government healthcare program.

11. No property belonging to Harmony Community Healthcare (including documents or copies of documents) shall be removed from a Harmony Community Healthcare facility without the organization's permission.
12. Except as expressly permitted in writing or by law, no employee or contractor may use or disclose to any person any trade secrets or other confidential or proprietary information belonging to Harmony Community Healthcare. That includes, but is not limited to: records and files; resident lists; referral information; marketing materials; business records; financial documents; and any other papers, records and/or documents the disclosure of which might adversely affect Harmony Community Healthcare.
13. Except for the occasional modest expressions of gratitude from residents, employees should refuse gifts, loans or anything of substantial value offered by outside individuals or vendor companies.
14. Employees of Harmony Community Healthcare will not bill any resident or any third-party payor for any services rendered in connection with his or her employment by Harmony Community Healthcare. If any employee receives any fees or charges for services performed during his or her employment by Harmony Community Healthcare, the employee will promptly remit such payment to Harmony Community Healthcare promptly.
15. Upon separation, no employee, contractor or medical staff member may take or retain any of Harmony Community Healthcare's papers; resident lists; fee books; resident records; files; or other documents or copies of any such materials.
16. Upon separation, employees will be encouraged to participate in an exit interview and, if they are aware of any compliance issues, to bring those to the attention of the Compliance Officer.
17. Harmony Community Healthcare will respond to all governmental inquiries appropriately and as required by law.
18. Any information provided by Harmony Community Healthcare in responding to any governmental, payor or resident inquiries will be as accurate as possible.
19. Significant contact with a government entity or payor in which Harmony Community Healthcare receives advice should be documented in writing, especially if Harmony Community Healthcare intends to rely on that information when submitting claims or taking other actions. A copy of the written documentation should be sent to the Compliance Officer.

Discharge and Transfer

Whenever a resident is discharged from Harmony Community Healthcare to a sub-acute care provider such as another skilled nursing facility, home-health agency or rehabilitation care provider, or if the resident or resident requires durable medical equipment for which Medicare benefits are available, Harmony Community Healthcare will honor the residents' choice of providers.

Resident Charts and Billing

Harmony Community Healthcare is honest in billing for services. Every effort will be made to submit accurate and truthful bills for services, only services that were actually provided, properly documented and coded will be billed. Resident records will be organized in a manner to facilitate

easy retrieval. Harmony Community Healthcare will ensure that bills meet federal health care program requirements, and bills will not be submitted that are exaggerated, fictitious or up coded. Billing errors will be investigated and corrected prior to submitting the bill. If already billed, the underlying problem will be corrected and appropriate refunds will be made.

Contracts with Physicians and Suppliers

Harmony Community Healthcare will not pay any person or any entity for resident referrals, whether directly or indirectly. All contracts with physicians or entities owned or controlled by physicians who furnish personal services or equipment to Harmony Community Healthcare will:

1. be in writing and signed by the parties;
2. reflect the fair market value of the items and services furnished;
3. specify the items or services to be furnished.

All lease agreements between Harmony Community Healthcare and any individual or entity in a position to refer residents to Harmony Community Healthcare or to generate other business between the parties will:

1. be in writing and signed by the parties;
2. will have a term of at least one year;
3. be commercially reasonable;
4. state the full rental amount, which will reflect fair market value;
5. not take into account the value or volume of referrals or other business generated between the parties.

Collection of Co-Payments and Deductibles and Refunds of Overpayments

1. It is Harmony Community Healthcare's policy to make a reasonable and good-faith effort to collect any co-payments and/or deductibles owed to it, unless such co-payments or deductibles are waived in accordance with Harmony Community Healthcare policy based on a good-faith determination of the resident's financial need.
2. Harmony Community Healthcare will waive Medicare and Medicaid co-payments or deductibles only in cases of financial need. In such cases, supporting documentation will be retained in the resident's billing file.
3. Harmony Community Healthcare will refund any payor overpayments in a timely fashion.
4. A review of the resident accounts for credit balances will take place at the end of each quarter and will be refunded in a timely manner.

Authorized Provider Limitations

Harmony Community Healthcare will not bill any payer for services rendered to that payer's beneficiaries by providers who are not authorized to provide services by the payer, unless the payer's policies and procedures permit billing of these services.

False Claims Act

Failure to comply with laws and regulations can result in severe fines and penalties. A federal law known as the False Claims Act (FCA) makes it illegal for any person to knowingly present, or cause to be presented, to the U.S. government a false or fraudulent claim for payment or approval; knowingly make, use or cause to be made or used, a false record or statement to get a false or fraudulent claim paid or approved by the government; or conspires to defraud the government by getting a false or fraudulent claim allowed or paid. Please refer to policy Har-xxx False Claims and Whistleblowers.

Under the civil provisions of the FCA, a defendant can be assessed a penalty of at least \$5,500

and as much as \$11,000 per claim, plus three times the damages incurred by the federal government in its prosecution and investigation of the case. Additionally, the criminal provisions provide for a fine of \$25,000 and up to five years imprisonment upon conviction. Violation of the FCA can also be grounds for exclusion from participation in federal and state healthcare programs.

In addition to the Federal FCA, some states have enacted false claims statutes. These state versions are often modeled on the FCA. Like the FCA, these state false claims statutes may include, among other things, whistleblower (or qui tam) provisions. These provisions allow private persons to bring a civil action in the name of the United States. The purpose of the provision is to help the government discover and prosecute fraudulent claims by awarding them a percentage of the amount recovered by the government.

The FCA and many state acts contain a section designed to prevent retaliation against whistleblowers by their employers as a result of their reporting fraud. The whistleblower retaliation section of the FCA provides as follows:

Any employee who is discharged, demoted, suspended, threatened, harassed, or in any other manner discriminated against in the terms and conditions of employment by his or her employer because of lawful acts done by the employee on behalf of the employee or others in furtherance of an action under this section, including investigations for, initiation of, testimony for, or assistance in any action filed or to be filed under this section, shall be entitled to all relief necessary to make the employee whole. 31 U.S.C. s. 3730 (h).

Harmony Community Healthcare has safeguards to protect against employee retaliation, including whistleblower retaliation. Please refer to our Nonretaliation policy, Har-xxxx.

Ethics Process

The Compliance Officer

Harmony Community Healthcare's Compliance Officer will be primarily responsible for the compliance activities of Harmony Community Healthcare. If the Compliance Officer is personally and directly involved in any allegation that is raised, he or she will abstain from any investigation or handling of such allegation. In such event, the allegation shall be investigated and handled as determined by Harmony Community Healthcare's Board of Trustees, in consultation with appropriate legal counsel. If the Compliance Officer disagrees with any decision or other action taken by the Compliance Committee, the Compliance Officer may raise the issue with Harmony Community Healthcare's Board of Trustees.

Investigative Protocol

A primary duty of the Compliance Officer will be to facilitate reports of possible misconduct from Harmony Community Healthcare's employees. The Compliance Officer will ensure that every report, whether written or oral, that is received will be reviewed and evaluated appropriately. The Compliance Officer may determine that a report does not warrant investigation. If the Compliance Officer concludes, based upon his/her initial review of a report, that an investigation is warranted, the Compliance Officer will investigate the matter and may consult with legal counsel as appropriate.

During and at the conclusion of any investigation, a privileged and confidential report will be maintained by or to the Compliance Officer and will contain a summary of the reported allegation, the steps taken to investigate the report, the investigative findings, and the recommendations, if any, for corrective action.

After consultation with the Compliance Committee, the Compliance Officer will act on the report in a timely fashion. The Compliance Officer's action may include a corrective action plan, refunds of any documented overpayments, and voluntary disclosure to government agencies, as appropriate and required. The Compliance Officer may request legal advice from Legal Counsel to determine the extent of any potential liability and to plan the appropriate response. Please refer to the Compliance Investigations policy Har-xxxx.

Audit Protocol

The Compliance Officer, in consultation with the Compliance Committee, will institute a plan for periodic internal audits of certain facets of Harmony Community Healthcare's operations. The areas that will be audited may include billing, utilization, adequacy of chart documentation, waiver of co-payments and deductibles, financial relationships with outside suppliers, referral practices; and other matters.

The Compliance Officer will select an appropriate auditor. The Compliance Officer may retain outside Legal Counsel and other consultants with expertise, as necessary and appropriate under the circumstances. The Compliance Officer and Compliance Committee will determine the frequency with which each area will be audited and whether any additional areas need to be audited. For additional information on audits conducted under our Compliance Program, please refer to the Audit Standards policy, Har-xxxx.

Compliance Education

As part of its compliance program, Harmony Community Healthcare will provide periodic education for its employees. The focus of the training will be the Standards of Conduct. Each

employee required to attend a compliance training session will sign an attendance sheet establishing attendance. It is the responsibility of the Compliance Officer to integrate new regulations and legal developments affecting the Harmony Community Healthcare's operation into its compliance training.

The Compliance Officer is obligated to ensure that each new employee receives a copy of the compliance program and Standards of Conduct. With the Human Resources department, the Compliance Officer is responsible for educating all new employees regarding the requirements of this program and emphasizing its importance to Harmony Community Healthcare. The Compliance Officer may delegate this responsibility to other persons, as appropriate.

Implementing Obligations under New Statutes and Regulations

It is the responsibility of the Compliance Officer to ensure that Harmony Community Healthcare has processes in place to promptly inform applicable staff of new regulatory and legal developments affecting its operations. The Compliance Officer will have the additional obligation to disseminate new and relevant information to the appropriate Harmony Community Healthcare personnel. Normally, this will be accomplished either through memoranda or through distribution of copies of relevant statutes, regulations or decisions.

Annual Report

The Compliance Officer will prepare an annual report of compliance activities for presentation to the Compliance Committee and to the Harmony Community Healthcare Board of Trustees. The report will address all elements of the Compliance Program.

Exercising Due Diligence in selection of employees

Harmony Community Healthcare is committed to preventing the delegation of discretionary authority to any employee or contractor who has a discoverable propensity to engage in illegal activity. Harmony Community Healthcare will accomplish this goal in the follow manner:

1. Prospective Employees

Human Resources will evaluate all prospective employees to determine whether any has been excluded from participation in federally funded health care programs. This includes reviewing the Office of the Inspector General's and the General Services Administration's Lists of Excluded Persons. If a person has been excluded, Human Resources, will take such action as is appropriate, including any action required by law. If applicable, in considering an application, Harmony Community Healthcare will also query the National Practitioner Data Bank ("NPDB") and any state licensing boards.

2. Existing Employees and Independent Contractors

The Compliance Officer conducts monthly screenings to ensure that Harmony Community Healthcare is not conducting business with or is not otherwise engaged in a professional relationship with anyone excluded by the Office of Inspector General (OIG) or sanctioned or debarred by the Government Services Agency (GSA).

3. Independent Contractors

Harmony Community Healthcare will monitor the contracts that it enters into to provide items and services that may be paid for in whole or in part with funds received from the Medicare or Medicaid programs. Harmony Community Healthcare will determine if any independent contractor has been excluded from participating in these programs, has been listed as being debarred or otherwise ineligible for participating in federally-funded health care programs, or has been convicted of any crimes related to health care.

Disciplinary actions

It will be the responsibility of the Compliance Officer, in consultation with the Human Resources department, to determine whether the Standards of Conduct have been violated. Violations of the Standards of Conduct and other compliance policies will be handled in an appropriate manner consistent with Harmony Community Healthcare policies on disciplinary actions. Depending on the circumstances, certain offenses may justify disciplinary action, up to and including termination of employment.

Responding to Investigations

The purpose of the response plan is to organize and facilitate Harmony Community Healthcare's cooperation with any governmental or regulatory agency, if a search warrant or subpoena is served or if Harmony Community Healthcare is subject to an inspection, audit or survey. The Compliance Officer will issue written guidelines for employees regarding their rights and responsibilities in the event of an investigation or other regulatory activity involving Harmony Community Healthcare.

Employees should be reminded that government agents may attempt to interview them on Harmony Community Healthcare premises during the course of an audit; during service of a subpoena; or execution of a search warrant. They should be advised that, although Harmony Community Healthcare will typically cooperate with requests for information from the government, it would like to have a representative present during any such interviews. The employee is not required to be interviewed without a Harmony Community Healthcare officer being present, and may, at his or her discretion, refer such requests from an investigator to the Compliance Officer.

If investigators or auditors make unscheduled visits, the Compliance Officer will be the sole point of contact and communication. The Compliance Officer or his designee will be responsible for:

1. verifying the identity of the investigators;
2. requiring an inspection of any warrant, subpoena, or other authority for the investigators being present at a Harmony Community Healthcare facility in order to ensure that the investigators have proper authorization;
3. attempting to ascertain from the investigators the nature of their inquiry and the alleged violations that are the basis for the investigation;
4. insuring that Harmony Community Healthcare records are not produced without an order or subpoena compelling their production;
5. attempting to escort the investigators at all times while on the premises;
6. informing legal counsel immediately and coordinating implementation of the response plan.

If a search warrant is executed, the Compliance Officer will be responsible for monitoring the actions of the search team, and will make notes of the areas searched and will prepare a list of any items or papers seized. At the end of any investigator's or auditor's visit, the Compliance Officer will request an exit conference to learn any additional details about the investigation or audit, any potential violations that have been uncovered, and if Harmony Community Healthcare will be subject to further investigations. For additional information, please refer to the policy entitled, Responses to Unannounced Visits by Government Investigators or Auditors, Har-xxxx.

Harmony Community Healthcare Standards of Conduct Acknowledgement

I certify that I have received the Harmony Community Healthcare Standards of Conduct and understand it represents mandatory policies of the organization. I further certify that I will abide by the Standards of Conduct.

Signature

Printed Name

Date Signed