Kindred Healthcare

Code of Conduct

Dedicated to Hope, Healing and Recovery
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Dear Colleague:

I am very proud of the culture we have built at Kindred over the past eight years. Those values are reflected in our mission to promote healing, provide hope, preserve dignity and produce value for each patient, resident, family member, customer, employee and shareholder we serve.

Together we have built this culture by adhering to a simple, but powerful formula: By taking care of our people and our patients, residents and customers, our business results will follow.

We have also run Kindred with a balanced and measured focus on six Key Success Factors:
- Take Care of our People
- Take Care of our Patients, Residents and Customers
- Grow
- Be Efficient
- Manage our Capital Wisely
- Organizational Excellence Through Performance Improvement

One way to think about Organizational Excellence is finding ways to work smarter and do our jobs better everyday. Our commitment to Performance Improvement is reflected in everything we do, including our efforts to improve quality, create a culture of Service Excellence, improve efficiency and grow our Company. Our commitment to “do the right thing,” our ethics, values and commitment to our compliance programs is the foundation of our culture of Performance Improvement.

This Code of Conduct booklet, which sets forth the ethical and legal standards that guide every Kindred employee, is also a symbol of our commitment to do the right thing. I ask you to take the time to read and understand its contents. It is applicable to all aspects of our business.

As part of Kindred’s commitment to quality and customer service, we need to make sure every employee has the ability to express any concerns or complaints without fear or reprisal or any other penalty. We do this in two ways. Our Open Door Policy encourages employees to contact their immediate supervisor and, if necessary, to proceed up the chain of command to resolve problems and concerns. If this option is inappropriate or ineffective, you may also call Kindred’s Compliance Hotline at 800.359.7412. The Hotline is confidential and has been developed to maintain the caller’s anonymity up to the limits of the law. I can assure you that there will be no retaliation or retribution against any employee who, in good faith, reports concerns to the Hotline.

Our focus on the quality of care provided to our patients and residents, our commitment to supporting our colleagues and our efforts to effectively use and preserve our capital resources have positioned us as the leading provider of post-acute services in the United States. Thanks to your focus on Organizational Excellence, Customer Service and quality, we have been recognized by Fortune magazine as one of the most admired healthcare companies in the world. Doing our jobs in an ethical manner is part of being an admired company.

Best regards,

Paul J. Diaz
President and Chief Executive Officer
Kindred Healthcare
Overview
The Kindred Healthcare Code of Conduct (Code) describes Kindred’s values, standards and expectations that apply to all parts of our operations. The Code defines the appropriate relationships Kindred strives to have with patients, residents, employees, shareholders, customers, contractors and the communities in which we work. All employees, officers and Board Members must follow the standards in this Code for Kindred to grow and prosper in the future.

Kindred recognizes that as a healthcare organization we must comply with all laws and regulations pertaining to the provision of healthcare services. We must make every effort to identify where there is risk for non-compliance. The Code supports these efforts by promoting ethical and legal behavior as well as transparency across all aspects of the organization.

The Code covers many areas of potentially unethical and illegal behavior, but it is not possible to list all activities that could raise compliance concerns. In many instances, Kindred’s policies and procedures provide detailed guidance on how to handle situations that may not be immediately clear. But there may be some situations where neither the Code nor Kindred’s policies provide the guidance needed to act ethically or legally. In these cases, you should consult a supervisor, manager, the Risk Management and Compliance Department or the Law Department to be sure that decisions made and actions taken reflect Kindred’s values and commitment to compliance.

This Code of Conduct will provide support to all Board Members, officers, employees and contractors so they may have a clear understanding of: company commitment to act with integrity; expectations of how to act with integrity inside and outside the workplace on behalf of Kindred; tools to report questions and concerns regarding integrity matters; and available resources to learn more about integrity.
What Is Kindred’s Commitment to Integrity?

Kindred is committed to providing high quality patient/resident care and outstanding customer service in order to become the most trusted and respected healthcare provider in every community we serve. To achieve this goal, we are driven by our commitment to our mission and our values. Our management philosophy is simple: focus on our people, on quality and customer service, and our business results will follow.

As an officer, employee or contractor at Kindred, this Code of Conduct serves as an attestation of your commitment to act with integrity on behalf of the Company. However, it is also a statement of the Company’s responsibility to conduct all business and operations in an ethical and professional manner. It is never acceptable for any Kindred officer, employee or contractor to be asked to act in any manner that is not in accordance with these standards of excellence.

Mission Statement

Kindred Healthcare’s mission is to promote healing, provide hope, preserve dignity and produce value for each patient, resident, family member, customer, employee and shareholder we serve.
Kindred’s Compliance Program (Program) is a comprehensive effort to promote ethical, compliant and legal behavior while detecting and preventing fraud, waste, abuse and policy violations. Simply put, Kindred’s Compliance Program is designed to assist employees and business partners to integrate these values and effective performance improvement into all aspects of operations. Kindred’s Risk Management and Compliance Department assists in coordinating and implementing the Program.

To promote compliance, Kindred has established systems, processes and compliance committees at every level of the organization, from the Board of Directors and the home office to field offices and each facility. The Program is administered by the Compliance Department and headed by the Chief Compliance Officer (CCO). The CCO reports directly to the Board of Directors and the department functions independently of the operating divisions. The department’s mission is to maintain a structure and process that promotes ethical behavior and compliance with legal requirements and company policies, resulting in quality care, accurate financial practices and organizational excellence. The following seven elements form the core of the Program:

- Written Standards of Conduct
- Oversight
- Training
- Monitoring and Auditing
- Performance Improvement
- Reporting Mechanisms
- Internal Response and Corrective Action

Board Members, officers, employees, contractors, subcontractors, vendors or other entities or individuals with whom Kindred has entered into a contract or other arrangement to conduct business on behalf of the Company must review and observe the Kindred Code of Conduct to ensure that all actions are consistent with Kindred’s values and principles.

Any contractor, subcontractor or vendor conducting business on behalf of Kindred must follow laws and regulations for all billing or coding services and patient/resident care services. Each of us can help promote Kindred Healthcare’s success by following the standards described in the Code.
What should I do if I feel that the practices in my facility/department are in violation of the Code of Conduct?

You should raise this concern with your manager or supervisor. If you are uncomfortable doing so or the situation involves your manager or supervisor, you may proceed to the next level of management or use one of the other reporting mechanisms discussed in the Code of Conduct, such as the Compliance Hotline (please see Open Door Policy and Hotline for more detailed explanation of these tools).

An investigation may reveal that there is a need for corrections, education or clarification. It may also reveal that other individuals had similar concerns and there is a need to address the matter facility/department wide. In any case, Kindred is appreciative of an individual’s willingness to contribute to our success by allowing us to address questions and concerns and implement appropriate corrective action when necessary.
How Can I **Act With Integrity** in the Kindred Workplace?

Kindred strives to:
• sustain the highest quality of services
• provide a respectful work environment
• produce continuous financial transparency
• maintain appropriate confidentiality of sensitive and protected information
• uphold strict ethical standards

Officers, employees and contractors are expected to adhere to practices that promote these measures. Acting with integrity within the workplace means ensuring that your actions are consistent with Kindred’s commitment to excellence in all of these areas.

**Quality of Care and Services**

Dedication to quality is demonstrated in our goal to:
• understand our customer’s expectations
• provide care and services in a timely and reasonable manner
• to be responsive to patient, resident and family concerns
• maintain patient/residents’ rights and dignity at all times while under our care

Each patient and resident is an individual entitled to dignity, consideration and respect. Patient/resident abuse or neglect is not tolerated in any Kindred facility.

Kindred respects the rights of patients and residents and their families to participate in healthcare decisions and must inform them of their rights, as required by law. This includes the right to participate in decisions on whether to consent to or refuse treatment. In certain instances, a patient’s or resident’s decision regarding care may conflict with Kindred’s policies. These kinds of ethical issues should be reviewed under Kindred’s policies and procedures and applicable state and federal laws. We are committed to providing information that will promote knowledgeable decision making. When patients and residents are in our hospitals and nursing centers, we promote ethical, innovative, professional and compassionate care within an environment that nurtures their physical, social, emotional and spiritual needs.
PROBLEM & SOLUTION

What should I do if I experience or witness discrimination or harassment in the workplace?

You are encouraged and expected to report such occurrences through one of the methods Kindred has provided to you. You may, as you find appropriate, report incidents to:

• your supervisor or manager through the Open Door Policy
• a department director or vice president
• Support Center Human Resources
• Compliance Hotline
  (800.359.7412)

If you feel the matter has not been taken seriously, you are encouraged to continue pursuing the matter through the next level of management.

For more information regarding this topic, please refer to the Kindred Employee Handbook.

Discrimination-Free and Harassment-Free Workplace

Kindred prohibits discrimination and all forms of harassment due to a person’s race, color, religion, gender, sexual orientation, military duty, age, national origin, disability or veteran’s status, or any other basis protected by federal, state or local law. All Board Members, officers, employees and contractors share in the responsibility of preventing discrimination and harassment and should report any witnessed instances of this conduct.

To deliver on Kindred’s commitment to quality, we should work toward the highest degree of performance, behave professionally at all times, and promote high standards and integrity. This includes using respectful communication and behaving properly at all times.

Internal Reporting and Hotline Integrity

Kindred provides mechanisms for internal reporting via the Open Door Policy and the Compliance Hotline. We are each responsible for reporting, in good faith, possible instances of wrongdoing and/or non-compliance with regulations or policies. All reported concerns are to be taken seriously and the process of investigating all matters is to be handled with professionalism and confidentiality. Details of a report or its origin are not to be shared with unnecessary or accused individuals. Investigations are to be conducted with the intended purpose of identifying any possible non-compliance with policy and procedures, rule and/or regulation, understanding the root cause and developing and implementing plans to ensure reoccurrence does not happen and improvement in processes are made.
**Financial Practices (Fraud, Waste and Abuse)**

Kindred is committed to detecting and preventing fraud and financial waste and abuse. Kindred has developed and implemented policies and procedures to ensure compliance with the laws that govern our operations as a healthcare provider. In addition to written policies and procedures, Kindred provides regular education to employees, agents and contractors on combating fraud, waste and abuse through general and role-based compliance training on applicable false claims laws including the Federal False Claims Act (FCA) and similar state laws.

The federal FCA, 31 U.S.C. Sections 3729-3733, and similar state laws assist the federal and state governments in combating fraud and abuse and recovering losses resulting from fraud in government programs, purchases and/or contracts. These laws prohibit the knowing and/or intentional use of false or fraudulent claims, records or statements for the purpose of obtaining payment from the government. These laws apply to Medicare and Medicaid program reimbursement and prohibit, among other things, billing for services not rendered; billing for undocumented services; falsifying cost reports; billing for medically unnecessary services; assigning improper codes to secure reimbursement or higher reimbursement; participating in kickbacks; and retaining an overpayment for services or items. A violation of these laws may result in civil, criminal and/or administrative penalties, including monetary penalties, imprisonment, exclusion from participation in Medicare and Medicaid and loss of licensure status. Federal law and some state laws allow private citizens to file a lawsuit on behalf of the government and to share in a percentage of any monetary recovery or settlement. These laws and Kindred policy prohibit retaliating or discriminating against employees, agents or contractors because of their initiation of, or participation in a lawful false claims investigation, report, claim or proceeding. These laws also provide for certain monetary awards and equitable relief to a prevailing plaintiff, including compensation for lost wages and reinstatement to a former position. Suspected false claims violations should be reported to Kindred Management, Kindred’s Compliance Hotline (800.359.7412), or to the appropriate federal or state agency.

**Fraud** is a false statement made or submitted by an individual or entity who knows that the statement is false, and knows that the false statement could result in some otherwise unauthorized benefit to the individual or entity. These false statements could be verbal or written.

**Waste** generally means over-use of services, or other practices that result in unnecessary costs. In most cases, waste is not considered to be caused by reckless actions but rather the misuse of resources.

**Abuse** generally refers to provider, contractor or member practices that are inconsistent with sound business, financial or medical practices, and that cause unnecessary costs to the healthcare system.
**Patient/Resident Protection**

- **Health Insurance Portability and Accountability Act (HIPAA)** – Kindred’s officers, employees and contractors are each responsible for maintaining the confidentiality of all patient, resident and employee protected health information (PHI). **PHI is defined as individually identifiable health information that is transmitted or maintained in any form or medium, including electronic health information.** To ensure the security of PHI, Kindred takes reasonable measures including, but not limited to, the following:
  - encryption of devices
  - use of password protection
  - limitations on accessibility to information
  - guidelines for maintaining paper documents and storing electronic devices in home office and during travel
  - restrictions on placement of unauthorized software on Kindred devices

Any unauthorized exposure of PHI, which reasonably compromises the security or privacy of the PHI is a potential breach that must be appropriately addressed. If you become aware of a breach or potential breach of any protected or sensitive information, it is necessary that the situation be immediately reported to the Kindred management or Kindred’s Compliance Hotline (800.359.7412) so that all federal and state notification requirements may be carried out by the Risk Management and Compliance Department. If the disclosure of the PHI results in a breach of information, Kindred investigates and complies with all State and Federal Regulations. Failure to do so may subject the Company to fines and penalties in accordance with the rules and requirements of HIPAA. Employees that fail to follow these guidelines will be subject to the Performance Improvement Process as described in the Employee Handbook.

- **Property** – Any mishandling of patient or resident property must be promptly reported to supervisors. Employees entrusted with direct handling of patient or resident funds (e.g., resident trust funds) will be held accountable for the integrity and accuracy of those monies and records.

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**PROBLEM & SOLUTION**

**What do I do if I accidentally send a fax containing protected health information (PHI) to an incorrect fax number?**

Any instance of misdirected PHI should be immediately reported to the Risk Management and Compliance Department either by calling the Support Center directly (800.545.0749) or Kindred’s Compliance Hotline (800.359.7412). If possible, the receiver of the PHI will be asked to either return the information or destroy it immediately. Upon reporting the matter to the Risk Management and Compliance Department or Compliance Hotline, you should be prepared to provide detailed information about what was contained within the fax so that an appropriate review can be completed to determine reporting requirements. To prevent any future occurrences, regularly used fax numbers should be programmed into fax machines and/or PHI may be scanned and sent by e-mail transmission as an alternative method.
**Company Protection**

- **Document Management** – Kindred’s Document Management Policy applies to all Company documents and establishes procedures for retaining, preserving and disposing of such materials in both paper and electronic form. This policy provides guidelines that will assist with regulatory compliance and pending legal activity as well as efficiency of daily operations.

- **Proprietary Information** – Confidential information about Kindred Healthcare’s business is a valuable asset and is intended for use only within Kindred. All information concerning Kindred’s finances, operations, products, policies, customers, development plans, computer programs and related information should be treated as proprietary and confidential. This information should not be released to anyone outside of Kindred Healthcare such as competitors, suppliers, outside contractors or business associates.

- **Property, Equipment and Supplies** – We should use Kindred resources for authorized business purposes only. Kindred’s assets, property, facilities, equipment and supplies should be protected against loss, theft, damage and misuse.

**Employee Information**

- **Personnel Files** – Kindred employee and personnel files are also confidential. Only individuals authorized according to Kindred policy and state and federal law will have access to employee records.

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**Contractors and Vendors**

Any independent contractor, subcontractor, or vendor conducting business on behalf of Kindred must adhere to all applicable laws and regulations. Entities are encouraged to have their own compliance program and are also expected to comply with the standards of Kindred’s Code of Conduct. Contractors providing care on Kindred’s behalf must show proof of licensure, certification or other evidence of provider competency. Contractors providing care on Kindred’s behalf must also show evidence that he/she does not possess a criminal conviction record that prohibits the contractor from working within Kindred healthcare facilities under state or federal laws and/or Kindred’s criminal background screening policy.
How Can I Act With Integrity in Interactions Outside of the Kindred Workplace?

Building trusted relationships with external entities who we do business with and others in the communities we serve is an important part of Kindred’s business. As representatives of one of the largest healthcare providers in the country, we have a duty to demonstrate professionalism and integrity in every setting. With respect to all Kindred matters, we also accept the responsibility to adhere to our values and goals amid changing technological environments and within personal interactions even while outside Kindred facilities and offices.

Gifts, Gratuities and Business Courtesies

Kindred prohibits its employees from accepting any gift, gratuity or business courtesy from its vendors and contractors or potential business affiliates if the value is more than nominal and it is intended or could be construed to influence business opportunities awarded to any such vendor or contractor. Likewise, Kindred prohibits the giving of gifts of more than nominal value to persons or businesses in a position to influence the referral of business, including patients, residents and other customers, to Kindred. Further, no employee of Kindred may solicit or obtain any improper personal benefit by virtue of his or her work or employment with the Company. Exceptions may apply under specific laws. If you have questions, please contact the Company’s Law Department.

Kickbacks, Referrals and Bribes

The Anti-Kickback law makes it a crime to knowingly and willfully offer, pay, solicit, or receive something of value to induce or reward referrals of business under Federal health care programs. In accordance with this statute, Kindred does not accept or offer to provide anything of value in exchange for the direct or indirect referral of patients, residents or business, or in return for buying services or supplies. Some examples of kickbacks, referrals and bribes may include, but are not limited to, the following:

• making payments to or from referral sources that exceed fair market value
• providing or accepting free or discounted goods or services among referral sources
• establishing payment arrangements with vendors, suppliers or referral sources where reimbursement is based on the amount of volume of business rather than the value of the services provided

To ensure compliance with these laws, Kindred requires that all agreements with referral sources and purchasers of Kindred’s services in cases where Kindred is the referral source be put in writing. Contract review by Kindred’s Law Department is not required but may be requested before agreements are finalized. Please see Regulations and Requirements for more information on laws regarding prohibition of these exchanges.
Conflicts of Interest

Kindred’s employees, officers and Board Members should not engage in any activities that conflict with the interests of Kindred. It is impossible to describe all of the situations that may give rise to a conflict of interest, but some examples include:

• A Kindred employee accepts outside employment in an organization that does business with Kindred or is a competitor of the organization and it interferes with the employee’s commitment to Kindred’s professional standards. While certain employees, such as nurses, are not prohibited from working shifts at another facility, this additional work should be discussed with supervisors and should not interfere with the employee’s work commitment to Kindred.

• A Kindred employee or an immediate family member has a material financial interest in a firm that does business with Kindred Healthcare or is a competitor of the organization where the interest may affect the employee’s decisions or actions.

• A Kindred employee or an immediate family member serves as a director, officer, employee, consultant or agent of an organization which is a competitor of or does business with Kindred Healthcare.

• A Kindred employee or an immediate family member uses any confidential information about Kindred for personal gain or the benefit of others.

• A Kindred employee or an immediate family member appropriates for personal use the benefit of any Kindred business venture, which the employee learns about while working at Kindred.

• A Kindred employee accepts gifts from any person or firm doing or seeking to do business with Kindred under circumstances where it appears that the purpose of the gift may be to influence the conduct of business with the donor.

Kindred’s employees, officers and Board Members have a responsibility to put the interests of Kindred and our patients and residents ahead of any other business interests they may have. Any potential conflicts of interest should be disclosed to supervisors upon hire or as they occur. This includes any additional employment accepted while working for Kindred. Directors and executive officers should disclose any potential conflicts of interest to Kindred’s Board of Directors. Potential conflicts of interest that are not approved or ratified by an employee’s supervisor, Kindred’s Board of Directors or an appropriate committee of the Board of Directors, are subject to termination by Kindred, taking into account such factors as such individual or body deems appropriate and relevant.

PROBLEMS & SOLUTIONS

What should I do if I am unsure of whether an agreement with a contractor is appropriate or legal?

You should not enter into the agreement or contract until verification of its legality and adherence to Kindred standards is obtained. A Law Department review of an agreement or contractor may be requested at any time.

A vendor that I do business with offered me tickets to a professional football game. I don’t plan on using them but wanted to give them to my brother. Is this okay?

Not if the gift exceeds nominal value. Although Kindred encourages establishing positive relationships with our business associates, accepting a gift in excess of nominal value, even if we don’t plan to use it ourselves, is strictly prohibited. The acceptance of such a gift, whether intended to do so or not, may create the appearance that Kindred will be unfairly influenced to do business or continue to do business with that particular vendor. You should thank the vendor and politely decline the offer. Offers of gifts that may exceed nominal value must be disclosed to operations. If there are questions regarding the appropriateness of a gift, please contact the Company’s Law Department.
Gifts to Public Officials

As a general rule, federal laws and the laws of most states prohibit giving anything of value to government officials with the intent to influence the decisions of government. In accordance with these laws, Kindred's policy is that nothing of value may be given to federal or state government officials.

As a company that employs federally registered lobbyists, Kindred Healthcare is specifically subject to the gift restrictions imposed by the Lobbying Disclosure Act of 1995. Officers, employees and contractors acting on behalf of Kindred are prohibited from providing gifts or reimbursement of travel expenses to a Member or staffer of Congress, unless the circumstances are otherwise noted under an exception within the rules of the House and Senate. It should be noted that these restrictions apply to gifts of even minimal value and also extend to family members of such individuals.

Likewise, there are federal and state laws that define the circumstances in which a corporation can contribute to political campaigns. Kindred's policy is that the organization will not contribute anything of value to the political campaign of any person running for office unless specifically permitted by law. The Vice President of Government Affairs manages all contributions on behalf of the Company, Kindred's Political Action Committee (PAC) and questions regarding matters related to these activities.

Social Media

The Internet provides unique opportunities to participate in interactive discussions and share information using a variety of social media, such as email discussion groups, blogs or chat rooms, Facebook, Twitter, MySpace, LinkedIn, Flickr, Digg and LiveJournal ("social media"). Kindred recognizes that the information, comments and opinions placed on social media sites and blogs can shape the way the public views our delivery of care and treatment to patients, residents, our employees and contractors. Kindred is committed to ensuring that the use of such communications serves the needs of our business by maintaining Kindred's identity, integrity and reputation in a manner consistent with our values and policies.

In addition, employees’ use of social media can pose risks to Kindred's confidential and proprietary business information and can jeopardize Kindred's compliance with business rules and laws. To minimize these business and legal risks, to avoid loss of productivity and distraction from employees' job performance and to ensure that Kindred's information technology systems are used only for business purposes, we have established rules and guidelines for online communications as set forth in your Kindred Employee Handbook.
What Should I Do if I Have a Question or Concern?

Each employee’s willingness to report concerns is an important part of the effectiveness of Kindred’s Compliance Program. We are each responsible for reporting suspected violations of the Code and Program standards. It is not acceptable to overlook actual or potential wrongdoing and all integrity concerns should be pursued until addressed appropriately.

Open Door Policy

Kindred’s Open Door Policy is outlined in the Employee Handbook and encourages employees to contact their immediate supervisor and, if necessary, proceed up the chain of command to resolve problems and concerns.

Compliance Hotline

If use of the Open Door Policy is inappropriate or ineffective, or if an individual seeks anonymity in reporting a concern, Kindred has a Compliance Hotline that may be used (800.359.7412). The Compliance Hotline is available 24 hours a day, seven days a week for individuals to report any compliance-related concern. An external party operates the Hotline and callers are reminded that they are not required to identify themselves. Kindred will make every attempt to protect the callers’ anonymity within the limits of the law. All concerns reported to the Hotline are taken seriously and will be addressed to the fullest extent necessary. Therefore, it is important to use the Hotline appropriately. Individuals who intentionally misuse the Compliance Hotline may be subject to disciplinary action.

PROBLEMS & SOLUTIONS

What if I am not comfortable talking to my supervisor?

We are each responsible for reporting concerns and actual or potential wrongdoing. Some areas of violation, including but not limited to abuse and fraudulent activity, require reporting and failing to do so is unacceptable. Employees are encouraged to discuss concerns with their immediate supervisor; however, a variety of reporting mechanisms are provided by the Company so that you may make the most appropriate choice based on the specific situation. Concerns may also be verbal or written. Kindred’s Open Door Policy is outlined in the Employee Handbook and may be utilized at any level of the chain of command. Kindred also has a Compliance Hotline that may be used (800.359.7412) and is discussed in more detail on this page.

What should I do if I feel retaliated against?

Kindred will not tolerate retaliation in any form. If you experience retaliation, you should report it immediately to a supervisor or to the Compliance Hotline (800.359.7412) so that it may be investigated and addressed.
External Reporting

In addition to the internal reporting mechanisms made available by Kindred, any individual who has concerns about the safety or quality of care provided may report these concerns to an appropriate federal or state agency.

Elder Justice Act Abuse Reporting Requirements

Pursuant to Section 6703(b)(3) of the Elder Justice Act (EJA) of the manager, agent, or contractor (covered individual) of a long-term care facility that receives at least $10,000 in federal funds annually, must report any reasonable suspicion of a crime committed against any individual who is a resident of, or is receiving care from, the facility. Each covered individual shall report the suspected crime to one or more local law enforcement agencies and to the Secretary of the Department of Health and Human Services (Secretary) or to the agency designated by the Secretary to receive such reports.

The report must be made within two hours of forming a reasonable suspicion that a crime has occurred if there is a serious bodily injury and within 24 hours of forming a reasonable suspicion that a crime has occurred if there is no serious bodily injury. Covered individuals who fail to report shall be subject to a civil money penalty or up to $200,000 and may be excluded from participation in any Federal health care program. If a covered individual’s failure to report a crime results in further injury to the victim of the crime or results in harm to another individual, the civil monetary penalty may be increased to $300,000.

A long-term care facility may not retaliate against, discharge, demote, suspend, threaten, harass, or deny a promotion to other employment-related benefit to any employee, or in any other manner discriminate against an employee in the terms and conditions of employment; or file a complaint or report against a nurse or employee for making a report as required by the EJA. An employee has the right to file a complaint with the Secretary or the agency designated by the Secretary, against a long-term care facility that violates the reporting requirements of the EJA. A long-term care facility that violates the anti-retaliation provisions of the EJA shall be subject to a civil monetary penalty of up to $200,000 and may be excluded from participation in any Federal health care program for a period of two years.

Questions regarding the requirements of the EJA should be referred to the Kindred Law Department at 800.545.0749.
No Retaliation

Kindred employees and others who report a possible violation of this Code through an internal process, to an appropriate federal or state agency, must not be subjected to retaliation, retribution or harassment by Kindred or any of its employees. Any supervisor, manager or employee who conducts or condones retribution, retaliation or harassment in any way will be subject to disciplinary action up to and including discharge.

What Resources Are Available to Help Me Act With Integrity on Behalf of Kindred?

Kindred is federally reimbursed for services rendered and, as such, is subject to a variety of regulations and requirements imposed by federal and state legislation designed to assist in combating fraud and abuse and recovering losses resulting from fraudulent activity. The Company is committed to complying with all health, safety, environmental and employment laws. Company policies and procedures are written and upheld in accordance with these laws. The Company continually provides a comprehensive collection of resources for all employees.

Regulations and Requirements

The Federal False Claims Act, 31 USC §§ 3729-3733 and similar state laws

- Prohibits the knowing and/or intentional use of false of fraudulent claims, records or statements for the purpose of obtaining payment from the government. These laws apply to Medicare and Medicaid reimbursement and prohibit, among other things, billing for services not rendered, billing for undocumented services, retaining an overpayment for services or items, falsifying cost reports, billing for medically unnecessary services, assigning improper codes to secure reimbursement or higher reimbursement and participating in kickbacks.
- Provides private citizens the right to file a lawsuit on behalf of the government and to share in a percentage of any monetary recovery or settlement.
- Provides for certain monetary awards and equitable relief to the prevailing plaintiff, including compensation for lost wages and reinstatement to a former position.
- Violation of these laws may result in civil, criminal and/or administrative penalties, including monetary penalties, imprisonment, exclusion from participation in Medicare and Medicaid, and loss of licensure status.

Summaries of these laws are posted on Kindred’s external website and on the Company’s intranet (Knect).

Health, Safety and Environmental Laws

- Regulates the handling and disposal of infectious materials, such as syringes.
- Directs the use of medical equipment and related reporting requirements.
- Guides the use of protective equipment to prevent the spread of infectious diseases.
• Regulates the storage, security, handling and disposal of hazardous materials.

**Workplace Conduct, Equal Employment Opportunity and Discrimination**

Kindred:
• Operates as an equal opportunity/affirmative action employer.
• Administers policies without regard to race, color, religion, sex, age, sexual orientation, national origin, disability or veteran status.
• Prohibits discrimination and harassment.

**Securities Trading**

**General Rule**
• Kindred employees, officers and Board Members, and their immediate families, household members and associates, should not buy or sell securities (or the securities of any company with which Kindred has or is contemplating a material relationship) or offer to buy or sell such securities at any time employees, officers or Board Members possess material information that the rest of the investing public does not know. This restriction applies to securities held by the employee, officer or Board Member, including securities held in the individual’s own name and securities held by a member of the individual’s household.
• “Material information” is information that a reasonable investor would consider important in a decision to buy, hold or sell securities. Materials information includes, but is not limited to, information regarding financial issues, future earnings or other financial issues, Kindred’s intent to buy back or sell its stock, significant acquisitions or dispositions, material litigation, changes in management or forthcoming articles or analyst reports about Kindred.
• Kindred employees, officers and Board Members may not communicate material information to any other person for such use. Employees, officers and Board Members of Kindred may be presumed to know, or have access to, this type of information. Questions about whether information a Kindred employee, officer or Board Member possess might be deemed material should be directed to the Law Department at 502.596.7300.
• Prohibited Trading Periods – All Kindred executive officers, Board Members, vice presidents and support center directors are subject to prohibited trading periods. Covered personnel are prohibited from trading, buying or selling in Kindred securities during the period beginning on the first day of each calendar quarter and ending on the first business day following Kindred’s earnings release covering the previous quarter. For example, Kindred’s first quarter ends on March 31 and if it publicly announces its earnings for the first quarter on Tuesday, May 2, the prohibited trading period or “blackout period” would run from April 1 until May 3. Special blackout periods may also be imposed from time to time when material developments pertaining to Kindred have not yet been communicated publicly. Unless otherwise in possession of material, non-public information, covered personnel generally can trade in Kindred securities at any time other than a prohibited trading period.
• Kindred Pre-Clearance Policy – All Kindred Board Members, executive officers, vice presidents and Support Center directors are required to obtain pre-clearance from the Law Department prior to buying or selling Kindred securities or entering into a Rule 10b5-1 Trading Plan. The purpose of this clearance is to protect such individuals and Kindred from inadvertent violations of the securities laws during periods of time when significant information is about to be released by Kindred.
• Other Prohibited Transactions – All Kindred employees, officers and Board Members are prohibited from engaging in certain transactions in Kindred securities as follows:
  • Short Sales – Selling, directly or indirectly, Kindred securities if the holder does not own or has not fully paid for the securities.
  • Margin Transactions – purchase of Kindred securities on margin.
  • Hedging Transactions – directly or indirectly...
How can I be sure I am following the most current policies and procedures?

All of Kindred’s current policies are posted on Knect. Enterprise-wide and division specific policies and procedures may be found under the appropriate heading (Global, Health Services Division, Hospital Division, PeopleFirst Rehab) located on Knect. All Compliance policies and procedures may be found on the Risk Management and Compliance Department website located on Knect.

How can I learn about what training is required of me?

Kindred monitors training requirements within the Learning Management System (LMS). The LMS is available on Knect and employees may log in to view their own specific required training, training in progress, completed training, a training catalog and license certification history.

Antitrust Laws and Anti-Kickback Statute

Kindred’s policy is to comply with the letter and spirit of the antitrust laws of the United States. These laws are designed to foster free and open competition in the marketplace. Kindred employees should not participate in any discussion, understanding, agreement, plan or scheme – formal or informal – with any competitor or potential competitor which restricts competition. Examples of activities that could violate the antitrust laws include making arrangements or having discussions with competitors about prices, price levels and market territories, or refusing to deal with certain customers to other competitors.

- Foster free and open competition in the marketplace.
- Prohibits any discussion, understanding, agreement, plan or scheme with any competitor or potential competitor, which restricts competition.
- Ensures that referrals for healthcare services are based on medical need and not based on financial or other types of incentives to individuals or groups.
Government Requests for Information
Kindred’s policy is to comply with all reasonable and lawful requests for information and documents made by federal, state and local government officials. While Kindred will comply with these requests, the law does not require disclosure of certain information, which may include, but is not limited to:
• Certain patient or resident information that may be protected by medical record privacy laws.
• Certain quality assurance information compiled by Kindred facilities in accordance with federal and state requirements.

Policies and Procedures
Kindred’s policies and procedures, along with this Code of Conduct, provide guidance on how to perform job responsibilities ethically and legally. Each individual must become aware of the policies and procedures that apply to their role within the Company, follow these policies and procedures and request additional assistance from supervisors when necessary.

Training
Kindred recognizes that education and training are critical to the provision of quality care and services, accurate billing practices, and to ethical and legal business operations. Therefore, Kindred has established training programs to provide detailed guidance on compliance issues and to make certain that each Kindred representative receives the information needed to perform appropriately.
• Minimum training requirements established within the Compliance Program and the lines of business must be achieved and tracked. For specific requirements, please see Risk Management and Compliance Policy 4.0: Compliance Training.
• Certain information collected as part of Kindred’s peer review process to review and evaluate the credentials of healthcare providers furnishing services in Kindred facilities.

All questions regarding requests for information and/or documents may be directed to the Law Department for guidance.

• General Compliance Training (GCT) – Focuses on Kindred’s Compliance Program, the Code of Conduct and other regulatory and compliance topics.
• Role Based Training (RBT) – Focuses on information that an employee needs to perform job responsibilities properly.
Certificate of Compliance

1. I have read the entire Code of Conduct. I have had the opportunity to ask any questions with regard to its contents and I understand fully how the policies relate to my position.

2. I hereby acknowledge my obligation and agreement to fulfill those duties and responsibilities as set forth in the Code of Conduct and to be bound by these standards.

3. I further certify that, throughout the remainder of my association with the Company, I shall continue to comply with the terms of the Code of Conduct.

4. I understand that violations of the Code of Conduct may lead to disciplinary action, including discharge.

Signature          Date

Printed Name

Title/Position within the Company

Facility Name

Business Telephone Number (with Area Code)

The first copy is to be retained by the employee/officer/Board Member/contractor.
The second copy is to be retained for the employee/officer/Board Member/contractor’s record.