

Nevada

Compliance Program: Code of Conduct

This is a supplement to Kindred's Employee Handbook for employees who work in Nevada. 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, various Nevada 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 Nevada laws apply to Medicaid reimbursement and prohibit, among other things:

- Billing Nevada's Medicaid program for services not rendered
- Submitting a false claim for payment
- Conspiring to make a false claim or get one paid
- Making a false statement or representation to obtain authorization to provide goods or services or for use in qualifying as a provider
- Making or using a false record to conceal, avoid or decrease an obligation relative to the Medicaid program

Civil and Criminal Penalties for False Claims or Statements

A violation of these Nevada 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. In addition, a person who violates these laws commits a crime punishable by imprisonment for up to four years and a fine of not more than \$5,000.

Civil Lawsuits

Like the federal False Claims Act, Nevada 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 a qui tam plaintiff brings a lawsuit and the defendant prevails in the action, and finds that the action was clearly frivolous or brought solely for harassment, then the court may award the defendant its reasonable attorney fees and costs against the qui tam plaintiff.

No Retaliation

Like federal law and Kindred policy, various Nevada laws, 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 such 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.

Copies of Nevada Laws

The Nevada laws summarized above include: (1) Nev. Rev. Stat. §§ 357.010; (2) Nev. Rev. Stat. § 422.540; and (3) Nev. Rev. Stat. § 357.240. 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.