

HCR ManorCare

Standards of Business Conduct

Corporate Compliance



LETTER FROM THE PRESIDENT

At HCR ManorCare, we have worked hard to create a culture of compliance, an environment where conformity with applicable laws and regulations and the company's policies and procedures is a natural part of each employee's daily work routine. Our Standards of Business Conduct are the framework that guides our actions, and it is the responsibility of each HCR ManorCare employee to read, understand and embrace the principles contained in this document.

HCR ManorCare's Standards of Business Conduct outline appropriate business conduct and tools to answer questions and respond to issues. They have been developed around a comprehensive core group of policies and procedures that explain the ethical behavior we expect from our employees. Our ethical behavior is critical in strengthening our reputation of integrity with our patients and residents, those we work with, our suppliers and each of the communities in which we provide quality health care services. Our personal integrity and honesty have created the strong foundation on which our corporate integrity depends.

There are four basic principles that will guide you and all employees in ensuring we maintain the integrity of our compliance program.

First, you should not ever knowingly falsify any documents or give any false information to any person or entity, including but not limited to, a government agency or representative.

Second, you should not ever take any part in billing or charging a payer for services that were not provided. Nor should you ever knowingly mischarge, miscode or misrepresent services that were provided.

Third, you should not ever make illegal, unethical or otherwise improper payments to any person or company in exchange for referring patients to any of our business units. You should not pay money or give anything of value to any person in order to encourage improper referrals of patients for any of our services. Nor should you ever accept money or anything of value for referring business of any sort to a person or company.

Finally, you should not share the protected health information of any patient without proper authorization.

Our patients and residents have learned to depend on us for quality care in a caring environment. That relationship is built on trusting that we will act responsibly and in a manner that is consistent with high ethical standards. Please read and become familiar with the legal and ethical standards in this booklet. If you ever have a question or concern, talk with your supervisor. If that is not appropriate for the situation or you wish to remain anonymous, contact our Corporate Compliance Committee or the HCR ManorCare Care Line. Contact information is posted in your work location.

You play an important role in maintaining HCR ManorCare's culture of ethics and compliance. Take this role seriously and encourage your fellow employees to do the same. Through a united effort, we can maintain our legacy of high ethical standards.



Paul A. Ormond
Chairman, President and Chief Executive Officer
HCR ManorCare, Inc.

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HCR ManorCare Standards of Business Conduct

HCR ManorCare, Inc. and its subsidiary organizations (“HCR ManorCare” or “Company”) are dedicated to providing quality short-term post-acute and long-term care and related services. The Company promotes this vision by conducting its operations in compliance with applicable legal, regulatory and ethical standards. This statement is a summary of those Standards of Business Conduct (“Standards”) which all Company employees are expected to observe. Employees will acknowledge their receipt and understanding of this statement and periodically confirm their understanding when requested by the Company.

Employees are expected to understand and comply with the Standards. However, no set of principles or standards can anticipate each and every situation that may raise legal or ethical considerations. In the event employees are uncertain whether a request or contemplated action is or is not legal or ethical, they must ask before acting. Employees can ask immediate supervisors, next highest supervisors, any member of the Compliance Committee, the Chief Compliance Officer or the HCR ManorCare Care Line. When in doubt, employees must ask before they act.

A. COMPLIANCE WITH LAWS AND REGULATIONS

The Company and its employees acknowledge that the health care industry is a highly regulated sector of the economy and certain business practices that are permissible elsewhere may be illegal for health care providers. To facilitate compliance with all applicable laws and regulations, the Company has developed operating and administrative policies and procedures which contain detailed guidance on legal requirements. The Company regularly provides training and education on these policies and procedures and the underlying regulatory provisions. Corporate consultants assist business units and their staffs in ensuring that operations are conducted within the appropriate legal framework. The Company’s Legal Department is available to all employees for advice and guidance on compliance with applicable laws. Employees are required to perform their duties in compliance with applicable laws and regulations and with Company policies and procedures.

Several federal and state laws are particularly applicable to health care providers. Employees are strictly forbidden from engaging in any conduct which violates such laws and are subject to immediate disciplinary action if such misconduct takes place. A summary of several applicable laws is included below.

1. The Federal False Claims Act and State Laws Pertaining to Penalties for False Claims and Statements

The federal False Claims Act (“FCA”) 31 U.S.C §3729 et seq. was enacted to prevent, detect and remedy waste, fraud and abuse in federal contracting programs, including its health care programs. Any knowingly false statement made to a department or agency of the federal government may be a crime. The submission of false claims to Medicare or Medicaid may be a crime. Violations of this statute include submission of claims for services that are not medically necessary, claims for services that may be medically necessary but are not covered by Medicare (e.g. experimental procedures), using a code for a higher level of reimbursement than the code for the services actually provided, billing for one global procedure as a number of smaller ones to obtain a higher total level of reimbursement and knowingly providing false information on cost reports or any other documents or reports filed with Medicare or Medicaid. In addition, knowingly creating false documentation in medical, financial or employee records, or in other business records maintained by the Company, is strictly prohibited by Company policy.

2. Federal Administrative Remedies for False Claims and Statements

The FCA provides for civil penalties in the amount of \$5,500 to \$11,000 per false claim, as well as damages totaling three times the amount of damage sustained by the government as a result of the false claims. Violation of the FCA can also be grounds for exclusion from participation in federal and state health care programs, such as Medicare and Medicaid.

3. Whistleblower Provisions Under the Federal and State Laws

The qui tam, or “whistleblower,” provisions of the FCA allow private persons called “relators” to bring civil false claims actions on behalf of the government. The same rules and standards regarding liability and calculation of damages and penalties apply in a qui tam action as under a normal FCA action. Upon a successful recovery by the government, a relator is entitled to share in the damages. Many state false claims acts have similar provisions. (See Section 7, below).

4. Whistleblower Retaliation Provision of the Federal False Claims Act

The FCA contains important protections for whistleblowers. Employees who report fraud and consequently suffer discrimination are entitled to all relief necessary to be made whole, including back pay, reinstatement, and compensation for costs and damages. The Company has rigorous safeguards to protect against any form of employee retaliation, including whistleblower retaliation.

5. Medicare and Medicaid Anti-Kickback Act

The Medicare and Medicaid Anti-Kickback Act and many comparable state laws prohibit anyone from providing or offering to provide any remuneration in cash or in kind, directly or indirectly, in return for the referral of a patient whose treatment (item or service) is paid for in whole or in part by Medicare, Medicaid or any other federal or state health care program. Illegal kickbacks can take a wide variety of forms. They can be blatant direct payments for referrals or they can be more subtle and indirect (e.g., improper rebates, income guarantees, care or other expense allowances, cost-free loans, paid-for vacations). The language of the anti-kickback statute is broad, and many seemingly innocuous business practices may be deemed to be illegal kickbacks by the government. Certain business practices may be exempt under specific circumstances. Consequently, the advice of the Company's Legal Department must be sought before engaging in any new business practice or arrangement with a source of referrals to the Company or an entity that provides health care items or services to the Company (e.g., drug companies, pharmacies, laboratories).

6. Other Federal Anti-Fraud Statutes

Federal anti-fraud statutes are not limited to Medicare and Medicaid. The federal mail and wire fraud statutes make it a crime to use the mails or interstate wire communication (telephone) in furtherance of a scheme to defraud, or to obtain money or property through false or fraudulent pretenses or representations. Nearly every form of health care fraud (e.g., billing for services not provided, for services not provided as claimed or for unnecessary services) can be attacked under these statutes, if the mails or interstate wire communications are used. Fraudulent and deceptive practices can take many forms, and employees must be careful not to make misrepresentations to suppliers, private insurers or government agencies.

7. Other State Laws

In addition to the federal FCA, some states have enacted false claims statutes. These state law versions are often modeled on the FCA. They may include, among other things, *qui tam* or whistleblower provisions. A summary of the state versions of false claims laws that exist in states where the Company operates a business unit can be found in the Appendix to the Standards. Electronic versions of all state summaries can be found at the Company's intranet website under the Corporate Compliance tab.

Violations of the state laws and related federal and state laws can subject individuals and the Company to penalties and fines, and convicted individuals may be punished by imprisonment. As stated earlier, employees are strictly forbidden from engaging in such misconduct. The Company will not employ or contract for services with any person or entity that has been convicted of a criminal offense related to a government program or who is debarred or excluded from participation in a government program.

B. CONFIDENTIAL AND PROPRIETARY INFORMATION

1. General

HCR ManorCare, like all companies, has proprietary and confidential information which should not be disclosed to competitors or to the general public. Examples of such proprietary information are business, research and new product and service plans; security systems, software, hardware and other electronic media; employee information; profit and loss information; forms, policies and procedures; product systems and methods; vendor lists and detailed information regarding customer or vendor requirements; and unpublished financial and pricing (rates) information. All employees have an obligation to keep such proprietary information confidential so as not to harm the Company. Congress passed a privacy and security law to protect patients and their health information from unlawful disclosures. Any disclosures of medical records or other information concerning the Company's patients could be the basis for legal action against the Company and the employee disclosing the information. Therefore, employees shall not, without proper authority, give or release data or information via the Internet or otherwise concerning the Company or its employees, patients, residents, customers, vendors or contractors to anyone not employed by the Company. Such information may be disclosed to other employees only if there is a proper business purpose for such disclosure. The Legal Department or Chief Compliance Officer should be consulted on any questions concerning disclosure of potential proprietary or confidential information.

2. Business Opportunities

Employees shall not take advantage of business opportunities that the Company or any of its customers are interested in pursuing without prior approval by the Company. This prohibition extends to real estate or health care facilities which the Company may be interested in buying or leasing.

C. OUTSIDE BUSINESS INTERESTS

Employees shall avoid any outside financial or business interest that might influence their decisions or actions on behalf of the Company unless such interest has been fully disclosed in writing to the Company and a determination has been made as to the acceptability of the interest. Such outside interest could include, among other things:

1. A personal or family business or financial interest in an enterprise which has business relations with the Company if such financial interest represents a material part of the employee's net worth or income, or if such business relations with the Company represent a material part of the business of the outside enterprise; or
2. An investment in another business which competes with any of the Company's interests if the investment represents a material part of the income or net worth of the individual, or if the area of competition represents a material part of the activity of the outside business. Generally, the ownership of less than 1 percent of the stock of a publicly traded company shall not be considered a conflict of interest.

Employees shall also avoid outside employment or activities that would impair the effective performance of their responsibilities to the Company, either because of excessive demands on their time, or because the outside commitment is inconsistent or adverse to the interests of the Company. Employees who may have a potential conflict of interest, or are unsure of whether a conflict exists, should disclose it to the Company and have the matter resolved prior to the matter becoming an actual conflict.

D. COMPETITIVE PRACTICES

The Company firmly believes that fair competition is fundamental to the free enterprise system. The Company complies with and supports all laws that prohibit restraints of trade, unfair practices or abuse of economic power.

The Company will not enter into agreements or arrangements that unlawfully restrict its ability to compete with other businesses or the ability of any other business to compete freely with the Company. Company policy also prohibits entering into any unlawful arrangement or understanding that might affect its pricing policies, or even discussing its pricing with a competitor, or the terms upon which its facilities or services are sold or that might be construed as dividing customers or sales territories with a competitor.

The Company will compete fairly in the marketplace. Company policy prohibits the exchange, request, disclosure, or discussion of rates or information related to rates, such as discounts or promotions, with competitors. The Company will not interfere with contracts made between a prospective customer and one of its competitors nor will the Company engage in marketing practices that are intended to injure or discredit a legitimate competitor through the use of misrepresentations or false innuendo.

These principles of fair competition are basic to all Company operations. They are integral parts of the following sections that cover the Company's dealings with suppliers, customers and public officials.

E. DEALINGS WITH SUPPLIERS

The Company is a valuable customer for many suppliers of goods and services. Those who wish to do business with the Company must understand that all purchases by the Company will be made exclusively on the basis of price, quality, service and suitability to the Company's needs. Purchases of goods or services must not be motivated by the potential for Company employees or their families to receive personal benefits of any kind, whether direct or indirect.

Gifts or entertainment involving customers and suppliers can be misunderstood even if exchanged out of the purest of motives. Such practices can appear to be attempts to influence Company employees into directing Company business to a particular supplier. To avoid even the appearance of improper relations with suppliers or potential suppliers, the following standards shall apply to the receipt of gifts and entertainment by Company employees:

1. Gifts or Other Benefits

Employees are prohibited from soliciting gifts, gratuities, or any other personal benefit or favor of any kind from suppliers or potential suppliers. Employees are prohibited from accepting gifts of money or gifts which have significant monetary value. Employees may accept unsolicited non-money gifts provided that such gifts are of nominal material value.

Any gift of more than nominal value must be reported to employees' supervisors. Some gifts may be perishable so as to make their return impractical. Supervisors can permit acceptance of such gifts, or may require that such gifts be returned or donated to charitable or other non-profit organizations. Supervisors may also require employees to inform givers that such gifts are discouraged.

2. Entertainment

Employees shall not encourage or solicit any entertainment from any individual or company with whom the Company does business. Entertainment includes, but is not limited to, activities such as dinner parties, theater parties and sporting events.

From time to time, employees may accept unsolicited entertainment, but only under the following conditions:

- a. The entertainment occurs infrequently;
- b. It arises out of the ordinary course of business;
- c. It involves reasonable and not lavish expenditures; and
- d. The entertainment takes place in settings that are reasonable, appropriate, and fitting to employees, their hosts and the business at hand.

3. Vendor-Sponsored Events

From time to time, Company vendors or suppliers may invite employees to vendor-sponsored luncheons, trade shows, educational seminars or similar meetings related to the employee's job responsibilities. Prior to accepting any such invitation, the employee shall obtain approval from his or her supervisor, including specific prior disclosure and approval of any proposed vendor-paid or supplier-paid expenses of any kind.

F. DEALINGS WITH PATIENTS, FAMILIES AND OTHER CUSTOMERS

Employees must keep all dealings with patients, the families of patients and other potential customers fair and above-board. The Company earns and retains business because of the quality of its services. Patients or family members should never think that they have to give gifts to get good service. Employees should not solicit or accept any gifts from patients or family members. All offers of gifts from patients or their families must be declined and reported to the facility administrator or executive director.

If patients or family members want voluntarily to recognize a group of employees or the facility generally, they can contribute a gift that is used for the benefit of all facility employees. The facility administrator or executive director must ensure that the gift is voluntary and that it goes to benefit the employees as a group.

G. DEALINGS WITH REFERRAL SOURCES OR POTENTIAL CUSTOMERS

The Company must be extra careful on the subject of gifts and entertainment involving referral sources or other potential customers. Such care is required because federal law and the laws in many states prohibit any payment for patient referrals, and gifts or lavish entertainment could be mistakenly construed as payment for such referrals. Generally, the following guidelines would apply to such gifts and entertainment.

Entertainment for potential customers or referral sources may be provided only with supervisory approval. Entertainment must be of sufficiently limited value so that the entertainment cannot be construed as a referral fee, kickback, bribe or payoff. Entertainment must also be consistent with accepted ethical customs and practices, and public disclosure of the facts would not embarrass the Company. Entertainment shall be limited to activities and events which are considered normal and acceptable in conjunction with the related business transaction. In uncertain situations, the Legal Department or Chief Compliance Officer should be consulted prior to arranging the entertainment.

Gifts to referral sources or other potential customers of more than nominal value are not permitted. Even in the case of gifts of nominal value, other than nominal public relations items with the Company logo or name (e.g., coffee mug, calendar), employees should first receive approval of their supervisor. Gifts of cash or cash equivalents, in any amount, are never permitted.

In some situations, the Company may itself be a referral source. Given that it is illegal to receive payment for a referral or to give such payment, the above rules apply to Company employees where the Company is the referral source.

H. DEALINGS WITH PUBLIC OFFICIALS

The regulatory nature of the Company's business often requires employees to be in contact with public officials. The employees who regularly make these contacts have special responsibilities for upholding the Company's good name. The following standards point out these special responsibilities:

1. Employees must not make any form of payment, directly or indirectly, to any public official as inducement for any official action or omission to act. The Company will never pay a bribe. Any requests to Company employees that appear to be attempts at bribery must be reported immediately to the employee's supervisor and to the Chief Compliance Officer.
2. Employees must not give any gifts to a public official.
3. Employees may provide public officials with items containing the Company logo (such as pins, caps, mugs, notebooks, etc.) if the items are part of the Company's general marketing and public relations programs, are of nominal value and are given for informational purposes only.
4. On special ceremonial occasions, the Company may publicly give gifts of more than nominal value to public institutions or public bodies. Such gifts can commemorate special events or milestones in the Company's history, such as new facilities dedications. These may be transmitted through public officials, but the gifts are given to the public institutions and public groups they represent, not to the officials personally. Any such gifts must be approved in advance by the Company's President, Chief Operating Officer or Chief Financial Officer.
5. From time to time, employees may entertain public officials to the extent permitted by law, but only if the entertainment is not solicited by the public official, the entertainment occurs infrequently and it arises out of the ordinary course of business. Supervisory approval must be obtained prior to arranging the entertainment. The entertainment must not involve lavish expenditures under the circumstances, and the settings and types of entertainment must be reasonable, appropriate and fitting to our employees, their guests and the business at hand. Employees with questions about whether a proposed activity meets these Standards, should consult the Chief Compliance Officer or the Legal Department prior to arranging the entertainment.

I. POLITICAL ACTIVITIES AND CONTRIBUTIONS

The HCR ManorCare PAC has been established for the purpose of enabling Company employees to make political contributions to the extent permitted by law. Contributions to the fund are completely voluntary. When prohibited by law, employees shall not use Company funds for contributions of any kind to any political party, political action committee, or any candidate for any office of any national, state or local government. When Company funds lawfully may be used for political contributions, all such contributions must be approved by the Vice President Government Relations and the Chief Operating Officer.

The Company encourages individuals on their own behalf to become involved in political and civic affairs. Employees who participate in partisan political activities must not give the impression that they speak or act for the Company. The Company will not infringe on the right of employees to decide whether, to whom and in what amount to make personal political contributions. The same is true of volunteer political activity so long as it does not interfere with the employee's work for the Company.

J. PROPER ACCOUNTING AND CANDOR IN DEALING WITH AUDITORS

Compliance with generally accepted accounting rules and internal controls is expected at all times. The Company policies and procedures, as outlined in the accounting manuals and supporting memoranda, are to be followed without exception. The financial records of the Company must always reflect the transactions they are intended to record. All appropriate assets and liabilities shall be recorded in the regular books of the Company. Employees are forbidden to use, authorize or condone the use of unrecorded bank accounts, unauthorized cash accounts (slush funds), improper adjustments to the accounts of the Company, falsified books or any other devices that could be utilized to distort the records or reports of the Company's true operating results and financial condition. Complete candor is required with the Company's independent and internal auditors.

K. COMPANY ASSETS

All employees are responsible for safeguarding Company assets. Company expenditures must be used for legitimate business purposes, with proper record keeping for all Company funds spent. Company assets must be used for Company business and not for the personal benefit of any individual. Any suspected misuse of Company assets must be reported to the employee's supervisor.

L. PATIENT TRUST FUNDS

In no case shall patient trust fund monies be used for any purpose other than those described in the patient trust fund policy of the Company. Patient trust funds are for the exclusive use of the patient and can be used only upon written approval of the patient or the patient's responsible party.

M. PETTY CASH AND VENDING MACHINE INCOME

Petty cash levels will be established by the Company. Petty cash shall be used only for appropriate business purposes.

Vending machine income shall be deposited only into the revenue account of the facility and shall not be used or spent for any purpose by facility personnel.

N. GOVERNMENT INVESTIGATIONS

The Company has a policy of cooperating with all government inquiries, requests for information or investigations. In addition, the Company expects all employees to also cooperate. In order to make certain that all government inquiries, requests for information and investigations are handled in a coordinated and efficient manner, all such matters should be reported immediately to employees' supervisors, the Legal Department or the Compliance Committee. (Routine government contact, such as state health department surveys and reimbursement audits, should be handled pursuant to normal Company policy.) When contacted by a government official or agent, whether such contact is during business hours or after business hours, employees should request identification, obtain the agent's name and telephone number, and stress that the Company will cooperate and that an appropriate management employee will be in prompt contact. Employees should contact a supervisor, the Legal Department, or a member of the Compliance Committee as soon as possible.

O. COMPLIANCE WITH STANDARDS**1) Initial Distribution**

Employees will receive their copies of these Standards at the time they are hired. Revised or updated versions will be distributed to all employees upon publication.

2) Initial Verification

Upon receiving a copy of the Standards, current and future employees will:

- a. Become familiar with the Standards.
- b. Resolve any doubts or questions about the Standards with their supervisors; supervisors should consult with the Company's Chief Compliance Officer or Legal Department on any activities or practices that might raise questions.
- c. Inform their supervisors of:
 - i. any existing holdings or activities which might be, or appear to be, at variance with the Standards, and prepare written disclosures of such information, if requested by supervisors; and
 - ii. any violations of the Standards or requests that would result in violations of the Standards.
- d. Sign the verification form and return it to his/her supervisor who will make it a part of each employee's permanent record.

3. Maintaining Compliance

Employees have the responsibility of understanding all of the Standards and complying with them. Supervisors have the responsibility of promoting their employees' awareness of the importance of complying with the Standards. Employees and supervisors will be asked periodically to confirm their understanding of the Standards and their compliance with them, and to confirm that they have reported any suspected departures from the Standards.

P. REPORTING VIOLATIONS OF STANDARDS

Employees have the obligation to report violations of the Standards that they observe or that are made known to them, including any issues regarding accounting, internal accounting controls or auditing. Failure to do so can have serious consequences for the employees and the Company. Reports should be made by employees to their supervisor, the Compliance Committee, the Chief Compliance Officer, or to the

HCR ManorCare Care Line (800) 366-1232. Reports can be made confidentially and anonymously; however, employees should realize that anonymous reports may make it difficult (or in some cases impossible) to conduct an effective investigation. Employees may be requested to submit written reports setting forth the facts of the alleged violations. The Company shall endeavor to maintain the confidentiality of individuals reporting violations of these Standards, consistent with the Company's obligation to investigate violations and/or to report improper activity to the appropriate authorities. The Company will not tolerate any form of retaliation or discrimination against any individual reporting violations of the Standards.

Employees who report violations that have not been properly addressed by a supervisor should contact a member of the Company's Compliance Committee. The names and phone numbers of Committee members are posted in each business unit.

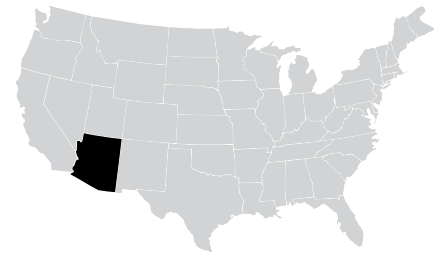
Supervisors who receive a report of a serious violation of these Standards should notify a member of the Compliance Committee. Management has the right to determine what disciplinary action will be taken for violations, ranging from an oral reprimand to termination. Employees should be aware that, in addition to any disciplinary action taken by the Company, violations of some Standards may require restitution and may lead to civil or criminal action against individual employees.

APPENDIX

False Claims Laws by State

Not all states where the Company does business have passed False Claims laws. A summary of State False Claims laws where the Company does business can be found in this Appendix. Electronic versions of all state summaries can be found on the Company's Intranet website under the corporate compliance tab.

ARIZONA



SUMMARY OF FALSE CLAIMS LAWS

Arizona law prohibits submitting false and fraudulent claims for medical assistance. Violations include presenting claims for medical items or services that were not provided, are in excess of the needs of an individual, or were provided by a person who is not a duly-licensed provider and requesting payments that violate an agreement between the person and the state. Arizona law also prohibits offering, delivering, receiving, and accepting any kickbacks or rebates in return for referrals or purchases which may be paid for by public assistance benefits.

Arizona Civil and Criminal Penalties

A person who violates the Arizona false claims or anti-kickback laws may be guilty of a felony and subject to civil and criminal penalties. Civil remedies may include a \$2,000 penalty per violation, plus two times the amount fraudulently claimed. That person may also be excluded from participating in medical assistance programs.

Whistleblower Protection

Providers of Medicaid services have a duty to report suspected fraud and abuse. Any person who makes a good faith report will be immune from civil liability, unless the person has been charged with or is suspected of the fraud or abuse reported. That person will also be protected from retaliation by his or her employer.

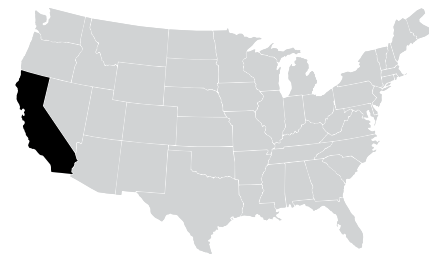
Reporting Violations

If you believe that an employee or officer has violated the laws discussed above, please report the violation in accordance with the provisions of the HCR ManorCare Corporate Compliance Program, Standards of Business Conduct, Section P entitled "Reporting Violations of Standards." The Arizona Insurance Commissioner must also be notified.

Laws and Regulations

- ARIZ. REV. STAT. § 36-2918, 2918- 2918.01
- ARIZ. REV. STAT. § 23-1501
- ARIZ. REV. STAT. § 13-2311
- ARIZ. REV. STAT. § 36-2957
- ARIZ. REV. STAT. § 13-3713

CALIFORNIA



SUMMARY OF FALSE CLAIMS LAWS

California law prohibits submitting false and fraudulent claims to the state. Violations include presenting false or fraudulent claims for payment or approval; making or using false records, receipts, or statements; possessing public property or state money and delivering less than all of that property; buying or receiving public property from a person who may not lawfully disburse the property; concealing or improperly avoiding or decreasing an obligation to pay or transmit money or property to the state; failing to report within a reasonable time a false claim that the person benefits from when the person knows the claim is false; and conspiring to commit any of these acts. California law also prohibits offering, soliciting, paying, or receiving any kickbacks or rebates in return for referrals or purchases which may be paid for by public assistance benefits.

California Civil and Criminal Penalties

A person who violates the California false claims or anti-kickback laws may be guilty of a felony and subject to civil and criminal penalties. Civil remedies may include a \$10,000 or \$11,000 penalty per violation, plus three times the amount of damages the state suffers as a result of the violation, and the litigation costs to recover those damages.

Whistleblower Protections and Rewards

Individuals may file a civil action on behalf of the state for violations of these laws and may receive a percentage of any amounts recovered in such action. This percentage varies, but will not exceed fifty percent of the total recovery.

California law also protects individuals who report or file claims related to suspected fraud and abuse. An employee who is discriminated against for lawfully reporting fraud or abuse or filing a claim may receive reinstatement to his or her position with the same seniority status; two times the amount of back pay, with interest; other special damages, including litigation costs and reasonable attorney fees; and punitive damages where appropriate.

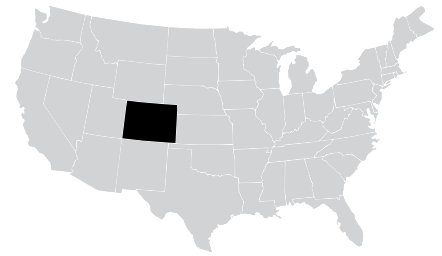
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Laws and Regulations

- CAL. GOVT. CODE § 12650, 12650 – 12656 (2012)
- CAL. WEL. & INST. CODE. § 14107.2 (2012)

COLORADO



SUMMARY OF FALSE CLAIMS LAWS

Colorado law prohibits submitting false and fraudulent claims for medical assistance. Violations include presenting false claims to the state for payment or approval; making or using false records, receipts, or statements; possessing public property or state money and delivering less than all of the property or money; buying or receiving public property from a state officer or employee who may not lawfully disburse the property; and conspiring to commit any of these acts. Colorado law also prohibits offering, paying, soliciting, and receiving any kickbacks or rebates in return for referring or soliciting patients.

Colorado Civil and Criminal Penalties

A person who violates the Colorado false claims or anti-kickback laws may be guilty of a felony and subject to civil and criminal penalties. Civil remedies may include an \$11,000 penalty per violation, plus three times the amount of damages the state suffers as a result of the violation, and the litigation costs to recover those damages. That person may also be excluded from participating in the medical assistance program.

Whistleblower Protections and Rewards

Individuals may file a civil action on behalf of the state for violations of these laws and may receive a percentage of any amounts recovered in such action. This percentage varies, but will not exceed thirty percent of the total recovery.

Colorado law also protects individuals who report or file claims related to suspected fraud and abuse. An employee who is discriminated against for lawfully reporting fraud or abuse or filing a claim may receive reinstatement to his or her position with the same seniority status; two times the amount of back pay, with interest; and other special damages, including litigation costs and reasonable attorney fees.

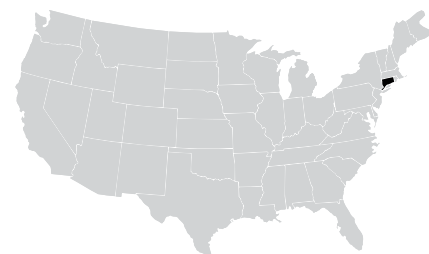
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If you believe that an employee or officer has violated the laws discussed above, please report the violation in accordance with the provisions of the HCR ManorCare Corporate Compliance Program, Standards of Business Conduct, Section P entitled “Reporting Violations of Standards.”

Laws and Regulations

- COL. REV. STAT. § 25.5-4-303.5, 303.5 – 310
- COL. REV. STAT. § 18-5-114
- COL. REV. STAT. § 26-1-127
- COL. REV. STAT. § 12-36-127

CONNECTICUT



SUMMARY OF FALSE CLAIMS LAWS

Connecticut law prohibits submitting false and fraudulent claims for medical assistance. Violations include presenting false or fraudulent claims to the state for payment or approval; making or using false records, receipts, or statements; possessing money from a medical assistance program and delivering less property than listed on the certificate or receipt; buying or receiving public property from a state officer or employee who may not lawfully disburse the property; accepting payment for goods or services in excess of the amounts due or authorized by law; performing services for or selling goods to a beneficiary knowing that he or she is not in need of the goods or services or without prior authorization when it is required; and conspiring to commit any of these acts.

Connecticut law also prohibits submitting false, incomplete, and misleading information to insurers and assisting, soliciting or conspiring with another person to perform such acts. Additionally, Connecticut law prohibits offering, paying, or receiving any kickbacks or rebates in return for referrals or purchases which may be paid for by public assistance benefits.

Connecticut Civil and Criminal Penalties

A person who violates the Connecticut false claims or anti-kickback laws may be guilty of a felony and subject to civil and criminal penalties. Civil remedies may include an \$11,000 penalty per violation, plus three times the amount of damages the state suffers as a result of the violation, and the litigation costs to recover those damages. That person may also be excluded from participating in the medical assistance program. A person who makes false claims to an insurer may be required to reimburse the insurer and pay reasonable attorney fees and investigation costs in addition to criminal penalties.

Whistleblower Protections and Rewards

Individuals may file a civil action on behalf of the state for false claims related to the medical assistance program and may receive a percentage of any amounts recovered in such action. This percentage varies, but will not exceed thirty percent of the total recovery.

Connecticut law also protects individuals who report or file claims related to suspected fraud and abuse in the medical assistance program. An employee who is discriminated against for lawfully reporting fraud or abuse or filing a claim may receive reinstatement to his or her position with the same seniority status; two times the amount of back pay, with interest; and other special damages, including litigation costs and reasonable attorney fees. In addition, an individual who reports suspected health insurance fraud will be protected from liability for libel, slander, and other civil liability, unless that person disclosed false information with malice or willful intent to injure another person.

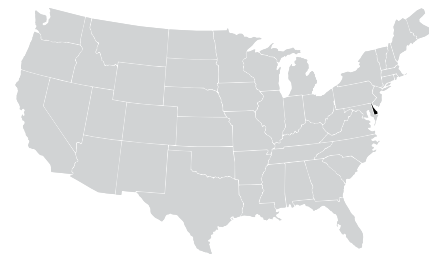
Reporting Violations

If you believe that an employee or officer has violated the laws discussed above, please report the violation in accordance with the provisions of the HCR ManorCare Corporate Compliance Program, Standards of Business Conduct, Section P entitled "Reporting Violations of Standards." The Connecticut Insurance Commissioner must also be notified.

Laws and Regulations

- CONN. GEN. STAT. § 4-274, 274-289
- CONN. GEN. STAT. § 53-440, 440 – 445
- CONN. GEN. STAT. § 53a-290, 290 – 296
- CONN. GEN. STAT. § 17b-127
- CONN. GEN. STAT. § 53a-157b
- CONN. GEN. STAT. § 53a-161c, 161c – 161d

DELAWARE



SUMMARY OF FALSE CLAIMS LAWS

Delaware law prohibits submitting false and fraudulent claims to the state. Violations include presenting false or fraudulent claims for payment or approval; making or using false records, receipts, or statements, conspiring to defraud the state by getting a false claim allowed or paid; possessing public property or state money and delivering less property than the amount listed on the certificate or receipt; and buying or receiving public property from a state officer or employee who may not lawfully disburse the property. Delaware law also prohibits soliciting, receiving, offering, or paying any kickbacks, bribes, or rebates in return for referrals or purchases which may be paid for under a public assistance program.

Delaware Civil and Criminal Penalties

A person who violates the Delaware false claims or anti-kickback laws may be guilty of a felony and subject to civil and criminal penalties. Civil remedies may include an \$11,000 penalty per violation, plus three times the amount of damages the state suffers as a result of the violation, and the litigation costs to recover those damages.

Whistleblower Protections and Rewards

Individuals may file a civil action on behalf of the state for violations of these laws and may receive a percentage of any amounts recovered in such action. This percentage varies, but will not exceed thirty percent of the total recovery.

Delaware law also protects individuals who report or file claims related to suspected fraud and abuse. An employee who is discriminated against for lawfully reporting fraud or abuse or filing a claim may receive reinstatement to his or her position with the same seniority status; two times the amount of back pay, with interest; and other special damages, including litigation costs and reasonable attorney fees.

Reporting Violations

If you believe that an employee or officer has violated the laws discussed above, please report the violation in accordance with the provisions of the HCR ManorCare Corporate Compliance Program, Standards of Business Conduct, Section P entitled "Reporting Violations of Standards."

Laws and Regulations

- 6 DEL. CODE ANN. § 1201, 1201 - 1211
- 31 DEL. CODE ANN. § 1003, 1003 - 1008
- 11 DEL. CODE ANN. § 913A

FLORIDA



SUMMARY OF FALSE CLAIMS LAWS

Florida law prohibits submitting false and fraudulent claims to the state. Violations include presenting false or fraudulent claims for payment or approval; making or using false records, receipts, or statements; conspiring to defraud the state to obtain payments; possessing public property or state money and delivering less property or money than the amount listed on the certificate or receipt; buying or receiving public property from a state officer or employee who may not lawfully disburse the property; charging, soliciting, accepting, or receiving anything of value, other than an authorized copayment, in addition to the amounts authorized under the Medicaid program; and using a provider or recipient's identification number to make claims for items or services not authorized to be reimbursed by the Medicaid program. Florida law also prohibits offering, paying, soliciting, or receiving any kickbacks, bribes, or rebates in return for referrals or purchases which may be paid for under the Florida Medicaid program.

Florida Civil and Criminal Penalties

A person who violates the Florida false claims or anti-kickback laws may be guilty of a felony and subject to civil and criminal penalties. Civil remedies may include an \$11,000 penalty per violation, plus up to five times the amount of damages suffered by the Medicaid program or the amount of the unlawful pecuniary gain (whichever is greater), and the litigation costs to recover those damages.

Whistleblower Protections and Rewards

Individuals may file a civil action on behalf of the state for violations of these laws and may receive a percentage of any amounts recovered in such action. This percentage varies, but will not exceed thirty percent of the total recovery.

Florida law also protects individuals who report or file claims related to suspected fraud and abuse. An employee who is discriminated against for lawfully reporting fraud or abuse or filing a claim may receive reinstatement to his or her position with full fringe benefits and seniority rights; compensation for lost wages and benefits; litigation costs, including reasonable attorney fees; and the issuance of an injunction.

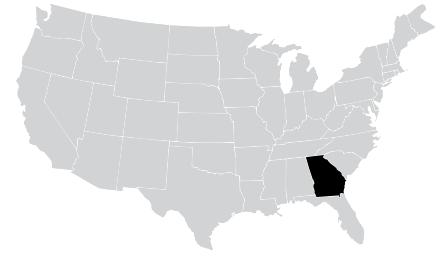
Reporting Violations

If you believe that an employee or officer has violated the laws discussed above, please report the violation in accordance with the provisions of the HCR ManorCare Corporate Compliance Program, Standards of Business Conduct, Section P entitled "Reporting Violations of Standards."

Laws and Regulations

- FLA. STAT. ANN. § 68.081, .081 - .092
- FLA. STAT. ANN. § 448.101, .101 - .105
- FLA. STAT. ANN. § 409.920

GEORGIA



SUMMARY OF FALSE CLAIMS LAWS

Georgia law prohibits submitting false and fraudulent claims to the state. Violations include presenting false or fraudulent claims for payment or approval; making or using false records, receipts, or statements; conspiring to defraud the state by getting a false claim allowed or paid; possessing public property or state money and delivering less than all of the property or money; buying or receiving public property from a state officer or employee who may not lawfully disburse the property; and obtaining or retaining medical assistance benefits or payments to which one is not entitled or in an amount greater than that to which one is entitled. Georgia law also prohibits offering, delivering, receiving, or accepting any kickbacks or rebates in return for referrals of patients or purchases.

Georgia Civil and Criminal Penalties

A person who violates the Georgia false claims or anti-kickback laws may be guilty of a felony and subject to civil and criminal penalties. Civil remedies may include an \$11,000 penalty per violation, plus three times the amount of damages the state suffers as a result of the violation, and the litigation costs to recover those damages. That person may also be excluded from participating in the medical assistance program.

Whistleblower Protections and Rewards

Individuals may file a civil action on behalf of the state for violations of these laws and may receive a percentage of any amounts recovered in such action. This percentage varies, but will generally not exceed thirty percent of the total recovery.

Georgia law also protects individuals who report or file claims related to suspected fraud and abuse. An employee who is discriminated against for lawfully reporting fraud or abuse or filing a claim may receive reinstatement to his or her position with the same seniority status; two times the amount of back pay, with interest; and other special damages, including litigation costs and reasonable attorney fees.

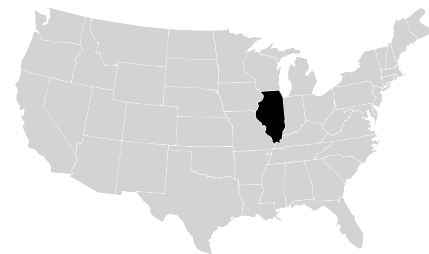
Reporting Violations

If you believe that an employee or officer has violated the laws discussed above, please report the violation in accordance with the provisions of the HCR ManorCare Corporate Compliance Program, Standards of Business Conduct, Section P entitled "Reporting Violations of Standards."

Laws and Regulations

- GA. CODE ANN. § 49-4-168, 168 – 168.6
- GA. CODE ANN. § 16-10-20, 20 - 21
- GA. CODE ANN. § 49-4-146.1, .1 - .3
- GA. CODE ANN. § 43-1B-4
- GA. CODE ANN. § 23-3-120, 120 - 127

ILLINOIS



SUMMARY OF FALSE CLAIMS LAWS

Illinois law prohibits submitting false and fraudulent claims to the state. Violations include presenting false or fraudulent claims for payment or approval; making or using false records, receipts, or statements; possessing public property or state money and delivering less than all of the property or money; buying or receiving public property from a state officer or employee who may not lawfully disburse the property; obtaining or attempting to obtain benefits or payments to which one is not entitled or in an amount greater than that to which one is entitled; and conspiring to commit any of these acts. Illinois law also prohibits soliciting or receiving kickbacks, bribes, or rebates in return for referrals or purchases which may be paid for under the public assistance program. The Chicago Municipal Code contains provisions that prohibit making false and fraudulent claims to city officials and employees.

Illinois Civil and Criminal Penalties

A person who violates the Illinois or Chicago false claims or anti-kickback laws may be guilty of a felony and subject to civil and criminal penalties. Civil remedies may include an \$11,000 penalty per violation, plus three times the amount of damages the state or city suffers as a result of the violation, and the litigation costs to recover those damages.

Whistleblower Protections and Rewards

Individuals may file a civil action on behalf of the state or city for violations of these laws and may receive a percentage of any amounts recovered in such action. This percentage varies, but will not exceed thirty percent of the total recovery.

The Illinois and Chicago laws also protect individuals who report or file claims related to suspected fraud and abuse. An employee who is discriminated against for lawfully reporting fraud or abuse or filing a claim may receive reinstatement to his or her position with the same seniority status and full fringe benefits; two times the amount of back pay, with interest; and other special damages, including litigation costs and reasonable attorney fees.

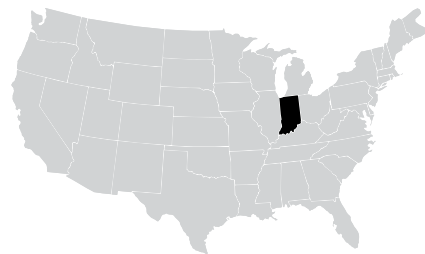
Reporting Violations

If you believe that an employee or officer has violated the laws discussed above, please report the violation in accordance with the provisions of the HCR ManorCare Corporate Compliance Program, Standards of Business Conduct, Section P entitled “Reporting Violations of Standards.”

Laws and Regulations

- 740 ILL. COMP. STAT. ANN. § 175/1, /1 - /7
- 305 ILL. COMP. STAT. ANN. § 5/8A-3, A-3 – A-7
- CHICAGO MUNICIPAL CODE § 1-21-010, 010 – 030; 1-22-010, 010 – 060

INDIANA



SUMMARY OF FALSE CLAIMS LAWS

Indiana law prohibits submitting false and fraudulent claims to the state. Violations include presenting false claims for payment or approval; making or using false records, receipts, or statements; delivering less public property or money to the state than the amount listed on a certificate or receipt from the state; receiving public property from a state employee who may not lawfully disburse the property; conspiring with or inducing another person to do any of these acts; altering records required to be kept under the Medicaid program; and concealing information when applying for or receiving payments from the Medicaid program. Indiana law also prohibits soliciting, offering, or receiving any kickbacks or rebates in return for referrals or purchases which may be paid for by public assistance benefits.

Indiana Civil and Criminal Penalties

A person who violates the Indiana false claims or anti-kickback laws may be guilty of a felony and subject to civil and criminal penalties. Civil remedies may include a minimum \$5,000 penalty per violation, plus three times the amount of damages the state suffers as a result of the violation, and the litigation costs to recover those damages.

Whistleblower Protections and Rewards

Individuals may file a civil action on behalf of the state for violations of these laws and may receive a percentage of any amounts recovered in such action. This percentage varies, but will not exceed thirty percent of the total recovery.

Indiana law also protects individuals who report or file claims related to suspected fraud and abuse. An employee who is discriminated against for lawfully reporting fraud or abuse or filing a claim may receive reinstatement to his or her position with the same seniority status; two times the amount of back pay, with interest; and other special damages, including litigation costs and reasonable attorney fees.

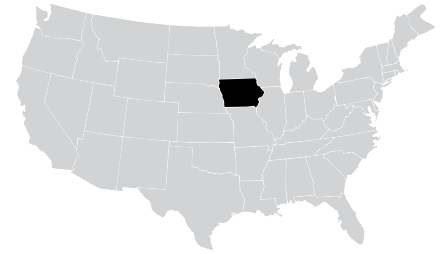
Reporting Violations

If you believe that an employee or officer has violated the laws discussed above, please report the violation in accordance with the provisions of the HCR ManorCare Corporate Compliance Program, Standards of Business Conduct, Section P entitled “Reporting Violations of Standards.”

Laws and Regulations

- IND. CODE. ANN. § 5-11-5.5, 5.5 – 5.5-18
- IND. CODE. ANN. § 35-43-5-7.1
- IND. CODE. ANN. § 12-15-24-2

IOWA



SUMMARY OF FALSE CLAIMS LAWS

Iowa law prohibits submitting false and fraudulent claims to the state. Violations include, among others, presenting false or fraudulent claims for payment or approval; making or using a false record or a statement material to a false or fraudulent claim; possessing money or property used by the state and delivering less than all of that money or property; being authorized to make or deliver a document certifying receipt of property used by the state, and intending to defraud the state, making or delivering the receipt without knowing that the information on the receipt is true; concealing an obligation to pay money or property to the state; and conspiring to commit any of these acts. Iowa law also prohibits fraudulent practices that include making false statements or failing to disclose material facts in an application for payment of services rendered by a provider participating in the Medicaid program.

Iowa Civil and Criminal Penalties

A person who violates the Iowa false claims act may be subject to civil penalties. Civil remedies may include a \$10,000 penalty per violation, plus three times the amount of damages the state sustains. A person who commits a fraudulent practice may face criminal penalties under a separate statute.

Whistleblower Protections and Rewards

Individuals may file a civil action on behalf of the state for certain violations of these laws and may receive a percentage of any amounts received in such action. This percentage varies, but will not exceed thirty percent of the total recovery.

Iowa law protects individuals who report or file claims related to suspected fraud and abuse. An employee who is discriminated against for lawfully reporting fraud or abuse or filing a claim may receive reinstatement to his or her position with the same seniority status, two times the amount of back pay with interest, and special damages, including litigation costs and reasonable attorney fees.

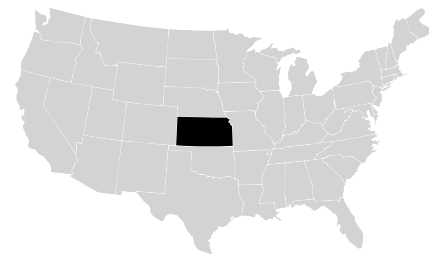
Reporting Violations

If you believe that an employee or officer has violated the laws described above, please report the violation in accordance with the provisions of the HCR ManorCare Corporate Compliance Program, Standards of Business Conduct, Section P entitled "Reporting of Violations of Standards."

Laws and Regulations

- IOWA. CODE. ANN. § 249A.51
- IOWA. CODE. ANN. § 685.1
- IOWA. CODE. ANN. § 70A.28, .28 - .29
- IOWA. CODE. ANN. § 714.8(10), 714.8(10) - 714.14.

KANSAS



SUMMARY OF FALSE CLAIMS LAWS

Kansas law prohibits submitting false and fraudulent claims to the state. Violations include presenting false or fraudulent claims for payment or approval; making or using false records, receipts, or statements; defrauding the state by getting a false claim allowed or paid; possessing public property or state money and delivering less property or money than the amount listed on the certificate or receipt; buying or receiving public property from a person who may not lawfully disburse the property; failing to report a false claim that the person benefits from knowing that the claim is false; and conspiring to commit any of these violations.

Kansas Civil and Criminal Penalties

A person who violates the Kansas false claims laws may be guilty of a felony and subject to civil and criminal penalties. Civil remedies may include an \$11,000 penalty per violation, plus three times the amount of damages the state suffers as a result of the violation, and the litigation costs to recover those damages.

Whistleblower Protections

Kansas law protects individuals who report or file claims related to suspected fraud and abuse. An employee who is discriminated against for lawfully reporting fraud or abuse or filing a claim may receive the relief necessary to make the employee whole.

Reporting Violations

If you believe that an employee or officer has violated the laws discussed above, please report the violation in accordance with the provisions of the HCR ManorCare Corporate Compliance Program, Standards of Business Conduct, Section P entitled "Reporting Violations of Standards."

Laws and Regulations

- KAS. STAT. ANN. § 75-7501, 7501 - 7511

KENTUCKY



SUMMARY OF FALSE CLAIMS LAWS

Kentucky law prohibits submitting false and fraudulent claims for medical assistance. Violations include presenting false or fraudulent statements in an application for benefits or to qualify an institution or facility as a provider in the medical assistance program; making false statements in reports used to determine payments; and conspiring to commit any of these acts. Kentucky law also prohibits soliciting, receiving, or offering any kickbacks or rebates in return for referrals or purchases which may be paid for by public assistance benefits.

Kentucky Civil and Criminal Penalties

A person who violates the Kentucky false claims or anti-kickback laws may be guilty of a felony and subject to civil and criminal penalties. Civil remedies may include a \$500 penalty per violation, plus three times the amount of damages the state suffers as a result of the violation, and the litigation costs to recover those damages. The person may also be removed as a participating provider in the medical assistance program and forfeit his or her professional license for several years.

Whistleblower Protections

Individuals who know or have reason to believe that fraud has occurred must file a confidential report with the state Medicaid Fraud Control Unit or Medicaid Fraud and Abuse hotline. Kentucky law protects individuals who report or file claims related to suspected fraud and abuse. An employee who is discriminated against for lawfully reporting fraud or abuse or filing a claim may recover any actual damages sustained, including litigation costs and reasonable attorney fees.

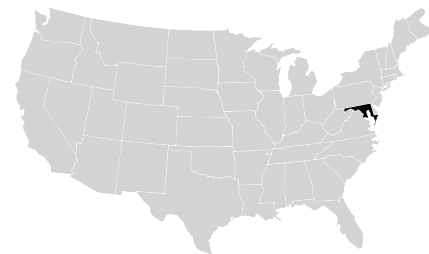
Reporting Violations

If you believe that an employee or officer has violated the laws discussed above, please report the violation in accordance with the provisions of the HCR ManorCare Corporate Compliance Program, Standards of Business Conduct, Section P entitled "Reporting Violations of Standards."

Laws and Regulations

- KEN. REV. STAT. § 205.8451, .8451 - .8483

MARYLAND



SUMMARY OF FALSE CLAIMS LAWS

Maryland law prohibits submitting false and fraudulent claims to the state. Violations include presenting false or fraudulent claims for payment or approval; making or using false records, receipts, statements, or representations; possessing public property or state money and delivering less than all of that money or property; buying or receiving public property from a state officer, employee, or agent who may not lawfully disburse the property; concealing or improperly avoiding an obligation to pay money or property to the state; conspiring to commit any of these acts; converting benefits for a use that is not for an authorized beneficiary; and possessing a medical assistance or pharmacy assistance card without authorization from the person to whom the card is issued. Maryland law also prohibits providing or receiving kickbacks or rebates for the furnishing of goods, services, or referrals payable under a state health plan or program.

Maryland Civil and Criminal Penalties

A person who violates the Maryland false claims or anti-kickback laws may be guilty of a felony and subject to civil and criminal penalties. Civil remedies may include a \$10,000 penalty per violation, plus three times the amount of damages the state suffers as a result of the violation, and the litigation costs to recover those damages.

Whistleblower Protections and Rewards

Individuals may file a civil action on behalf of the state for violations of these laws and may receive a percentage of any amounts recovered in such action. This percentage varies, but will not exceed twenty-five percent of the total recovery.

Maryland law also protects individuals who report or file claims related to suspected fraud and abuse. An employee who is discriminated against for lawfully reporting fraud or abuse or filing a claim may receive reinstatement to his or her position with the same seniority status and benefits; two times the amount of back pay, with interest; removal of adverse personnel record entries; other special damages, including litigation costs and reasonable attorney fees; a civil penalty of \$5,000 per violation; and punitive damages where appropriate.

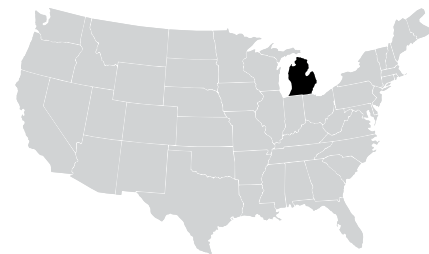
Reporting Violations

If you believe that an employee or officer has violated the laws discussed above, please report the violation in accordance with the provisions of the HCR ManorCare Corporate Compliance Program, Standards of Business Conduct, Section P entitled "Reporting Violations of Standards."

Laws and Regulations

- MD. HEALTH-GENERAL CODE ANN. § 2-601, 601 – 611
- MD. CRIM. LAW CODE ANN. § 8-508, 508 – 519
- MD. HEALTH OCCUPATIONS CODE ANN. § 1-501, 501 – 506
- MD. HEALTH-GENERAL CODE ANN. § 2-501, 501 – 505
- MD. HEALTH OCCUPATIONS CODE ANN. § 1-301, 301 – 307
- MD. GENERAL PROVISIONS CODE ANN. § 8-101, 101 – 111

MICHIGAN



SUMMARY OF FALSE CLAIMS LAWS

Michigan law prohibits submitting false and fraudulent claims to a state medical assistance program. Violations include presenting false claims for payment or approval; making false statements in an application or to qualify an institution or facility as a hospital, skilled nursing facility, intermediate care facility, or home health agency; failing to make known an event that affects one's right to receive benefits; aiding another in obtaining benefits or payments using a false claim; concealing an obligation to pay money or property to the state; making claims for unnecessary medical goods or services; and conspiring to commit any of these acts. Michigan law also prohibits presenting false claims to and concealing information from an insurer. Additionally, Michigan law prohibits offering, paying, soliciting, and receiving any kickbacks or rebates in return for referrals or purchases which may be paid for by public assistance benefits or an insurer.

Michigan Civil and Criminal Penalties

A person who violates the Michigan false claims or anti-kickback laws may be guilty of a felony and subject to civil and criminal penalties. Civil remedies may include a \$10,000 penalty per violation, plus three times the amount of damages the state suffers as a result of the violation, and the litigation costs to recover those damages. A person who makes false claims to an insurer may be required to reimburse the insurer and may be subject to criminal penalties.

Whistleblower Protections and Rewards

Individuals may file a civil action on behalf of the state for false claims related to a medical assistance program and may receive a percentage of any amounts recovered in such action. This percentage varies, but will not exceed thirty percent of the total recovery.

Michigan law also protects individuals who report or file claims related to suspected fraud and abuse. An employee who is discriminated against for lawfully reporting fraud or abuse or filing a claim may receive reinstatement to his or her position with the same seniority status; two times the amount of back pay, with interest; and other special damages, including litigation costs and reasonable attorney fees.

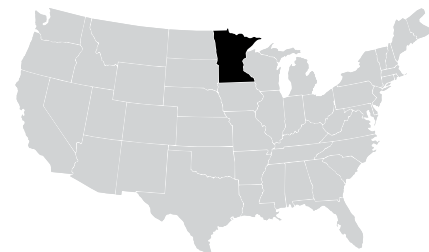
Reporting Violations

If you believe that an employee or officer has violated the laws discussed above, please report the violation in accordance with the provisions of the HCR ManorCare Corporate Compliance Program, Standards of Business Conduct, Section P entitled "Reporting Violations of Standards."

Laws and Regulations

- MICH. COMP. LAWS SERV. § 400.601, .601 - .615
- MICH. COMP. LAWS SERV. § 15.361, .361 - .369
- MICH. COMP. LAWS SERV. § 752.1001, .1001 - .1011

MINNESOTA



SUMMARY OF FALSE CLAIMS LAWS

Minnesota law prohibits submitting false and fraudulent claims to the state. Violations include presenting false or fraudulent claims for payment or approval; making or using false records, receipts, or statements; conspiring to present a false claim to the state; possessing public property or money and delivering to the state less money or property than the amount listed on the receipt; and buying or receiving public property from a state officer or employee who may not lawfully disburse the property. Minnesota law also prohibits paying, receiving, or agreeing to receive any kickbacks or rebates in return for referrals of patients or purchases.

Minnesota Civil and Criminal Penalties

A person who violates the Minnesota false claims or anti-kickback laws may be guilty of a felony and subject to civil and criminal penalties. Civil remedies may include an \$11,000 penalty per violation, plus three times the amount of damages the state suffers as a result of the violation, and the litigation costs to recover those damages. That person may also be excluded from participating in the medical assistance program.

Whistleblower Protections and Rewards

Individuals may file a civil action on behalf of the state for violations of these laws and may receive a percentage of any amounts recovered in such action. This percentage varies, but will not exceed thirty percent of the total recovery.

Minnesota law also protects individuals who report or file claims related to suspected fraud and abuse. An employee who is discriminated against for lawfully reporting fraud or abuse or filing a claim may receive reinstatement to his or her position with the same seniority status; twice the amount of lost compensation, with interest; other special damages, including litigation costs and reasonable attorney fees.

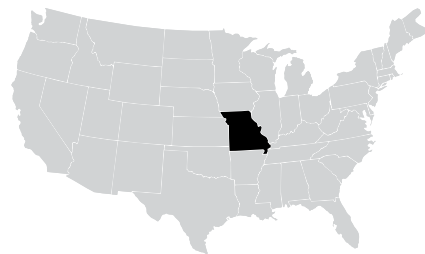
Reporting Violations

If you believe that an employee or officer has violated the laws discussed above, please report the violation in accordance with the provisions of the HCR ManorCare Corporate Compliance Program, Standards of Business Conduct, Section P., entitled "Reporting Violations of Standards."

Laws and Regulations

- MINN. STAT. ANN. § 15C.01, .01 - .16
- MINN. STAT. ANN. § 609.465, .465 - .466
- MINN. STAT. ANN. § 609.52
- MINN. STAT. ANN. § 3.756
- MINN. STAT. ANN. § 181.932
- MINN. R. § 9505.2200
- MINN. ST. ANN. § 256B.064
- MINN. ST. ANN. § 147.091

MISSOURI



SUMMARY OF FALSE CLAIMS LAWS

Missouri law prohibits submitting false and fraudulent claims for medical assistance. Violations include making false statements and representations to the state; making claims for unnecessary goods or services; concealing or failing to disclose information to obtain benefits or payments to which one is not entitled or in an amount greater than that to which one is entitled; and converting a benefit or payment for a use other than that for which it was specifically intended. Missouri law also prohibits offering, paying, soliciting, and receiving any kickbacks, bribes, or rebates in return for referrals or purchases which may be paid for under a medical assistance program.

Missouri Civil and Criminal Penalties

A person who violates the Missouri false claims or anti-kickback laws may be guilty of a felony and subject to civil and criminal penalties. Civil remedies may include a \$10,000 penalty per violation, plus three times the amount of damages the state suffers as a result of the violation, and the litigation costs to recover those damages. That person may also be excluded from participating in the medical assistance program.

Whistleblower Protections and Rewards

Individuals who are the original source of information used by the attorney general to bring a false claims action may receive a percentage of the funds recovered in such action.

Missouri law also protects individuals who report or file claims related to suspected fraud and abuse. An employee who is discriminated against for lawfully reporting fraud or abuse or filing a claim may receive reinstatement to his or her position with the same seniority and two times the amount of back pay, with interest.

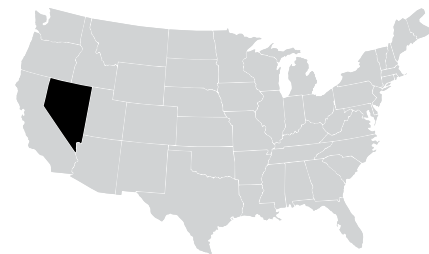
Reporting Violations

If you believe that an employee or officer has violated the laws discussed above, please report the violation in accordance with the provisions of the HCR ManorCare Corporate Compliance Program, Standards of Business Conduct, Section P entitled "Reporting Violations of Standards."

Laws and Regulations

- MO. STAT. ANN. § 191.900, .900 - .914
- MO. STAT. ANN. § 198.142, .142 - .171

NEVADA



SUMMARY OF FALSE CLAIMS LAWS

Nevada law prohibits making false and fraudulent claims to the state. Violations include presenting false claims for payment or approval; making or using false records, receipts, or statements; conspiring to defraud the state by obtaining allowance or payment of a false claim; possessing public property or state money and delivering less property than the amount listed on the receipt; buying or receiving public property from a person who is not authorized to disburse the property; benefiting from an unintentional false claim and failing to report this after discovering that the claim was false; and failing to maintain or destroying records required by law to be maintained. Nevada law also prohibits soliciting, receiving, offering or paying any kickbacks, bribes, or rebates for the furnishing of goods or services to a recipient pursuant to the state plan for Medicaid.

Nevada Civil and Criminal Penalties

A person who violates the Nevada false claims or anti-kickback laws may be guilty of a felony and subject to civil and criminal penalties. Civil remedies may include an \$11,000 penalty per violation, plus three times the amount of damages the state suffers as a result of the violation, and the litigation costs to recover those damages.

Whistleblower Protections

Individuals may file a civil action on behalf of the state for violations of these laws and may receive a percentage of any amounts recovered in such action. This percentage varies, but will not exceed thirty percent of the total recovery.

Nevada law also protects individuals who report or file claims related to suspected fraud and abuse. An employee who is discriminated against for lawfully reporting fraud or abuse or filing a claim may receive reinstatement to his or her position with the same seniority status; two times the amount of back pay, with interest; other special damages, including litigation costs; and punitive damages where appropriate.

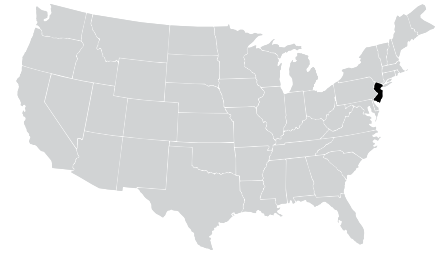
Reporting Violations

If you believe that an employee or officer has violated the laws discussed above, please report the violation in accordance with the provisions of the HCR ManorCare Corporate Compliance Program, Standards of Business Conduct, Section P entitled "Reporting Violations of Standards."

Laws and Regulations

- NEV. REV. STAT. ANN. § 357.010, .010 - .250
- NEV. REV. STAT. ANN. § 422.540, .540 - .580

NEW JERSEY



SUMMARY OF FALSE CLAIMS LAWS

New Jersey False Claims Act, P.L. 2007, Chapter 265 (N.J.S. 2A:32C-1 to 2A:32C-17)

This law has three parts: (a) the main part authorizes the NJ Attorney General and whistleblowers to file false claims lawsuits similar to what is authorized under the Federal False Claims Act, and has similar whistleblower protections; (b) another part makes violations of the NJ False Claims Act also give rise to liability under the NJ Medical Assistance and Health Services Act; and (c) a third part amends the NJ Medical Assistance and Health Services Act to increase the \$2,000 per false claim civil penalty to the same level provided for under the Federal False Claims Act, currently between \$5,500 and \$11,000 per false claim.

New Jersey Civil and Criminal Penalties

New Jersey Medical Assistance and Health Services Act - Criminal Penalties, N.J.S. 30:4D-17(a)-(d)

Provides criminal penalties for individuals and entities engaging in fraud or other criminal violations relating to Title XIX-funded programs. They include: (a) fraudulent receipt of payments or benefits: fine of up to \$25,000, imprisonment for up to 3 years, or both; (b) false claims, statements or omissions, or conversion of benefits or payments: fine of up to \$25,000, imprisonment for up to 3 years, or both; (c) kickbacks, rebates and bribes: fine of up to \$25,000, imprisonment for up to 3 years, or both; and (d) false statements or representations about conditions or operations of an institution or facility to qualify for payments: fine of up to \$25,000, or imprisonment for up to 1 year, or both. Criminal prosecutions are generally handled by the Medicaid Fraud Section within the Office of Insurance Fraud Prosecutor, in the N.J. Division of Criminal Justice.

New Jersey Medical Assistance and Health Services Act - Civil Remedies, N.J.S. 30:4D-7(h), N.J.S. 30:4D-17(e)(i); N.J.S. 30:4D-17.1(a). In addition to the criminal sanctions discussed above, violations of N.J.S.30:4D-17(a)-(d) can also result in the following civil sanctions: (a) unintentional violations: recovery of overpayments and interest; (b) intentional violation, or violation of the New Jersey False Claims Act discussed below: recovery of overpayments, interest, up to triple damages, and between \$5,500 and \$11,000 for each false claim. Recovery actions are generally pursued administratively by the Division of Medical Assistance and Health Services, with the assistance of the Division of Law in the N.J. Attorney General's Office, and can be obtained against any individual or entity responsible for or receiving the benefit or possession of the incorrect payments. In addition to recovery actions, violations can result in the exclusion of an individual or entity from participation in all health care programs funded in whole or in part by the NJ. Division of Medical Assistance and Health Services. Recovery and exclusion can also be obtained as part of a criminal prosecution by the Medicaid Fraud Section of the N.J. Division of Criminal Justice.

New Jersey Health Care Claims Fraud Act N.J.S. 2C:21-4.2 & 4.3; N.J.S. 2C:51-5

Provides for criminal penalties for health care claims fraud, including the submission of false claims to programs funded in whole or in part with state funds by:

A practitioner who knowingly or recklessly commits health care claims fraud in the course of providing professional services is guilty of a crime of the second degree, and is subject to a fine of up to 5 times the monetary benefits obtained or sought to be obtained and to permanent forfeiture of his license;

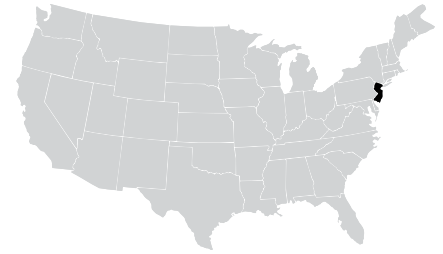
A person who is not a practitioner subject to paragraph a. above (for example, someone who is not licensed, registered or certified by an appropriate State agency as a health care professional) is guilty of a crime of the third degree if that person knowingly or recklessly commits health care claims fraud.

Whistleblower Protection

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

This "Whistleblower Act" is the NJ law that protects individuals within an organization who observe activities or behavior that may violate the law in some manner and who report their observations either to management or to governmental agencies.

NEW JERSEY



SUMMARY OF FALSE CLAIMS LAWS (CONT.)

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

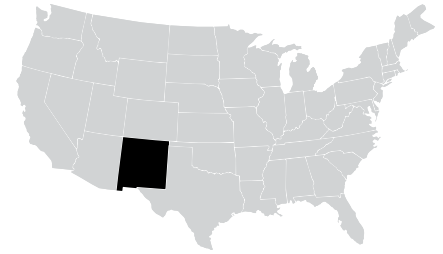
- a. Discloses, or threatens to disclose, to a supervisor or to a public body an activity, policy or practice of the employer or another employee, with whom there is a business relationship, that the employee reasonably believes is in violation of a law, or a rule or regulation issued under the law, or, in the case of an employee who is a licensed or certified health care professional, reasonably believes constitutes improper quality of patient care;
- b. 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 care;
- c. Provides information involving deception of, or misrepresentation to, any shareholder, investor, client, patient, customer, employee, former employee, retiree or pensioner of the employer or any governmental entity;
- d. 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, client, patient, customer, employee, former employee, retiree or pensioner of the employer or any governmental entity; or
- e. Objects to, or refuses to participate in, any activity, policy or practice which the employee reasonably believes:
 - i. 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 care;
 - ii. is fraudulent or criminal; or
 - iii. 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 employee or when the employee fears physical harm as a result of the disclosure, provided that the situation is emergent in nature.

Reporting Violations

If you believe that an employee or officer has violated the laws discussed above, please report the violation in accordance with the provisions of the HCR ManorCare Corporate Compliance Program, Standards of Business Conduct, Section P entitled "Reporting Violations of Standards."

NEW MEXICO



SUMMARY OF FALSE CLAIMS LAWS

New Mexico law prohibits submitting false and fraudulent claims to the state. Violations include presenting false or fraudulent claims for payment or approval; making or using false records, receipts, or statements; conspiring to defraud the state by getting false or fraudulent claims allowed or paid; converting benefits or payments for personal use; making a claim for a service or product that was not provided; destroying or altering records required by law to be maintained; providing false information to or withholding information from a person authorized to investigate violations; possessing property or money to be used by the state and delivering less property or money than the amount listed on the receipt; buying or receiving public property from a person who may not lawfully disburse the property; and failing to report a false claim that the person benefits from knowing that the claim is false. New Mexico law also prohibits paying, soliciting, offering, or receiving any kickbacks or rebates in return for referrals or purchases which may be paid for under a medical assistance program.

New Mexico Civil and Criminal Penalties

A person who violates the New Mexico false claims or anti-kickback laws may be guilty of a felony and subject to civil and criminal penalties. Civil remedies may include a \$10,000 penalty per violation, plus three times the amount of damages the state suffers as a result of the violation, and the litigation costs to recover those damages.

Whistleblower Protections and Rewards

Individuals may file a civil action on behalf of the state for violations of these laws and may receive a percentage of any amounts recovered in such action. This percentage varies, but will not exceed thirty percent of the total recovery.

New Mexico law also protects individuals who report or file claims related to suspected fraud and abuse. An employee who is discriminated against for lawfully reporting fraud or abuse or filing a claim may receive reinstatement to his or her position with the same seniority status; two times the amount of back pay, with interest; other special damages, including litigation costs and reasonable attorney fees; and punitive damages where appropriate.

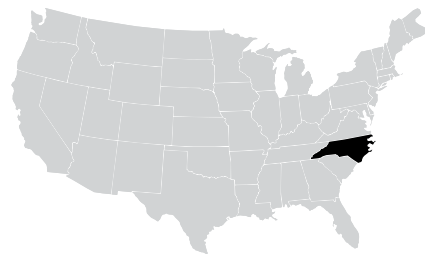
Reporting Violations

If you believe that an employee or officer has violated the laws discussed above, please report the violation in accordance with the provisions of the HCR ManorCare Corporate Compliance Program, Standards of Business Conduct, Section P entitled "Reporting Violations of Standards."

Laws and Regulations

- N.M. STAT. ANN. § 27-14-1, 1 - 15
- N.M. STAT. ANN. § 30-44-1, 1 - 8
- N.M. STAT. ANN. § 44-9-1, 1 - 14

NORTH CAROLINA



SUMMARY OF FALSE CLAIMS LAWS

North Carolina law prohibits submitting false and fraudulent claims to the state. Violations include presenting false or fraudulent claims for payment or approval; making or using false records, receipts, or statements; possessing property or money used or to be used by the state and delivering less than all of that property or money; buying or receiving public property from a state officer or employee who may not lawfully disburse the property; concealing or improperly avoiding or decreasing an obligation to pay or transmit money or property to the state; and conspiring to commit any of these acts. North Carolina law also prohibits compensating a person, firm, or corporation for recommending or securing the health care provider's employment by a patient.

North Carolina Civil and Criminal Penalties

A person who violates the North Carolina false claims or anti-kickback laws may be guilty of a felony and subject to civil and criminal penalties. Civil remedies may include an \$11,000 penalty per violation, plus three times the amount of damages the state suffers as a result of the violation, and the litigation costs to recover those damages.

Whistleblower Protections and Rewards

Individuals may file a civil action on behalf of the state for certain violations of these laws and may receive a percentage of any amounts recovered in such action. This percentage varies, but will not exceed thirty percent of the total recovery.

North Carolina law also protects individuals who report or file claims related to suspected fraud and abuse. An employee who is discriminated against for lawfully reporting fraud or abuse or filing a claim may receive reinstatement to his or her position with the same seniority status; two times the amount of back pay, with interest; and other special damages, including litigation costs and reasonable attorney fees.

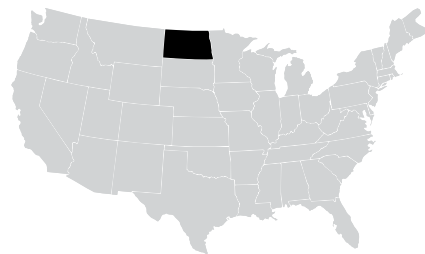
Reporting Violations

If you believe that an employee or officer has violated the laws discussed above, please report the violation in accordance with the provisions of the HCR ManorCare Corporate Compliance Program, Standards of Business Conduct, Section P entitled "Reporting Violations of Standards."

Laws and Regulations

- N.C. GEN. STAT. § 108A-70.10, .10 - .17
- N.C. GEN. STAT. § 1-605, 605 - 618
- N.C. GEN. STAT. § 90-401

NORTH DAKOTA



SUMMARY OF FALSE CLAIMS LAWS

Although North Dakota has not enacted a state false claims act, the state Medicaid provider integrity laws prohibit submitting false or fraudulent claims to the state. Violations include presenting any false or fraudulent claim for care or services; submitting false information for the purpose of obtaining greater compensation than that to which a provider is entitled; submitting false information for the purpose of meeting prior authorization requirements; submitting a false or fraudulent application to obtain provider status; failing to comply with the terms of the Medicaid provider agreement or provider certification; overutilizing the Medicaid program by inducing, furnishing or otherwise causing a recipient to receive care and services that are not medically necessary; rebating or accepting a fee for a Medicaid patient referral; or defrauding any health care benefit program.

North Dakota Civil and Criminal Penalties

A person who violates the North Dakota Medicaid provider integrity laws may be subject to civil sanctions. Sanctions may include termination from the Medicaid program, monetary penalties and repayment of the state's costs associated with an investigation.

Whistleblower Protections and Rewards

Only state officials can bring actions under the state's Medicaid provider integrity laws; individuals may not file a civil action on behalf of the state for violations of these laws.

North Dakota has enacted only limited statutory whistleblower protections in certain contexts, such as protection for individuals filing a complaint or providing information to a long-term care ombudsman relating to a complaint. An employee who is discriminated against for lawfully reporting fraud or abuse or filing a claim may receive reinstatement to his or her position, backpay, reinstatement of fringe benefits, injunctive relief and reasonable attorney fees.

Reporting Violations

If you believe that an employee or officer has violated laws described above, please report the violation in accordance with the provisions of the HCR ManorCare Corporate Compliance Program, Standards of Business Conduct, Section P entitled "Reporting of Violations of Standards."

Laws and Regulations

- N.D. CENT. CODE. § 34-01-20
- N.D. CENT. CODE. § 50-10.1-05
- N.D. ADMIN. CODE. § 75-02-05-05
- N.D. ADMIN. CODE. § 75-02-05-07
- N.D. ADMIN. CODE. § 75-02-06-02
- N.D. ADMIN. CODE. § 75-02-07.1-02
- N.D. ADMIN. CODE. § 75-03-25-13

OHIO



SUMMARY OF FALSE CLAIMS LAWS

Ohio law prohibits making false and fraudulent claims to the Medicaid program or a governmental agency. Violations include using fraud or deception to obtain benefits or payments to which one is not entitled or in an amount greater than that to which one is entitled; making false reports, statements, or representations; falsifying, concealing, altering, or destroying records; concealing an interest in property to qualify for benefits; and failing to disclose a transfer of property in an application for benefits. Ohio law also prohibits soliciting, receiving, offering, or paying any kickbacks, bribes, or rebates in return for referrals or purchases which may be paid for under a public assistance program.

Ohio Civil and Criminal Penalties

A person who violates the Ohio false claims or anti-kickback laws may be guilty of a felony and subject to civil and criminal penalties. Civil remedies may include a \$10,000 penalty per violation, plus three times the amount of damages the state suffers as a result of the violation, and the litigation costs to recover those damages. That person's provider license may also be suspended or terminated.

Whistleblower Protections

Ohio law protects individuals who report or file claims related to suspected fraud and abuse. Employees should report suspected violations internally pursuant to company policy as soon as possible. An employee who is discriminated against for lawfully reporting fraud or abuse or filing a claim may receive reinstatement to his or her position with the same seniority status and fringe benefits; payment of back wages; and litigation costs and attorney fees.

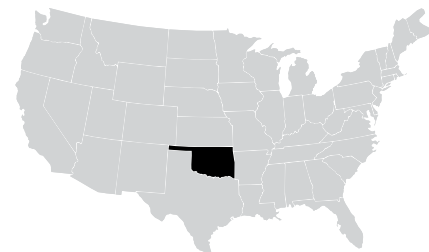
Reporting Violations

If you believe that an employee or officer has violated the laws discussed above, please report the violation in accordance with the provisions of the HCR ManorCare Corporate Compliance Program, Standards of Business Conduct, Section P entitled "Reporting Violations of Standards."

Laws and Regulations

- OHIO REV. CODE ANN. § 5164.35
- OHIO REV. CODE ANN. § 5162.15
- OHIO REV. CODE ANN. § 2913.40, .40 - .401
- OHIO REV. CODE ANN. § 2921.13
- OHIO REV. CODE ANN. § 4113.52
- OHIO REV. CODE ANN. § 124.341

OKLAHOMA



SUMMARY OF FALSE CLAIMS LAWS

Oklahoma law prohibits submitting false and fraudulent claims to the state. Violations include presenting false or fraudulent claims for payment or approval; making or using false records, receipts, or statements; conspiring to defraud the state by getting a false claim allowed or paid; possessing public property or state money and delivering less property than the amount originally possessed; buying or receiving public property from a state officer or employee who may not lawfully disburse the property; failing to make known an event that affects one's right to receive public assistance benefits; charging any recipient money or other consideration in excess of the rates established under a medical assistance program; failing to maintain records required by law to be maintained; and using a medical identification card to obtain assistance to which one is not entitled. Oklahoma law also prohibits soliciting or accepting any kickbacks in return for referrals or purchases which may be paid for under a medical assistance program.

Oklahoma Civil and Criminal Penalties

A person who violates the Oklahoma false claims or anti-kickback laws may be guilty of a felony and subject to civil and criminal penalties. Civil remedies may include a \$10,000 penalty per violation, plus three times the amount of damages the state suffers as a result of the violation, and the litigation costs to recover those damages. A violator's provider agreement may also be suspended for up to five years.

Whistleblower Protections and Rewards

Individuals may file a civil action on behalf of the state for violations of these laws and may receive a percentage of any amounts recovered in such action. This percentage varies, but will not exceed thirty percent of the total recovery.

Oklahoma law also protects individuals who report or file claims related to suspected fraud and abuse. An employee who is discriminated against for lawfully reporting fraud or abuse or filing a claim may receive reinstatement to his or her position with the same seniority status; two times the amount of back pay, with interest; and other special damages, including litigation costs and reasonable attorney fees.

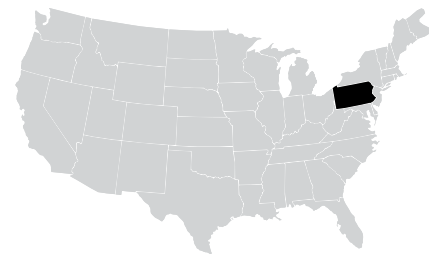
Reporting Violations

If you believe that an employee or officer has violated the laws discussed above, please report the violation in accordance with the provisions of the HCR ManorCare Corporate Compliance Program, Standards of Business Conduct, Section P entitled "Reporting Violations of Standards."

Laws and Regulations

- 56 OKL ST. ANN. § 1001, 1001 - 1008
- 63 OKL ST. ANN. § 5053.1, 1 - 5054
- 21 OKL ST. ANN. § 358, 358 - 359

PENNSYLVANIA



SUMMARY OF FALSE CLAIMS LAWS

Pennsylvania has adopted Medicaid anti-fraud statutes that are intended to prevent the submission of false or fraudulent claims to the Pennsylvania Medicaid program. Pennsylvania law prohibits the knowing or intentional submission of false or fraudulent claims or cost reports for payment of funds by or receipt of benefits from the state's Medicaid program. More specifically, it prohibits the knowing or intentional presentation of a false or fraudulent claim or cost report; the knowing presentation of a claim or cost report for medically unnecessary services or merchandise; the knowing submission of false information to obtain a payment in excess of the legally permissible amount; and the knowing submission of false information to obtain authorization to provide such services or merchandise under the state's Medicaid program. Pennsylvania law also prohibits the submission of a duplicate claim for services, supplies or equipment for which the provider has already received or claimed reimbursement from any source, the submission of a claim for services, supplies or equipment which were not rendered to a Medicaid recipient, and making a false statement in the application for enrollment as a provider, among other activities. The Pennsylvania statute also includes an anti-kickback provision, prohibiting the solicitation, receipt, or offering to pay any remuneration, including any kickback, bribe or rebate, directly or indirectly, in connection with the furnishing of, referring an individual to a person for the furnishing of, or arranging for the furnishing of any services or merchandise paid for in whole or in part by the Medicaid program.

Pennsylvania Civil and Criminal Penalties

State officials may seek criminal penalties for violations of these laws, and may be found guilty of a felony. In addition, upon conviction, the trial court must order repayment of the excessive payments or improperly obtained benefits plus interest. A provider convicted of submitting false claims must also pay an amount of up to three times the amount of excessive benefits or payments and is ineligible to participate in the state's medical assistance program for five years. A person improperly obtaining Medicaid benefits is subject to a civil suit brought by state officials, termination or restriction of the individual's Medicaid benefits, and a \$1,000 penalty for each violation.

Whistleblower Protections and Rewards

Only state officials can bring actions under the state's Medicaid anti-fraud provisions; individuals may not file a civil action on behalf of the state for violations of these laws.

Pennsylvania has enacted a state whistleblower law that generally prohibits an employer from discharging, threatening, or otherwise discriminating or retaliating against an employee who makes a good faith report about an instance of wrongdoing or waste, or an employee who participates in an investigation, hearing, or inquiry. The remedies for violating the whistleblower law may include a civil action by the whistleblower for injunctive relief and/or damages, and the penalties for violating the whistleblower law may include: reinstatement of the employee; payment of back wages; full reinstatement of fringe benefits and seniority rights; actual damages; and payment of the whistleblower's attorney fees and witness fees.

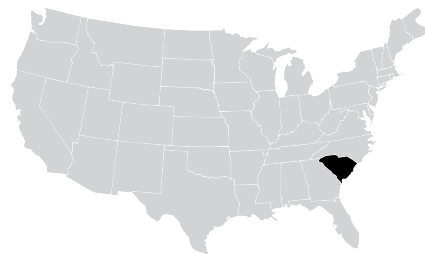
Reporting Violations

If you believe that an employee or officer has violated the laws described above, please report the violation in accordance with the provisions of the HCR ManorCare Corporate Compliance Program, Standards of Business Conduct, Section P entitled "Reporting of Violations of Standards."

Laws and Regulations

- 62 PA. CONS. STAT. § 1407, 1407 - 1408
- 43 PA. CONS. STAT. § 1421, 1421 - 1428

SOUTH CAROLINA



SUMMARY OF FALSE CLAIMS LAWS

South Carolina law prohibits submitting false and fraudulent claims for medical assistance. Violations include making false claims, reports, statements, or representations in applying for benefits or payments; concealing or failing to disclose facts and events regarding the entitlement to receive assistance, payments, or services from the Medicaid program; maintaining fraudulent records; and exchanging Medicaid rights and benefits with another person. South Carolina law also prohibits presenting false claims to an insurer and assisting, soliciting, or conspiring with another person to submit such claims. Additionally, South Carolina law prohibits offering, paying, soliciting, or receiving any kickbacks or rebates in return for referring or soliciting patients.

South Carolina Civil and Criminal Penalties

A person who violates the South Carolina false claims or anti-kickback laws may be guilty of a felony and subject to civil and criminal penalties. Civil remedies may include a \$5,000 penalty per violation, plus three times the amount of damages the state suffers as a result of the violation. That person may also face administrative sanctions, such as a suspension of the right to participate in the Medicaid program.

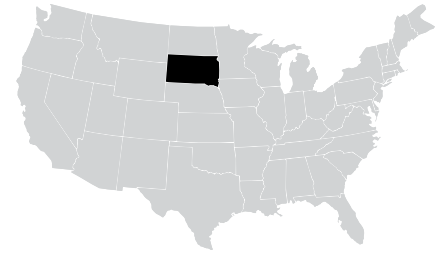
Reporting Violations

If you believe that an employee or officer has violated the laws discussed above, please report the violation in accordance with the provisions of the HCR ManorCare Corporate Compliance Program, Standards of Business Conduct, Section P entitled “Reporting Violations of Standards.” The Insurance Fraud Division of the Office of The Attorney General must also be notified.

Laws and Regulations

- S.C. CODE ANN. § 43-7-60, 60 – 90
- S.C. CODE ANN. § 44-113-60
- S.C. CODE ANN. § 38-55-170
- S.C. CODE ANN. § 38-55-510, 510 – 590
- S.C. CODE ANN. § 16-16-10, 10 – 25
- S.C. CODE REGS. § 126-403

SOUTH DAKOTA



SUMMARY OF FALSE CLAIMS LAWS

South Dakota law prohibits: knowingly making or causing to be made a false claim; knowingly making or causing to be made a false statement or representation for use in obtaining or seeking to obtain authorization to provide a good or a service; knowingly making or causing to be made a false statement or representation for use by another in obtaining a good or a service under the Medicaid program; making or causing to be made a false statement or representation to qualify as a Medicaid provider; submitting any Medicaid enrollment application, cost report or invoice for payment that contains false information; participating in, offering, transferring, soliciting or accepting kickbacks or rebates; charging, soliciting, accepting or receiving anything of additional value in addition to the amount legally payable under the Medicaid program; and intentionally failing to maintain necessary records for six years following the date on which the provider received Medicaid payment or knowingly destroying such records within six years from the date on which the provider received Medicaid payment.

South Dakota Civil and Criminal Penalties

A civil action for a violation of the South Dakota Medicaid anti-fraud provisions must be brought within six years from the cause of action accruing. Violations of the South Dakota Medicaid anti-fraud provisions are punishable as a Class 5 felony, except the intentional failure to retain the necessary records or knowingly destroying such records, which is punishable as a Class 1 misdemeanor.

Civil penalties under the South Dakota Medicaid anti-fraud provisions include payment of interest on the amount of the excess payment, payment of up to three times the amount of damages sustained, including the cost of investigation and litigation, and a civil penalty of \$2,000 for each false or fraudulent claim, statement or representation. In addition, providers who have been determined to have committed an offense under the Medicaid anti-fraud provisions may be suspended or excluded from participation in the Medicaid program.

Whistleblower Protections and Rewards

Only state officials can bring actions under the state's Medicaid anti-fraud provisions; individuals may not file a civil action on behalf of the state for violations of these laws.

South Dakota has enacted only limited statutory whistleblower protections in certain contexts, such as protection for individuals reporting the abuse and neglect of an individual with a disability.

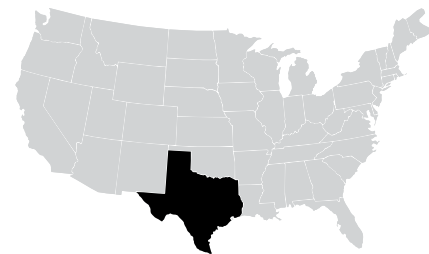
Reporting Violations

If you believe that an employee or officer has violated the laws described above, please report the violation in accordance with the provisions of the HCR ManorCare Corporate Compliance Program, Standards of Business Conduct, Section P entitled "Reporting of Violations of Standards."

Laws and Regulations

- S.D. CODIFIED LAWS § 22-45-1, 22-45-1 - 22-45-11

TEXAS



SUMMARY OF FALSE CLAIMS LAWS

Texas law prohibits submitting false and fraudulent claims to the state. Violations include making or using false statements, records, or representations; failing to maintain records required by law to be maintained; concealing or failing to disclose information that permits a person to receive assistance, payments, or services from the Medicaid program to which he or she is not entitled; converting benefits or payments for a use other than that for which they are intended; charging, soliciting, or accepting gifts or payments as a condition of continued service to a Medicaid recipient; presenting claims for goods or services provided by an unlicensed person; aiding another in obtaining unauthorized payments or benefits; and obstructing an investigation by the attorney general. Texas law also prohibits soliciting, receiving, offering, or paying any kickbacks, bribes, or rebates in return for referrals or purchases which may be paid for under the medical assistance program.

Texas Civil and Criminal Penalties

A person who violates the Texas false claims or anti-kickback laws may be guilty of a felony and subject to civil and criminal penalties. Civil remedies may include a \$15,000 penalty per violation, or more if authorized by federal law, and two times the amount of damages the state suffers as a result of the violation. A violator may also have his or her occupational license or provider agreement revoked or suspended.

Whistleblower Protections and Rewards

Individuals may file a civil action on behalf of the state for violations of these laws and may receive a percentage of any amounts recovered in such action. This percentage varies, but will not exceed thirty percent of the total recovery. Individuals who report fraud and abuse of state Medicaid funds may receive an award of up to five percent of any administrative penalty imposed as a result of the individual's report.

Texas law also protects individuals who report or file claims related to suspected fraud and abuse. An employee who is discriminated against for lawfully reporting fraud or abuse or filing a claim may receive reinstatement to his or her position with the same seniority status; two or more times the amount of back pay, with interest; and other special damages, including litigation costs and reasonable attorney fees.

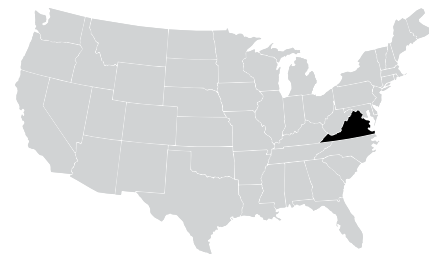
Reporting Violations

If you believe that an employee or officer has violated the laws discussed above, please report the violation in accordance with the provisions of the HCR ManorCare Corporate Compliance Program, Standards of Business Conduct, Section P entitled "Reporting Violations of Standards."

Laws and Regulations

- TEXAS CODE ANN. HUMAN RESOURCES § 32.039, .039 - .0391
- TEXAS CODE ANN. HUMAN RESOURCES § 36.001, .001 - .132
- TEXAS CODE ANN. GOVERNMENT § 531.101, .1011, .102, .1031

VIRGINIA



SUMMARY OF FALSE CLAIMS LAWS

Virginia law prohibits submitting false and fraudulent claims to the state. Violations include presenting false or fraudulent claims for payment or approval; making or using false records, receipts, or statements; possessing public property or state money and delivering less than all such money or property; buying or receiving public property from a state officer or employee who may not lawfully disburse the property; concealing, avoiding, or improperly decreasing an obligation to pay or transmit money or property to the state; conspiring to commit any of these acts; submitting claims for services that were not furnished; failing to disclose an event that affects one's right to continued benefits or payments; and collecting payments at rates in excess of those authorized under the medical assistance program. Virginia law also prohibits soliciting, receiving, offering, or paying any kickbacks, bribes, or rebates in return for referrals or purchases which may be paid for under a public assistance program.

Virginia Civil and Criminal Penalties

A person who violates the Virginia false claims or anti-kickback laws may be guilty of a felony and subject to civil and criminal penalties. Civil remedies may include an \$11,000 penalty per violation, plus three times the amount of damages the state suffers as a result of the violation, and the litigation costs to recover such damages. That person may also be excluded from participating in the medical assistance program.

Whistleblower Protections and Rewards

Individuals may file a civil action on behalf of the state for violations of these laws and may receive a percentage of any amounts recovered in such action. This percentage varies, but will not exceed thirty percent of the total recovery.

Virginia law also protects individuals who report or file claims related to suspected fraud and abuse. An employee who is discriminated against for lawfully reporting fraud or abuse or filing a claim may receive reinstatement to his or her position with the same seniority status; two times the amount of back pay, with interest; and other special damages, including litigation costs and reasonable attorney fees.

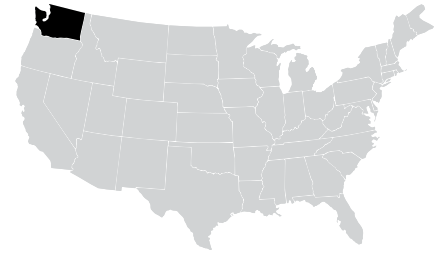
Reporting Violations

If you believe that an employee or officer has violated the laws discussed above, please report the violation in accordance with the provisions of the HCR ManorCare Corporate Compliance Program, Standards of Business Conduct, Section P entitled "Reporting Violations of Standards."

Laws and Regulations

- VA. CODE ANN. § 8.01-216.1, .1-19
- VA. CODE ANN. § 32.1-312, 312-321.4

WASHINGTON



SUMMARY OF FALSE CLAIMS LAWS

Washington law prohibits submitting false and fraudulent claims to health care payers. Violations include making false statements or representations in applying for benefits or payments; falsifying documents to obtain benefits or payments; concealing an event that affects a person's health care eligibility; and collecting amounts from an insured person that violate an agreement with a health care payer. Washington law also prohibits paying, offering to pay, allowing, or receiving any kickbacks or rebates in return for referrals of patients or purchases of medical goods, services, or supplies.

Washington Civil and Criminal Penalties

A person who violates the Washington false claims or anti-kickback laws may be guilty of a felony and subject to other criminal penalties. That person may also be liable in a civil action for damages.

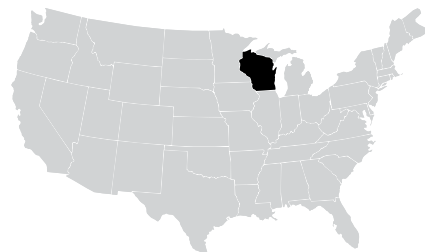
Reporting Violations

If you believe that an employee or officer has violated the laws discussed above, please report the violation in accordance with the provisions of the HCR ManorCare Corporate Compliance Program, Standards of Business Conduct, Section P entitled "Reporting Violations of Standards."

Laws and Regulations

- WASH. REV. CODE ANN. § 48.80.010, .010 - .900
- WASH. REV. CODE ANN. § 19.68.010

WISCONSIN



SUMMARY OF FALSE CLAIMS LAWS

Wisconsin law prohibits submitting false and fraudulent claims for medical assistance. Violations include presenting false claims; making or using false records and statements; benefiting from a false claim and failing to disclose the claim to the state within a reasonable time; failing to disclose or concealing an event that affects one's continued right to receive benefits or payments; converting benefits or payments for a use other than the intended use; and imposing upon a recipient of benefits under the medical assistance program charges in addition to those allowed by law. Wisconsin law also prohibits soliciting, receiving, offering, or paying any kickbacks, bribes, or rebates in return for referrals or purchases which may be paid for under the medical assistance program.

Wisconsin Civil and Criminal Penalties

A person who violates the Wisconsin false claims or anti-kickback laws may be guilty of a felony and subject to civil and criminal penalties. Civil remedies may include a \$10,000 penalty per violation, plus three times the amount of damages the state suffers as a result of the violation.

Reporting Violations

If you believe that an employee or officer has violated the Act discussed above, please report the violation in accordance with the provision of the HCR ManorCare Corporate Compliance Program, Standards of Business Conduct, Section P entitled "Reporting Violations of Standards."

Laws and Regulations

- WIS. STAT. ANN. § 49.485, .485 - .49
- WIS. STAT. ANN. § 146.997
- WIS. STAT. ANN. § 946.91

HCR ManorCare

VERIFICATION OF RECEIPT AND UNDERSTANDING

As of this date, I have received a copy of the HCR ManorCare Standards of Business Conduct (“Standards”). I understand how the Standards apply to me and acknowledge my obligation to follow them. I further acknowledge my obligation to report violations of the Standards or requests that would result in violations of the Standards to appropriate Company officers. My signature below indicates that I have reported all violations known to me as required by the Standards. Any conflicts of interest or other matters for which the Standards require written disclosure to the Company have been so disclosed by me. Further, I understand and acknowledge that to the extent I am an at-will employee, the Standards do not affect the at-will nature of my employment relationship with the Company.

Date: _____

Name: _____
(Please Print)

Department

Signature

