

An Overview of Bethel's Compliance Program

Bethel Homes, Inc., (hereinafter "Bethel") is committed to being a good corporate citizen of our community, state, and nation. In a resolution dated January 25, 2006, the Board of Directors of Bethel reiterated the organization's mission statement and commitment to comply with all laws that affect its various operations and to support only the finest ethical behavior. In order to assure that its operations are being conducted in compliance with law and the finest ethical principles, the Board approved the hiring of an Ethics/Compliance Officer to oversee Bethel's compliance program.

The Compliance Officer is charged with the responsibility of contributing to the fulfillment of Bethel's mission:

The Bethel not-for-profit companies are committed to being the innovative leader in healthcare, housing and services to seniors and the community at large by providing an integrated continuum of high quality programs to meet and exceed the expectations of the community we serve.

To do so, the Compliance Officer, in cooperation with key executives and department heads within the organization, has developed the Code of Conduct and an initial set of Compliance Policies. Additionally, a reporting system has been established to allow any individual, whether or not an employee or agent of Bethel, to bring issues to the attention of the Compliance Officer. Finally, a Mandatory Reporting Policy has been developed to ensure that suspected violations of Bethel's Code of Conduct, Ethics and Compliance Policies, operational policies or any other law or regulation are brought to the Compliance Officer's attention so that they can be investigated and corrected.

In order to assure compliance with the many laws and regulations that govern Bethel's business, from time-to-time the Compliance Officer will publish Compliance policies. Additionally, Bethel will provide education to its employees and agents; audit its operations in an effort to ensure that its Code of Conduct and Compliance Policies are adhered to; and investigate any reports of suspected non-compliance. If necessary, Bethel will take disciplinary action up to and including **termination of employment or of business relationships** if it finds that employees **or agents** have failed to fulfill the objectives of this program.

Finally, for Corporate Compliance issues Bethel's Compliance Officer will report directly to the Board of Directors' Ethics Committee and will work closely with Bethel's management and employees to make every effort to establish systems which enhance each employee's ability to understand and adhere to the complex laws, regulations, and ethical standards that govern our business. In doing so, the Compliance Officer will report his or her activities directly to Bethel's Board of Directors' Ethics Committee.

A full copy of the program may be obtained by writing the Corporate Compliance Officer at Bethel Homes, 67 Springvale Rd, Croton, NY 10520. Calls may also be made to (914) 739-6700, extension 1220.

Bethel
Code of Conduct

CODE OF CONDUCT Number 1

Bethel's employees and agents shall strive to deliver high quality health care services that are necessary to attain or maintain the residents' highest level of physical, psychosocial and mental well being.

CODE OF CONDUCT Number 2

Bethel's employees and agents shall strive to assure that each resident is provided a dignified existence that promotes freedom of choice, self-determination and accommodation of individual needs.

CODE OF CONDUCT Number 3

Bethel's employees and agents respect each other as human beings and health care professionals.

CODE OF CONDUCT Number 4

Bethel's employees and agents shall comply with all applicable laws and regulations that affect its various businesses.

CODE OF CONDUCT Number 5

Bethel's employees and agents shall engage in ethical business relationships.

CODE OF CONDUCT Number 6

Bethel's employees and agents shall avoid either conflicts of interest or the appearance of an impropriety.

CODE OF CONDUCT Number 7

Bethel's employees and agents shall protect Bethel's property and respect the property rights of others with whom we do business.

CODE OF CONDUCT NO. 1

Bethel's employees and agents shall strive to deliver high quality health care services that are necessary to attain or maintain the residents' highest level of physical, psychosocial and mental well being.

- Bethel's employees and agents shall respect a resident's/ client's dignity and will treat him or her with consideration, courtesy and respect.
- It is everyone's job to maintain Bethel's integrity and reputation.
- Residents have the right to choose what is done to their body, and by whom. This includes the choice of health care providers.
- Residents and their families have the right to know what they need to know to make intelligent decisions. That includes receiving information about Bethel and its policies, procedures and charges, and who will provide services on behalf of Bethel.
- Bethel employees and agents will provide residents a high level of quality care, treatment and appropriate services based upon an accurate comprehensive assessment and plan of care that addresses their clinical conditions.
- Bethel will assure that its employees and agents have sufficient education, licenses, certification, background experience, and on-the-job training and supervision to render quality services to its residents.
- No deficiency or error should be ignored or covered up. Any problem should be brought to the attention of those who can properly assess and take action to resolve the problem.
- Any incident of resident mistreatment, neglect or abuse will be reported to Bethel's administrator and other officials as required by law. Any incident of resident mistreatment, neglect or abuse will result in disciplinary action up to termination if substantiated.
- Employees and agents deserve clear instructions about what is expected of them.
- Our highest priority is the health and safety of our residents and ourselves. We shall strive to do our jobs so that no harm is caused to ourselves, our residents/clients, or the public.

CODE OF CONDUCT NO. 2

Bethel's employees and agents shall strive to assure that each resident is provided a dignified existence that promotes freedom of choice, self-determination and accommodation of individual needs.

- Bethel's employees and agents will assure that each resident is protected from verbal, mental or physical abuse, neglect, mistreatment, corporal punishment and inappropriate restraint or seclusion.
- Bethel's employees and agents will ensure that residents have personal privacy and access to their personal record.
- Bethel's employees and agents shall safeguard each resident's financial affairs.
- Bethel's employees and agents will assure that each individual we serve is provided the opportunity to express his or her wishes with regard to end-of-life treatment and to have those wishes honored.

CODE OF CONDUCT NO. 3

Bethel's employees and agents respect each other as human beings and health care professionals.

- All employees and agents shall show proper respect and consideration for each other, regardless of position or station. Discriminatory treatment, harassment, abuse, or intimidation will not be tolerated.
- Quality resident care can only be delivered through the use of qualified, competent staff. Bethel will contribute to an employee's or agent's competence by making available continuing job-related education and training (within the limits of its resources).
- Applicants and employees shall be afforded equal employment and advancement opportunities, pursuant to Bethel's policies.
- Employees and agents are expected to conform to the standards of their respective professions and exercise sound judgment in the performance of their duties. Any differences of opinion in professional judgment should be referred to appropriate management levels for resolution in accordance with standard grievance procedures.
- Work and safety rules were created to protect us all. Employees and agents are expected to comply with those rules.
- As defined further in its policies, Bethel strives to maintain a working environment free from all forms of sexual harassment or intimidation. By way of example, unwelcome sexual advances, requests for sexual favors and other verbal or physical conduct of a sexual nature are serious violations of the standards of conduct and will not be condoned or permitted.
- Bethel will not tolerate creation or existence of a hostile workplace. No employee or agent should take any action, nor introduce any material into the workplace, that another employee would find offensive, such as sexually explicit material or material that is ethnically or racially offensive.
- Bethel promotes a drug and alcohol free workplace in accordance with its policies.
- Bethel shall not permit any action of retaliation or reprisal to be taken against an employee who reports a violation of law, regulation, standard, procedure, or policy.

CODE OF CONDUCT NO. 4

Bethel's employees and agents shall comply with all applicable laws and regulations that affect its various businesses.

- Bethel, by and through its employees and agents, shall comply with all applicable laws, regulations, standards and other requirements imposed by any level of government. Without limiting the generality of that statement, Bethel's employees and agents shall comply with all requirements of the Medicare and Medicaid programs.
- Bethel's employees and agents will not pursue any business opportunity that requires engaging in unethical or illegal activity, or constitutes a conflict of interest.
- Neither Bethel, its employees, or agents shall pay employees, physicians, or other health care professionals, directly or indirectly, in cash or by any other means, for referrals of residents.
- No employee or agent is authorized to enter into any joint venture, partnership or other risk-sharing arrangement with any entity that is a potential or actual referral source unless the arrangement has been reviewed and approved by Bethel's lawyers.
- Employees or agents who perform billing and/or coding of claims must take every reasonable precaution to ensure that their work is accurate, timely, and in compliance with federal and state laws and regulations and Bethel's policies.
- No claims for payment or reimbursement of any kind that are false, fraudulent, inaccurate or fictitious may be submitted. No falsification of medical, time, or other records that are used for the basis of submitting claims will be tolerated.
- Bethel will bill only for services that are medically indicated, ordered by the resident's physician, actually rendered and which are fully documented in residents' medical records. If the services must be coded, then only billing codes that accurately describe the services provided will be used.
- Bethel's employees and agents will only submit claims for covered items and services.
- Bethel shall act promptly to investigate and correct the problem if errors in claims that have been submitted are discovered.
- Bethel shall maintain complete and thorough medical and billing records.
- Bethel's employees and agents shall respect and protect the confidentiality of resident records and other personal information.
- All drugs or other controlled substances shall be maintained, dispensed and transported in conformance with all applicable laws and regulations.
- Employees and agents shall promptly report all suspected violations of the Code of Conduct, Compliance Policies, operational policies, laws or regulations.

CODE OF CONDUCT NO. 5

Bethel's employees and agents shall engage in ethical business relationships.

- Bethel seeks to maintain positive relationships with government programs and third party payers. Positive relationships require ongoing communication about resident progress and billing.
- Employees or agents shall not use or reveal any confidential information concerning Bethel or use, for personal gain, confidential information obtained as an employee or agent of Bethel.
- No employee or agent should subordinate his or her professional standards, judgment or objectivity to any individual. If significant differences of opinion in professional judgment occur they should be referred to management for resolution.
- Employees and agents should be honest and forthright in any representations made to residents, vendors, payers, other employees or agents, and the community.
- All reports or other information as required by law and provided to any federal, state or local government agency shall be accurate, complete, and filed on time.
- Employees and agents must perform their duties in a way that promotes the public's trust in Bethel.
- The source or amount of payment does not determine the quality of care that we deliver.
- Employees and agents shall be honest in doing their jobs.
- If an employee or agent knows of or suspects a practice or specific incident that may violate this Code of Conduct, Bethel's Compliance Policies, operational policies, any law or regulation, then he or she must report it to appropriate levels of management. (*See Handbook under Reporting Requirements.*)

CODE OF CONDUCT NO. 6

Bethel's employees and agents shall avoid either conflicts of interest or the appearance of an impropriety.

- Employees and agents should not have other jobs that interfere with their ability to perform their duties at Bethel or conflicts with their duties at Bethel.
- Employees and agents should avoid any activity that conflicts with the interests of Bethel or its residents. They should avoid any appearance of an impropriety. If an employee or agent suspects that a conflict may exist or be created, then he or she should consult with management or the Corporate Compliance Officer.
- Placing business with any firm in which there is a family or business relationship/interest may constitute a conflict of interest. Advance disclosure and approval are required in such a situation.
- Employees and agents should not become involved, directly or indirectly, in outside commercial activities that could improperly influence their actions. For example, an employee or agent should not be an officer, director, manager or consultant of a potential competitor, customer, or supplier of Bethel without first disclosing that relationship to management.
- Employees and agents should not accept from or provide benefits to vendors/business clients that could be seen as creating conflict between their personal interests and Bethel's legitimate business interests. This includes accepting meals, gifts, refreshments, transportation, or entertainment provided or received in connection with the job.
- Gifts and benefits to clinicians or referral sources are not appropriate. Occasional non-cash gifts that are limited to reasonable meal expenditures or entertainment or that are of nominal value, not to exceed \$75.00 in a calendar year are permissible.
- Employees and agents must report any potential conflicts of interest concerning themselves or their family members to management.

CODE OF CONDUCT NO. 7

Bethel's employees and agents shall protect Bethel's property and respect the property rights of others with whom we do business.

- All employees and agents are personally responsible and accountable for the proper expenditure of Bethel funds and for the proper use of company property.
- All employees and agents must obtain authorization prior to committing or spending Bethel's funds.
- Medical waste or other hazardous materials shall be disposed of properly as per regulatory requirement.
- Employees and agents may not use Bethel's or a resident's resources for personal or improper purposes, or permit others to do so.
- Surplus, obsolete or depreciated property removed from service shall be disposed of in accordance with Bethel's procedures. Unauthorized disposal of property is a misuse of assets.
- Employees and agents have a duty to be productive during the time that is paid for by Bethel.
- Employees and agents may only use computer systems, networks, and software consistent with Bethel's license(s) and/or rights. They shall take all reasonable steps to protect computer systems and software from unauthorized access or intrusion.
- Any improper financial gain to the employee through misconduct involving misuse of Bethel's or a resident's property is prohibited, including the outright theft of property or embezzlement of money.
- Bethel's confidential and proprietary information is valuable, and should be protected from unauthorized use or exploitation. Employees and agents are expected to respect the intellectual property rights of others with whom we do business.
- Drugs and other pharmaceuticals shall be safely stored, secured, inventoried, and missing supplies shall be reported promptly to supervisors.
- Employees and agents are expected to report any observed misuse of Bethel's or a resident's property to management.

Bethel Homes and Services

General Conflict of Interest Policy

Statement of Policy: All employees, Designated contractors (independent contractors with significant compliance-related responsibilities, resident care responsibilities or financial responsibilities) and officers are to avoid any and all Conflicts of Interest (as defined herein) or the appearance of a Conflict of Interest in all dealings with residents, potential referral sources, vendors and other individuals and entities with which Bethel Homes and Services ("Bethel") has an actual or potential business relationship. This means that employees, Designated contractors and officers must discharge their duties and responsibilities in the best interests of Bethel and may utilize Bethel's resources only in furtherance of institutional goals. Bethel will not tolerate theft or misuse of institutional assets or the use of an individual's position or confidential information gained therefrom for personal advantage or in a manner that is inconsistent with the best interests of Bethel or the interests of its residents.

This General Conflict of Interest Policy shall be construed in a manner consistent with the "Disclosure of Interest of Members of the Board of Directors" Resolution. To the extent there is any inconsistency between the two policies, the "Disclosure of Interest of Members of the Board of Directors" Resolution shall control as applied to the individuals explicitly covered by that policy, and the General Conflict of Interest Policy shall control as applied to all other individuals and entities.

Any employee, Designated Contractor, or officer who has any question about this policy, or any of its provisions, should contact his or her supervisor, the Compliance Officer, or a member of the Corporate Ethics Committee for clarification.

Definition of Conflict of Interest: A Conflict of Interest exists when a person has a financial or other interest in a third party that prevents the person from acting in the best interest of Bethel regarding a given transaction or arrangement (as determined by the Corporate Compliance Committee). For example, a person might have a Conflict of Interest if they have an ownership or investment interest in a vendor (or are paid by a vendor) who does business with Bethel or who wishes to do business with Bethel. Outside employment may constitute a Conflict of Interest, particularly if it places an individual in the position of appearing to represent Bethel when Bethel has not granted actual authority to such individual to act as Bethel's agent.

Prohibited Activities: No Bethel employee, Designated Contractor or officer may undertake any act or refrain from any act if such act or omission would constitute, create or result in an actual or potential Conflict of Interest with respect to such individual, unless and until the individual makes full and timely disclosure to the Corporate Compliance Committee of all the facts relevant to such actual or potential Conflict of Interest and the Corporate Compliance Committee has granted prior written permission to the individual with respect to the specific act or omission at issue.

No employee, Designated Contractor or officer of Bethel may solicit, accept, offer or give any gift or gratuity of more than nominal value to or from residents, potential referrals sources, and other individuals and entities with which Bethel has an actual or potential business relationship (except for fundraising undertaken through the Bethel "Foundation".) This prohibition includes any source that is in a position to benefit from Bethel's referral of business, including someone doing business with Bethel, or someone whose services are subject to Bethel's review. To avoid even the appearance of impropriety, gifts or promotional items of

more than nominal value may not be accepted unless previously reported to the Compliance Officer and previously approved by the Corporate Compliance Committee.

No person may receive a gift which individually or together with previously received gifts is of more than nominal value without appropriate prior disclosure to the Compliance Officer and approval by the Corporate Ethics Committee. Meals, drinks or entertainment may be accepted without prior approval only if such courtesies are unsolicited, infrequently provided and of nominal value. Unless an exception is approved by the individual's supervisor, such courtesies must also be directly connected with business discussions (provided that the items are not intended as improper inducements to refer business to a vendor and they otherwise comply with this policy). An individual may not accept free or discounted lodging or travel or reimbursement for lodging or travel expenses unless approved by his or her supervisor.

No Bethel employee, Designated Contractor or officer may offer or give any gift, monetary payment or other item of value to a resident/patient, next of kin and/or sponsor if the offer or gift is likely to influence the resident's or patient's use of Bethel's services, medical equipment or supplies.

No Bethel employee, Designated Contractor or officer may give any gift or gratuity of any kind to a government employee or official in connection with a business transaction or issue on behalf of Bethel. Gifts of less than nominal value that are not in connection with a specific business transaction are permitted.

No Bethel employee, Designated Contractor or officer of Bethel may:

- (a) pay any commission, bonus, rebate or gratuity to any organization, agency, physician, employee or other person for *referral* of any resident/patient to Bethel;
- (b) request and/or accept any remuneration, tip, gratuity in any form from a resident/patient, next of kin and/or sponsor for any services provided or arranged for by Bethel, other than specified fees ordinarily paid for care, and excluding donations, gifts, and legacies given for the benefit of Bethel; or
- (c) accept any remuneration, rebate, gift, benefit or advantage of any form from any vendor or other supplier because of, or in exchange for, the purchase, rental or loan of equipment, supplies or services for Bethel or the resident.
- (d) Solicit or perform private duty care for any Bethel resident or client or their families except as a home health aide working exclusively through the home health program.

No Bethel employee, Designated Contractor or officer may charge, solicit, accept or receive, in addition to any amount otherwise required to be paid by third-party payors (including Medicare and Medicaid), any gift, money, donation or other consideration as a precondition of admission, expedited admission or continued stay in the facility, except that arrangements for prepayment for basic services specifically requested by the resident or family are not precluded by this paragraph.

Bethel's Internal Reporting System

Bethel has both a voluntary and mandatory reporting system. Bethel's Hotline is a voluntary reporting system which can be accessed by anyone, including employees, agents, residents and referring health care practitioners. Additionally, Bethel has established a mandatory reporting policy that requires Bethel employees and agents to report any suspected violations of the Code of Conduct, Compliance Policies, operational policies or any law or regulation.

Bethel's Hotline

Any employee or agent may report conduct that may be in violation of this policy through Bethel's confidential reporting system. To report a suspected violation of this policy, **please call the Corporate Compliance Officer at (914) 739-6700, extension 1220, or the corporate compliance hotline at 1-800-826-6762**

Bethel's Mandatory Reporting Policy

Any employee who suspects that another employee (including a supervisory or managerial employee) has violated the Code of Conduct, Compliance Policies, policies, procedures, or any applicable state or federal law, should immediately report his/her suspicion to the Chief Compliance Officer, the Administrator, or the employee's direct supervisor.

An employee, who for any reason is uncomfortable reporting a suspected violation to any of the above-referenced individuals, is encouraged to call Bethel's Hotline at 1-800-826-6762, the Chairperson of Bethel's Board of Directors (914) 949-7940, or the Chairperson of the Ethics Committee of Bethel's Board of Directors at (914) 741-0452. *All reports of suspected violations will be treated confidentially.*

Bethel will promptly and thoroughly investigate any suspected violation in as confidential manner as possible, and take appropriate disciplinary action if warranted.

No employee who reports a suspected violation of the Code of Conduct, Compliance Policies or who participates in an investigation of an alleged violation will suffer any retaliation or reprisal for such report or participation.

It is important to the integrity of our operation that all claims of suspected violations be thoroughly reviewed and investigated so that appropriate action can be taken as necessary.

Employees and agents should report violations in the following areas:

- Substantial violations of laws, policies, or regulations
- Substantial and specific danger to health or safety
- Conflicts of interest
- Abuse of authority
- Theft and abuse of property
- Gross waste of funds
- Unethical conduct
- Contract or procurement irregularities
- Bribery and acceptance of gratuities
- Significant areas of mismanagement

Hotline reports should include the following information in the complaint:

(Please be as specific as possible and give as many details as possible)

- Your full name (omit if reporting anonymously)
- Specifically what wrongdoing you are reporting
- Specific dates and times
- Specific location where wrongdoing occurred
- Name, title, and phone number of individual(s) involved in the wrongdoing
- If you know, how the individual carried out the alleged wrongdoing
- If you know, why the individual perpetrated the offense
- Why you believe the alleged activity was misconduct
- Whether the wrongdoing has been reported elsewhere, and if so, what action was taken
- A brief summary of the alleged wrongdoing