

**MASONIC VILLAGES**  
**COMPLIANCE PLAN**

**Adopted by the Board of Directors on May 20, 2016**

## **I. Purpose**

Masonic Villages of the Grand Lodge of Pennsylvania (“Masonic Villages”) is a Pennsylvania nonprofit corporation that owns and operates senior living communities in Dallas, Elizabethtown, Lafayette Hill, Sewickley and Warminster, as well as several for-profit and non-profit subsidiary companies.

## **II. Policy**

Masonic Villages is committed to ethical and legal business practices as essential to the advancement of its mission. Pursuant to this commitment, Masonic Villages directs the establishment and maintenance of this Compliance Program (the “Compliance Program” or “Program”) which has been designed to conform to the standards set forth in the Federal Sentencing Guidelines for Organizations, the Office of Inspector General’s Compliance Program Guidance for Nursing and Hospices, and the Patient Protection and Affordable Care Act.

The Compliance Program, which operates under the authority of the Board of Directors, focuses on the prevention and detection of violations of Federal, State and local laws and fosters an environment in which management, employees, volunteers, independent contractors, agents and physicians affiliated with Masonic Villages (collectively referred to as the “Staff”) are encouraged to report concerns about business practices.

## **III. Program Purposes**

A. The purposes of the Compliance Program are:

1. To support Masonic Villages’ strong commitment to honest and ethical behavior;
2. To formulate effective internal controls to ensure compliance with statutes, regulations and rules;
3. To demonstrate to staff, residents and the communities at large Masonic Villages’ commitment to responsible conduct;
4. To educate and train staff concerning sound business practices and Masonic Villages’ Code of Conduct, attached at Exhibit A, and compliance policy and procedure;
5. To increase the likelihood of identifying and preventing unlawful and unethical behavior;
6. To enable Masonic Villages to quickly react to employees’ operational compliance concerns and effectively target resources to address those concerns;
7. To improve the quality, efficiency, and consistency of providing services;
8. To create a mechanism to encourage staff to report potential problems and allow for appropriate internal inquiry and corrective action;

9. To encourage managers of Masonic Villages to seek appropriate counsel on business activities and to conduct those activities within the requirements of the law and ethical Code of Conduct for Masonic Villages;

10. To create a mechanism to improve internal communications;

11. To create procedures that allow prompt and thorough investigation of alleged misconduct;

12. Through early detection and reporting, to minimize loss to the Government from false claims, and thereby reduce Masonic Villages' exposure to civil damages and penalties, criminal sanctions, and administrative remedies;

13. To make certain that Masonic Villages continue to be innovative and responsive to communities' needs and the demands of residents and their families without inadvertently violating the laws.

#### **IV. Administration of the Plan**

Under the authority of the Board of Directors, the Program will be administered by a Compliance Committee (the "Compliance Committee"). The Compliance Committee will be chaired and overseen by the Corporate Compliance Officer (the "CCO"), who will be a member of the Compliance Committee.

A. Corporate Compliance Officer. The CCO will be a high-level employee of Masonic Villages who will have direct access to Masonic Villages' Board of Directors, CEO, Compliance Committee, all other senior management and legal counsel. The CCO will be responsible for the implementation and management of the Program. The CCO will, with assistance of counsel where appropriate, perform the following:

1. Oversee and monitor implementation of the Compliance Program;

2. Develop a process to identify those areas where there is a substantial risk that certain types of unlawful/unethical conduct may occur;

3. Ensure the development of compliance standards and policies and procedures aimed at assuring ethical and legal compliance;

4. Ensure that the business practices of Masonic Villages are evaluated to ensure compliance with Masonic Villages' policies and procedures;

5. Report on a regular basis to Masonic Villages' CEO and the Compliance Committee on the progress of implementation, and assist these components in establishing methods to improve Masonic Villages' efficiency and quality of services, and to reduce Masonic Villages' vulnerability to fraud, abuse and waste;

6. On at least an annual basis, report to the Board of Directors on the status of Masonic Villages' compliance efforts.

7. Periodically review and revise the Compliance Program in light of changes in Masonic Villages' needs, and in the law and policies of Government and private payor health plans;

8. Develop, coordinate and participate in a multi-faceted educational and training program that focuses on the elements of the Compliance Program, and seek to ensure that all relevant employees and management understand and comply with pertinent Federal and State standards;

9. Develop and maintain processes to provide education and guidance for adherence to Masonic Villages' ethics and legal compliance policies and procedures and for reporting and investigation of business practices issues to assure compliance with the requirements of the Compliance Program;

10. Develop processes to encourage staff to report suspected violations of standards for ethical and legal conduct without fear of retaliation and for such reports to be investigated and reviewed;

11. Ensure that independent contractors and agents who furnish physician, nursing or other health care services to the residents of Masonic Villages are aware of the residents' rights as well as requirements of Masonic Villages' Compliance Program applicable to the services they provide;

12. Coordinate personnel issues with Masonic Villages' Human Resources Department to ensure it performs a monthly review of the status of all staff, including a check of the OIG's List of Excluded Individuals and Entities, the General Services Administration's List of Parties Debarred from Federal Programs, and the Pennsylvania Medichex List maintained by the Pennsylvania Department of Public Welfare;

13. Assist Masonic Villages' financial management in coordinating internal compliance review and monitoring activities, including annual or periodic reviews of departments;

14. Independently investigate and act on matters related to compliance, including the flexibility to design and coordinate internal investigations (e.g., responding to reports or problems or suspected violations) and any resulting corrective action (e.g., making necessary improvements to Masonic Villages' policies and practices, taking appropriate corrective action, etc.) with Masonic Villages, subcontracted providers, and health care professionals under Masonic Villages' control;

15. Ensure consistency in the application of Masonic Villages' policies and procedures with the requirements of the Compliance Program, and the implementation of appropriate corrective action;

16. Ensure that reasonable steps are taken to respond appropriately to ethics and/or legal compliance violations, to prevent further similar violations, and to correct violators appropriately and consistently;

17. Oversee, as appropriate, investigations of ethics and/or legal compliance policy violations to ensure consistency in the enforcement of Masonic Villages' policies;

18. Coordinate internal and external monitoring and auditing systems to assess compliance and to identify ethical or legal violations;

19. Participate with Masonic Villages' counsel in the appropriate reporting of self-discovered violations of Compliance Program requirements; and

20. Oversee the Compliance Committee's periodic review of the Program and the department-specific compliance policies and procedures in light of changes in the needs of Masonic Villages, and in the law and policies and procedures of government and private payor health plans.

**B. Compliance Committee.**

1. A Compliance Committee will advise and assist the CCO with the implementation, administration and enforcement of the Compliance Program. In addition, the Committee will assist the CCO in evaluating the performance of the Program including the systems in place to identify, evaluate and respond to identified risk areas and compliance concerns. The Committee will recommend, develop and help to implement policies, procedures and controls that reflect preferred practices to address identified risk areas and mitigate identified compliance risks. The Committee will also oversee internal and external audits and investigations for the purpose of identifying deficiencies and implementing corrective action and undertake such other functions as may be necessary to maintain an effective Compliance Program. The Compliance Committee will meet on the call of the CCO as needed, but at least quarterly.

2. In addition to the CCO, the other members of the Compliance Committee will include Masonic Villages' CEO, Chief Financial Officer, Chief Operating Officers, other Chief Officers as needed, Executive Directors of the senior living communities and other individuals from the communities with particular expertise as may be asked to participate from time to time.

**V. Lines of Communication**

A variety of means have been established throughout Masonic Villages to solicit communications from staff, residents, volunteers and the public to encourage, without fear of retribution: 1) questions on Masonic Villages' policies and procedures, federal, state and local policies, statutes, regulations, and rules covered by the Compliance Program; and (2) the reporting of actual or suspected violations of law or applicable Masonic Villages' policies.

**A. Reporting mechanisms include:**

1. Making contact information of the CCO available so that staff and the public may seek clarification and report suspected violations to the CCO in person, by email, or by telephone. The CCO will be available as not only the contact point for reporting problems, but as someone to whom personnel can go to get clarification on Masonic Villages' policies.

2. A Compliance Hotline which may be used anonymously, although anonymity cannot be guaranteed. The identity of individuals who utilize the Hotline and

disclose their identity (or whose identity is obvious) will be maintained with strict confidentiality.

3. The establishment of an employee exit and post-employment interview program through the human resources department with written reports made to the CCO raising possible compliance issues.

4. Additionally, staff may seek clarification and report suspected violations to their supervisor in person, by email, or by telephone.

5. Reported matters that suggest violations of compliance policies, regulations or laws should be documented and investigated immediately to determine their veracity. A log should be maintained by the CCO which records matters that have been reported, the investigations and their results. A summary of these logs should be included in any reports to the Compliance Committee and the Board of Directors.

## **VI. Non-Hiring and Non-Contracting of Ineligible Persons/Sanctioned Individuals.**

The Company will not employ, or contract for services on its behalf, an individual or entity that it knows or reasonably should know has been convicted of a criminal offense related to a government plan or listed by a federal agency as debarred, excluded, sanctioned or otherwise ineligible for participation in a governmental plan. Employees and agents of the Company are required to immediately notify the Company if any of these actions are taken against them. The Company will make reasonable inquiry into the status of every potential employee, independent contractor, including a check of the OIG's List of Excluded Individuals and Entities, the General Services Administration's List of Parties Debarred from Federal Plans, and the Pennsylvania MediCheck list.

## **VII. Education/Training.**

The Company will routinely educate its employees and agents on their legal and ethical obligations with respect to Masonic Villages' operations and performance, potential compliance risks and how to report compliance concerns. The Compliance Officer will maintain records of such training.

### **A. Current Staff – Continuing Training and Education.**

At least annually, each staff member will participate in a continuing training and education session regarding compliance, which will include information about the Compliance Program and the Code of Conduct. This continuing education will also be offered to independent contractors who have direct patient contact. Continuing education is a condition of continued employment and failure to comply with training requirements will result in corrective action, when such failure is serious. Adherence to the training requirements as well as other provisions of the Compliance Program is a factor in the annual evaluation of each employee. Additional training on specific issues may be provided to those staff whose job requirements make the information relevant.

B. New Employees.

1. Within forty-five (45) days of hiring a new employee, each will receive a copy of the Program, including the Code of Conduct, and receive general compliance education, including:

2. The purpose, scope, and importance of adherence to the Compliance Program;

3. The content and application of the Program and the internal reporting and investigation procedures;

4. The corrective consequences of failing to adhere to Program requirements;

5. The standards and procedures relevant to the trainees' duties;

6. Training on ethics and relevant fraud and abuse laws; and

7. Each individual's duty to report misconduct and to adhere to the Program without fear of retaliation.

8. Additional training on specific issues may be provided to those Staff whose job requirements make the information relevant. In addition, appropriate compliance training for temporary employees will be provided before they are assigned responsibilities.

C. Independent Contractors.

Masonic Villages will offer all persons and entities with which it has, may or will enter into a relationship whereby such person or entity is or will be an independent contractor of Masonic Villages (including non-employed physicians) who will have direct patient contact, with general compliance education, including Masonic Villages' established standards for legal compliance and of the existence and content of the Program. Masonic Villages will at all times require that its independent contractors and other parties with whom it has a similar relationship comply with the Program.

D. Documentation.

Documentation of the staff's attendance at and/or participation in training and continuing education sessions, including online computer training sessions, will be forwarded to Human Resources and retained as part of the Staff's personnel records by Masonic Villages for six years. Upon completion of the training session, each staff member will either (1) sign a certification, in the form attached hereto at Exhibit B acknowledging that they have received, read and understand the Program, have attended a training and education session regarding the Program, and understand that compliance with the Program is a condition of employment/engagement; or (2) include covenants in their agreement with Masonic Villages to this effect. Certifications will be forwarded to Human Resources and retained as part of the Staff's personnel records by Masonic Villages for six years.

## **VIII. Monitoring/Auditing.**

1. An essential component of the Program is the ongoing evaluation process to ensure that the Program is followed and that it serves as an effective tool in addressing Masonic Villages' compliance with laws and detecting and preventing unlawful or unethical conduct. Assessment techniques, which may include both internal and external reviews, are designed to focus on Masonic Villages' day-to-day operations, adherence to the Code of Conduct, adherence to the rules governing claims development, billing and cost reports, and relationships with third parties. The reviews are also designed to monitor Masonic Villages' compliance with Medicare requirements and the specific rules and policies that have been the focus of particular attention by the Medicare Administrative Contractors, RACs, survey agencies and law enforcement, as evidenced by OIG Special Fraud Alerts, OIG audits and evaluations, the OIG's Workplan and law enforcement's initiatives. The audits/monitoring will be conducted by those designated by the CCO who have the qualifications and experience necessary to adequately identify potential issues with the subject matter that is reviewed. If problems are identified, a focused review will be conducted on a more frequent basis and additional information or training will be provided to staff, as appropriate.

2. In addition to these ongoing reviews, the CCO will annually review whether the Program's compliance elements have been satisfied (e.g. whether there has been appropriate dissemination of the Program's standards, ongoing compliance education updates, and internal investigations of any alleged non-compliance).

3. Documentation of such ongoing monitoring and auditing will be maintained and, when warranted, summarized in reports to the Compliance Committee and the Board.

## **IX. Response to Potential Deficiencies**

### **A. Investigation Process.**

1. The CCO and, depending on the nature of the alleged violation, outside counsel, auditors, and/or health care experts, will endeavor to promptly investigate any alleged violation of the Program or of any policy or procedure issued in accordance with the Program to determine its veracity in an efficient and thorough manner. Staff must cooperate fully with the CCO in any such investigation. The CCO, working with the Compliance Committee and, where appropriate, legal counsel, can then take appropriate steps to rectify the problem, including an immediate referral to criminal and/or civil law enforcement authorities, a corrective action plan, a report to the government, and the submission of any overpayments, if applicable.

2. Where potential fraud is not involved, Masonic Villages will use normal repayment channels to return overpayments as they are discovered. The CCO will be aware, however, of overpayments that may reveal trends or patterns indicative of a systematic problem. In addition, the CCO will review the circumstances that formed the basis for the investigation to determine whether similar problems have been uncovered or modifications of the Program are necessary to prevent and detect other inappropriate conduct or violations.

3. If an investigation of an alleged violation is undertaken and the CCO believes the integrity of the investigation may be at stake because of the presence of employees/independent contractors under investigation, those subjects will be removed from



their current work activity until the investigation is completed (unless an internal or Government-led undercover operation is in effect). In addition, the CCO will take appropriate steps to secure or prevent the destruction of documents or other evidence relevant to the investigation.

B. Corrective Measures.

Corrective measures may be imposed, and their nature and severity will vary depending on the facts and circumstances. Corrective measures may include revising Masonic Villages' policies and procedures to ensure that its business affairs are conducted in a manner consistent with applicable laws, rules and regulations. Corrective measures may also include corrective action for an individual's failure to comply with the Program, including the failure to detect or report suspected violations. To the extent possible, corrective measures will be appropriately and consistently applied so that like-offenders receive like punishment.

C. Documentation.

The reported compliance concern or alleged violation, a description of the investigative process, and the corrective action taken must be carefully documented at every step. A file will be opened for each report made regarding the reported compliance concern or possible violation of the Program and the file will contain a statement of the reported incident(s), a description of the investigation and the results thereof, including the response of the individual(s) involved, the conclusion reached and the corrective measures imposed (if any).

D. Reporting.

1. Reporting Billing Errors and Overpayments to Authorities

If an investigation or audit reveals that an overpayment has occurred, the overpayment must be reported and repaid to the appropriate governmental health care program within sixty (60) days of when the overpayment is "identified." Once billing errors have been reported and payments returned (including any applicable deductibles and co-payments), no further reporting to enforcement authorities is required unless there is evidence of a pattern of overpayments that may be indicative of a systemic problem, or an attempt to conceal intentional wrongdoing.

2. Reporting Other Misconduct

If the CCO and/or the Compliance Committee discovers credible evidence of misconduct and, after reasonable investigative inquiry, has reason to believe that the misconduct either (1) violates criminal laws or (2) constitutes a violation of civil or administrative law, then Masonic Villages should report the existence of the misconduct to the appropriate State and/or Federal authorities. Such report should be made within a reasonable time period, but no more than sixty (60) days after completing its internal inquiry and determining that the conduct should be reported. Masonic Villages will take appropriate corrective action, including prompt identification and restitution of any overpayment to the affected payor and the imposition of proper corrective action. The CCO will consult with outside counsel, as appropriate, in order to comply with this policy and determine what additional actions are required by law.

## **X. Conclusion**

The Program is designed to aid Masonic Villages in attaining their mission and goals by ensuring that Masonic Villages comply with applicable laws, rules and regulations. The Program is intended to be an integral part of the operations of Masonic Villages and to be flexible enough to adapt both to the changing needs of Masonic Villages and to changes in the laws, rules and regulations.