

# CODE OF **CONDUCT**

**FOR KINDRED HEALTHCARE**



Kindred  
Healthcare 

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# Our Mission Statement

Kindred Healthcare's mission is to help our patients reach their highest potential for health and healing with intensive medical and rehabilitative care through a compassionate patient experience.

Kindred's Compliance Department aims to be a trusted partner in fostering integrity, transparency, accountability and a culture of compliance that protects the reputation, mission, vision and values of Kindred Healthcare.

# Letter From **Benjamin A. Breier** and **Tami Johnson**

## **Dear Colleague:**

We know that you have a choice about where and how you direct your talents and abilities. We want to thank you for choosing Kindred Healthcare. The care you provide each day makes a huge difference in the lives of our patients and residents. Compliance is at the heart of Kindred's values, and you are vital to maintaining our culture of compliance. Our dedication to hope, healing and recovery is built on a foundation of doing the right thing for our patients, residents and family members, and we are best able to provide quality care to our patients when we operate within the guidelines provided to us. Our Code of Conduct is designed to promote our commitment to our values and provide you with guidelines to do your job in an ethical manner.

Please take a few moments to read and understand the contents of this Code of Conduct booklet. It is applicable to all aspects of our business and an essential part of our commitment to quality and customer service.

Another part of that commitment is to make sure that 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 844.760.5835. The Hotline is confidential and has been developed to maintain the caller's anonymity up to the limits of the law.

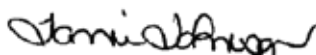
It is important to note that there will be no retaliation or retribution against any employee who, in good faith, reports concerns to the Hotline.

Our focus on the quality of care provided to our patients and residents by you, our commitment to supporting our colleagues and our efforts to effectively use and preserve our capital resources has positioned us as the leading provider of post-acute services in the United States. As a result, we have been recognized by *Fortune* magazine as one of the most admired healthcare companies in the world. You play a part in this, and again we thank you for the care you provide and for doing your job in an ethical manner.

Best regards,



Benjamin A. Breier  
Chief Executive Officer



Tami Johnson  
SVP and Chief Compliance Officer

# Introduction

Kindred is committed to providing high-quality patient and resident care and outstanding customer service in order to be the most trusted and respected healthcare provider in every community, market and integrated market we serve. Kindred is also committed to full compliance with all federal health care program requirements, including a commitment to prepare and submit accurate claims and a commitment to prepare and submit accurate rehabilitation therapy data to customers, for the purpose of enabling those customers to submit claims that are consistent with all federal health care program requirements.

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.

Kindred Healthcare's Code of Conduct (Code) describes Kindred's values, standards and expectations. The Code outlines the ethics Kindred strives to maintain in its relationships with our patients, residents, employees, customers, contractors and communities. We must make every effort to address any concern of non-compliance. The Code supports these efforts by promoting ethical and legal behavior as well as transparency across all aspects of the organization. It is never acceptable for any Kindred officer, employee or contractor to ask or to be asked to act in any manner that is not in accordance with these standards of excellence.

Kindred is engaged in a highly regulated business. Laws and regulations applicable to the Company are complex and include rules governing healthcare programs. The Code reviews many areas of potentially unethical and illegal behavior. It is not possible to list all activities that could raise compliance concerns. If you have a question or concern about any potential compliance matter, you should consult a supervisor, manager, director, the Compliance Department or the Law Department to be sure decisions made and actions taken reflect Kindred's values and commitment to doing the right thing.

This Code of Conduct provides support to all Board Members, officers, employees and contractors so you have a clear understanding of Kindred's commitment to act with integrity; expectations for acting with integrity inside and outside the workplace; tools for reporting questions and concerns regarding integrity matters; and available resources to learn more about integrity.

# Who Is Covered Under the **Code of Conduct**?

All Kindred Covered Persons (employees, officers and Board Members) and all Covered Contractors, (independent contractors, subcontractors and vendors) are required to comply with Kindred's Code of Conduct and policies and procedures. You must also comply with all applicable laws

and regulations, including all federal health care program requirements. Covered Contractors are encouraged to have their own compliance programs and are also expected to comply with the standards of Kindred's Code of Conduct.

## Kindred's **Compliance Program**

Kindred's Compliance Program (Program) is a comprehensive effort to promote ethical and legal behavior that is in compliance with standards of performance. While detecting and preventing fraud, waste, abuse and policy violations are key components of our Program, Kindred also provides you with resources to help guide your conduct and answer your questions.

To promote compliance with laws, regulations and policies, Kindred has established systems, processes and compliance committees at every level of the organization, from our facilities and locations to the Board of Directors. The Program is administered by the Compliance Department (Department) and headed by the Chief Compliance Officer. The Chief Compliance Officer reports directly to the Board of Directors, and the Department functions independently of Kindred's operating divisions. The Department's mission is to be a trusted partner in fostering integrity, transparency, accountability and a culture of compliance that protects the reputation, mission, vision and values of Kindred Healthcare.

***Kindred's Compliance Program is based on the Office of Inspector General's seven elements of an effective compliance program:***

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



## **What should I do if I feel that the practices in my location/department are in violation of the Code of Conduct?**

You should report the concern to the Compliance Department or the Compliance Hotline.

All reported concerns are investigated as appropriate. An investigation may reveal that there is a need for correction, education or clarification. The investigation may also reveal that other individuals had similar concerns and there is a need to address the matter facility/department wide. Kindred appreciates an individual's willingness to uphold our mission by allowing us to address questions and concerns and implement appropriate corrective action when necessary.

# Addressing Questions and Concerns

## Your Obligation to Report

Reporting your concerns is an important part of the effectiveness of Kindred's Compliance Program. You have the right to use Kindred's Disclosure Program to report your concerns or have your questions addressed regarding Kindred's policies or practices. You are required to report – through one of the ways listed below – any activities you suspect:

- Are harmful to a patient, resident, family member, or staff member;
- Are illegal or unethical;
- Violate any state or federal health care program requirements; and/or
- Violate the Code of Conduct, the Kindred employee handbook, or any Kindred policy or procedure

It is not acceptable to overlook actual or potential wrongdoing.



## How to Report a Concern

Concerns, complaints and potential violations of the Code or other Company policies may be reported to the Chief Compliance Officer or to the Compliance Department in various ways:

- **By mail, sent to:**

Kindred Healthcare  
680 South Fourth Street  
Louisville, KY 40202  
Attn: Chief Compliance Officer

- **By emailing:** [compliance@kindred.com](mailto:compliance@kindred.com)

- **By calling:** the Compliance Hotline at 844.760.5835

- **By reporting the concern:** directly to the Chief Compliance Officer or to a member of the Compliance Department.

Kindred's Compliance Hotline is available 24 hours a day, 365 days a year. An external vendor operates the Hotline, and calls are not recorded.

Regardless of how you report a concern, you may remain anonymous if you wish. To the extent possible, Kindred will maintain the confidentiality and anonymity of your reported concern.

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.



## How a Concern Is Addressed

When appropriate, you may be contacted by the investigator or designee either during or at the conclusion of the investigation to discuss the outcome. If you choose to retain your reference number and check the status of the report via the Hotline, you will be told if the report is currently open or closed. Investigative findings are not available to the Hotline representatives and will not be provided via the Hotline. In order to protect the rights of involved parties, you will not be told if any disciplinary action resulted from the call. You may witness changes, corrections or education taking place within the facility or location as a result of a reported issue.

## Protection from Retaliation

Open communication of concerns regarding compliance or business ethics is important to the success of Kindred's Compliance Program. Retaliation, retribution, intimidation or harassment of anyone who makes a good faith report regarding a possible violation of this Code will not be tolerated. 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 termination of employment.

### *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, to the Compliance Department, to the Law Department or to the Compliance Hotline so it may be addressed appropriately.



# Your Obligation to **Cooperate**

All Board Members, officers and employees are required to cooperate with internal investigations. Kindred prohibits destroying or altering any documents (whether written or electronic) associated with an investigation. Kindred prohibits lying to or misleading an investigator or obstructing an investigation by hindering collection of evidence.

Kindred's policy is to comply with all reasonable and lawful requests for information and documents made by 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; and

- 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.

You must notify the Compliance Department or the Law Department immediately if a government agency or other third party is asking you for information regarding a suspected violation of law or if you learn that an agency is conducting an investigation of Kindred.

## **Consequences** of Non-Compliance

Failure to comply with laws and regulations can lead to serious consequences to you, your coworkers and to Kindred. These consequences may include termination of employment, licensure actions, individual lawsuits, government investigations and prosecutions, prison, fines against you and Kindred, exclusion from participating in state and federal healthcare programs, loss of credibility with investors and loss of respect from your peers.

Because failure to comply with laws and regulations can lead to such serious consequences, disciplinary action, up to and including termination of employment, will be taken against any employee for:

- Participating in or authorizing any violation of laws, regulations, Kindred's Code of Conduct or Kindred policies and procedures;
- Failing to report violations;
- Concealing violations;
- Refusing to cooperate with an internal investigation; or
- Threatening or retaliating against a coworker who reports a violation.

# Providing Quality Care

Dedication to quality is demonstrated in our goals to understand our patients' and residents' expectations, to provide care and services in a timely and reasonable manner, to be responsive to concerns and to maintain patient and resident rights and dignity at all times while under our care. Each patient and resident is an individual entitled to dignity, consideration and respect. Patient and resident abuse or neglect is not tolerated at Kindred.

We promote ethical, innovative, professional and compassionate care within an environment that nurtures our patients' and residents' physical, social, emotional and spiritual needs.

Kindred respects the rights of patients, 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 decisions.

## Protecting Information

Kindred is committed to ensuring the privacy and security of all protected health information (PHI) and personal information (PI) maintained on its patients, residents and employees. Federal and state laws, such as the Health Insurance Portability and Accountability Act (HIPAA) protect information we maintain on our patients, residents and employees. Kindred has developed policies and procedures to ensure information is maintained confidentially.

### Patient and Resident Information

All Kindred officers, employees and contractors are required to maintain the confidentiality of patient and resident information. All patient and resident information, including names, social security numbers, diagnoses, treatment information and other information related to patients and residents constitutes PHI regardless of whether the information is verbal, written or electronic. You should treat information entrusted to you as you would treat your own private information.

*To ensure information security, Kindred has implemented safeguards including:*

- Encrypting mobile devices containing PHI
- Requiring passwords for Kindred systems
- Limiting access to information to the minimum necessary based on job role
- Prohibiting unauthorized software on Kindred devices
- Prohibiting texting PHI

*You should never:*

- Take copies of medical records out of the work place without permission
- Leave PHI unattended and in plain view (including in your vehicle)
- Post PHI on social media without patient or resident authorization

## Breaches of Protected Health Information

Any unauthorized acquisition, access, use or disclosure of PHI that compromises the security or privacy of the PHI is a breach that must be appropriately addressed.

If you become aware of a breach or potential breach of any PHI or PI, you should immediately report your concern to your Privacy and Security Contact and to Kindred's Compliance Hotline. Kindred may be subject to fines and penalties for failing to respond timely and properly to breaches. The Compliance Department will ensure that all federal and state notification requirements are followed.

### *Examples of potential breaches include:*

- Misdirected faxes containing health information
- Lost or misdirected medical records
- Theft of medical records from a vehicle
- Discussing a patient's or resident's medical condition with a person not authorized to receive the information
- Allowing unauthorized people to sit in on interdisciplinary team meetings
- Posting pictures of patients, residents or their information on social media
- Sending emails to people who are not authorized to receive the information, such as by using the "reply all" feature.

## Health Information – Integrated Care Markets

Protecting health information as our patients and residents move across the care continuum is especially important in our integrated care markets. Patients and residents have the right to choose their next level of care and should be provided all options. Patients, residents or their legal representatives must provide written authorization before we share their health information with Kindred care transition managers.

### **What do I do if I accidentally send a fax containing protected health information (PHI) to the wrong number?**

Any instance of misdirected PHI should be acted upon immediately. If a fax was sent to an unintended recipient, contact the individual by phone or fax to explain that the information was misdirected. Ask the individual to shred all documents received from the facility. You should notify your facility's Privacy and Security Contact and provide him or her with details of the error (subject matter, date, time, fax number used in error) and then follow steps in the potential breach of health information policy, including contacting the Compliance Hotline.

When reporting the breach to the Compliance Department or Compliance Hotline, you should be prepared to provide detailed information about what was contained in the fax so that an appropriate review can be completed. To prevent any future occurrences, regularly used fax numbers should be programmed into fax machines. PHI may be scanned and sent by email as an alternative method.

## 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, except as may be required by law.

## Property, Equipment and Supplies

Kindred resources should be used for authorized business purposes only. Kindred's assets, property, facilities, equipment and supplies should be protected against loss, theft, damage and misuse.

## Employee Information

Kindred employee and personnel files are also confidential. Only individuals authorized by Kindred policy and state and federal law will have access to employee records.

# Compliance with the Law

Kindred is reimbursed for many services rendered under federal and state programs and, as such, is subject to a variety of regulations and requirements imposed by federal and state legislation designed to combat fraud and abuse and recover 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 in accordance with these laws.

## Preventing 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 and similar state laws.

The False Claims Act applies to Medicare and Medicaid program reimbursement and prohibits, 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.

Violating the False Claims Act may result in civil, criminal and administrative penalties, including monetary penalties, imprisonment, exclusion from participation in federal healthcare programs and loss of licensure.

## What are fraud, waste and abuse, and how can I identify them in my work environment?

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**FRAUD** is a false statement made or submitted by an individual or entity that knows 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.

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**WASTE** generally means overuse 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 misuse of resources.

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**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.

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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.

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

If you have reason to believe that a Covered Person or Covered Contractor is engaging in false or fraudulent business practices or false or improper billing practices, you are required to immediately report that to the Compliance Hotline.

### *The following are examples of prohibited billing practices:*

- Misuse of resident/patient trust funds
- Fraudulent or false accounting/record keeping
- Unauthorized payments of money to any organization or person, including payments or wages not earned
- Billing for services not provided
- Billing for medically unnecessary services
- Fraudulently changing procedure or diagnosis codes
- Billing for services by unlicensed or excluded individuals
- Improper or inaccurate MDS Assessment or other assessments used to determine payment amounts
- Billing for home health services when the patient does not meet homebound criteria

## Kickbacks, Referrals and Bribes

Under the Anti-Kickback Statute, it is a crime to knowingly and willfully offer, pay, solicit or receive anything of value (called “remuneration”) to induce or reward referrals of any item or service paid under federal healthcare programs, including Medicare and Medicaid. Things of value take many forms and include kickbacks, bribes and rebates made either directly or indirectly. Prohibited conduct includes not only giving or receiving remuneration for patient and resident referrals, but also for giving or receiving remuneration in exchange for purchasing, leasing or ordering any good or service paid for under any federal healthcare program. Even if there are legitimate business reasons for the remuneration, if one of the reasons you receive remuneration is prohibited, there is a violation of the Anti-Kickback Statute.

To ensure compliance with the Anti-Kickback Statute, Kindred prohibits accepting or offering anything of value in exchange for the direct or indirect referral of patients or residents or business in return for buying services or supplies.

*Some examples of kickbacks, referrals and bribes may include, but are not limited to:*

- Making payments to or receiving payments from referral sources that exceed fair market value
- Providing to, or accepting from, referral sources any free or discounted goods or services
- 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
- Making payments or providing courtesies in exchange for referrals

The Physician Self-Referral Law, or Stark law, prohibits physicians from making Medicare and Medicaid referrals to a provider for designated health services when the physician or an immediate family member of the physician has a financial relationship with the provider. A financial relationship can mean ownership of, investment in or compensation from a provider. In addition, Kindred is prohibited from submitting claims for services provided resulting from a prohibited referral. Unlike the Anti-Kickback Statute, the Stark law can be violated even if you do not have the intent to do so.

To ensure compliance with these laws, Kindred requires a written agreement with all referral sources and with purchasers of Kindred’s services when Kindred is the referral source. Contract review by the Law Department is not required, but may be requested, before agreements are finalized.

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

There are “safe harbors” under the Anti-Kickback Statute and “exceptions” under the Stark law that allow certain activities that could otherwise be construed as violating these statutes. If you have questions regarding a matter, you should not enter into the agreement or contract until you have verified with the Law Department that the agreement is legal and adheres to Kindred standards.



Violating the Anti-Kickback Statute may lead to both civil and criminal penalties. Civil fines for violating the Anti-Kickback Statute can be up to \$50,000 for each violation. Criminal penalties include fines up to \$25,000, imprisonment up to five years, or both. In addition to other fines and penalties, you or the Company may be excluded from participating in federal healthcare programs.

Keep in mind that even if a service is not being paid under a federal healthcare program, there may be similar state and federal laws that apply to private payor patients and residents. You should contact the Law Department if you have questions.

## Gifts, Gratuities and Bribes

Kindred prohibits its employees from giving or receiving (or offering to give or receive) any gift, gratuity or business courtesy from a vendor, contractor or potential business affiliate if the value is more than nominal and is intended to or could be construed to influence business opportunities awarded to the vendor or contractor. Additionally, cash, gift cards or other cash equivalents are strictly prohibited regardless of the purpose of the gift.

Non-monetary gifts of nominal value, such as mugs, pens and calendars, may be given as a token of appreciation for a business relationship; however, these gifts should not be given routinely. Gifts to physicians must be logged on a physician gift log and cannot exceed the annual statutory limit for physician gifts.

Kindred allows employees to attend social events with business partners in order to develop professional relationships or to discuss the services that Kindred provides. Attendance is acceptable as long as the event is reasonable and customary (such as a meal) and business is discussed. Attendance at the event must not be in exchange for referrals or be a solicitation of business, and attendance at such events must be infrequent.

### **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?**

No, you may not accept the gift. Although Kindred encourages establishing positive relationships with our business associates, accepting a gift in excess of nominal value, even if you don't plan to use it yourself, is strictly prohibited. Accepting 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 Law Department.

### **An employee, as part of their marketing process, drops off food to a case management office every quarter. Is this an acceptable practice?**

No, this is not acceptable. Kindred encourages positive relationships with business partners, but a case manager is in a position to induce referrals. Additionally, the gifts are seemingly in high frequency, which is against policy.

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 any questions, please contact the company's Law Department.

## Gifts and Loans from Patients, Residents and Families

At Kindred, we help patients, residents and families through difficult periods in their lives. Patients, residents and families sometimes wish to show their appreciation for a job well done by giving gifts to their caregivers. These gestures are well intentioned, but accepting these gifts could have unintended consequences. Accepting gifts from patients or residents could give the impression that you are favoring the patient or resident or giving special treatment. It could also give the impression that you are taking advantage of the patient or resident.

Kindred policy prohibits receiving cash or cash equivalents from patients, residents or family members. Kindred policy also prohibits accepting gifts and tips from a patient or resident regardless of amount. If a patient, resident or family member offers you a gift, you should thank them for their generosity and politely decline the gift, citing Company policy.

For similar reasons, you must never request or accept personal loans from patients, residents or their families. In some states, accepting loans from patients or residents is against the law. In every case, it is a violation of Kindred policy and is subject to disciplinary action up to and including termination of employment.



## 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 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 Senior Vice President of Government Affairs manages all contributions on behalf of the Company and manages Kindred's Political Action Committee (PAC). Questions regarding matters related to these activities should be directed to the Vice President of Government Affairs.

## Securities and Use of Insider Information

During the course of your employment, you may become aware of material information not available to the public or information that would be considered important to an investor in deciding to buy, sell or hold securities in certain companies. Material information includes, but is not limited to, information regarding 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. Information is considered to be nonpublic until it has been disclosed to the public and there has been sufficient time and opportunity for the financial markets to assimilate the information.

Federal securities laws prohibit you from buying or selling securities based on this nonpublic information that you come to know.

Additionally, you are prohibited from disclosing any nonpublic information you may come to know to any other person, except to those within Kindred who need the information to perform their job functions.

### *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 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, if 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. Covered personnel can generally trade in Kindred securities at any time unless they are in possession of material non-public information.



### *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 you, 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.

- **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 selling a call or buying a put, or similar derivative instruments or options, regarding Kindred securities.

### *Prohibition Exceptions*

The preceding restrictions regarding prohibited trading periods and prohibited transactions do not apply to bona fide gifts of securities or the sale of Kindred common stock received upon the exercise of a stock option if the sale is part of a "netting of shares" or "cashless exercise" administered through Kindred's Law Department. In addition, such restrictions do not apply to sales of Kindred securities that are executed under a Rule 10b5-1 Trading Plan that has been previously disclosed to Kindred's Law Department.

### *Individual Responsibility*

Every employee, officer and Board Member has the individual responsibility to comply with Kindred's Securities Trading Policy. Even if a transaction of Kindred securities is planned before they learn of material non-public information, the transaction must be postponed. This also applies in the case of a blackout period, even though you believe you may suffer an economic loss or forego anticipating profit by waiting. In addition, trading in Kindred securities during an open trading period should not be considered a "safe harbor" and all employees, officers and Board Members should use good judgment at all times when engaging in any transactions in Kindred securities.

### *Consequences of a Violation*

Kindred employees, officers and Board Members could be subject to substantial civil fines and criminal penalties for violating federal securities laws. Kindred could be subject to unfavorable publicity as well as a negative market reaction. Employees, officers and Board Members could also be subject to internal disciplinary proceedings, including termination of employment.

## Antitrust Laws

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 that 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.

## Elder Justice Act

Under the Elder Justice Act (EJA), Kindred must report any reasonable suspicion of a crime committed against any individual who is a resident of, or is receiving care from, a long-term care facility, including hospice services provided at a long-term care facility. The suspected crime must be reported to one or more local law enforcement agency 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.

Failure to report suspected crimes can subject a provider to civil money penalties up to \$200,000 and may lead to exclusion from participation in federal healthcare programs. If 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.

Kindred will not retaliate against, discharge, demote, suspend, threaten, harass or deny a promotion or 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.

Questions regarding the requirements of the EJA should be referred to the **Kindred Law Department at 800.545.0749.**

## Health, Safety and Environmental Laws

Employees should be familiar with Health, Safety and Environmental policies and procedures that relate to their surroundings. This includes requirements designed to protect employees from potential workplace hazards.

## Conflicts of Interest

A conflict of interest exists if you have an interest that interferes, or appears to interfere, with your responsibilities at work or may affect your judgment when working on behalf of the company. 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. Kindred's employees, officers and Board Members should not engage in any activities that conflict with Kindred's interests.

*Some situations that may give rise to a conflict of interest include, but are not limited to:*

- A Kindred employee accepts outside employment from or contracts with an organization that does business with Kindred or is a competitor of Kindred. While certain employees, such as nurses, are not prohibited from working shifts at another facility, this additional work must be disclosed to supervisors and should not interfere with the employee's work commitment to Kindred or interfere with the employee's job performance at Kindred.

*Health, Safety and Environment Laws function by:*

- Regulating the handling and disposal of infectious materials, such as syringes.
- Directing the use of medical equipment and related reporting requirements.
- Guiding the use of protective equipment to prevent the spread of infectious diseases.
- Mandating the storage, security, handling and disposal of hazardous materials.
- Enforcing the use of safety and emergency plans.

- 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 financial interest may affect the employee's decisions or actions.

Potential conflicts of interest must be disclosed to supervisors upon hire or as they occur. All reported conflicts must be reviewed by the Compliance Department. This includes any additional employment accepted while working for Kindred. Directors and executive officers must 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, the Compliance Department, Kindred's Board of Directors or an appropriate committee of the Board of Directors, may subject the individual to appropriate action, up to and including termination of employment, taking into account appropriate and relevant facts. When in doubt, it is best to disclose.

# Document Retention

All business documents and clinical records, in any form or medium, created or received by an employee are to be retained in accordance with applicable law and Kindred policy. Kindred has established policies and procedures for retention,

preservation and disposal of such documentation. You should refer to these policies for guidance regarding document retention. Contact the Law Department with any questions related to Kindred's retention guidelines.

## 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 or an exclusion that prohibits the contractor from working within Kindred's criminal background screening policy. All vendors that create, receive, maintain or transmit protected health information while performing certain functions or services on Kindred's behalf must sign a business associate agreement.

*All contracts between Kindred and vendors should:*

- Be in writing and for a specific term;
- Be on templates approved by Kindred's Law Department;
- Contain a Fair Market Value assessment, where appropriate;
- Include a Business Associate Agreement, when appropriate;
- Not take into consideration the volume or value of referrals provided;
- Be reviewed by the Law Department if it involves physician services or other clinical services; and
- Comply with all provisions of state and federal healthcare programs, laws and regulations.



# Licensure and Certification

Based on your position at Kindred, you may be required to maintain a license or certification in order to comply with state and federal laws. Each employee is expected to maintain such license or certification in good, active standing. Employees are responsible for renewing, verifying

and validating their information with the respective licensure or certification board. In the event that any disciplinary action is taken against a license or certification, the employee must report the action or potential action to their supervisor.

# Exclusion Programs

Kindred does not employ, contract with, grant privileges to, or enter into any type of arrangement with individuals, entities or vendors currently excluded by the Office of the Inspector General (OIG) or debarred by the General Services Administration (GSA) from participating in federal programs, including Medicare or Medicaid. In addition to federal exclusion programs, some states have enacted Medicaid exclusion lists. Kindred does not employ individuals excluded under state exclusion lists. Before employing or conducting business with any person or vendor, the individual or business must be screened against both federal and state exclusion lists.

As an employee of or vendor for Kindred, you are expected to immediately notify Kindred if you receive notice that you have been placed on an exclusion list.

A list of those states that have enacted exclusion lists is available on the Compliance website on Knect, Kindred's intranet site.





# Discrimination-Free and Harassment-Free Workplace

Kindred operates as an equal opportunity/affirmative action employer and prohibits all forms of discrimination and 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 work toward the highest degree of performance, behave professionally at all times, and promote high standards and integrity. This includes communicating respectfully and behaving properly at all times.

## 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 employee must be aware of the policies and procedures that apply to his or her role within the Company.

### 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 (844.760.5835)

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.

### How can I be sure I am following the most current policies and procedures?

Enterprise and division-specific policies and procedures are found under the appropriate heading (Global, Nursing Center Division, Hospital Division, RehabCare and Care Management Division) on Knect. All compliance policies and procedures are found on the Compliance Department website located on Knect under Global.

# Commitment to **Education and Training**

Kindred recognizes that education and training are critical to providing quality care and services, to providing accurate billing practices, and to conducting ethical and legal business operations. Kindred has established training programs to provide detailed guidance on compliance issues and to ensure that each Kindred representative receives the information needed to perform his or her job functions appropriately.

As an employee, you will receive education about our Code of Conduct and our Compliance Program within 30 days of hire and annually thereafter through General Compliance Training. You are also expected to participate in job-specific (role-based) training requirements that provide education of state and federal law, regulations and requirements based on your specific line of business or role.

## *Role-Based Training Programs focus on:*

- Fraud, waste and abuse
- Ethics and appropriate billing
- Documentation guidelines to support the requirements of participation in Medicare and Medicaid programs
- Privacy and security of health information
- Patient/resident rights
- Interdisciplinary team process/care planning
- Anti-kickbacks, Stark law and gifts

Minimum training requirements are established through the Compliance Program and the lines of business and must be completed and documented. Kindred monitors training requirements in 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. For specific requirements, please see the applicable policy on the Compliance website.



## 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.*

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