

 BRIGHTSPRING™ HEALTH SERVICES Accounting Policies & Procedures Manual	Policy & Procedure Number: 00-13	Page Number: 1 of 8
Subject: FRAUD PREVENTION		
<p style="text-align: center;">Applies to:</p> <input checked="" type="checkbox"/> Resource Center <input checked="" type="checkbox"/> Residential Services <input checked="" type="checkbox"/> ResCare HomeCare <input checked="" type="checkbox"/> Education & Training Services <input checked="" type="checkbox"/> Workforce Services <input checked="" type="checkbox"/> Pharmacy Services		
Current Review/Revision Date: 12/6/2018	Last Revision Date: 11/30/2017	Original Issue Date: 12/31/2006
Process Owner: <i>Chief Compliance Officer</i> Rachael Kurzer Givens		

PURPOSE:

The Fraud Prevention policy is established to promote the detection and prevention of fraud, waste or abuse of resources belonging to Res-Care, Inc. or its subsidiaries (ResCare) and the individuals we support. It is the intent of ResCare to promote consistent organizational behavior by providing guidelines and assigning responsibility for the development of controls and the conduct of investigations.

SCOPE OF POLICY:

This policy applies to any actual or suspected fraud, waste or abuse of resources involving ResCare employees, agents, consultants, vendors, contractors, and/or any other parties with a business relationship with ResCare. Any investigative activity will be conducted without regard to the suspected wrongdoer’s length of service, position/title, or relationship to ResCare.

POLICY:

Fraud is the deliberate use of misrepresentation or other deceitful means to obtain something to which a person is not otherwise entitled. When dealing with government contracts or funding, a person need not have actually known that the information provided to the Government was false. Fraud may also occur when a person acts in “deliberate ignorance” or “reckless disregard” of the truth or falsity of such information.

Management is responsible for the detection and prevention of fraud, misappropriations, and other inappropriate or unethical conduct. Each member of management will be familiar with the types of improprieties that might occur within his or her area of responsibility and be alert for any indication of irregularity.

Any fraud that is detected or suspected must be reported immediately to a supervisor or the Compliance Department (see *REPORTING PROCEDURES* section below).

ACTIONS CONSTITUTING FRAUD:

The terms fraud, defalcation, misappropriation, and other fiscal wrongdoings refer to, but are not limited to the following:

- A dishonest or fraudulent act;
- Forgery or alteration of any document or account belonging to ResCare;
- Forgery or alteration of a check, bank draft, or any other financial document;
- Misappropriation of funds, securities, supplies, or other assets;
- Theft, misappropriation or misuse of the identity, personal funds or property of the individuals we support;

- Impropriety in the handling or reporting of money or financial transactions;
- Profiteering as a result of insider knowledge of company activities;
- Disclosing confidential and proprietary information to outside parties;
- Providing false information to governmental entities or other funding sources;
- Improperly billing for services that were provided (upcoding and/or unbundling services);
- Accepting or seeking anything of material value from contractor, vendors or persons providing services/materials to ResCare;
- Destruction, removal or inappropriate use of records, furniture, fixtures, and equipment; and/or
- Any similar or related inappropriate conduct.

OTHER INAPPROPRIATE CONDUCT:

Suspected improprieties concerning any moral, ethical, or behavioral conduct that does not involve an act of fraud should be resolved by departmental or regional management in consultation with the Human Resources Department, Compliance Department or Legal Department. If there is any question as to whether an action constitutes an act of fraud, the Compliance Department or Legal Department should be contacted for guidance.

INVESTIGATION RESPONSIBILITIES:

Either the Compliance Department or Legal Department has the primary responsibility for the investigation of any suspected fraudulent acts as defined in this policy. If the investigation substantiates that fraudulent activities have occurred, reports will be issued to senior management, including the Chief Legal Officer, and to the Audit Committee and the Quality and Compliance Committee of the Board of Directors. Decisions to prosecute or refer any investigation results to the appropriate law enforcement and/or regulatory agencies for independent investigation will be made in conjunction with legal counsel and senior management, as will final decisions on disposition of the case.

CONFIDENTIALITY:

The Compliance Department treats all information received confidentially. Any individual who suspects dishonest or fraudulent activity should not attempt to personally conduct investigations or interviews/interrogations related to any suspected fraudulent act (see *REPORTING PROCEDURES* section below).

Caution must be exercised during the investigation of suspected improprieties or wrongdoings. This will protect the reputations of persons suspected but subsequently found innocent of wrongful conduct and to protect ResCare from potential civil liability.

AUTHORIZATION FOR INVESTIGATING SUSPECTED FRAUD:

Employees appointed to conduct fraud investigations will have:

- Free and unrestricted access to all ResCare records and premises, whether owned or rented; and
- The authority to examine, copy, and/or remove all or any portion of the contents of ResCare files, computers, desks, cabinets, and other storage facilities on the premises without prior knowledge or consent of any individual who may use or have custody of any such items or facilities when it is within the scope of their investigation.

Any questions pertaining to an employee's authority under this section should immediately be directed to the Legal Department.

REPORTING PROCEDURES:

Any individual who discovers or suspects fraudulent activity should contact a supervisor or ResCare’s Compliance Department immediately. Allegations reported to the Compliance Department may be made by directly contacting a Compliance Officer or by using ResCare’s toll-free Compliance Action Line at 1-866-293-3863. The complainant has the option of remaining anonymous. Any inquiries from the suspected individual, his or her attorney or representative, or any other inquirer related to the activity under investigation should be directed to the Compliance Department or the Legal Department. Any individual reporting suspected fraudulent activity should be informed of the following:

- Do not contact the suspected individual in an effort to determine facts or demand restitution.
- Do not discuss the case, facts, suspicions, or allegations with anyone unless specifically asked to do so by the Legal Department or Compliance Department.
- Any form of retaliation or retribution against individuals who make good faith reports of known or suspected instances of inappropriate business conduct or activity will not be tolerated.
- Any person using the Compliance Action Line to purposely report false information or allegations will be subject to corrective action in accordance with ResCare’s Progressive Corrective Action policy (7.3).

MANDATORY DISCLOSURE:

ResCare’s management shall timely disclose, in writing, to the appropriate federal or state oversight agency in connection with the award, performance, or closeout of any government contract or subcontract, when it has credible evidence of a violation of federal or state law involving fraud, conflict of interest, bribery or gratuity violations. In those situations where a government contract or subcontract is involved, a copy of the written notice shall be provided to the appropriate Contracting Officer.

FEDERAL AND STATE FALSE CLAIMS ACTS:

The Federal False Claims Act (**UNITED STATES CODE SECTIONS 3729 – 3733**) is federal law which authorizes private individuals to file lawsuits on behalf of the federal government against other individuals or entities who make false claims for financial payment or reimbursement from the federal government. Such lawsuits are called “whistleblower” or “*qui tam*” suits. The purpose of the law is to prevent fraud, waste and abuse. The law applies to corporate entities and individuals. Under the law, any corporate entity or person who makes a request or demand for money, property or reimbursement from the federal government, knowing the request is false or fraudulent, can be prosecuted. Additionally, any corporate entity or individual who makes, uses or facilitates the use of a false record or statement to obtain payment or reimbursement from the federal government can be prosecuted. The law provides for compensatory as well as punitive damages against a corporate entity or individual found guilty of illegal activity.

In addition to the Federal False Claims Act, the Deficit Reduction Act of 2005 contains additional provisions aimed at reducing Medicaid fraud and abuse. Among these provisions are financial incentives for individual states to develop their own false claims acts with provisions that meet or exceed those of federal law. A list of states which currently have their own false claims act or general statutes related to false claims is set forth in *Attachment A*.

The Fraud Enforcement and Recovery Act of 2009 further strengthens the False Claims Act by expanding liability to indirect recipients of federal funds, expanding liability for the retention of overpayments (even where there is no false claim), adding a materiality requirement and defining it broadly, expanding protections for whistleblowers, expanding the statute of limitations, and providing relators with access to documents obtained by the government.

Both the Federal and State False Claims Acts provide protection from retaliation by employers against employees who file whistle blower suits (See Compliance Policy C04 – Non-Retaliation and Non-Retribution for Reporting Compliance Concerns). The federal act, and some state acts, also provide for sanctions against anyone who files a whistleblower suit that is found to be frivolous, vexatious or filed primarily for the purposes of harassment.

THE PROGRAM FRAUD CIVIL REMEDIES ACT

The Program Fraud Civil Remedies Act of 1986 (**UNITED STATES CODE TITLE 31 SECTIONS 3801-3812**) provides federal agencies the ability to obtain administrative remedies, separate from and in addition to, compensatory and punitive damages available under the Federal False Claims Act. The act applies to corporate entities and individuals. The statute authorizes a federal agency to seek administrative remedies in the event a corporation or individual knowingly submits false claims or statements to the agency. Available remedies include civil penalties of up to \$5,000 for each false claim or statement and assessments of up to twice the amount of each false claim or statement. Agencies may also pursue actions to suspend or debar any corporate entity or individual from entering into contracts with the federal government.

FRAUD PREVENTION & DETECTION CONTROLS:

ResCare's management has acted upon their responsibility of designing and implementing systems and internal controls for the prevention and detection of fraud. This is demonstrated by creating an environment that promotes both honest and ethical behavior from not only the company's Leadership Team but also the various levels of employees at the Resource Center and within our subsidiaries.

In order to prevent fraud at ResCare, the following fraud prevention controls are in place:

- **Code of Conduct**
- **Audit Committee Oversight**
- **Written Policies and Procedures**
- **Fraud Prevention Training**
- **Compliance Training**

In order to detect fraud at ResCare, the following fraud detection controls are in place:

- **Compliance Action Line**
- **Internal Audit Function**
- **Analysis of Budget-To-Actual Results**
- **Management's Internal Control Environment**
- **Annual Eligibility Certification Form**

TERMINATION:

If an investigation results in a recommendation to terminate an individual, the recommendation will be reviewed and approved by regional or departmental management, the People Services Department and/or the Legal Department before any such action is taken.

ADMINISTRATION:

The Chief Compliance & Privacy Officer or designee is responsible for the administration, revision, interpretation, and application of this policy. The policy will be reviewed semi-annually and revised as needed.

* * * * *

Questions regarding this policy should be directed to the Process Owner, Chief Compliance Officer, Chief Accounting Officer or the Chief Financial Officer.

Approved by:

/s/ Rachael Kurzer Givens
Chief Compliance Officer

December 6, 2018
Date

/s/ Jennifer Phipps
Chief Accounting Officer

December 6, 2018
Date

/s/ James F. Mattingly, Jr.
Chief Financial Officer

December 6, 2018
Date

Attachment A

STATE FALSE CLAIMS ACTS & GENERAL STATUTES

STATE	REGULATION	OIG certification of State FCA
Alabama	<i>No State FCA.</i> Ala. Admin. Code Rule 560- X-1 to 560-X-26.01; Ala. Code §22-1-11(a), <i>et seq.</i>	NO
Alaska	<i>No State FCA.</i> 7 AAC 105.400 <i>et seq.</i> ; AK Stat. §09.58.010 (2016)	NO
Arizona	<i>No State FCA.</i> Ariz. Rev. Stat. Ann. §36-2918, <i>et seq.</i> ; Ariz. Stat. Ann. § 13-2311; Ariz. Rev. Stat. Ann. §§38-531 to 38-532; Ariz. Rev. Stat. Ann. §§23-1501 to 23-1502; Ariz. Rev. Stat. Ann. §12-2-510	NO
Arkansas *	State FCA (MEDICAID ONLY). Ark. Code Ann. §20-77-901, <i>et seq.</i>	NO
California	State FCA. Cal. Govt. Code §12650 – 12656 (2014)	YES
Colorado	State FCA (Medicaid Only). Colo. Rev. Stat. §§ 25.5-4-304 to 25.5-4-310	YES
Connecticut	State FCA (Medicaid Only). Conn. Gen. Stat. §4-274, <i>et seq.</i> (2014)	YES
Delaware	State FCA. 6 Del. Code tit. 6 §§1201-1211 (2014)	YES
Dist. of Columbia	State FCA. D.C. Code Ann. §2-381.02	NO
Florida	State FCA. Fla. Stat. §68.081 – 68.09 (2014)	NO
Georgia	State FCA (Medicaid Only). Ga. Code Ann. §49-4-168.1 <i>et seq.</i> (2013)	YES
Hawaii	State FCA. Haw. Rev. Stat. §§661-21, <i>et seq.</i> (2013)	YES
Idaho*	<i>No State FCA.</i> Idaho Code §56-227, 56-209 (2014)	NO
Illinois	State FCA. 740 Ill. Comp. Stat. 175/1, <i>et seq.</i>	YES**
Indiana	State FCA. Ind. Code §§ 5-11-5.7.1 through 5-11-5.7-18	YES**
Iowa	State FCA. Iowa Code §685.1, <i>et seq.</i>	YES
Kansas *	State FCA. Kan. Stat. Ann. § 75-7503, Kan. Stat. Ann. §21-5925, <i>et seq.</i>	NO
Kentucky	<i>No State FCA.</i> Ky. Rev. Stat. §205.8463, <i>et seq.</i> ; Ky. Rev. Stat. §534.030; Ky. Rev. Stat. § 534.050; Ky. Rev. Stat. § Ky. Rev. Stat. 61.101, <i>et seq.</i>	NO
Louisiana	State FCA (Medicaid Only). La. Rev. Stat. Ann. § 46:437 – 46:440.3 (2013)	NO
Maine	<i>No State FCA.</i> 17A Me. Rev. Stat. Ann § 1, <i>et seq.</i>	NO

Maryland	State FCA (Medicaid Only). Md. Code. Ann. Health General Title 2 §2-601 (2014)	NO
Massachusetts	State FCA. Mass. Gen. Laws ch. 12, §§ 5A - 5O (2014)	YES
Michigan	State FCA (Medicaid Only). Mich. Comp. Laws §400.601 - 400.615 (2014)	NO
Minnesota**	State FCA. Minn. Stat. §§15C.01 to 15C.16	YES
Mississippi *	State FCA (Medicaid Only). Miss. Code Ann. §§ 43-13-201, <i>et seq.</i> (2014)	NO
Missouri *	State FCA (Medicaid Only). Mo. Rev. Stat. §191-900, <i>et seq.</i>	NO
Montana	State FCA. Mont. Code Ann. § 17-8-401, <i>et seq.</i>	YES
Nebraska *	State FCA (Medicaid Only). Neb. Rev. Stat. § 68-936, <i>et seq.</i> (2014)	NO
Nevada	State FCA. Nev. Rev. Stat. Ann. §§ 357.010, <i>et seq.</i> (2014)	YES
New Hampshire	State FCA (Medicaid Only). N.H. Rev. Stat. Ann. § 167.58 to 167.61- e	NO
New Jersey	State FCA. N.J. Stat. §2A:32C-1, <i>et seq.</i>	NO
New Mexico	State FCA. N.M. Stat. Ann. § 27-14-1, <i>et seq.</i>	NO
New York**	State FCA. N.Y. Fin. Law §§ 187, <i>et seq.</i> (2010); N.Y. Comp. Codes R. & Regs. tit. 13, §§ 400.1, <i>et seq.</i>	YES
North Carolina	State FCA. N.C. Gen. Stat. § 1-605, <i>et seq.</i> ; N.C. Gen. Stat. §108A-70.10, <i>et seq.</i>	NO
North Dakota	<i>No State FCA.</i> N.D. Stat. Ann. §§ 75-02-05-05, <i>et seq.</i>	NO
Ohio	<i>No State FCA.</i> Ohio Rev. Code §5162.15; Ohio Rev. Code § 2913.40; Ohio Rev. Code §2913.74; Ohio Rev. Code § 4113.51, <i>et seq.</i> ; Ohio Rev. Code §5111.03; Ohio Rev. Code § 2921.13; Ohio Rev. Code §4113.52	NO
Oklahoma	State FCA (Medicaid Only). 63 Okla. Stat. §5053, <i>et seq.</i> (2017)	NO
Oregon *	State FCA. Or. Rev. Stat. §180.750-785	NO
Pennsylvania	<i>No State FCA.</i> 62 Pa. Stat. §§ 1407 and 1408; 55 Pa. Code § 1101.75, <i>et seq.</i> ; 43 Pa. Stat. §1421 to 1428	NO
Rhode Island**	State FCA. R.I. Gen. Laws §§ 9 -1.1-1, <i>et seq.</i> (2015)	YES
South Carolina	<i>No State FCA.</i> S.C. Code Ann. §38-55-170; §43-7-60, <i>et seq.</i> ; S.C. Code Ann.§§ 8-27-10, <i>et seq.</i>	NO
South Dakota	<i>No State FCA.</i> S.D. Codified Laws § 22-45-2, <i>et seq.</i> ; S.D. Codified Laws §27B-8-43	NO
Tennessee	State FCA. Tenn. Code Ann. §§ 71-5-181, <i>et seq.</i>	YES

Texas	State FCA (Medicaid Only). Tex. Hum. Res. Code Ann. § 36.001 through 36.132	YES
Utah *	State FCA. Utah Code Ann. § 26-20-1, <i>et seq.</i> (2013)	NO
Vermont	State FCA. Vt. Stat. Ann. tit. 32 § 630, <i>et seq.</i> (2016); Vt. Stat. Ann. tit. 21 §§507 to 509	YES
Virginia**	State FCA. Va. Code Ann. § 8.01-216.1, <i>et seq.</i>	YES
Washington**, ***	State FCA (Medicaid Only). Wash. Rev. Code §74.66.020, <i>et seq.</i> ; Wash. Rev. Code §48.80.030; Wash. Rev. Code §§ 42.40.020, <i>et seq.</i> and Wash. Rev. Code §49.60.250	YES
West Virginia	<i>No State FCA.</i> W.Va. Code §9-7-4, <i>et seq.</i> ; W.Va. Code §6C-1-1, <i>et seq.</i>	NO
Wisconsin	State FCA (Medicaid Only). Wis. Stat. Ann. § 20.931	NO
Wyoming *	State FCA (Medicaid Only). Wyo. Stat. Ann. § 42-4-303(a), <i>et seq.</i>	NO

Note: This list is believed to be up-to-date and complete, but as a result of the incentives contained in the Federal Deficit Reduction Act of 2005, additional states are considering legislation. (Updated 11/2017).

* Without a Qui Tam Provision

** OIG has granted these states a grace period until December 31, 2018 to amend their respective State FCAs to comply with the federal mandate related to civil penalties.

*** The qui tam provisions of the Washington Medicaid Fraud False Claims Act established under 74.66 terminate on June 30, 2023. See Wash. Rev. Code §43.131.419. Wash. Rev. Code 74.66.050 through 74.66.130 are scheduled for repeal effective June 30, 2024. See Wash. Rev. Code §43.131.420.