



Code of Conduct



Diversicare Team Member,

At Diversicare, we have a comprehensive mission-based Compliance Program, which is a vital part of the way we conduct ourselves. Because the program supports our mission, *“Improve every life we touch by providing exceptional healthcare and exceeding expectations”*, it has been incorporated into everything we do. We have the fortunate privilege of caring for thousands of patients and residents every day across our centers. Because of this, we continually strive to act with absolute integrity in the way we provide care and conduct ourselves while doing so. This program plays a huge part in our achieving these objectives.

Our Code of Conduct provides guidance to ensure the work we do is done in a legal and ethical manner. It contains resources and direction to help resolve any questions about conduct in the workplace. Please review it thoroughly. Your adherence to it and its requirements is absolutely critical to our success. If you have questions regarding our Code of Conduct or encounter any situation that you believe violates provisions of it, you should immediately consult your supervisor, another member of management at your center, your DSC Human Resources Business Partner, the Diversicare Care Line (toll-free at 888-508-9774), or the DSC Chief Compliance Officer. Diversicare has a strict policy of non-retaliation for reporting all potential concerns in good faith. You may also report anonymously. No Code of Conduct can substitute for each person’s own internal sense of fairness, honesty or integrity. If you encounter a situation or are considering a course of action that does not feel right, please discuss the situation with any of the resources mentioned above.

We all have a part in making sure Diversicare remains a compliant, ethical place to work. Our mission, service standards, and the Code of Conduct reflect our commitment to you, our team members, as well to as our patients and residents, that we hold ourselves to the highest standards of conduct. Thank you for continuing to improve every life you touch by providing exceptional healthcare and exceeding expectations.

Sincerely,

Diversicare Leadership Team

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OUR MISSION

Improve every life we touch by providing exceptional healthcare and exceeding expectations.

OUR CORE VALUES



Integrity

We are trustworthy and honorable. We have an unwavering commitment to doing the right thing every time.



Excellence

We are passionate about the pursuit of excellence. We go above and beyond what is expected.



Compassion

We recognize the needs of others, are empathetic to them, and take actions to help.



Teamwork

We are committed to each other personally and professionally. We respect each other, succeed together, and recognize there is nothing we can't solve as a team.



Stewardship

We carefully and responsibly manage and care for all that has been entrusted to us.

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Commitment to Ethics & Compliance



OUR APPROACH TO COMPLIANCE

Diversicare Healthcare Services and its affiliates (“Diversicare” or “the Company”) are committed to compliance with all applicable laws and regulations and to operating in a legal and ethical manner. In short, the Company has an unwavering commitment to strive to operate with the utmost integrity while providing exceptional healthcare.

As part of our commitment to compliance, this Code of Conduct (“Code”) has been developed. The Code explains the legal and ethical standards that govern our Company’s business activities and provides guidance to team members who may encounter challenges while on the job. The Code also serves as an information source for all our team members regarding the resources available to them to ensure compliance and report areas of concern. The Code applies to all directors, officers, team members, agents, contractors, vendors, and volunteers.

While the compliance department (“Compliance”) will operate with the independence necessary to make the program free of all undue influence, our goal as a Company focused on integrity is to make all Diversicare team members aware of compliance issues and integrate compliance into our daily operations. Thus, in addition to conducting its own training and teaching on compliance matters, Compliance will take advantage of operational meetings and existing channels of communication to teach and train all team members on important compliance principles.

At Diversicare, we will use our operational structure to our advantage and focus on educating department heads and group leaders, and, at an operational level, train our regional leaders and center administrators to also become compliance leaders guiding our daily operations.

The foundations of our Compliance program are:

- Written standards, policies, and procedures including a method for reporting concerns
- Designation of a compliance officer and compliance liaisons with the necessary authority and resources to oversee the compliance program
- Procedures to ensure unethical individuals are not employed
- Effective communication and training of standards, policies, and procedures
- Consistent enforcement of standards, policies, and procedures
- Internal and external monitoring and auditing
- Appropriate response, mitigation, and corrective actions for compliance concerns

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COMPLIANCE STANDARDS

The Code describes our approach to operating with integrity and provides an outline of how to “do the right thing every time.” It is the key informational and teaching tool for team members, vendors, service providers and all of those we work with or employ.

We will educate our team members about this Code at orientation and will annually conduct training about the Code. Team members will be afforded the opportunity to ask questions about the Code and be required to sign a statement attesting that a copy has been provided. Adherence to the Code will be a required component of team member performance evaluations.



As described more fully in this Code, at Diversicare we:

1. Conduct all facets of business in accordance with applicable laws, rules and regulations. When a team member is uncertain of the meaning or application of a law, statute, or regulation, he or she should seek guidance from his or her immediate supervisor, administrator, or the Chief Compliance Officer (“CCO”);
2. Do not obtain any improper personal benefit by virtue of employment with Diversicare; for example, taking money in return for awarding a vendor a contract, or accepting money from a resident’s family to provide “better” care;
3. Respond diligently to requests for information from a governmental agency and do not destroy or alter Diversicare’s information or documents prepared in anticipation of, or in response to, a request for documents;
4. Do not backdate documents to make it appear that they were done at an earlier time. Changes to documents, bills, and records should always be made in a way to make clear the date when the changes are actually made to such documents or records;
5. Do not engage in any business practice intended to unlawfully obtain favorable treatment or business from any government entity, physician, resident, or vendor;
6. Comply with Diversicare’s policy regarding the receipt, acceptance, offering or giving of gifts in connection with a team member’s role or status as a team member of Diversicare or its subsidiaries;
7. Disclose to an immediate supervisor, administrator or the CCO, any financial interest, ownership interest, or any other relationship they (or a member of their immediate family) have with Diversicare’s residents, customers, vendors, or competitors;
8. Do not participate in any “false billing” of residents, government entities, or other party;
9. Do not use Diversicare’s confidential or proprietary information for their own personal benefit or for the benefit of any other person or entity other than Diversicare, during or after being employed by Diversicare;

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10. Take care not to use or disclose confidential medical or personal information, or protected health information (hereafter, "PHI"), pertaining to Diversicare's patients, residents, or team members without the express written consent and appropriate HIPAA authorization of the resident or the resident's legal representative, and in accordance with applicable law and Diversicare's policies and procedures;
11. Do not participate in any agreement (including agreements based on a course of conduct) with a competitor of Diversicare to illegally fix prices or labor costs, allocate markets, or engage in group boycotts;
12. Participate in scheduled training regarding Diversicare's compliance program;
13. Notify an immediate supervisor or administrator who will in turn notify the Compliance Officer immediately upon the receipt (at work or at home) of an inquiry, subpoena, or other agency or government request for information regarding Diversicare.

REPORTING VIOLATIONS AND OUR POLICY OF NON-RETALIATION

Our team members, contractors, patients, and vendors are encouraged to report conduct that may violate this code, underlying policies and procedures, or federal or state law. To obtain guidance on an ethics or compliance issue or to report a suspected violation, you have several options.

1. Talk to your supervisor or manager.
2. If you are not comfortable talking with your supervisor, talk to another member of management, such as the center administrator
3. Contact the CCO directly at (615) 771-7575
4. Contact the Compliance Hotline at 888-508-9774
5. Email the DSC Compliance Team at compliance@dvcr.com

We encourage the resolution of issues at a center level whenever possible. It is expected good practice to raise concerns first with your supervisor or Administrator. Another important resource who may be able to address workplace issues is the Human Resources Coordinator (HRC). If it is uncomfortable or inappropriate to raise concerns with your supervisor or HRC, another option is to discuss the situation with another member of management at your center or within Diversicare. You are always free to contact the Compliance Hotline system (Care Line). The Care Line provides a method for receiving, reviewing, and processing complaints, concerns, questions, or suggestions. The Care Line allows for concerns to be reported anonymously.

We have a policy of **non-retaliation** for all persons who report in good faith any potential violations. Any team member who believes he or she has been subjected to retaliation should immediately report the retaliation to center leadership, Human Resources, or the Company Care Line (1-888-508-9774).



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The CCO is responsible for administering this system in conjunction with the Audit Chair of the Board of Directors. The CCO will regularly review and monitor Care Line messages and will ensure compliance concerns are tracked and addressed and, to the extent material compliance issues are raised, that such issues are reported on to the Compliance Committee, Chief Executive Officer, or Audit Chair as appropriate given the Company's compliance goals.

INTERNAL INVESTIGATIONS, CORRECTIVE ACTION, & DISCIPLINE

Occasionally, it may be necessary for Diversicare to conduct an internal investigation in which each team member must cooperate fully and honestly. Progressive discipline, up to and including termination of employment, will result if a team member fails to cooperate or is not truthful. An investigation report will be created that will include 1) the specific findings and/or results of the investigation; and 2) a proposed corrective action plan (such as disciplinary action, policy or procedure changes, in-service training regarding existing policy and/or procedure, or other suggested actions) to prevent future non-compliance. Diversicare consistently applies disciplinary action based on the severity of the infraction. Reference the Team Member Handbook for additional details and examples of violation categories.

REPORTING PERSONAL CONFLICTS OF INTEREST

If you or a family member have a potential conflict of interest with that of Diversicare, such as an ownership interest in a company or relationship to a third-party that provides goods or services to Diversicare, you must disclose that at the time of hiring or following any such time in the future when a potential conflict of interest arises. The conflict of interest disclosure form is provided at the back of this manual and must be submitted to the CCO no less than thirty days after the conflict arises.

Diversicare permits the employment of relatives of team members as long as the relative is qualified for the job and such employment does not, in the opinion of management, create actual or perceived conflicts of interest (as described below). New Diversicare team members must disclose any family relationships they have with any other Diversicare team members and receive approval from management before beginning work with Diversicare. All center leaders must disclose and get approval from the Chief Compliance Officer or HR Director before hiring any of their relatives. For this paragraph, "relative" is considered to be a spouse, child, parent, sibling (including half, foster, and adoptive siblings), grandparent, grandchild, aunt, uncle, niece, nephew, cousins, or corresponding in-law or "step" relation, as well as individuals who are cohabitating, their relatives, or any other family-type relationship. Failing to disclose such relationship in advance will be grounds for termination even if no preferential treatment or bias is shown.

Diversicare will exercise sound business judgment in the placement of a related team member in accordance with the following guidelines: Individuals who are related are permitted to work in

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the same center or office provided no direct reporting or Manager/management relationship exists. These guidelines apply to all team members.

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QUALITY ASSURANCE AND PERFORMANCE IMPROVEMENT

It is the policy of Diversicare that each resident and/or patient receive the necessary care to attain or maintain the highest practicable physical, mental, and psychosocial well-being, in accordance with the resident's comprehensive assessment and plan of care.

To achieve the goal of providing quality care, the Company will continually measure their performances against comprehensive standards set by state and Federal requirements.

In addition to these regulations, Diversicare has its own Quality Assurance and Performance Improvement ("QAPI") program that sets care protocols and implements mechanisms for evaluating compliance with those protocols in accordance with the guidance provided by the Centers for Medicare & Medicaid Services.

As part of the Company's ongoing commitment to quality care, the system reviews patient and resident outcomes and improves on those outcomes through analysis and modification of the delivery of care.

Diversicare periodically reassesses that the resident and patient outcomes meet the desired results and actually improved care and that the care was actually rendered.

RESIDENT RIGHTS & QUALITY OF LIFE

It is the policy of Diversicare that all residents and patients have the right to a dignified existence, self-determination, and communication with access to people and services inside and outside the center.

A resident or patient has the right:

- To exercise his or her rights as a resident or patient of the center and as a citizen or resident of the U.S. and to be free of interference, coercion, discrimination, or reprisal by Diversicare or its team members for the exercise of such rights to the extent such rights are not legally superseded by the Company's right to establish rules and regulations for the promotion of the health, safety and welfare of its patients and residents;



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- To be fully informed of his or her rights and all rules and regulations governing resident and patient conduct and responsibilities during the stay in the center;
- To access personal records within a reasonable time after request;
- To purchase copies of his or her medical records with appropriate notice to the center;
- To be fully informed of his or her health status and medical condition;
- To refuse treatment;
- To be informed of the items and services paid for by Medicaid and for which Medicaid-covered residents and patients may not be charged, and to be informed of items and services for which the resident or patient may be charged and the amount of such charges;
- To be informed of his or her legal rights, including the manner of protecting personal funds, a description of the requirements and procedures for qualifying for Medicaid, a posting of the names, addresses, and telephone numbers of all pertinent state client advocacy groups, and a statement that the resident may file complaints with the state survey and certification agency;
- To be advised of the name, specialty, and manner of contacting the physician for his or her care;
- To receive information on how to apply for and use Medicaid and Medicare benefits;
- To be notified, and have his or her physician and legal representative or family member notified, of accidents resulting in injury or requiring the intervention of a physician, a significant change in condition, of a need to significantly alter treatment, or of a decision to be transferred;
- To be notified of a change in room or roommate or a change in residents' or patients' rights under state or federal law;
- To manage his or her financial affairs;
- Upon written authorization from the resident or patient, to have the center hold and manage his or her personal funds;
- To have a full and complete accounting of personal funds managed by the center;
- Not to have any charge made against personal funds for items paid for by Medicaid or Medicare;
- To choose a personal physician, to be informed in advance about care and treatment and any changes in care or treatment that may affect his or her well-being, and to participate in planning care or treatment unless adjudged incompetent or incapacitated under state law;
- To personal privacy and confidentiality of personal and clinical records;
- To file grievances without discrimination or reprisal;

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- To examine center survey results;
- To visitation by people of the resident's or patient's choosing, including family members, state representatives, the ombudsman, and others, subject to reasonable restrictions;
- To be free from physical or chemical restraints imposed for the purpose of discipline or convenience and not required to treat medical symptoms;
- To be free from verbal, sexual, physical and mental abuse, corporal punishment, and involuntary seclusion; and
- To receive services in a center environment that is safe, clean, and comfortable with adequate space for activities.

RESIDENT PRIVACY & CONFIDENTIALITY

It is the policy of Diversicare to ensure that each resident and patient has the right to privacy and confidentiality of personal and clinical records. Our centers are "covered entities" subject to the Health Insurance Portability and Accountability Act of 1996 ("HIPAA"). HIPAA protects "protected health information" or "PHI," which refers to all information held by Diversicare that relates to the health of a patient/resident, the provision of care to a patient/resident, or payment for the patient's/resident's care, and that identifies or could reasonably be used to identify the patient/ resident. PHI is protected in any format, including paper, electronic and oral.

In general, we may use or disclose a patient's/resident's PHI only:

- to the patient/resident;
- for purposes related to treating the patient/resident, payment for the treatment/ resident's care, and our own operations (these are known collectively as "Treatment, Payment and Health Care Operations");
- in certain circumstances to a patient's/resident's family or friend or for use in our center directory; or
- subject to a HIPAA exception, such as a disclosure to law enforcement, to report patient/resident abuse, or for public health purposes.



All other uses or disclosures of the patient's/resident's PHI are prohibited unless the patient/resident (or his or her personal representative) has signed a valid authorization for the use or disclosure. Team members with questions about whether a certain use or disclosure is permitted under HIPAA should always consult the Chief Compliance Officer.

Another important aspect of the Privacy Rule is the principle of "minimum necessary" use and disclosure. Team members must make reasonable efforts to use, disclose, and request only the

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minimum amount of PHI needed to accomplish the intended purpose of the use, disclosure, or request. As a company, we are required to take steps to protect PHI such that only team members who need access to PHI as part of their job function should have routine access to this information.

Staff shall not use social media to disclose any individually identifiable information about Center residents in any form (including photo, video or written content). Individually identifiable information may include but is not limited to patient's name, age, address, gender, race, social security number, or marital status.

REFERRALS & RESIDENT INDUCEMENTS

It is the policy of Diversicare that its team members shall not knowingly or willfully solicit or receive any remuneration directly or indirectly, overtly or covertly, in cash or in kind:

- in return for referring an individual to a person for furnishing (or arranging for the furnishing) of any item or service for which payment may be made in whole or in part under a state or federal healthcare program; or
- in return for purchasing, leasing, ordering, or arranging for, or recommending purchasing, leasing, or ordering any good, center, service, or item for which payment may be made in whole or in part under a state or federal healthcare program.

Furthermore, Diversicare and its team members shall not offer or transfer remuneration to any individual eligible for benefits under federal or state healthcare programs (including Medicare or Medicaid) that Diversicare and its team members know or should know is likely to influence the individual to order or receive from a particular provider, practitioner, or supplier any item or service for which payment may be made, in whole or in part, by a federal or state healthcare program. "Remuneration" is defined as "a reward or compensation given in return for a service." In addition:

- Diversicare shall not offer or provide any gift (other than *de minimis* gifts with a limit of, no more than \$15 per item and \$75 per year in value being provided), hospitality, or entertainment other than the standard marketing material to any Medicare or Medicaid beneficiary;
- Diversicare shall not offer waivers of coinsurance or deductible amounts as part of any advertisement or solicitation;
- Diversicare shall not routinely waive coinsurance or deductible amounts, and shall only waive such amounts after determining in good faith that the resident is unable to pay, or after making reasonable efforts to collect according to collection policies;

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- Diversicare shall not participate in any arrangement with a healthcare plan that requires Diversicare and its team members to waive charges for co-payments and deductibles when Medicare is the primary payer and the applicable Medicare reimbursement is higher than the plan fee schedule amount.

ELDER JUSTICE REPORTING ACT

If any Diversicare owner, operator, team member, manager, agent or contractor has a reasonable suspicion that a crime has occurred against a resident or person receiving care at a Diversicare center, federal law requires that you report your suspicion directly to both law enforcement and the state survey agency.

HOW QUICKLY MUST YOU REPORT?

- 1) **IMMEDIATELY**, but not later than **2 hours** after forming your reasonable suspicion if there is *serious bodily injury*.
- 2) **IMMEDIATELY**, but not later than **24 hours** after forming your reasonable suspicion if there is not *serious bodily injury*.

“Serious bodily injury” is an injury involving extreme physical pain; involving substantial risk of death; involving protracted loss or impairment of the function of a bodily member, organ or mental faculty; or requiring medical intervention such as surgery, hospitalization or physical rehabilitation. *“Criminal sexual abuse”* is defined as serious bodily injury/harm, which shall be considered to have occurred if the conduct causing the injury is relating to sexual abuse or aggravated sexual abuse.

Failure to truthfully report in the required time frames may result in disciplinary action by the center, up to and including termination. Additionally, Individuals who fail to report are subject to a civil monetary penalty of up to \$300,000 and possible exclusion from participation in any Federal healthcare program as an “excluded individual.”

RETALIATION IS PROHIBITED

Diversicare will not punish or retaliate against you for lawfully reporting a crime under this law. Examples of punishment or retaliation include: firing/discharge, demotion, threatening these actions, harassment, and denial of a promotion or any other employment-related benefit or any discrimination against a team member in the terms and conditions of employment. In addition, a center may not file a complaint or a report against a nurse or other licensed individual or team member with the state professional disciplinary agencies because the individual lawfully reports the suspicion of a crime. Team members can file a complaint with the state survey agency against the center if there is retaliation for reporting, causing a report to be made, or for taking steps in

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furtherance of making a report of a reasonable suspicion of a crime to the appropriate authorities.

Abuse, Neglect, Misappropriation, Exploitation Reporting Requirements

Diversicare's team members must also adhere to other regulations that prohibit and prevent abuse, neglect, exploitation, and misappropriation of resident property. To ensure reporting and investigation of alleged violations (to include injuries of unknown source, mistreatment and involuntary seclusion) team members should follow these reporting guidelines:

	Suspicion of a Crime	Alleged Violations
What	Any reasonable suspicion of a crime against a resident/patient	All alleged violations of abuse, neglect, exploitation or mistreatment, including injuries of unknown source and misappropriation of resident property
Who is required to report	Any covered individual, including the owner, operator, team member, manager, agent or contractor of the center	All team members
To Whom	State Survey Agency (SA) and one or more law enforcement entities for political subdivisions in which the center is located (i.e. police, sheriff, detectives, etc.)	Center Administrator, designee and to other officials in accordance with State Law, including to the SA and the adult protective services where state law provides for jurisdiction in long term care facilities
When	Serious bodily injury- immediately but not later than 2 hours after forming the suspicion No serious bodily injury not later than 24 hours	All alleged violations- immediately but not later than 1. 2 hours if the alleged violation involves abuse or results in serious bodily injury 2. 24 hours if the alleged violation does not involve abuse and does not result in serious bodily injury

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DIVERSICARE SERVICE STANDARDS

Our Service Standards support a culture that is the Diversicare-way of working, interacting, and perceiving our jobs as we work alongside others. We strive not just for a good attitude in the workplace but a great one!

And even though we have different roles within the company, we all have customers. Who is our customer? It may be any person whom we encounter during the course of our work. This includes patients, residents, families, healthcare contacts, managed care and Accountable Care Organization (ACO) and Bundled Payment (BP) partners, vendors, community contacts, and fellow team members. All of our customers want to be understood, to feel comfortable, welcome, important, and safe. That is exactly the environment we will provide.



You are encouraged to use this guide as a tool for delivering and evaluating the level of service you offer to customers. We encourage you to use these required behaviors as part of a strategy for accountability with your team and as part of your performance reviews.

The Service Standards will enhance relationships among Diversicare team members, patients, residents, families, healthcare partners, and the community for a positive experience that benefits everyone, every day. They set forth a consistent set of behaviors and actions that will enable our team to demonstrate our commitment to impassioned service delivery. This culture of impassioned service delivery is the Diversicare Difference. We are proud to work alongside of you. Let's begin today!

Why Service Standards and Why Now

Diversicare leadership is committed to the adoption and required demonstration of Service Standards so that we may:

- Embody our strong Mission and Values
- Have an established guide for expected behavior

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- Cultivate a warm, welcoming, comfortable safe environment
- Nurture team member engagement, satisfaction, and a positive experience
- Foster external customer engagement, satisfaction, and a positive experience
- Achieve our goals and drive our future
- Show evidence of a commitment to our internal and external customers
- Demonstrate commitment to our brand
- Inspire customer loyalty
- Impact team member retention and present as an employer of choice
- Further our culture of connectedness with strong, positive service to our customers
- Support impassioned service delivery

How

By reviewing the Service Standards every day on an ongoing basis, we reinforce our culture of Service Excellence. We provide an open format for learning, discussion, and growing—we cultivate a reputation among our customers, whether internal or external, as a trustworthy resource and valued partner.

Service Standards

- We make everyone feel important
- We are warm
- We exemplify teamwork and respectful relationships
- We reflect a professional impression through appearance and behavior
- We are knowledgeable and competent
- We inspire loyalty by making interactions with us effortlessly swift
- We foster positive communication with our customers
- We are responsible and treat customer possessions and DVCR property with care and respect
- We create an unrivaled customer experience by carrying out responsibilities in a safe, courteous and timely fashion
- We continually strive to improve personal and company performance
- We take care of each other
- We make positive, lifelong impressions

As you review the Service Standards, it is important that every Service Standard is embraced and taken seriously. At the same time, fostering a pleasant, upbeat, engaging environment at your workplace is definitely encouraged. Your leadership will set the tone for the acceptance and demonstration of Service Excellence and adherence to the Service Standards – be creative in your approach! Consider ways that you and your team can:

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- Make Service Excellence a part of your culture, as natural as breathing
- Tailor your service to the individual customer
- Make positive responses and actions quick and hassle-free
- Bring swift resolution to concerns or missteps
- Foster a collaborative work environment
- Foster a safe environment, both physically and emotionally
- Empower your team to 'go the extra mile'
- Develop personalized plans for team member advancement
- Facilitate open communication
- Foster the sharing of ideas and creativity within your team

EMPLOYMENT STANDARDS

What Diversicare Expects From You

Diversicare expects every team member to contribute to the success of the Company by providing quality service to every patient/resident, family member, visitor or internal customer with whom you have contact; being a high quality, professional team member; producing quality business results by doing your part and using resources wisely; and by working safely.



Diversicare expects every team member to conduct themselves in a way that is:

- *Ethical* by following all guidelines, Service Standards, laws, ethical business practices, and behaving in a manner that brings credence to Diversicare, to our team members and the people we serve;
- *Progressive* by seeking ways we can better serve our patients/residents and their families, the community and each other by improving our systems and how we do business; and
- *Respectful* by being respectful of the rights of others, whether they are a fellow team member, a patient/ resident, or a visitor. Each person deserves our respect whether or not we agree with them or share their beliefs.

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EQUAL EMPLOYMENT OPPORTUNITY

Diversicare is committed to being an equal opportunity employer. Diversicare does not discriminate in employment opportunities or practices on the basis of race, color, religion, sex (including gender identity), national origin, age, or disability, sexual orientation, citizenship, marital status, veteran status, genetic information, or any other characteristic protected by law. In order to provide equal employment and advancement opportunities to all individuals, employment decisions at Diversicare will be based on merit, qualifications and abilities. Diversicare will also make reasonable accommodations for qualified individuals with known disabilities unless doing so would result in an undue hardship to Diversicare. This guideline governs all aspects of employment, including hiring, job assignment, training, promotion, compensation, discipline, termination and access to benefits and training.

DISCRIMINATION AND UNLAWFUL HARASSMENT

Diversicare has a guideline of “zero tolerance” with respect to discrimination or harassment. Diversicare expressly prohibits any form of discrimination, including unlawful harassment, based on race, color, religion, sex (including gender identity), national origin, age, disability, sexual orientation, citizenship, marital status, veteran status, or status in any other group protected by federal, state or local laws.



With respect to sexual harassment, Diversicare prohibits unwelcome sexual advances, requests for sexual favors, and all other verbal or physical conduct of a sexual or otherwise offensive nature.

DISABILITY ACCOMMODATION

Diversicare is committed to complying fully with the Americans with Disabilities Act (ADA) and all other applicable federal, state and local laws by ensuring equal opportunity in employment for qualified persons with disabilities. Diversicare will follow any applicable state or local law that provides greater protection than the ADA, to individuals with disabilities.

If you believe you need an accommodation because of your disability, you are responsible for making the request to your Administrator, Regional Vice President of Operations, Human Resources or the Company Care Line at (1-888-508-9774). A reasonable accommodation may include any action which enables you to perform the essential functions of your position, but which does not result in undue hardship to the business, or pose a direct threat to health and safety. In your request, you should describe the accommodation requested, the reason for needing an accommodation, and how the accommodation will help you perform the essential functions of your job.

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HEALTH AND SAFETY

Diversicare is committed to providing a safe and healthy workplace. Our Company makes every effort to comply with relevant federal and state occupational health and safety laws and to develop the best feasible operations, procedures, technologies and programs conducive to such an environment.

Our safety programs are aimed at minimizing the exposure of our team members, patients/residents and visitors to health or safety risks. To accomplish this objective, all team members are expected to work diligently to maintain safe and healthy working conditions and to adhere to proper operating practices and procedures designed to prevent injuries and illnesses. Team members who have suggestions to improve our safety practices are encouraged to share their ideas with the center safety committee. See the Company's Loss Prevention guidelines at <http://MyDiversicare.com>.

DRUG-FREE WORKPLACE

It is Diversicare's desire to provide a healthy, safe and drug-free workplace. While there are rare occasions in which conducting Company-related business with clients, business partners, and others with whom Diversicare is developing a relationship, the purchasing of a glass of wine or alcoholic beverage may be appropriate. This should only be done with permission from Company Management and does not change the Company's commitment to the guideline that team members may not use, possess, distribute, sell or be under the influence of alcohol or illegal drugs.

The legal use of prescribed drugs is permitted on the job only if it does not impair a team member's ability to perform the essential functions of the job effectively and in a safe manner.

Violations of this guideline may lead to progressive discipline, up to and including termination of employment and/or required participation in a substance abuse rehabilitation or treatment program. Such violations may also have legal consequences.

Team members with drug or alcohol problems may be eligible to participate in a rehabilitation or treatment program offered through the Team Member Assistance Program or Diversicare's health insurance benefit coverage. Team members may not avoid or delay progressive discipline by participating in a program, unless Diversicare consents on a case by case basis. See the Company's Drug Free Workplace and Testing Guidelines at <http://MyDiversicare.com>.

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COMPANY PROPERTY AND BUSINESS USAGE OF SYSTEMS

Team members may be given access to the Internet, e-mail, voice-mail and other systems to assist them in the performance of their jobs. All electronic and telephonic communication systems and all communications and information transmitted by, received from, or stored in these systems are the property of Diversicare and as such are to be used solely for job-related purposes. All Computer software must be obtained through documented IT procedures. Prohibited activities include, but are not limited to:



- Sending, receiving, displaying, printing or otherwise disseminating via the Internet, e-mail or voice-mail systems, material that is fraudulent, harassing, disparaging towards others' race, national origin, sex, religion, age, mental or physical handicap or disability, sexual orientation, citizenship or other legally protected status, illegal, sexually explicit, obscene, intimidating or defamatory (Team members should follow the Discrimination and Harassment Complaint procedure outlined in this Handbook if they encounter such material.);
- Accessing, posting or downloading sexually oriented or pornographic information;
- Posting confidential, sensitive or proprietary company information on the Internet;
- Using Diversicare's Internet resources and e-mail systems for commercial or personal advertisements, promotions, destructive programs (i.e., viruses and/or self-replicating codes) or political campaign materials; or
- Not respecting copyright, trademark and similar laws. Use such protected information in compliance with the applicable legal standards.

Code of Conduct

Regulatory Compliance



FEDERAL AND STATE FALSE CLAIMS ACTS

For several years, the federal government has used a law known as the Federal Civil False Claims Act (“FCA”) to pursue legal remedies against persons and entities that submit fraudulent claims for payment. An example of a false claim would be billing for a procedure or service that was not performed.



The FCA allows for lawsuits alleging violations to be filed by the government, or private persons on behalf of the government. Such a suit by a person is known as a *qui tam* action, and the person is eligible to receive a portion of any recovery against the healthcare provider. The FCA imposes monetary penalties from \$11,181 to \$22,363 (or as updated annually to reflect inflation) per false claim, and a triple damages penalty for damages incurred by the government.

If a healthcare provider is found to have submitted false claims to the government, it faces other sanctions in addition to the FCA’s monetary penalty provisions, such as being excluded from participating in any federally-funded healthcare program (such as Medicare and Medicaid).

In addition to the FCA, several states have passed their own state false claims laws. Like the FCA, these state false claims laws impose significant monetary penalties based on double or triple damages multipliers (i.e., a penalty two or three times the amount of the false claims) and a *per claim* monetary penalty. Also, these state false claims laws allow private citizens to file whistleblower suits on behalf of the government, and receive a percentage of the money recovered as a result of the suit. Finally, many of the state false claims laws have provisions which protect whistleblowers from any retaliatory action (by their employer) stemming from that person’s decision to file a false claims lawsuit. Diversicare operates in several states that have their own state false claims laws.

REPORTING CONCERNS & WHISTLEBLOWER PROTECTIONS UNDER FALSE CLAIMS LAWS

Suspected false claim violations must be reported to the Compliance Hotline if you wish to remain anonymous or to the Compliance Department directly. In addition to the provisions allowing whistleblowers to share in any money recovered by the government, the FCA, as well as the state false claims laws, protects whistleblowers from any retaliation resulting from their decision to file a whistleblower lawsuit on the government’s behalf. These “whistleblower protection” provisions provide that a team member who is fired or otherwise discriminated against by an employer because of lawful acts done by that team member in the filing or furtherance of a false claims lawsuit “shall be entitled to all relief necessary to make the team member whole.” Such relief can include, but is not limited to, two times the amount of back pay, reinstatement to the job held, and interest on back pay.

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ANTI-KICKBACK AND STARK

The federal anti-kickback statute is intended to protect patients and the federal health care program from fraud and abuse by curtailing the corrupting influence of money on health care decisions. The law generally states that anyone who receives anything of value that may influence the purchase of items or services billed to Medicare/Medicaid can be subject to fines, prison term and/or exclusion from federal health care programs. Diversicare and its team members, contractors, or agents will not accept or offer to provide any item of value in exchange for the referral of a patient; nor will we accept any item of value in return for buying services or supplies. Additionally, all arrangements with physicians will comply with all aspects of the Stark law.

VENDOR RELATIONSHIPS

Team members may never solicit gifts. However, team members may accept gifts of nominal value or perishable items from a vendor given to a department or group. Additionally, team members may also accept gifts or entertainment with a value of less than \$100 per item and less than \$350 in total value in a year from a vendor. For any items accepted in excess of this per item limit, or totaling more than \$350 in a year, the team member must receive written approval by the CCO.

Under no circumstances may any team member of Diversicare pay for the meals, refreshment, travel, lodging expenses or give anything of value to a government employee (state, federal or local) who in the course of his or her official conduct may investigate, survey or otherwise deal with us.

PATIENT/FAMILY GIFTS AND GRATUITIES

You may find that many patients/residents and their families are generous and may demonstrate appreciation by offering personal or financial gifts. To avoid potential conflicts of interest and maintain a fair work environment, you are not allowed to accept gifts or cash from patients/residents or their family members. Perishable or consumable items given to a department or group may be accepted when reasonable.

It is vital to Diversicare's reputation that you do not buy any item from, or sell any item to a patient/resident or family member of a patient/resident. Loans to or from patients/residents or patient/resident families are also strictly prohibited. Violations of this policy should be acknowledged and reported and could lead to progressive discipline, up to and including termination. If there are any questions regarding this, please contact the center Administrator or Chief Compliance Officer.

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ANTI-TRUST & UNFAIR COMPETITION

Diversicare will compete vigorously and fairly within the industry and do so in compliance with all applicable antitrust laws and regulations. Antitrust laws are designed to preserve a competitive economy and promote fair and vigorous competition. These laws could be violated by discussing our business with a competitor, such as how our prices are set, disclosing the terms of supplier relationships, allocating markets among competitors, agreeing with a competitor to refuse to deal with a supplier, or disclosing the wage rates we pay our team members. Each team member should endeavor to deal fairly with our customers, suppliers, competitors and other team members. No team member should take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts or any other unfair-dealing practice.

COPYRIGHT LAWS

Diversicare is committed to comply with all copyright laws prohibiting the reproduction or copying of written or electronic materials without the permission of the author. Team members who improperly copy or share copyrighted material could be subject to disciplinary action up to and including termination.

GOVERNMENT INVESTIGATIONS

It is Diversicare's policy to fully cooperate with government investigations. Team members, contractors, or agents of the Company who receive (at work or at home) an inquiry, subpoena, or other agency or government request for information regarding Diversicare, must notify their immediate supervisor or administrator who will in turn notify the Chief Compliance Officer and Chief Legal Officer immediately upon the receipt.



BILLING PRACTICES

Diversicare is committed to prompt, complete, and accurate billing of all services provided to residents, government agencies, or other third-party payors. Billing shall be made only for services actually provided, directly or under contract, pursuant to all terms and conditions specified by the government or third-party payors and consistent with industry practice.

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Diversicare and its team members shall not make or submit any false or misleading entries on any bills or claim forms, and no team member shall engage in any arrangement, or participate in such an arrangement at the direction of another team member (including an officer of Diversicare or a supervisor), that results in such prohibited acts. Any false statement on any bill or claim form shall subject the team member to disciplinary action by Diversicare, including possible termination of employment. Additionally, Diversicare is committed to refund governmental overpayments within the timeframes required by law.

EXCLUDED PARTIES

Diversicare is committed to maintaining quality care and service as well as integrity in its financial and business operations. Therefore, Diversicare will conduct routine screening of providers, Board Members, team members, independent contractors, and business vendors for the purpose of ensuring that they have not been excluded by federal or state law enforcement, regulatory, or licensing agencies. Team members, agents, and contractors are expected to maintain the appropriate licensure and certifications required for their respective positions as a condition of continued employment.

Revised March 2025



TEAM MEMBER AFFIRMATION STATEMENT

By signing this Team Member Affirmation Statement, I acknowledge the following:

- I have received and reviewed a copy of the Code of Conduct as part of my compliance training.
- The Code of Conduct, Company policies, and Service Standards have all been made available to me through MyDiversicare.
- I have had the opportunity to ask questions and discuss any aspects of the Compliance Program, including all Company policies and the Code of Conduct, with my immediate supervisor or Center Administrator.
- I have an affirmative obligation to adhere to the Service Standards, Code of Conduct and all Company policies, and to report any violations or suspected violations of the Service Standards, Code of Conduct, or Company policies to my immediate supervisor, Center Administrator, the compliance hotline, or in writing to the Chief Compliance Officer.
- My signature, in no way, represents any type of employment agreement or contract with Diversicare.

Signature of Team Member

Printed Name of Team Member

Date



CONFLICT OF INTEREST DISCLOSURE

PLEASE CHECK ONE

- ☐ I certify that neither I nor any of my immediate family members have an interest (financial, ownership, or otherwise) in any vendor or other third-party currently used by Diversicare or one of its centers, and I understand I should update this information if a potential conflict-of-interest does arise in the future;

OR

- ☐ Listed below are vendors or other third-parties with whom there is a relationship that may present a conflict of interest and should be reviewed by Compliance:

Vendor/Third-Party Name

Type of Service

Relationship

Signature of Team Member

Printed Name of Team Member

Center Name (if applicable)

Date