



DEPARTMENT: Compliance	POLICY DESCRIPTION: Foundations of the Compliance Program
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REVISION DATES:	EFFECTIVE DATE: March 13, 2020

SCOPE

This policy is applicable to all company affiliated Centers and employees.

PURPOSE

To describe the foundations of the Diversicare Compliance Program.

POLICY & PROCEDURE

OUR APPROACH TO COMPLIANCE

Diversicare Healthcare Services and its affiliates (“Diversicare” or “the Company” in this manual) 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 corporate compliance, a detailed corporate compliance plan has been developed. The plan explains the legal and ethical standards that govern our Company’s business activities and provides guidance to employees who may encounter challenges while on the job. The plan also serves as an information source for all our employees regarding the resources available to them to ensure compliance and report areas of concern. The corporate compliance plan applies to all directors, officers, employees, 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.



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THE DIVERSICARE MISSION STATEMENT AND CORE VALUES

Diversicare takes its Mission Statement and its Core Values very seriously. We work constantly to incorporate these key principles into everything that we do as a Company and believe these principles are integral to our compliance program. We teach this daily.

Our Mission

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

Our Company 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.

I. THE CODE OF CONDUCT

The Diversicare Code of Conduct (the “Code of Conduct”) 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. Reference separate Code of Conduct booklet for additional details.

We will educate our employees about the Code of Conduct at orientation and will annually conduct training about the Code of Conduct. Employees will be afforded the opportunity to ask questions about the Code of Conduct and required to sign a statement, either manually or electronically, attesting that a copy has been provided. Adherence to the Code of Conduct will be a required component of employee performance evaluations.

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II. FRAUD, WASTE AND ABUSE

We have a commitment to operating in a legally compliant manner. With this in mind, it is our obligation to educate our employees about the most common forms of fraud, waste and abuse. These illegal activities include:

- Billing for services that are not rendered;
- Billing for undocumented services;
- Providing and billing for services that are not necessary to treat a resident's medical condition;
- Intentionally billing incorrect codes to secure higher reimbursement;
- Including improper entries on cost reports; and
- Participating in kickbacks, particularly conduct that induces greater utilization of program reimbursed services than are medically necessary.

It is our policy to educate our employees and vendors so that activity that could be characterized as fraud, waste or abuse will be reported to a supervisor, a center administrator, the CCO, or the Compliance Hotline.

We will also inform our employees of the following avenues of redress, and underlying laws relating to, fraud, waste and abuse and whistleblower protection described below. These matters are addressed more fully in a separate policy.

III. REPORTING VIOLATIONS AND OUR POLICY OF NON-RETALIATION

Compliance violations must be reported under our policies. As a company, we maintain an open-door policy and encourage all employees to first discuss possible compliance issues, including possible violations, with their supervisors when those supervisors are not the subject of the complaint. We also maintain a telephonic Compliance Hotline system to provide a method for receiving, reviewing, and processing complaints, concerns, questions, or suggestions. The Hotline will make clear that concerns may be reported anonymously and that the Company has a policy of non-retaliation with respect to the reporting of legitimate concerns.

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



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We have a policy of non-retaliation for all persons who report in good faith any potential violations. Our employees and vendors will be encouraged to report conduct that may result in a fraud against a government program, by contacting the Corporate Compliance Officer via telephone at (615) 771-7575, by mail at 1621 Galleria Blvd., Brentwood, Tennessee 37027, or by calling our Compliance Hotline at 1-888-508-9774.

IV. 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 to us at the time of hiring or promptly following any such time in the future when such potential conflict of interest arises. The conflict of interest disclosure form is included in the Code of Conduct and must be submitted to the CCO no less than thirty days after the conflict arises.