

Kansas

Compliance Program: Code of Conduct

This is a supplement to Kindred's Employee Handbook for employees who work in Kansas. 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 Kansas False Claims Act and the Kansas Medicaid Fraud Control Act impose liability on persons or companies that make or cause to be made false or fraudulent claims to the government for payment or who knowingly make, use or cause to be made or used, a false record or statement to get a false or fraudulent claim paid by the government. These Kansas laws apply to Kansas Medicaid reimbursement and prohibit, among other things:

- Billing any officer or agent of the State of Kansas for services or goods not provided, including Kansas' Medicaid program;
- Submitting a false claim for payment;
- Conspiring to make a false claim or to get one paid;
- Making or using a false record to avoid payments owed to the state;
- Knowingly delivering a receipt that falsely represents property received; and
- Failing to disclose the fact that a benefit was obtained from a false claim that was mistakenly submitted.

Civil and Criminal Penalties for False Claims or Statements

A violation of the Kansas False Claims Act may result in a civil penalty for false claims of \$1,000 to \$11,000 per false claim, three times the amount of damages which the state sustains because of the fraudulent act or false claim, and all reasonable costs and attorneys' fees incurred in a civil action brought by the Attorney General to recover damages or any applicable penalties. In addition, submitting false or fraudulent claims to the Kansas Medicaid program is a criminal offense under the Kansas Medicaid Fraud Control Act and, depending on the level of severity, may constitute a Class A misdemeanor or a level 7 or level 9 nonperson felony, punishable by imprisonment, payment of a fine of up to \$100,000, and payment of full restitution to the State, plus interest, and all reasonable expenses.

Civil Lawsuits

Currently, unlike the Federal False Claims Act, Kansas 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 Kansas law provision permitting a private citizen to share a percentage of any monetary recoveries.

No Retaliation

Like federal law and Kindred policy, Kansas law prohibits public and private employers from retaliating, discriminating or harassing employees because of their lawful participation in a false claims disclosure or their refusal to assist employers in violating the law. Kansas law also provides for all relief necessary to make an employee whole to a prevailing plaintiff.

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 Kansas Laws

The Kansas laws summarized above include: (1) Kansas False Claims Act, Kan. Stat. Ann. §§ 75-7501 through 75-7511; (2) Kansas Medicaid Fraud Control Act, Kan. Stat. Ann. §§ 21-3844 through 21-3851; (2) Kan. Stat. Ann. §§ 21-4503a(3) and 21-4704; and (3) Kansas False Claims Act; Employment Retaliation Claims, Kan. Stat. Ann. § 75-7506 (private employees); and (4) Kansas Whistleblower Act, Kan. Stat. Ann. § 75-2973 (public employees). 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.