

Puerto Rico

Compliance Program: Code of Conduct

This is a supplement to Kindred's Employee Handbook for employees who work in Puerto Rico. As stated in our Employee Handbook, the federal False Claims Act and similar laws of states and territories of the United States, assist the federal, state, and territorial governments in combating fraud and recovering losses resulting from fraud in government programs, purchases and contracts. These laws are some of the most important laws that govern our business. Like the federal False Claims Act, the Puerto Rico insurance fraud laws impose liability on persons or companies that intentionally and knowingly present a false or fraudulent claim to the government for payment or who intentionally and knowingly help or participate in the filing of a fraudulent claim paid by the government. These laws of Puerto Rico apply to reimbursement under Puerto Rico's Health Reform Program, now known as Mi Salud, and prohibit, among other things:

- Billing for services, supplies or equipment that were not provided;
- Billing for services, supplies or equipment that clearly are not suitable for the patient's needs or that are so deficient that they are virtually worthless;
- Misrepresenting the date or type of services provided to the patient, or misrepresenting the identity of the patient or individual who provided the services;
- Using inaccurate, false or improper entries in medical records, cost reports and any other records in order to obtain or support reimbursement from a Mi Salud contractor;
- Billing for services or items for which a Mi Salud contractor already paid;
- Billing for a non-covered service;
- Characterizing a non-covered service, item or cost in a way that is contrary to specific billing or coding requirements in order to obtain reimbursement from a Mi Salud contractor;
- Assigning a code to a service that is contrary to specific billing or coding requirements in order to obtain a higher reimbursement from a Mi Salud contractor; and
- Altering, falsifying, destroying, or concealing medical records, income and expenditure reports or any other records to support reimbursement from a Mi Salud contractor.

Civil and Criminal Penalties for False Claims or Statements

Any person who violates the Puerto Rico insurance fraud laws may be punished by a civil fine of up to \$10,000 for each violation. In addition, a violation of the insurance fraud laws may result in a felony conviction and criminal penalty of at least \$5,000 but not more than \$10,000 and imprisonment for up to five years. Finally, any person who is convicted and has benefited from the fraud must pay repay the amount of money resulting from the fraud.

Civil Lawsuits

Puerto Rican law does not give private citizens or employees a right to bring a civil lawsuit alleging insurance fraud. There also is no provision for a private citizen or employee to share a percentage of Puerto Rico's monetary recovery for insurance fraud.

No Retaliation

The federal False Claims Act and Kindred's policy prohibit employers from retaliating, discriminating or harassing employees because of their lawful participation in the disclosure of a false claim with Mi Salud or a Mi Salud contractor or for their refusal to

assist employers in violating laws such as the Puerto Rico insurance fraud laws.

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.

Additionally, under Puerto Rican law, an individual may not incur extra-contractual civil liability if he or she acts in good faith and without gross negligence under the provisions of Puerto Rican law to provide information about insurance fraud to the Puerto Rico Commissioner of Insurance or to any law enforcement agency.

Copies of Puerto Rican Laws

The Puerto Rican laws summarized above include 26 L.P.R.A §§ 2720, 2722, 2727a, and 2735. If you have questions about any of these requirements, you may contact Kindred's Compliance Hotline at 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.

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