

Non-Employee Standards and Code of Conduct

Category: “Corporate Compliance Program”	Issuing Authority: Corporate Compliance Officer	
Effective Date: April 3, 2014	Supersedes: September 09, 2013	Policy No: CC-12

PURPOSE

The Corporate Compliance Committee has established these policies and guidelines for use by non-employees to be used in ethical and legal decision making while conducting business.

This policy applies to all non-employees of Diversicare Healthcare Services, Inc. and its subsidiaries (hereinafter collectively referred to as “Diversicare”).

A non-employee is a non-salaried individual or company that interacts with Diversicare in a commercial or business setting. Examples: business associate, physician, provider, vendor, etc.

POLICY STATEMENT

It is the policy of Diversicare to conduct its business in accordance with applicable laws and regulations. Diversicare strives to maintain a high ethical standard of conduct. Critical to the accomplishment of these objectives is the understanding and adherence to these standards and to rules regarding compliance with such laws and regulations by all non-employees.

A copy of this policy will be provided to all non-employees. Each non-employee will be required to:

- a. Read the policy in its entirety (CC-12, CC-12A, and CC-12B)
- b. Ask for an explanation of any term or section he or she does not understand
- c. Sign a statement indicating that they have read the policy in its entirety and were given an opportunity to ask questions regarding any of the policy terms (CC-12B), and
- d. Report any interest in Diversicare at the time of initial business agreement/contract or thereafter as such interest becomes known. The signed statement will be placed in the non-employee’s file.

Each person provided this policy will review the contents of this policy upon initial business agreement/contract, as appropriate to their duties and responsibilities.

PROCEDURE

Specifically, the ethics of Diversicare and the code of conduct for all non-employees are defined herein. The Non-Employee:

1. Shall conduct all facets of business in accordance with applicable laws, rules and regulations.
2. Shall perform their duties in good faith and to the best of their ability.
3. Shall refrain from any illegal conduct, defined as “any action that is not authorized by law”. When a non-employee is uncertain of the meaning or application of a statute, regulation or policy, or the legality of a certain practice or activity, he or she shall seek guidance from the facility administrator, corporate representative or the Corporate Compliance Officer.
4. Shall not destroy or alter Diversicare’s information or documents in anticipation of, or in response to, a request for documents by any applicable government agency or from a court of competent jurisdiction.
5. Shall not engage in any business practice intended to unlawfully obtain favorable treatment or business from any government entity, physician, resident, vendor, or any other party in a position to provide such treatment or business.
6. Shall comply with Diversicare’s policy regarding the receipt, acceptance, offering or giving of gifts in connection with a non-employee’s role or status as a non-employee of Diversicare.
7. Shall disclose to facility administrator, corporate representative or the Corporate Compliance Officer, any financial interest, ownership interest, or any other relationship they (or a member of their immediate family) have with Diversicare’s residents, customers, vendors, or competitors. The Federal healthcare regulations define “financial relationship” as “a direct or indirect ownership or investment interest in any entity that furnishes items or services.” “Ownership” is defined as an “interest acquired through debt, equity, or other means, and includes an interest in an entity that holds an ownership or investment interest in any entity that furnishes items or services.”
8. Shall not participate in any false billing of residents, government entities, or other responsible payers; a simple definition of false billing is “billing for services that were not rendered, are more expensive than the services actually rendered, or not covered by the entity responsible for paying the claim or bill”.
9. Shall not use confidential or proprietary information of Diversicare for their own personal benefit or for the benefit of any other person or entity, except Diversicare, during or after the term of the business agreement.

10. Shall not disclose confidential information pertaining to Diversicare.
11. Shall not use or disclose confidential, medical or personal information, or protected health information (hereafter, "PHI"), pertaining to Diversicare's residents without the express written consent and appropriate HIPAA authorization of the resident or resident's legal representative, and in accordance with applicable law and Diversicare's policies and procedures.
12. Shall ensure the confidentiality, integrity and availability of all protected health information, electronic or otherwise (hereafter, "PHI"), Diversicare creates, receives, maintains or transmits; protect against threats or hazards to the privacy, confidentiality, security and integrity of such PHI; protect against uses and disclosures of PHI not permitted by federal and state laws and rules, to include HIPAA privacy and security regulations; comply with Diversicare's HIPAA policies and procedures, federal and state laws and rules, including HIPAA privacy and security regulations.
13. Shall participate in scheduled training regarding Diversicare's compliance program and applicable state and federal laws and standards.
14. Shall comply with all Diversicare's policies governing the workplace.
15. Shall promptly report all violations or suspected violations of the compliance program by non-employees to the compliance hotline at **1-888-508-9774**, or the facility administrator, corporate representative, or the Corporate Compliance Officer. The caller or author may report such information anonymously.
16. Shall notify facility administrator, corporate representative or the Corporate Compliance Officer immediately upon the receipt (at work or at home) of an inquiry, subpoena, or other agency or government request for information regarding Diversicare or services rendered to its residents.

CORPORATE COMPLIANCE PROCESS

Diversicare has developed a corporate compliance program that includes detailed explanations of the legal and ethical standards governing the conduct of Diversicare and its non-employees in business activities. Non-employees who wish to read the full text of the corporate compliance program are encouraged to do so and may ask facility for a copy. Below is a brief summary of the process used by Diversicare to ensure corporate compliance.

A. Background Screening

Background checks will be conducted via the Department of Health and Human Services, office of the Inspector General (HHS OIG) Fraud and Abuse web site in accordance with state and federal laws. The results will be kept in the non-employee's file.

B. Responsibility for Corporate Compliance

All non-employees have a duty to report, as soon as possible, any actual or suspected violations of the corporate compliance plan. A non-employee who fails to promptly report any such activity may affect the agreement/contract up to and cancellation.

Diversicare has designated **Robert E. Rice** as its Corporate Compliance Officer. The Compliance Officer will seek advice from legal counsel when necessary to ensure compliance with the law and Diversicare's policies. The Compliance Officer may be reached by:

Calling **1-615-771-7575; or 1-888-508-9774**
Writing **1621 Galleria Blvd., Brentwood, TN 37027**

Diversicare's Board of Directors and officers have also appointed a compliance committee. The committee consists of membership from departments of Clinical Compliance, Finance, IT, Operations and Therapy. The positions encompass Directors, Vice Presidents and the Chief Operations Officer.

These members are empowered to assist the Compliance Officer in evaluating compliance issues and to make policy or procedure changes to ensure that Diversicare remains in compliance with all applicable laws and regulations.

Diversicare has established a toll-free hotline for employees and others to report all violations, suspected violations, questionable conduct, or questionable practices. That toll-free number is 1-888-508-9774.

All violations, suspected violations, questionable conduct, or questionable practices shall be reported by non-employees to Diversicare either by reporting such conduct to the facility administrator, compliance hotline, or by reporting such conduct in writing to the Compliance Officer.

C. Procedures Following a Compliance Report

When a report of a suspected violation or questionable conduct, including reports of suspected violations of applicable state or federal health or safety standards, is brought to the attention of the Compliance Officer, the Compliance Officer will endeavor to complete the following steps, as circumstances dictate, for the purpose of assessing whether a compliance violation did, in fact occur:

- Determine whether the report raises compliance issues. If a compliance issue is raised, a compliance report form shall be completed, a copy of which shall be placed in a prepared file;

- Investigate the suspected violation or questionable conduct and/or shall delegate the investigation or analysis of suspected violations or questionable conduct to any individual(s) he deems appropriate. A memorandum regarding such inquiry shall be prepared, and copies forwarded, if appropriate, to the CEO, Corporate Compliance Committee, facility administrator, or legal counsel. The memo shall address 1) the specific steps and/or methods used in investigating the matter (such as people interviewed, records reviewed, analyses performed, etc.); 2) the specific findings and/or results of the investigation; and 3) a proposed plan of action (such as disciplinary action, policy or procedure changes in-service training regarding existing policy and/or procedure, or other suggestion actions) to prevent future non-compliance. A copy of the memo shall be placed in the prepared file;
- Based on the results of the investigation by the Compliance Officer, and taking into consideration any other suggestions by the CEO, Corporate Compliance Committee, facility administrator, or legal counsel will take corrective and/or disciplinary action or will recommend such action to the CEO, Corporate Compliance Committee, facility administrator, or legal counsel.
- Place all files regarding corporate compliance matters in a secure file cabinet in the office of the Compliance Officer. Access to files will be provided only to the Compliance Officer, Compliance Committee, CEO, and legal counsel.

D. Confidentiality of Reports

The Compliance Officer will keep the identity of reporting non-employees and the contents of their reports confidential to the fullest extent permitted by law. However, confidentiality cannot be guaranteed in all situations. Generally, the Compliance Officer will only release information to:

- Third party professionals (such as lawyers, accountants, and medical professionals) retained by the Compliance Officer and Diversicare to fully investigate and evaluate such reports;
- Diversicare's officers, directors, or owners who are not the subject of a report and whose duties and responsibilities require that they be informed of and respond to compliance issues;
- Law enforcement officials.

Non-employees filing reports, either orally or in writing, should not disclose the contents of the report to anyone other than the facility administrator, corporate representative, the Corporate Compliance Officer, or an individual designated by one of them. Anonymous reports will be treated seriously and investigated as thoroughly as those filed by non-employees who identify themselves.

E. Discipline for Violations

Violations of the corporate compliance program will not be tolerated. Disciplinary action, which may include cancellation of agreement/contract, may be taken for any of the following actions:

- Participating in or authorizing an action that violates the corporate compliance program;
- Failing to report a violation of the compliance program;
- Refusing to cooperate in the investigation of a suspected violation of the compliance program;
- Failing to detect and report a violation of the compliance program, or
- Retaliating against an individual for making a good faith report of a suspected violation of the compliance program.



Dear Non-Employee:

Diversicare Healthcare Services, Inc. and its subsidiaries (hereinafter collectively referred to as "Diversicare") are committed to operating in a legal and ethical manner. As the health care regulatory environment becomes increasingly complex, it is essential that each and every one of us become familiar with the laws applicable to the compliant operation of our facilities, as we aim to achieve the highest ethical and professional standards.

As part of Diversicare's commitment to corporate compliance, a detailed Corporate Compliance Plan has been developed. The plan explains the legal and ethical standards that govern Diversicare's business activities and provides guidance to employees and non-employees who may encounter challenges while on the job. The plan also serves as an information source for all employees regarding the resources available to them to ensure compliance and report areas of concern. The corporate compliance plan applies to all directors, officers, employees, agents, contractors, volunteers, and those who have procurement authority or serve on Diversicare's board and committees.

Diversicare's longstanding commitment to operating in a legally compliant manner is reflected in the personal integrity of our employees and non-employees. Compliance is a cooperative effort. Diversicare operates through its employees. With this in mind, it is Diversicare's obligation to educate its employees and non-employees about the most common forms of fraud, waste and abuse. These illegal activities include:

- Billing for services that are not rendered
- Billing for undocumented services
- Billing for services that are not necessary to treat a resident's medical condition
- Intentionally billing incorrect codes to secure higher reimbursement
- Including improper entries on cost reports
- Participating in kickbacks, particularly conduct that induces greater utilization of program reimbursed services that are medically necessary.

If you should become aware of, or even suspect an activity that could be characterized as fraud, waste or abuse, Diversicare requests that you immediately report this activity to the facility Administrator, Corporate Compliance Officer or the Compliance Hotline at 1-888-508-9774. Keep in mind that if you believe that your report is not being adequately addressed by the person to whom you initially reported the suspect activity, you should contact Diversicare's Corporate Compliance Officer via telephone at (615)771-7575 or by mail at 1621 Galleria Blvd., Brentwood, Tennessee 37027. Your report will be kept confidential.

Also, if you have concerns or questions regarding accounting practices, internal financial controls, or the improper handling of assets, you should immediately report your concerns to the facility Administrator, Corporate Compliance Officer, or the Compliance Hotline at 1-888-508-9774. Reporting these types of concerns is a condition of conducting business with Diversicare.

Diversicare has developed a set of Non-Employee Standards and Code of Conduct which summarizes the key points of the comprehensive corporate compliance plan.

Diversicare expects that you will take the time to carefully read and review the Non-Employee Standards and Code of Conduct. By electing to conduct with Diversicare, you agree to read and review the Non-Employee Standards and Code of Conduct in its entirety, and further agree to adhere to the policies and procedure covered therein. You also acknowledge that you have the opportunity, at any time, to ask questions regarding the Non-Employee Standards and Code of Conduct including, but not limited to, your responsibilities pursuant to these standards.

Diversicare will assume that as of the date you enter into a business arrangement or contract with Diversicare, you have not engaged in any transaction or event that would appear to violate the Non-Employee Standards or Code of Conduct (hereinafter referred to as "non-compliant conduct"). If you have, however, engaged in any non-compliant conduct, you agree that you have an affirmative duty to immediately report this information to Diversicare's Corporate Compliance Officer via telephone at (615)771-7575 or by mail at 1621 Galleria Blvd., Brentwood, Tennessee 37027, as condition of conducting business with Diversicare.

Thank you for your commitment to corporate compliance. Your comments, questions, concerns, and suggestions are welcomed and encouraged.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert E. Rice".

Robert E. Rice
Corporate Compliance Officer

CC-12A

Non-Employee Affirmation Statement

Category: “Corporate Compliance Program”	Issuing Authority: Corporate Compliance Officer	
Effective Date: April 3, 2014	Supersedes: September 09, 2013	Policy No: CC-12B

I have received and reviewed a copy of the Non-Employee Standards and Code of Conduct as part of my compliance training. By signing this Non-Employee Affirmation Statement, I acknowledge the contents of the Non-Employee Standards and Conduct as they relate to my role. Further, I have also had the opportunity to ask questions and discuss any aspects of the Non-Employee Standards and Code of Conduct with the facility administrator, corporate representative, or the Corporate Compliance Officer, and will forward a signed copy of this Affirmation Statement to the facility administrator, corporate representative or the Corporate Compliance Officer.

Further, except as stated below or on the attached document, as of this date I have no knowledge of any transactions or events that appear to violate the Non-Employee Standards and Code of Conduct. I acknowledge my affirmative obligation to adhere to the principles and standards of the Non-Employee Standards and Code of Conduct and to report any violations or suspected violations to the Non-Employee Standards and Code of Conduct to the facility administrator, the compliance hotline, or in writing to the Corporate Compliance Officer.

Company Name

Print Name/Non-Employee

Signature

Date