

Illinois

Compliance Program: Code of Conduct

This is a supplement to Kindred's Employee Handbook for employees who work in Illinois. 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 Illinois Whistleblower Reward and Protection Act ("WRPA"), the Illinois Public Assistance Fraud law, and other Illinois laws 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 Illinois laws apply to Medicaid reimbursement and prohibit, among other things:

- Billing Illinois' Medicaid program for services not rendered
- Submitting a false claim to Illinois' Medicaid program for payment
- Conspiring to make a false claim or get one paid
- Making or using a false record or statement to obtain payments or to avoid payments owed to the State
- Participating in kickbacks

Civil and Criminal Penalties for False Claims or Statements

A violation of these Illinois laws may result in civil penalties of \$5,000 to \$10,000 per claim, plus three times the amount of damages sustained by the state government. In addition, a person who violates the Illinois Public Assistance Fraud law, commits a crime punishable by imprisonment up to 15 years.

Civil Lawsuits

Like the federal False Claims Act, Illinois law also allows civil lawsuits to be filed by the state government or by private citizens, including employees. If the private citizen (also called a *qui tam* plaintiff) is successful in the lawsuit, he/she may share a percentage of any monetary recovery and receive an award for reasonable attorney's fees and costs. However, if the state chooses not to litigate a case, and the private citizen litigates and loses, then the court may award the defendant its reasonable attorney fees and costs against the private citizen.

No Retaliation

Like federal law and Kindred policy, various Illinois laws, including the WRPA prohibit 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 laws such as the WRPA. These laws also provide for certain monetary awards and

equitable relief to the prevailing plaintiff including compensation for lost wages and reinstatement to a former position.

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 Illinois Laws

The Illinois laws summarized above include: (1) The Illinois Whistleblower Reward and Protection Act, 740 Ill. Comp. Stat. §§ 175/1-175/8; and (2) The Illinois Public Assistance Fraud Statute, 305 Ill. Comp. Stat. § 5/8A 1-17. 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.