



**POST ACUTE PARTNERS AND AFFILIATED BUSINESSES  
COMPLIANCE PROGRAM OVERVIEW  
and  
DEFICIT REDUCTION ACT NOTICE**

Post Acute Partners and its affiliated businesses (the “Company”) are committed to preventing and detecting fraud, waste and abuse. In support of this commitment, the Company has established a Corporate Compliance Program. The purpose of the Corporate Compliance Program is to establish appropriate controls that will help ensure consistent compliance with the federal and State laws that govern our activities, and to detect violations of the law by employees and others affiliated with the Company.

Elements of the Company’s Corporate Compliance Program include:

- A Compliance Officer who is responsible for the day-to-day operations of the Corporate Compliance Program.
- Written standards of conduct, policies and procedures which describe compliance expectations and promote the Company’s commitment to compliance for all employees.
- Regular, effective education and training programs for all employees whose job descriptions include activities that are subject to the Corporate Compliance Program.
- A system that encourages open reporting of any compliance concerns to the Compliance Officer and allows for confidential and anonymous reporting of compliance issues or concerns.
- A policy of non-intimidation and non-retaliation for good faith reporting of compliance issues or concerns.
- Disciplinary policies that encourage good faith participation in the Compliance Program.
- A system to respond to allegations of improper or illegal activities and the enforcement of appropriate disciplinary action against employees who have violated the Corporate Compliance policies.
- Compliance audits and/or other evaluation techniques to monitor compliance and assist in the reduction of potential problem areas.

A goal of the Corporate Compliance Program is to educate appropriate employees with respect to federal and State laws and regulations with which they must comply. In this regard, the federal Deficit Reduction Act (“DRA”) requires the Company to provide all employees with “detailed information” about:

- the federal False Claims Act;
- the federal administrative remedies associated with the False Claims Act;
- State laws pertaining to civil or criminal penalties for false claims and statements;
- whistleblower protections provided under federal and State laws; and
- the role of federal and State laws in preventing and detecting fraud, waste and abuse.

This letter provides you with the information required by the DRA.

**Federal and State Statutes  
Filing False Claims  
and  
Whistleblower Protections**

Numerous federal and State laws prohibit health care providers from submitting “false” or “fraudulent” claims to Medicare and Medicaid and other federally-funded health care programs and also provide “whistleblower” protections for individuals reporting such claims. Presented below is a listing and description of various federal and State statutes related to the filing of false Medicare and Medicaid claims.

**Federal False Claims Laws**

1. False Claims Act, 31 U.S.C. 3729-3733

The federal False Claims Act imposes penalties and fines on individuals and entities that file false or fraudulent claims for payment from Medicare, Medicaid, or other federal health programs. The penalty for filing a false claim is \$5,500 - \$11,000 per claim and the recoverable damages are between two and three times the value of the amount falsely received. In addition, the false claims filer may have to pay the government’s legal fees.

The False Claims Act allows private individuals to file lawsuits in federal court, just as if they were federal prosecutors. If the suit eventually concludes with payments back to the government, the person who started the case can recover 25-30% of the proceeds if the government did not participate in the suit, or 15-25% if the government did participate in the suit.

2. Administrative Remedies for False Claims, 31 U.S.C. 3801-3812

This statute allows for administrative recoveries by federal agencies. If a person submits a claim that the person knows is false, or contains false information, or omits material information, then the agency receiving the claim may impose a penalty of up to \$5,000 for each claim. The agency may also recover twice the amount of the 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 the imposition of fines and penalties is made by the administrative agency, not by prosecution in the federal court system.

## **Federal Whistleblower Protection**

1. Federal False Claims Act (31 U.S.C. 3730(h))

An employee who is “discharged, demoted, suspended, threatened, harassed or in any manner discriminated against” because of the employee’s lawful acts under the federal False Claims Act is entitled to reinstatement, double back pay with interest, special damages, litigation costs and reasonable attorneys’ fees.

State laws are included in the attached State Law Addendum.

If you become aware of any compliance issues or have any questions regarding the information contained in this letter, please contact your supervisor, the Compliance Officer, our Compliance Hotline at 1-855-663-0144 or by clicking the “Compliance” link on the Company’s websites.