

CORPORATE COMPLIANCE PLAN

New Horizons Resources, Inc.

Revised 10/30/2015

INTRODUCTION

We, the employees, directors, officers and others who comprise or have a relationship with New Horizons Resources, Inc. (NHR) will act with integrity in all aspects of our work with persons with developmental disabilities.

The obligations set forth in the NHR Code of Conduct apply to our relationships with persons receiving services, their families, governmental authorities, vendors, consultants, third party payors, subcontractors, independent contractors, and one another.

We will provide high quality supports and services while observing high standards of legal and ethical conduct. The NHR Code of Conduct is based on our unifying principles, mission and vision statements and serves as the foundation of our corporate compliance program. It applies equally to everyone. The policies set forth in the NHR Code of Conduct are mandatory and must be followed by all of us.

NHR has been a not-for-profit organization since 1974. Our organization, licensed by the New York State Office for People with Developmental Disabilities, provides services for persons with developmental disabilities mostly in Dutchess and Ulster Counties.

CODE OF CONDUCT

Vision Statement:

New Horizons Resources, Inc. enables people with developmental disabilities to realize their human potentials and become valued citizens within their communities.

Mission Statement:

The mission of New Horizons Resources, Inc. is to enable people with developmental disabilities to achieve fulfilling lives within their local communities by establishing a home, belonging, self-determination, learning, productivity and individual respect.

Unifying Principles

New Horizons Resources, Inc. embraces and measures itself against the following principles which guide us in the work we do:

Integrity: doing the right thing for the right reason, telling the truth, and providing a positive example of ethical and principle-based behavior.

Respect: honoring diverse backgrounds and exhibiting a high level of regard, courtesy, and commitment, to individuals' dignity and rights.

Positive Relationships: building strong, healthy bonds with coworkers and encouraging responsible choice and self-determination in those we serve. We practice compassion, enthusiasm, active listening, clarity of information sharing, constructive problem solving, cooperative teamwork, and responsibility.

Innovation: questioning the status quo, building on current success, and offering new ways to improve the system of services as well ones performance.

Learning: committing ourselves to continuous quality improvement of self and task outcomes, advancing understanding and applying skills effectively.

Intent:

NHR's Code of Conduct (the Code) applies to all employees and independent contractors.

The Code of Conduct was approved by NHR's Board of Directors and is a formal statement of the Agency's commitment to the standards and rules of ethical conduct.

NHR is committed to preventing the occurrence of unethical or unlawful behavior, stopping such behavior as soon as possible upon discovery, and to discipline employees who violate the Code, including employees who neglect to report a violation.

All employees must comply with this Code, immediately report any alleged violations of wrongdoing, and assist management and compliance personnel in investigating allegations of wrongdoing. Employees reporting suspected violations in good faith are protected from retaliation as “whistleblowers”.

While these standards addressed in the Code of Conduct are intended to guide employees in the course of their day-to-day responsibilities, they do not replace any agency or program policies and procedures. There may be instances they are not addressed by the Code of Conduct or existing policies and procedures, or activities that may conflict with these standards. Employees must seek direction from their supervisor, other agency administrative staff or the Compliance Officer in these instances.

Ethics

It is the policy of NHR to observe all laws and regulations applicable to its business and to conduct business with the highest degree of integrity. To accomplish this all employees and contractors must obey the laws and regulations that govern their work and always act in the best interest of the people we serve, their families and the Agency. Please see the attached Appendix titled False Claims Act.

Guidelines for employees and contractors:

- You are expected to keep management staff informed of what you are doing; to document or record all services or transactions accurately; and to be honest and forthcoming with the Agency, regulatory agencies, and internal and external auditors.
- You are expected to comply with the Agency’s policies and procedures, accounting rules and internal controls.
- You are expected to function with honesty in your work for the Agency and with people we serve, providers, supplies, and all others with whom the Agency does business.

Maintenance of Records

Employees and contractors must record and report all agency, service records, and financial information fully, accurately and honestly. Records include, but are not limited to records of the people we serve, documentation of services, accounting books or records, financial statements, timesheets or records, expense reports, vouchers, bills, payroll, claims payment records, correspondence and any other method of communication. Employees or contractors must not omit or conceal any relevant information.

Guidelines for employees and contractors:

Many of the Agency forms are legal documents used to prove that a service was provided, to bill for a service, to record a job task, or to record specific happenings. You must document accurately and honestly, and only for those services that you provided or those events you were involved in.

Falsification of Records

- You must not make any false entries in any of the Agency's records or in any public record for any reason.
- You may not alter any permanent entries in the Agency's records.
- You may only approve payments or receipts on behalf of the Agency that are described in documents supporting the transaction. "Slush funds" or similar off book accounts, where there is no accounting for receipts or expenditures on the agency books, are strictly prohibited.
- You may not create or participate in the creation of any records that are intended to mislead or to conceal anything that is improper.

Expense Records

- You must always charge expenses accurately and to the appropriate cost center or account, regardless of the financial status of the program, project or contract, or the budget status of a particular account or line item.

Retention of Records

The retention, disposal or destruction of records of or pertaining to the Agency must always comply with legal and regulatory requirements and Agency policy.

- You must not destroy records pertaining to litigation or government investigations or audit without express written approval of the Compliance Officer.

Protection of Confidential Information

The Agency has developed policies and procedures to assure that the confidentiality of Agency information and information about the people we serve is protected and released only with the appropriate authorization or for lawful reasons.

Guidelines for employees and contactors:

You must treat all agency records and information as confidential.

You may not release confidential information without the proper authorization. Confidential information includes not only information about the people that we serve and their families, but also non-public information about the Agency that may be of use to the Agency's competitors or harmful to the Agency or its customers if released.

You must protect Agency information and avoid discussing or disclosing Agency information, purposefully or inadvertently (through casual conversation), to any unauthorized person inside or outside the Agency. Furthermore, staff may not share confidential Agency information with anyone, except where required for a legitimate business purpose.

Agency information may not be removed from Agency property without permission from a supervisor or administrator with proper authority over the information. Ask your supervisor if you are not sure whether certain information is confidential.

Termination of Employment

- You may not use any confidential information gained from your employment with the Agency for your or another company's benefit. You may not take copies of any reports, documents or any other property belonging to the Agency.
- Upon termination of employment with the Agency, you must return all Agency property including, but not limited to, copies of documents, notes, and other records containing confidential information; computer disks; Agency ID; keys and credit cards.

Information Security

- You are responsible for properly using information stored and produced by all of the Agency's computer systems.
- Computers, Internet access, email, or other office communication systems are intended for business-related purposes only and not for uses that may be disruptive, offensive, harassing or harmful to others.
- Do not share your system user name or password with another person or allow another access to the computer with your password.
- All employees and contractors are required to comply with NHR's information technology policy and procedures. If you have any questions concerning information security, contact your immediate supervisor or Compliance Officer.

Fair Dealing

Conducting business with providers, contractors, suppliers, people we serve, and competitors may pose ethical problems. Employees and contractors are expected to deal fairly with providers, contractors, people we serve, and competitors.

The Code of Conduct and the following guidelines are intended to help you make appropriate, responsible and correct decisions in these and all matters:

Kickback and Rebate

- Kickbacks and rebates in cash, credit or other form are prohibited. They are not only unethical, but in many cases, illegal.

Gifts and Gratuities and Entertainment

- You may not solicit money, gifts, gratitude or any other personal benefits or favors of any kind from providers, contactors, producers, accounts, or people we serve and their families.
- You must not offer or accept entertainment that is not a reasonable addition to a business relationship but is primarily intended to gain favor or to influence a business decision.

Agreements With Contractors and Vendors

The Agency must assure that any agreements with contractors and vendors clearly and accurately describe the services to be performed or items to be purchased. Performance standards, and the applicable compensation, if any, must be in reasonable amount, not be excessive in terms of industry practice and must equal the value of the services rendered.

Proper Use of Funds or Assets

Use of the Agency's funds or assets for any improper purpose is strictly prohibited. If you are aware of or have reason to believe that funds or assets are being improperly used, you must report this immediately to your supervisor or to the Compliance Officer.

Federal and State Programs

NHR is committed to complying with the law and regulations that govern the federal and state programs that it administers. Policies and procedures, the Compliance Program, and this Code of Conduct are developed to provide guidance in your day-to-day work. You must abide by the policies and procedures and the standards set by the Agency.

Governmental Investigations

There may be times that the Agency is asked to cooperate with an investigation by a federal or state governmental agency, or to respond to a request for information. A request may be formally addressed to the Agency or an individual within the Agency. Employees and contractors must report any requests for information or cooperation with an investigation to the Compliance Officer immediately.

Political Activities and Contributions

Because the Agency is a non-profit organization, it is prohibited from engaging in any political campaign activities and a "substantial" amount of lobbying.

Guidelines for Employees and Contractors:

Agency funds and resources, including your work time, may not be used for political contributions or activities.

You may not act as a representative of the agency in any political campaign activity. In expressing your personal political views or support or opposition of a candidate for public office, it must be very clear that you are expressing your personal view, support or opposition as an individual and not a representative of the agency.

WORKPLACE PRACTICES

General Statement

NHR is committed to hiring and retaining competent staff. All employees will be treated with respect, dignity and courtesy. NHR supports and encourages employees to develop their individual skills, talents, and understanding of their jobs. NHR is a work environment in which ethical and legal questions and concerns can be raised. If an employee raises an ethical or legal question or concern, the employee's supervisor has the responsibility to address it. If he/she does not know how to respond, he/she should seek assistance through the supervisory structure, the Human Resources Department or the Corporate Compliance Officer.

NHR honors all agreements with organized labor and its collective bargaining agreements. Further, employees are advised of the existence of the Employee Assistance Program (EAP) that is available to all employees with medical, behavioral and social problems that are affecting their job performance. Employees may self refer or be mandated to participate in a consultation by their supervisor.

Discrimination and Harassment

As an EQUAL OPPORTUNITY EMPLOYER, NHR does not deny opportunities or benefits on the basis of age, arrest record, color, conviction record (except as allowed by law), creed, disability (that does not prohibit performance of essential job functions), genetic pre-disposition to disease, marital status, national origin, political belief, race, religious affiliation, sex, sexual orientation, status or veteran status.

NHR intends to provide a work environment that is pleasant, healthful, comfortable and free from intimidation, hostility, or other offenses which might interfere with work performance. Harassment of any sort – verbal, physical, visual – will not be tolerated.

What is Harassment? Harassment can take many forms. It may be, but is not limited to: words, signs, jokes, pranks, intimidation, physical contact or violence. Harassment is not necessarily sexual in nature.

Sexually harassing conduct may include unwelcome sexual advances, requests for sexual favors, or any other verbal or physical contact of a sexual nature that prevents an individual from effectively performing the duties of his or her position or creates an intimidating, hostile or offensive working environment, or when such conduct is made a condition of employment or compensation, either implicitly or explicitly. While it is not easy to define

precisely what types of conduct could constitute sexual harassment, examples of prohibited behavior include obscene gestures, displaying sexually graphic magazines, calendars or posters, sending sexually explicit mails or voicemails and other verbal or physical conduct of a sexual nature, such as uninvited touches of a sexual nature, sexually-related comments or jokes or conversation about employee's physical appearance, sex life, or other conduct directed toward a person because of his or her gender which is sufficiently severe or pervasive to create an unprofessional or hostile work environment.

All NHR employees, and particularly managers, have a responsibility for keeping our work environment free of harassment. Any employee, who becomes aware of an incident of harassment, whether by witnessing the incident or being told of it, must report it to their immediate manager, the Director of Human Resources, or any management representative with whom they feel comfortable. If you are unsure with whom to raise an issue of harassment, or if you have not received a satisfactory response within five (5) business days after reporting an incident of what you perceive to be harassment, please contact the Director of Human Resources at (845) 473-3000 ext. 1338. When management becomes aware that harassment might exist, it is obligated by law to take prompt and appropriate action, whether or not the victim wants the company to do so.

Any incidents of harassment must be immediately reported to a manager or any other management representative. Appropriate investigation and disciplinary action will be taken. All reports will be promptly investigated with due regard for the privacy of everyone involved. Any employee found to have harassed a fellow employee or subordinate will be subject to severe disciplinary action or possible discharge. NHR will also take any additional action necessary to appropriately remedy the situation. No adverse employment action will be taken for any employee making a good faith report of alleged harassment.

NHR accepts no liability for harassment of one employee by another employee. The individual who makes unwelcome advances, threatens or in any way harasses another employee is personally liable for such actions and their consequences. NHR will not provide legal, financial or any other assistance to an individual accused of harassment if a legal complaint is filed.

NHR is an equal opportunity employer and does not discriminate against employees or potential employees on the basis of color, race, religion, gender, ethnicity, sex, sexual orientation, age, marital status, genetic disposition, carrier status or disability.

NHR is committed to policies that promote fair employment and equal treatment in hiring, placement promotion, training, compensation, transfers, leaves of absences, termination, layoff and disciplinary action. NHR will not tolerate physical or verbal harassment by directors, officers, administrators, employees, volunteers, vendors, or subcontractors. Degrading or humiliating jokes, slurs, intimidation or other harassing conduct is not acceptable. Sexual harassment is illegal and is defined by law as unwelcome sexual advances, requests for sexual favors or other verbal or physical conduct that creates a hostile work environment.

Any form of sexual harassment is strictly prohibited. NHR shall not tolerate threatening, aggressive or abusive behavior, or will the agency permit the possession or use of weapons or dangerous instruments or substances while on agency property unless the appropriate agency authority expressly permits possession.

NHR will not tolerate any act of retaliation or reprisal against an employee who in good faith reports a suspected or actual violation of law, regulation, standard, NHR policy or the Code of Conduct.

Seeking Guidance and Reporting Violations

USING THE CORPORATE COMPLIANCE PROGRAM

This compliance program does not replace other agency reporting policies and procedures. Rather, it serves to underscore the importance of ethical and lawful behavior and to attend to professional conduct for which there are no formal reporting procedures or procedures that are merely implied.

The Executive Director of NHR shall have the ultimate authority and responsibility for the implementation of the Agency's corporate compliance program. The Executive Director and/or designee shall have the authority and responsibility for compliance with laws and regulations and to report misconduct to the enforcement authority.

Duty to Report

Employees must report to their supervisor or to the NHR Compliance Officer suspected violations by employees of applicable law, rules, regulations or the NHR Code of Conduct. Employees have the same reporting obligations for actual or suspected violations committed by a vendor or subcontractor of NHR.

Where to Report

An effective corporate compliance program requires all of us to cooperate willingly and participate actively. We have a responsibility to report concerns to any of the following:

- your department supervisor, or
- the Corporate Compliance Officer, or
- the Director of Human Resources.

NHR has also established a compliance/ethics hotline: (845) 473-3000 ext. 1711 or e-mail corporatecompliance@nhrny.org.

Additionally a mailbox for Corporate Compliance has been established at the Training and Administration Building. Correspondences can be sent anonymously in a sealed envelope and addressed to the Corporate Compliance Officer. Mailing can be done via US Postal Service, interoffice mail or personal submission into the Corporate Compliance mailbox.

Non – Retaliation:

There will be no reprisals against employees for good faith reporting of compliance concerns to their department supervisor, the Corporate Compliance Office or to the Director of Human Resources.

Internal Investigations and Corrective Action

NHR is committed to investigate all reported violations promptly and confidentially to the extent reasonably possible. The Corporate Compliance Officer will coordinate all of the aspects of the investigations. The Human Resources Department will coordinate investigations involving allegations of harassment, sexual or otherwise, employee grievances, suspected violations of ADA, FMLA and other discrimination. The Human Resources Department will keep the Corporate Compliance Officer apprised of the outcome of such investigations. All employees are expected to cooperate to the fullest extent possible with any and all investigations. All investigations will be reviewed by the Corporate Compliance Committee. Once a compliance investigation has been completed, the reporting self identified person will be given a brief summary of whether the allegations were substantiated and corrective action taken to the extent possible.

Corrective action plans will be shared with the NHR Board, the Executive Director and the effective department head. It is the responsibility of the department head to ensure corrective actions are carried out and report back to the Corporate Compliance Officer when the corrective action plan is completed.

The Corporate Compliance Officer will report to the Board of Directors at each board meeting.

Internal Monitoring and Auditing

The Corporate Compliance Committee will identify areas of compliance risk on an annual basis and develop a plan to conduct internal audits. The Corporate Compliance Officer is responsible for overseeing and monitoring audit activities. The department heads will be asked to provide certain reports and audits in order to monitor their respective areas of responsibilities, especially those deemed as potential areas of high risk.

Disciplinary Action

We recognize that we must act in accordance with the Code of Conduct, conform to its standards and supporting guidance, policies and procedures.

We are aware that failure to do so can result in serious consequences for individual employees as well as for NHR. Disciplinary actions, including termination, may be taken for:

- violating the Code of Conduct,
- failing to report a violation of the Code of Conduct or to cooperate in an investigation,
- retaliation against an individual who made a good faith report,

- encouraging, directing, facilitating or permitting, either actively or passively, non-compliant behavior,
- Deliberately making a false report of a violation of the Code of Conduct.

All employees and contractors must cooperate fully and honestly in any investigation into a reported violation of this Code of Conduct, any applicable law or regulation, agency policy, procedure or practice or they will be subject to disciplinary action up to and including the possibility of employment termination.

Corrective Action and/or Discipline

Any employee or contractor who violates or knowingly fails to report any violation of this Code of Conduct, any applicable law or regulation, Agency policy, procedure or practice is subject to appropriate disciplinary action, up to and including termination.

Disciplinary action may range from a warning to suspension or discharge, depending upon the nature of the incident and the relevant surrounding circumstances.

Your Responsibilities

- ✓ Attend required training and read and understand NHR's Corporate Compliance Plan.
- ✓ Follow the Agency's Code of Conduct and abide by all policies and procedures, guidelines, and Federal and State laws and regulations.
- ✓ Be alert to any situation that could violate the Agency's Code of Conduct, policies and procedures, guidelines, and/or Federal and State laws and regulations.
- ✓ Promptly report any issues, concerns, violations or suspected violations to your supervisor, other management staff, Director of Human Resources, Compliance Officer or the Executive Director.

Supplemental Information

The Code of Conduct does not address every situation. More specific guidance can be found in the NHR Policies and Procedure Manual, NHR Personnel Practices Manual, collective bargaining agreement, OPWDD regulations and NHR by-laws.

Compliance Program Structure

The Corporate Compliance Officer reports directly to the Board President, the Executive Director and the Board of Directors. A standing Corporate Compliance Committee has been established.

BILLING

Basis for Coding and Billing

NHR will ensure billing is only for services that have been deemed medically necessary by inclusion in the Individualized Service Plan or its equivalent. NHR will code service records completely and accurately using the required coding system and will ensure that the required documentation exists to support the services rendered and amounts billed. When additional information or documentation is necessary, we will review the service record and contact the appropriate individuals to obtain the required information and/or documentation as required prior to submitting a bill for payment.

NHR will ensure that billings to government and private payors conform to all pertinent Federal and State laws and regulations. We will operate oversight systems to verify that claims are submitted only for services actually provided and that services are billed as provided. NHR will ensure proper training for employees whose activities result in the submission of a claim for payment.

When an employee receives a question from a person we support or a family member/representative or from a third party payor concerning a charge, they will promptly review and answer the question. NHR will notify payors of over-payment errors and will issue refunds promptly and accurately. NHR will keep documented records of all communication with payors.

Billing, cost reporting and consolidated fiscal reporting will be subject to internal and/or external audits to ensure that errors are corrected in a timely fashion.

CONFIDENTIALITY

Confidentiality of People Supported

All information is confidential. NHR is committed to maintaining confidentiality in strict accordance with legal and ethical standards and will actively protect and safeguard such information. Breaches of confidentiality will not be tolerated by NHR. NHR will respect the privacy of the people we support.

Information about a person may be disclosed only as authorized by that person and/or his or her guardian/family and supported by a legitimate clinical or business purpose or as otherwise permitted by law.

All directors, officers, administrators, employees, volunteers and other affiliated staff of NHR have a duty to protect the confidentiality of personal information that they may become aware of during the course of their work.

Information concerning people and their service plan should not be discussed in a public area where others could overhear it. Records, whether paper or electronic, should be appropriately secured so that those not involved in legitimate activities relating to the providing support shall not be permitted access to the record.

Confidential Information

Confidential information can include, but not be limited to, information about people we support, employee data, financial data, payroll, benefits, personnel files, disciplinary matters, research data, statistical data, and other information that has been designated confidential. Such information shall be possessed, used, copied, read or disclosed only as necessary to perform the job responsibilities and then only to the extent necessary and as expressly authorized by NHR.

Confidential information will not be used for any direct or indirect personal gain or other improper purpose.

Impairment and Substance Abuse

NHR is committed to achieving a drug-free workforce and to providing a workplace that is free from the use of alcohol and other drugs. NHR's purpose in doing this is to provide a safe and healthful workplace, to comply with contractual obligations and Federal laws, to assure quality work, to protect the community, the people the agency serves, and NHR's property and reputation.

Alcohol and use of other drugs on the job is not permitted. This includes the abuse of prescription drugs.

Employees will be subject to disciplinary action, up to and including termination, for the following: possessing, transferring, using or selling illegal drugs or controlled substances; consuming alcohol during work hours; reporting to work under the influence of alcohol consumed before the start of his or her work day; and abusing drugs prescribed by a physician. If an employee must take prescribed drugs while at work which may, in any way, impede his or her ability to drive or otherwise perform his or her job duties, this must be brought to the attention of his or her supervisor before the start of the shift.

If an employee approaches his or his supervisor regarding a substance abuse problem, the employee will be referred to the EAP or other appropriate resource for treatment. The employee must make this request before a problem has been identified by his or her supervisor or other member of NHR management to avoid disciplinary action. Also, the employee must continue to abide by the requirements of this treatment as well as remain free of any further abuse. The employee may be required to take an unpaid leave of absence until it is has been determined that he or she is substance free.

Supervisors and other appropriate personnel will be trained in drug abuse recognition and NHR procedures for handing and assisting employees who are under the influence of alcohol, illegal drugs or controlled substances.

NHR employees are responsible for:

1. reporting to work free of alcohol or other drugs and their effects at all times,
2. participating in and supporting NHR-sponsored drug and alcohol education and
3. seeking and accepting assistance for alcohol and other drug abuse related problems before job performance is affected.

Personal Use of NHR Resources

Employees are to use NHR resources in a manner consistent with achieving agency business in a cost-effective manner. These resources include, but are not limited to: (1) computers, printers and other information technology; (2) copiers; (3) telephones and voicemail; (4) e-mail and internet access; (5) office supplies; and (6) cash and agency credit cards. Personal use of agency resources is disallowed except as provided for in the New Horizons Resources Personnel Practices Manual

CONFLICT OF INTEREST

General Statement

Members of the Board of Directors, Executive Level Staff (Directors), officers and employees must not use their positions to their personal advantage. A conflict of interest may occur if your outside activities or personal interests influence or appear to influence your ability to make objective decisions in the course of your job responsibilities. All directors, officers, administrators and employees must disclose any existing or new relationships that may give the appearance of a conflict of interest to the Corporate Compliance Officer.

Although it is impossible to list every circumstance giving rise to a potential conflict of interest, the following will serve as a guide to the types of activities that may cause conflicts and should be fully reported to NHR:

- to hold a direct or indirect material financial interest in any outside concern from which the agency secures goods or services,
- to compete directly or indirectly with the agency in the purchase or sale of property or property rights, interests or other services,
- to solicit or accept for personal use cash, gifts, entertainment or services from vendors, contractors, visitors, people we support or their families, (This does not include acceptance of items of nominal or minor value that are clearly tokens of respect and not related to any particular transaction or activity of the agency.)
- to disclose or use information relating to the agency for personal profit or advantage to one's immediate family.

Procedures to Handle Conflicts of Interest

Members of the Board of Directors, Executive Level Staff (Directors), officers, administrators and employees have a duty to disclose any actual or possible conflicts of interest to the Corporate Compliance Officer for review by the Corporate Compliance Committee. This committee will, after review, determine whether a conflict exists and shall investigate alternatives. The corporate compliance committee, whose members include non-board members, will forward its recommendations to the Board of Directors for disposition.

Members of the Board of Directors and Executive Level Staff (Directors) shall complete a written Conflict of Interest Statement (1) prior to appointment/employment and (2) annually, no later than 1/31 of each calendar year.

The Corporate Compliance Officer shall ensure this process is implemented and provide an annual report to the Board of Directors (at the second Board of Directors meeting in any calendar year) documenting compliance.

REGULATIONS

Licensure and Certifications

NHR will not allow any employee or independent contractor who is required to be licensed or credentialed to work at NHR without valid, current licensure or credentials. It is the responsibility of such individuals to maintain licensure or credentials and to provide NHR with documentation.

All employees are expected to conform to standards of their profession and exercise appropriate judgment in the performance of their duties.

Exclusionary Audits

The Corporate Compliance Officer will ensure employees and contractors are screened to verify they remain eligible to participate in Medicaid reimbursed programs. Initial screening will be done at hire or first contract and no less than annually thereafter.

Tax-Exempt Requirements

NHR is a tax-exempt entity. In order to comply with the applicable law, NHR must operate for the benefit of the community and must avoid that which the tax law refers to as “private inurement” and “private benefit.” Violation of the tax law can give rise to criminal penalties.

NHR tax-exemption may be used only for legitimate NHR purchases. Personal items may not be purchased using NHR’s tax-exempt privileges.

Environmental Health and Safety Requirements

NHR staff that handle hazardous materials and regulated medical waste must comply with environmental laws and regulations and follow environmental safety procedures explained in the Agency's Policies and Procedures Manual. NHR must hire only licensed services to transport and dispose of hazardous and polluted materials and regulated medical waste, any action to the contrary must be reported to the department head, Corporate Compliance Officer or Director of Human Resources.

Proper Control of Medication

NHR is responsible for the proper storage, handling and administration of pharmaceutical products as explained in the Agency's Policies and Procedures Manual

The diversion of any prescription drug or controlled substance in any amount for any reason to an unauthorized individual or entity is forbidden and may constitute grounds for dismissal. NHR staff must be diligent in carrying out their obligations in this regard and they must never use drugs stored in various NHR programs for their own purposes.

Government Investigations

NHR responds in a proper manner to all government investigations. Some of the governmental entities that have a right to immediate access to information are:

- New York State Office of the Attorney General
- New York State Department of Health
- New York State Fraud Control Unit
- New York State Department of Labor
- New York State Office of the Medicaid Inspector General
- United States Department of Health and Human Services (HHS)
- United States Occupational Safety and Health Administration (OSHA)
- Health Care Financing Administration, a division of HHS
- United States Office of the Inspector General
- Mental Health Legal Services
- New York State Office for People With Developmental Disabilities

Procedure to receive government investigators:

- Examine the officer's credentials before granting them access to an NHR facility.
- Treat the government officers with respect, courtesy and cooperation.
- Invite the officials to delay their duties until the department director, the Corporate Compliance Officer, the Executive Director or Agency Administrator is called and responds to the officials' arrival and purpose.

Policy and Procedure: *Corporate Compliance*

Topic: *False Claims Act and Whistleblower Provisions*

Purpose:

New Horizons Resources, Inc. (NHR) is committed to prompt, complete and accurate billing of all services provided to individuals. NHR and its employees, contractors and agents shall not make or submit any false or misleading entries on any claim forms. No employee, contractor or agent shall engage in any arrangement or participate in such arrangement at the direction of another person, including any supervisor or manager, that results in the submission of a false or misleading entry on claims forms or documentation of services that result in the submission of a false claim.

It is the policy of NHR to detect and prevent fraud, waste and abuse in federal healthcare programs. This Policy explains the Federal False Claims Act (31 U.S.C. §§ 3729 – 3733), the Administrative Remedies For False Claims (31 USC Chapter 38 §§3801-3812), the New York State False Claims Act (State Finance Law §§187-194) and other New York State laws concerning false statements or claims and employee protections against retaliation. This policy also sets forth the procedures NHR has put into place to prevent any violations of federal or New York State laws regarding fraud or abuse in its health care programs.

This policy applies to all employees, including management, contractors and agents.

For purpose of this policy, a contractor or agent is defined as:

- Any contractor, subcontractor, agent, or other person which or who, on behalf of the NHR, furnishes, or otherwise authorizes the furnishing of Medicaid health care items or services, performs billing or coding functions; or
- Is involved in the monitoring of health care provided by the NHR.

Overview of Relevant Laws:

I. The False Claims Act (31 U.S.C. §§ 3729-3733)

The False Claims Act is a federal law designed to prevent and detect fraud, waste and abuse in federal healthcare programs, including Medicaid and Medicare. Under the False Claims Act, anyone who “knowingly” submits false claims to the Government is liable for damages up to three times the amount of the erroneous payment plus mandatory penalties of \$5,000 to \$10,000 for each false claim submitted.

The law was revised in 1986 to expand the definition of “knowingly” to include a person who:

- Has actual knowledge of falsity of information in the claim;
- Acts in deliberate ignorance of the truth or falsity of the information in the claim; and

- Acts in reckless disregard of the truth or falsity of the information in a claim.

False Claims suits can be brought against individuals and entities. The False Claims Act does not require proof of a specific intent to defraud the Government. Providers can be prosecuted for a wide variety of conduct that leads to the submission of a false claim.

Some examples include:

- Knowingly making false statements;
- Falsifying records;
- Submitting claims for services never performed or items never furnished;
- Double-billing for items or services;
- Using false records or statements to avoid paying the Government;
- Falsifying time records used to bill Medicaid; or
- Otherwise causing a false claim to be submitted.

Whistleblower or “Qui Tam” Provisions:

In order to encourage individuals to come forward and report misconduct involving false claims, the False Claims Act contains a “Qui Tam” or whistleblower provision.

The Government, or an individual citizen acting on behalf of the Government, can bring actions under the False Claims Act. An individual citizen, referred to as a whistleblower or “Relator,” who has actual knowledge of allegedly false claims may file a lawsuit on behalf of the U.S. Government. If the lawsuit is successful, and provided certain legal requirements are met, the whistleblower may receive an award ranging from 15% - 30% of the amount recovered.

Employee Protections:

The False Claims Act prohibits discrimination by NHR against any employee for taking lawful actions under the False Claims Act. Any employee who is discharged, demoted, harassed, or otherwise discriminated against because of lawful acts by the employee in False Claims actions is entitled to all relief necessary to make the employee whole. Such relief may include reinstatement, double back pay, and compensation for any special damages, including litigation costs and reasonable attorney fees.

II. Administrative Remedies for False Claims (31 USC Chapter 38. §§3801-3812).

This federal statute allows for administrative recoveries by federal agencies including the Department of Health and Human Services, which operates the Medicare and Medicaid Programs. The law prohibits the submission of a claim or written statement that the person knows or has reason to know is false, contains false information or omits material information. The NHR receiving the claim may impose a monetary penalty of up to \$5,500 per claim and damages of twice the amount of the original claim.

Unlike the False Claims Act, a violation of this law occurs when a false claim is submitted, not when it is paid. Also unlike the False Claims Act, the determination of whether a claim is false, and imposition of fines and penalties is made by the administrative NHR, and not by prosecution in the federal court system.

III. New York State Laws

A. Civil and Administrative Laws

New York State False Claims Act (State Finance Law §§187-194).

The New York State False Claims Act closely tracks the federal False Claims Act. It imposes fines on individuals and entities that file false or fraudulent claims for payment from any state or local government, including health care programs such as Medicaid. The penalty for filing a false claim is \$6,000 - \$12,000 per claim and the recoverable damages are between two and three times the value of the amount falsely received. In addition, the false claim filer may be responsible for the government's legal fees.

The Government, or an individual citizen acting on behalf of the Government (a "Relator"), can bring actions under the New York State False Claims Act. If the suit eventually concludes with payments back to the government, the party who initiated the case can recover 15% - 30% of the proceeds, depending upon whether the government participated in the suit. The New York State False Claims Act prohibits discrimination against an employee for taking lawful actions in furtherance of an action under the Act. Any employee who is discharged, demoted, harassed, or otherwise discriminated against because of lawful acts by the employee in furtherance of an action under the False Claims Act is entitled to all relief necessary to make the employee whole.

Social Service Law §145-b False Statements

It is a violation to knowingly obtain or attempt to obtain payment for items or services furnished under any Social Services program, including Medicaid, by use of a false statement, deliberate concealment or other fraudulent scheme or device. The State or the local Social Services district may recover up to three times the amount of the incorrectly paid claim. In the case of non-monetary false statements, the local Social Service district or State may recover three times the amount incorrectly paid. In addition, the Department of Health may impose a civil penalty of up to \$2,000 per violation. If repeat violations occur within five years, a penalty up to \$7,500 may be imposed if they involve more serious violations of the Medicaid rules, billing for services not rendered, or providing excessive services.

Social Service Law §145-c Sanctions

If any person applies for or receives public assistance, including Medicaid, by intentionally making a false or misleading statement, or intending to do so, the person's and the person's family needs are not taken into account for a period of six months to five years, depending upon the number of offenses.

B. Criminal Laws

Social Service Law §145 Penalties

Any person who submits false statements or deliberately conceals material information in order to receive public assistance, including Medicaid, is guilty of a misdemeanor.

Social Service Law § 366-b, Penalties for Fraudulent Practices

Any person who, with intent to defraud, presents for payment any false or fraudulent claim for furnishing services or merchandise, knowingly submits false information for the purpose of obtaining Medicaid compensation greater than that to which he/she is legally entitled to, or knowingly submits false information in order to obtain authorization to provide items or services shall be guilty of a Class A misdemeanor.

Any person who obtains or attempts to obtain, for himself or others, medical assistance by means of a false statement, concealment of material facts, impersonation, or other fraudulent means is guilty of a Class A misdemeanor.

Penal Law Article 155, Larceny

The crime of larceny applies to a person who, with intent to deprive another of property, obtains, takes or withholds the property by means of a trick, embezzlement, false pretense, false promise, including a scheme to defraud, or other similar behavior. This law has been applied to Medicaid fraud cases.

Penal Law Article 175, Written False Statements

There are four crimes in this Article that relate to filing false information or claims. Actions include falsifying business records, entering false information, omitting material information, altering an NHR's business records, or providing a written instrument (including a claim for payment) knowing that it contains false information. Depending upon the action and the intent, a person may be guilty of a Class A misdemeanor or a Class E felony.

Penal Law Article 176, Insurance Fraud

This Article applies to claims for insurance payment, including Medicaid or other health insurance. The six crimes in this Article involve intentionally filing a false insurance claim. Under this article, a person may be guilty of a felony for false claims in excess of \$1,000.

Penal Law Article 177, Health Care Fraud

This Article establishes the crime of Health Care Fraud. A person commits such a crime when, with the intent to defraud Medicaid (or other health plans, including non-governmental plans), he/she knowingly provides false information or omits material information for the purpose of requesting payment for a health care item or service and, as a result of the false information or omission, receives such a payment in an amount to which he/she is not entitled. Health Care Fraud is punished with fines and jail time based on the amount of payment inappropriately received due to the commission of the crime.

New York Labor Law §740

An employer may not take any retaliatory personnel action against an employee if the employee discloses information about the employer's policies, practices or activities to a regulatory, law enforcement or other similar NHR or public official.

This law offers protection to an employee who:

- discloses, or threatens to disclose, to a supervisor or to a public body an activity, policy or practice of the employer that is in violation of law, rule or regulation that presents a substantial and specific danger to the public health or safety, or which constitutes health care fraud (knowingly filing, with intent to defraud, a claim for payment that intentionally has false information or omissions);
- provides information to, or testifies before, any public body conducting an investigation, hearing or inquiry into any such violation of a law, rule or regulation by the employer; or
- objects to, or refuses to participate in any such activity, policy or practice in violation of a law, rule or regulation.

The employee's disclosure is protected under this law only if the employee first brought up the matter with a supervisor and gave the employer a reasonable opportunity to correct the alleged violation. The law allows employees who are the subject of a retaliatory action to bring a suit in state court for reinstatement to the same, or an equivalent position, any lost back wages and benefits and attorneys' fees. If the employer is a health care provider and the court finds that the employer's retaliatory action was in bad faith, it may impose a civil penalty of \$10,000 on the employer.

New York Labor Law §741

Under this law, a health care employer may not take any retaliatory action against an employee if the employee discloses certain information about the employer's policies, practices or activities to a regulatory, law enforcement or other similar NHR or public official. Protected disclosures are those that assert that, in good faith, the employee believes constitute improper quality of patient care.

The employee's disclosure is protected under this law only if the employee first brought up the matter with a supervisor and gave the employer a reasonable opportunity to correct the alleged violation, unless the danger is imminent to the public or patient and the employee believes in good faith that reporting to a supervisor would not result in corrective action. If the employer takes a retaliatory action against the employee, the employee may sue in state court for reinstatement to the same, or an equivalent position, any lost back wages and benefits and attorneys' fees. If the employer is a health care provider and the court finds that the employer's retaliatory action was in bad faith, it may impose a civil penalty of \$10,000 on the employer.

Policy:

1. NHR will provide training in this policy and procedure to all its employees.
2. NHR will provide contractors and agents with a copy of this Policy.
3. NHR will perform billing activities in a manner consistent with the regulations and requirements of third party payors, including Medicaid and Medicare.
4. NHR will conduct regular auditing and monitoring procedures as part of its efforts to assure compliance with applicable regulations.
5. Any employee, contractor or agent who has any reason to believe that anyone is engaging in false billing practices or false documentation of services is expected to report the practice to the Corporate Compliance Officer or any other member of senior management.
6. Any form of retaliation against any employee who reports a perceived problem or concern in good faith is strictly prohibited.
7. Any employee who commits or condones any form of retaliation will be subject to discipline up to, and including, termination.

Procedures:

1. The Compliance Officer will ensure that all employees receive training related to the contents of this policy and the False Claims Act. The Compliance Officer will ensure that records are maintained to document the receipt of training.
2. This policy will be posted on NHR's web page.

Reports, questions or concerns can be directed as follows:

By Telephone to the Corporate Compliance Officer at 845 473-3000 ext. 1711

By Email to corporatecompliance@nhrny.org

By Postal Mail to

Corporate Compliance Officer
New Horizons Resources, Inc
123 West Road
Pleasant Valley NY 12569

By drop box at: NHR's Administrative Offices located at 123 West Road, Pleasant Valley NY 12569.