

Iowa

Compliance Program: Code of Conduct

This is a supplement to Kindred's Employee Handbook for employees who work in Iowa. As stated in our Employee Handbook, the federal False Claims Act and similar state laws assist the federal and state governments in combating fraud and recovering losses resulting from fraud in government programs, purchases and/or contracts. These laws are some of the most important laws that govern our business. Like the federal False Claims Act, the Iowa Medical Assistance Act and associated regulations impose liability on any person who, with intent to defraud or deceive, makes, or causes to be made or assists in the preparation of any false statement, representation, or omission of a material fact in any claim or application for any payment, regardless of amount, from the Medicaid Agency, knowing the same to be false. These Iowa laws prohibit, among other things:

- Billing Iowa's Medicaid program for services or goods not provided;
- Billing Iowa's Medicaid program for undocumented services;
- Making inaccurate, false or improper entries in medical records, cost reports and any other records used to support reimbursement;
- Billing Iowa's Medicaid program for medically unnecessary services;
- Characterizing non-covered services or costs in a way that secures reimbursement from Iowa's Medicaid program;
- Assigning an incorrect code to a service in order to obtain a higher reimbursement;
- Failing to seek payment from beneficiaries who may have other primary payment sources;
- Participating in kickbacks and rebates;
- Altering, falsifying, destroying, or concealing medical records, income and expenditure reports or any other records that support Medicaid reimbursement.

Civil and Criminal Penalties for False Claims or Statements

A violation of these Iowa laws may result in restitution of the overpayments and other sanctions, including suspension of payments for services, suspension or termination from the Medicaid program, and referral to state and federal authorities for prosecution. In addition, any person who violates these laws could be committing a felony punishable by imprisonment for up to ten years and a fine not to exceed \$10,500.

Civil Lawsuits

Currently, unlike the Federal False Claims Act, Iowa law allows civil lawsuits to recover monetary damages to be filed only by the state government and not by private citizens or employees. There is no provision for a private citizen to share a percentage of any monetary recoveries.

No Retaliation

Similar to Federal law and Kindred policy, Iowa law prohibits state employers from retaliating, discriminating or harassing state employees who disclose a violation of law, mismanagement, gross abuse of funds, abuse of authority, or a substantial and specific danger to public health or safety. Iowa law does not contain similar protections for non-governmental employees. Nevertheless, Kindred expects employees to adhere to Federal law and to Kindred's policy prohibiting retaliation.

Any employee who engages in or condones any form of retaliation against another employee because that employee either (1) reported a potential violation of Kindred's Code of Conduct or regulatory violation, or (2) refused to violate Kindred's Code of Conduct or a government law or regulation, will be subject to disciplinary action up to and including separation of employment. See Kindred's Concern Resolution Procedure in the Employee Handbook for information on reporting concerns.

Copies of Iowa Laws

The Iowa laws summarized above include: (1) Medical Assistance Act Fraudulent Practice, Iowa Code § 249A.8; and (2) Reprisal Prohibition (public sector whistleblower law), § 70A.29. If you have questions about any of these requirements, you may contact Kindred's Compliance Hotline at 1-800-359-7412. This summary and others are also posted on Kindred's external web site, www.kindredhealthcare.com, and Kindred's intranet site (KNECT) under the Compliance home page.