

FRAUD/WHISTLEBLOWER POLICY

NICHA Standard II

Policy Number:

POLICY:

Agency is committed to maintaining compliance with laws, regulations and program requirement and guidelines for operating the organization in an ethical and lawful manner. Agency's fraud policy is established to facilitate the development of controls that will aid in the detection and prevention of fraud against the Agency and its patient/clients. The Agency promotes consistent organizational behavior by providing guidelines and assigning responsibility for the development of controls and conduct of investigations. This policy applies to any irregularity, or suspected irregularity, involving employees as well as shareholders, consultants, vendors, contractors, outside agencies doing business with employees of such agencies, and/or any other parties with a business relationship with the organization. Agency's Board of Directors/Owner has final authority on all business and ethics decisions.

PROCEDURE:

Definition: Fraud in this Policy is defined as (a) the use of deception with the intention of pursuing personal interests and causing loss to the interests of Agency or its home care patient/clients, (b) the illegitimate pursuit of inappropriate company or home care patient/client interests for personal gain, and (c) the intentional distortion of financial statements or other records by persons internal or external to Agency which is carried out to conceal misappropriation of company's or home care patient/client's assets or personal gain.

Examples of Fraud and Fraudulent Behavior. Some examples of fraud or fraudulent behavior include, but is not limited to:

- Usurpation of Agency or patient/client interests for personal gain;
- Misappropriation of assets, embezzlement and theft;
- Payment or receipt of bribes, kickbacks or other inappropriate payments;
- Participation in sham or fraudulent transactions;
- Deceptive, misleading or false statements about corporate or patient/client transactions;
- Forgery or alteration of accounting record or vouchers;
- Other fraud behaviors causing loss to Agency or patient/client's interests.

Certified Home Health Aides, Companions, Homemakers, Registered Nurses, LPNs, Management and other employees/ contractors (if applicable) should be aware of Agency's zero fraud tolerance policy, which stipulates immediate and irrevocable dismissal on verification of fraudulent activities, and may also include notification of, and cooperation with law and enforcement authorities relative to the fraudulent acts, as well as pursuing legal action against the individual. Furthermore, any investigative activity required will be conducted without regard to the suspected wrongdoer's length of service, position/title, or relationship to Agency.

The Agency management in general and the Corporate Compliance Officer, in particular are responsible for the detection and prevention of fraud, misappropriations, and other irregularities. Any irregularity that is detected or suspected must be reported immediately to the Compliance Officer, who coordinates all investigations with other affected areas, both internal and external.

The Agency management and the Corporate Compliance Officer communicate Agency's message of honesty and integrity with employees of Agency through the Employee Handbook, periodic In-Service training, as well as, business ethics and the related laws and regulations.

The Corporate Compliance Officer shall notify employees and external third parties of the opportunity and procedures for anonymously reporting wrongdoings and dishonest behavior;

The Corporate Compliance Officer shall establish control procedures to reduce the potential occurrence of fraud through protective approval, authorization, reconciliations, periodic compliance reviews and similar measures.

Agency management shall perform customary background checks for individuals being considered for employment. Formal written documents for background checks shall be retained and filed in employee's record.

Agency will provide full cooperation with all reasonable and lawful demands made by governmental investigators or law enforcement. Furthermore, no written, copied or electronic documentation is to be altered or destroyed in anticipation of a request or as a result of a request for any document by an authorized, lawful investigation.

Reporting Fraud or Fraudulent Behavior:

Complaints and concerns relating to instances of actual or suspected instances of fraud or fraudulent behavior shall be reportable through the established channels of communications and may be reported on an anonymous basis. The reporting individual should be informed of the following:

- Do not contact the suspected individual in an effort to determine facts or demand restitution.
- Do not discuss the case, facts, suspicions, or allegations with anyone unless specifically asked to do so by the Corporate Compliance Officer.

Agency shall promptly investigate alleged and/or reported instances of fraud or fraudulent behavior. Great care must be taken in the investigation of suspected improprieties or irregularities so as to avoid mistaken accusations or alerting suspected individuals that an investigation is under way.

The Independent Compliance Officer has the primary responsibility for the investigation of all suspected fraudulent acts as defined in the policy; he/she may enlist any individual(s) he/ she deems necessary to assist in the investigation. Judith Francis should be the point of first contact. Her contact number is 732 710 9143. Members of the Investigation team will have free and unrestricted access to all Company records and premises, whether owned or rented; the authority to examine, copy, and/or remove all or any portion of the contents of files, desks, cabinets, and other storage facilities on the premises without prior knowledge or consent of any individual who might use or have custody of any such items or facilities when it is within the scope of their investigation. If the investigation substantiates that fraudulent activities have occurred, the Corporate Compliance Officer will issue reports to appropriate individuals, including, the Board of Directors/Owner.

If any member of Agency's management is involved in the alleged and/or reported instances of fraud or fraudulent behavior, a special investigation team shall be organized to conduct an investigation with the assistance of the Corporate Compliance officer and shall report directly to Agency's Governing Body/ Board of Directors/Owner.

If an investigation results in a recommendation to terminate an individual, the recommendation will be reviewed for the approval by the Governing Body/Board of Directors/Owner.

The Governing Body/Owner and Compliance Officer will be responsible for notifying and documentation of any required reporting to Regulatory agencies or Accrediting Organization.

Whistleblower Protections:

31 U.S.C. 3730(h) provides that any employee who is subject to retaliation or discrimination by an employer in the terms and conditions of employment because the employee lawfully sought to take action or assist in taking action under this act "shall be entitled to all relief necessary to make the employee whole." This includes reinstatement with seniority restored to what it would have been without the retaliation or

discrimination, double the amount of back pay, interest on back pay, and compensation for any special damages sustained as a result of the employer's actions, including litigation costs and reasonable attorney's fees.

Conscientious Employee Protection Act, "Whistleblower Act", N.J.S.A. 34:19-4:

New Jersey law prohibits an employer from taking any retaliatory action against an employee because the employee does any of the following:

- Discloses, or threatens to disclose, to a supervisor or to a public body an activity, policy or practice of the employer or another employer, with whom there is a business relationship, that the employee reasonably believes is in violation of a law, or a rule or regulation issued under the law, or, in the case of an employee who is a licensed or certified health care professional, reasonably believes constitutes improper quality of patient/client care;
- Provides information to, or testifies before, any public body conducting an investigation, hearing or inquiry into any violation of law, or a rule or regulation issued under the law by the employer or another employer, with whom there is a business relationship, or, in the case of an employee who is a licensed or certified health care professional, provides information to, or testifies before, any public body conducting an investigation, hearing or inquiry into quality of patient/client care; or
- Provides information involving deception of, or misrepresentation to, any shareholder, investor, patient/client, customer, employee, former employee, retiree or pensioner of the employer or any governmental entity.
- Provides information regarding any perceived criminal or fraudulent activity, policy or practice of deception or misrepresentation which the employee reasonably believes may defraud any shareholder, investor, patient/client, customer, employee, former employee, retiree or pensioner of the employee or any governmental entity.
- Objects to, or refuses to participate in, any activity, policy or practice which the employee reasonably believes:
 - is in violation of a law, or a rule or regulation issued under the law or, if the employee is a licensed or certified health care professional, constitutes improper quality of patient/client care;
 - is fraudulent or criminal; or
 - is incompatible with a clear mandate of public policy concerning the public health, safety or welfare or protection of the environment. N.J.S.A. 34:19-3.

The protection against retaliation, when a disclosure is made to a public body, does not apply unless the employee has brought the activity, policy or practice to the attention of a supervisor of the employee by written notice and given the employer a reasonable opportunity to correct the activity, policy or practice. However, disclosure is not required where the employee reasonably believes that the activity, policy or practice is known to one or more supervisors of the employer or where the employee fears physical harm as a result of the disclosure, provided that the situation is an emergency in nature.