

# Introduction to the Code of Conduct



# **Introduction to the Code of Conduct**

## **Select Medical Corporation, its subsidiaries and affiliates**

*To All Employees:*

At Select Medical Corporation, we are committed to maintaining the highest level of professional and ethical standards in providing high quality and cost effective outcomes to those we serve. To achieve our mission, we must maintain the highest reputation for integrity by making sure that all of our activities are conducted legally and ethically. This can be a challenge for any large organization, especially since the laws have become so complex. So, where do we begin?

Select Medical Corporation has adopted a Code of Conduct that contains detailed information about how to meet this challenge. To introduce you to the Code of Conduct, we have developed this narrative to guide you through many of the routine questions about compliance and to direct you to the more detailed Code of Conduct, when necessary.

Keep in mind, all the policies and procedures and codes of conduct in the world will not help us meet the challenge without one key element – commitment. From the boardroom to the patient’s bedside, everyone must be committed to maintaining a legal and ethical environment.

We trust you as a valuable member of our healthcare team. We ask you to assist us in supporting the values and principles that are critical to continuing Select Medical’s mission of providing high quality and cost effective outcomes to those we serve.

Robert A. Ortenzio,  
Chief Executive Officer  
Select Medical Corporation

### *How to Use This Introduction*

The most important thing to remember about this introduction is to use it often. Its sole purpose is to help employees do what is right. In our business it is critical that we follow every applicable law and avoid any improper activities – or even the appearance of improper actions.

This introduction is one of several tools available to help you do your job the way it should be done – legally and ethically. Whenever you need more information about a subject described in this introduction, go to the corresponding section in the Code of Conduct for details. Other tools to guide you include:

- Human Resources Policies and Procedures
- Employee Handbook
- Operations Policies and Procedures
- Department Policies and Procedures
- Compass Newsletter

*Quick Reference Guide*

The following is a list of the specific policies addressed in this booklet. Of course, there are additional policies in the Code of Conduct and in the other Compliance Program documents listed previously that may be applicable to your department or office.

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*Remember, reading this booklet and the Code of Conduct is not “the end.” Because there is not a finish line when it comes to “doing things right.” Please make sure you are engaged in all aspects of our Compliance Program. Every one of our employees is a crucial component to ensuring we have an effective Compliance Program and maintain the highest integrity in providing high quality outcomes to those we serve*

*Our shared commitment to Compliance extends to ensuring we provide resources to assist you in remaining compliant. If you feel you need help, use the resources provided on the Intranet, in policies, in the Code of Conduct and the members of the Compliance Department*

*Select Medical's goal is to maintain an ethical environment and an effective Compliance Program. We want a company for which you are proud to work, where you respect the decisions of your supervisors and act in an appropriate manner. We will know we have done that when every employee can answer a firm “yes” to the following questions:*

- 1. Do you believe that management is committed to ethical practices?*
- 2. Do you understand the Code of Conduct?*
- 3. Do you know the procedure for reporting unethical or questionable practices?*
- 4. Do you feel comfortable reporting ethical issues or dilemmas?*
- 5. Are you given the education and tools necessary to perform your job in a legal and ethical manner?*

### *Reporting Responsibility*

All employees are responsible for promptly advising the Compliance Officer of Compliance Incidents. All reports are investigated by the Compliance Committee and its designees. At the conclusion of the investigation and based on recommendations by the Compliance Committee, timely and appropriate actions are taken.

### *How to Report a Compliance Incident*

We want you to feel comfortable reporting unethical or illegal conduct. If you are faced with an ethical question or legal dilemma, here are the steps to take:

1. Ask your immediate manager or supervisor for help.
2. If he or she is not available or if you are not comfortable reporting the conduct to that person, contact the Company's Compliance Officer.
3. If you believe there has been a violation of the law, the Code of Conduct, or any other element of the Compliance Program (in other words, a "Compliance Incident"), contact the Company's Reporting Officer in person, by telephone, email or through the mail (see the information on the next page). You may also anonymously report a Compliance Incident by using the Hot Line telephone number noted at the bottom of each page of this booklet.

Remember, all your concerns – large or small – will be treated confidentially, and employees who make a good faith report are protected from any retribution by leaders or employees.

### *Reporting Information*

**Compliance Officer:**

**Bob Breighner**

**Telephone Number:**

**717-975-4535**

**Compliance Officer's Address:**

**4714 Gettysburg Road  
P.O. Box 2034  
Mechanicsburg, PA 17055**

**Anonymous P. O. Box:**

**Compliance Committee  
Attn: Compliance Officer  
P.O. Box 3352  
Shiremanstown, PA 17011**

**Compliance Hotline Number:**

**1-888-823-8945**

**HIPAA Privacy Officer:**

**Jim Talalai**

**Telephone Number:**

**717-972-1136**

### *Employee Responsibilities*

Ignorance of appropriate conduct, or failure to take appropriate actions can mean employee job termination, disciplinary action, civil penalties or criminal charges against you and the Company. There is also the possibility of millions of dollars in fines to the Company. Your decisions and behavior while employed by the Company should be based on the guidelines and policies outlined in the Code of Conduct. To claim ignorance, good intentions or bad advice is not acceptable when the health care and well-being of our patients and our communities are in your hands. It is imperative – and it is your responsibility – to report any Compliance Incidents in accordance with this booklet and the Code of Conduct.

### *Supervisor/Manager Responsibilities*

As a manager, you are entrusted with the task of ensuring that the employees you supervise understand and comply with the high standards of business ethics expected by the Company. Accordingly, the compliance performance of employees under your supervision will be taken into account in your own performance evaluations. Remember, most people prefer to work in an ethical environment; people feel good about behaving in accordance with their values, and they particularly like having specific guidelines to help them accomplish this.

### *Compliance Training Responsibilities*

**Select Medical Employees** (receive a paycheck from Select Medical Corporation with a 6-digit employee number.)

1. Within 30 days of hire read and understand the Code of Conduct booklet and then acknowledge your receipt and understanding of the Code of Conduct on the Select Medical Employee Resource Center (SERC.).
2. Within 30 days of hire and then again in the third quarter each year, complete your assigned Compliance Training on the Select Medical Employee Resource Center (SERC). Intranet <http://smcserc> or internet <https://www.smcserc.com>.

**Select Medical Workforce Members** (all staff that provide services on behalf of Select Medical Corporation or one of its United States based Subsidiaries, but do not have a Select Medical Employee Number or receive a Select Medical Paycheck. Such as Medical Directors, Program Directors, Agency or Contract Staff, Allied Health Professionals)

1. Read and understand the Code of Conduct booklet and then sign Exhibit B Medical Director/Program Director/Other Contracted Physicians/ Medical Staff/ Allied Health Professionals Compliance Certification Form on Page 53 of this document. Exhibit B must be returned to your local Select Medical contact.
2. Review, understand and certify the paper versions of the Compliance and Health Insurance Portability and Accessibility Act (HIPAA) Training located on the Select Medical Intranet at: [Hhttp://smcweb/compliance/serc.htm](http://smcweb/compliance/serc.htm). Sign the certification forms and return them to your local Select Medical contact.

### *Compliance Responsibility and Appraisal*

Maybe you think policies under the Compliance Program are an afterthought or not very important to your career. In reality, the Company considers your actions under these policies to be significant indications of judgment and competence. As a matter of fact, they constitute an important element in your evaluation for position assignments and promotions. Any employee who disregards these policies is subject to appropriate disciplinary actions, possibly even discharge.

### *Hotline*

The Company offers the Hotline, a toll-free, confidential phone number where you can report any suspect behavior. The Hotline is operated by Global Compliance, a firm unaffiliated with the Company. The purpose of the Hotline is to encourage you to report Compliance Incidents. Calls to the Hotline may be placed anonymously and will be treated confidentially. If you need assistance and would like a return call from a senior official in the Compliance Program, leave your name and number in your message.

### *Patient Care*

Only medically necessary services may be provided to patients we serve. Decisions about the referral of patients for services must be based on quality of care factors and the needs and preferences of the patient. Our primary focus is high quality patient care and doing what is right for the patient.

### *Billing*

Accuracy is imperative in all aspects of health care, from providing the appropriate medical treatment to providing accurate billing. You should have the educational skills and tools to process bills correctly. If at any time you are uncomfortable or unsure about billing procedures, notify your supervisor at once.

The Company bills only for services rendered, and all bills must comply with billing requirements of the payor whether for government-sponsored programs or a private payor. Employees must be thorough and accurate on any written or oral report made to any government agency or other payor. Deliberately inaccurate reports to government agencies or other payors may expose an employee to civil and criminal penalties, as well as termination of employment and loss of benefits.

### *No Payments for Patient Referrals; No Prohibited Arrangements with Physicians*

No employee shall pay or receive anything for patient referrals. Likewise, no employee shall pay or receive anything for recommending, or for purchasing, goods or services to be used by the Company. In general, always use caution in transactions that involve people or institutions which refer patients to your facility. The Legal Department must review every agreement with any referral source prior to its execution.

This is a very important restriction in our industry. If we do not follow this policy, we will make headlines – and not in a positive manner. The Company will comply with anti-fraud and abuse laws and other laws pertaining to Medicare, Medicaid and other federal programs.

You must know and follow the laws governing Medicare, Medicaid and other federal health programs. These laws prohibit making payments or giving other gifts or perks in return for the referral of Medicare or Medicaid patients or to induce someone to purchase goods or services to be paid for by Medicare or Medicaid. They also prohibit making false claims for Medicare or Medicaid reimbursement. If you have any questions about the specific laws, call the Company's Compliance Officer or Legal Department.

### *Business Conduct*

Simply said, use good judgment and high ethical standards in all your business dealings. Conduct yourself with honesty, fairness and integrity. Treat others as you wish to be treated.

### *Conflict of Interest*

Employees must avoid actions that involve, or may appear to involve, a conflict of interest with their obligations to the Company. In other words, your first priority is the Company. If you have been asked, for instance, to consult on a competing project for a competitor, even if the work is to be done after hours, this is considered a conflict of interest. You should avoid conflicts of interest whenever possible and disclose them promptly to the Compliance Officer, if you cannot avoid the conflict.

- **Personal activity** - You may not earn any money as a result of your position with the Company apart from our compensation/benefit programs. You should not become involved in non-Company related interests, which interfere with your ability to do your job, either because of the time involved or the nature of the activity. A conflict of interest exists if your activities or personal interests appear to or might influence the business decisions required by your responsibilities, are detrimental to the business of the Company, or result in an improper or illegal gain for you or someone close to you (e.g. spouse, parents, brothers, sisters or children).
- **Competitors** - Employees should not hold a significant financial interest in, serve as a director or officer of, receive compensation from, or provide consultation or other services to suppliers of the Company and its facilities, or competitors of the Company, without the written consent of the Compliance Officer or the CEO.
- **Suppliers** - If you have received gifts or discounts from suppliers that are not available to all Company employees, you should wonder why. Is it because the supplier wants to win the Company's business based on factors other than quality, price and timing? Maybe the gifts are intended to influence decision-making. The only way to avoid the appearance of impropriety is by declining gifts from suppliers. Discounts that are available to all Company employees may be accepted.

### *Proprietary Company Information*

Proprietary or confidential information developed or acquired by the Company and not generally available to others is a valuable asset of the Company. It is your job to safeguard it; it must remain confidential, and be protected against theft, loss or improper disclosure. You should not discuss, disclose or permit the disclosure of proprietary Company information to any competitor of the Company or to any person who might be in a position to disclose such matters to competitors. Use discretion and good judgment even when discussing any such information with other employees. Share confidential information on a "need-to-know" basis. This obligation to maintain the confidentiality of proprietary Company information continues to apply even after you leave the Company.

### *Company Property*

Do not use Company property for personal reasons. The Company's assets, such as equipment and office supplies, must not be taken from Company facilities without permission from a supervisor.

### *Financial Records*

Make sure that any financial records accurately reflect the financial transactions in question. The Company has issued accounting policies to ensure that all financial activities are recorded in accordance with generally accepted accounting principles and that financial information is fairly stated. The Company's books and records should never include false or misleading information and must conform to accepted accounting principles and Company accounting policies.

- All funds and/or assets must be recorded and disclosed.
- All payments must be for the purpose stated, and all transactions must be executed in accordance with management's authorization.
- All reports submitted to governmental authorities must be properly made.

### *Compliance with Antitrust Laws*

Under the antitrust laws, certain agreements, whether written or oral, with competitors, customers or others may constitute crimes and result in severe penalties if they produce an unreasonable restraint of trade or a substantial lessening of competition. You should pay particularly close attention to exclusive buying or selling agreements, mergers and acquisitions, and requests that you share confidential information. It is better to be safe than sorry. If you are asked to conduct routine communications with competitors and it could be perceived as decreasing competition, it should take place only after consultation with legal counsel. Antitrust law is one area that definitely requires expert legal guidance; contact the Legal Department or the Compliance Officer.

### *Insider Trading*

While working for the Company, employees may learn material, non-public information about Select Medical or another company or facility. This “inside” information includes any financial, technical or other information about Select Medical or another company or facility, which is not known to the public and about which you may become aware in the course of your employment.

Employees must not buy or sell Select Medical securities, directly or indirectly, while they have material, inside information; nor should they communicate such information to others. Select Medical employees also must not trade in the securities of another company on the basis of material, undisclosed information obtained while employed by Select Medical, or communicate such information to others for that purpose.

To promote compliance with the securities laws, employees and their families should view all their transactions in Select Medical securities as investment decisions and not speculation. In-and-out trading of Select Medical securities for brief periods is discouraged. To avoid any appearance that employees are speculating in Select Medical securities, it is Company policy that no director, officer or other employee should engage in short sales or “sales against the box” of any of its securities.

Likewise, no director, officer or other employee should purchase or sell puts or calls on Select Medical securities or otherwise trade in or write options in Select Medical securities. The sale of stock to be acquired pursuant to a Select Medical stock option plan prior to the date of exercise of the option would be considered a short sale and is against Company policy. There are additional and more restrictive rules on this subject for the Company’s directors and executive officers.

### *Customer Gifts*

You must not provide gifts, loans or other benefits to a customer or potential customer. Why? This action may be looked upon as an improper attempt to obtain sales or beneficial arrangements from the customer. To show your appreciation, here are acceptable gift guidelines: (1) the monetary value must be modest; (2) it must be part of a marketing, educational or other ordinary business activity; and (3) it must not violate any applicable law. Acceptable gifts could include occasional business meals or promotional items of limited value.

### *Payments or Gifts to Government Officials*

You may not make payments to government officials to secure sales or obtain favorable treatment. Gifts of substantial value or extravagant entertainment of government officials or employees are prohibited. You also cannot use corporate funds to contribute to a political party, committee, organization or candidate. Of course, you may contribute personally of your own funds, but these contributions should be on a voluntary, personal basis, and, obviously, they will not be reimbursed by the Company.

### *Equal Employment Opportunity*

No person may be discriminated against concerning recruitment, employment, promotion, termination of employment or any other term or condition of employment because of such person's race, color, creed, religion, age, disability, handicap, national origin, ancestry or marital status, or any other factor prohibited by federal, state or local law. No employee of the Company shall engage in any type of conduct whatsoever that could be construed as sexual harassment or other illegal harassment.

### *Safety and Health*

The Company and its employees must comply with all federal, state and local health and safety laws and regulations affecting workplace health and safety, including the rules and regulations of the Occupational Safety and Health Administration (OSHA).

### *Advertising and Marketing*

Employees should market and advertise services and products fairly, honestly and in a non-deceptive manner, stressing their value and merits. Do not misrepresent the Company's products and services; do not use disparaging comments or unfairly undermine the products and services of a competitor.

### *Government Requests*

It is the Company's policy to cooperate fully with reasonable requests from any governmental agencies concerning operations. First of all, do not panic. The fact that a law enforcement agent requests information does not mean a crime has been committed or even that the agency has concluded a crime was committed.

If law enforcement agents contact you directly, remember:

- (1) you have the right to speak or decline to speak; All conversation by you is entirely voluntary;
- (2) you have the right to speak to an attorney before deciding to be interviewed;
- (3) you can insist that if you agree to be interviewed, an attorney will be present;
- (4) you have the right to decide where and when you will be interviewed; and
- (5) if you agree to be interviewed, you must be truthful in all your answers.

In order to avoid disruption in the workplace and to coordinate the investigative process, we request that you advise the Legal Department or the Compliance Officer immediately of any requests for information made to you outside the ordinary scope of routine reports regularly made to government authorities.

### *Compliance with Environmental Laws*

It is not just about littering. It is about your health; it is about our future. We are committed to sound environmental practices that prevent damage to the environment and enhance human and community resources. In addition, with your help, these precautions also reduce and avoid exposure to environmental risks. If you detect an existing or potential condition hazardous to human health or to the environment, report the condition immediately to your supervisor.

The sooner you tell someone, the sooner we can fix the problem. Allow the problem to persist, and it may become more difficult to fix. This also helps assure that such events do not happen again. For example, employees with responsibility for the proper handling and disposal of hazardous substances, such as infectious waste, should handle disposal of these substances properly and should also make sure that contractors hired to dispose of such materials do so in a proper manner.

*Working Ethically Works Best*

**Hot Line**  
**1-888-823-8945**

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