

Bluegrass Oakwood, Inc.

Personnel Policies

Adopted

March 2013

TABLE OF CONTENTS

	PAGE
I GENERAL INFORMATION	2
II DEFINITIONS	3
III CLASSIFICATION/COMPENSATION PLAN	5
IV APPOINTMENTS AND EMPLOYMENT POLICIES	11
V TEMPORARY PERIOD	16
VI SEPARATIONS AND DISCIPLINARY ACTION	18
VII GRIEVANCES AND APPEALS	22
VIII EMPLOYEE BENEFITS	24
IX SERVICE REGULATIONS	38
X APPENDIX A	51
XI APPENDIX B	53
XII APPENDIX C	65
XIII APPENDIX D	67

I

GENERAL INFORMATION

The Personnel Rules, Regulations, and Policies stated herein have been adopted by the Board of Directors of Bluegrass Oakwood, Inc, and are applicable to all employees.

While maintaining a degree of flexibility is essential, it is just as essential to work within the framework of an established system in order to provide for standardization and maximum utilization of personnel and financial resources with respect to efficiency and economy of operation. Therefore, the policies stated herein are subject to change at the sole discretion of the Board of Directors. Employees transitioned from State Government positions November 1, 2006, should refer to the Personnel Transition plan for additional information regarding fringe benefits.

These personnel policies should not be construed as, and do not constitute, a contract of any kind. Further, these policies do not imply or guarantee continued employment for any specific duration. Although it is hoped that employment with Bluegrass Oakwood, Inc., will be long-term, either the employee or the employer, Bluegrass Oakwood, Inc., may terminate the employment relationship at any time in accordance with these policies.

Further information and procedural details concerning the policies herein can be reviewed at the corporate website, www.bluegrass.org-employee information. Forms and applications for various benefits and employee requests can be found on the "X" drive, Human Resources Forms.

II

DEFINITIONS

A. **Bluegrass Oakwood, Inc. (Facility)**

The Bluegrass Regional Mental Health-Mental Retardation Board, Inc., is a private non-profit organization providing outpatient mental health services, programs for the mentally retarded and substances services in 17 counties of the Bluegrass. The Board also manages Bluegrass Regional Psychiatric Services (Eastern State Hospital) an inpatient psychiatric hospital in Lexington and Bluegrass Oakwood, an MRDD residential community in Somerset. The Board of Directors is the governing body for all 3 companies and may have up to 40 (forty) volunteer members.

B. **Class**

A group of positions sufficiently similar as to duties performed, scope of discretion and responsibility, minimum requirements of training, experience or skill, and such other characteristics that the same title and the same schedule of compensation have been applied to each position in the group.

C. **Employee**

A person appointed to a position for which he/she is compensated.

1. Full Time Employee - An individual appointed to a position who works at least thirty-seven and one half (37 1/2) hours per week.
2. Part Time Employee - An individual who works less than thirty-seven and one half (37 1/2) hours per week.
3. Provisional Employee – An individual appointed to a position for a specified period of time, or on an on-call basis, or to a position so designated wherein status may not be conferred upon, nor fringe benefits accrue to, the incumbent.
4. Temporary Appointed Employee - An individual appointed to a position for a period of time on a temporary or trial basis not to exceed nine (9) months. Certain fringe benefits may be accrued for a temporary appointment employee.
5. Regular Employee - An individual who has completed a temporary period may be considered for regular status and benefits or an individual who has successfully completed a psychiatric performance review period (MD, Psychiatrist, ARNP).

D. Position

An office of employment (whether temporary, part time or full time, provisional or regular, occupied or vacant) involving duties requiring the services of one person.

E. Psychiatric Performance Review Period

Appointments to MD, Psychiatrist, or ARNP positions require a specific review period of one (1) year

F. Status

The acquisition of tenure with all rights and privileges appertaining thereunto and as identified in these policies after satisfactory completion of a temporary period.

G. Regional Office

The Corporate Executive Administrative Offices of the Facility, located in Lexington, Kentucky.

H. Facility Department Head

An individual with management and supervisory responsibilities over a Facility department or services.

I. Supervisor

Immediate supervisor of record.

J. Facility Director

The top executive of the Facility reporting to the Corporate President and CEO.

K. President and CEO

The President and CEO of the organization.

III

CLASSIFICATION/COMPENSATION PLAN

A. Classification Plan - General

Bluegrass Oakwood Inc, has a classification plan which includes for each position: a title, description of duties and responsibilities, essential functions, core competencies, physical requirements, and minimum qualification requirements relating to education and experience.

Every position shall be assigned to the appropriate classification prior to any administrative action being taken on appointments, reclassifications, promotions, transfers, pay grade changes, or any other type of personnel or position actions.

Positions which require the performance of similar duties and responsibilities, scope of discretion exercised, and minimum qualification requirements will be assigned to the same classification.

New positions will be assigned to existing classes whenever possible. If no existing classification is suitable to properly classify a position, a position description outlining the duties and responsibilities and minimum qualification requirements of the new position may be submitted to the Human Resources Department along with the request to establish a new classification.

B. Class Specifications

Class specifications are descriptive and explanatory. They are designed to indicate the kinds of positions which should be allocated to each class. Specifications do not contain an exhaustive list of every duty which an employee might be required to perform while serving in a specific position classification. Specifications are not to be construed as limiting or modifying the authority of the supervisor or the Department Head or the President and CEO to revise, eliminate, or otherwise change the duties or responsibilities of employees under their direction. Class specifications may be supplemented by a competency-based position description which will further identify job specific essential functions.

C. Compensation Plan - General

Bluegrass Oakwood has a compensation plan providing salary ranges for all positions listed in the classification plan with salary levels assigned to each class of position depending upon the total complexities and functions of the position as outlined in the classification plan. Salary ranges are established depending upon the relative level of duties and responsibilities of various classes, current salary rates in other sectors of employment, state and federal wage and hour laws and the financial resources of Bluegrass Oakwood, Inc.

D. Salary Schedule - General

The salary schedule is divided into pay grades with steps in each grade. Effort shall be exercised to appoint individuals at the first step of a pay grade leaving the other steps for lateral advancement which is concomitant to satisfactory performance and tenure.

There are, however, circumstances which necessitate the employment of individuals in-step. In these cases, the candidate must possess qualifications of education and experience in excess of the minimum requirements as listed on the appropriate job specification.

E. Position Actions and Salary Advancements

Salaries may be advanced as a result of several possibilities. All salary advancements shall be based upon individual evaluation and no salary advancement will be deemed automatic.

1. Reclassification

When a permanent and material change of the duties and responsibilities of a position occurs, the position may be reclassified. Position reclassifications do not occur solely as a result of an increase in workload of a position or the gaining of expertise by the incumbent. These may be contributing factors, however, the overriding factor will be an increase in the scope of discretion exercised by the incumbent resulting from an increase in the responsibility of the position.

An employee who is advanced to a higher pay grade as a result of a position reclassification shall receive a salary increase of 5% or to the minimum of the new pay grade if applicable.

2. Reallocation

When it is determined that a position has been incorrectly assigned to a classification and there have been no substantial changes in the duties and responsibilities of the position, it may be reallocated either upward or downward to a proper level. If a position is reallocated, the affected employee will be entitled to serve therein with the corresponding status held prior to the reallocation.

An employee who is advanced to a higher pay grade as a result of a position reallocation shall receive a salary increase to at least the lowest step of the salary range for the class which will provide an increase over the salary received prior to advancement.

3. Promotion

As vacancies occur throughout the Facility, the positions may be filled either through employment of qualified applicants or through promotion of qualified candidates presently employed by the Facility. A promotion constitutes advancing an employee from a position having a lower salary range to a position with a higher salary range that encompasses a greater degree of discretion and responsibility.

When filling a vacancy through promotion, all eligible candidates shall be given consideration. It is encouraged that vacancies be filled through promotion of present employees whenever possible.

An employee who is promoted shall receive a salary increase to at least the minimum step of the pay grade applicable to the new position that is assumed. When fixing a salary as a result of a promotion, the individual's new salary will be determined by a comparison of the individual's qualifications (with respect to the requirements applicable to the class to which assignment will be made) and the salary rate of other employees assigned to the same class.

4. Demotion

A change in rank of an employee from a position in one class to a position in another class having a lower minimum salary and requiring less discretion or responsibility is a demotion.

An employee may be demoted due to reorganization or for cause. An employee must be presented with the reason(s) for demotion in writing at least two weeks prior to the demotion.

If, for personal or other reasons, an employee requests a demotion, such action may be recommended at the discretion of the Facility Director.

An employee who is demoted shall have a salary placement at the corresponding step of the lower pay grade as that held prior to the demotion.

5. Transfer

The movement of an employee (whether voluntary or involuntary) from one position to another having the same salary range and the same level of responsibility is a lateral transfer.

Employees may be transferred upon request, at the discretion of the Facility Director upon written approval of the President and CEO; or for cause. If the Facility Director, upon approval of the President and CEO, feels an employee would be utilized in a more efficient and effective manner at a different work

station, the employee may be transferred after giving the employee two weeks notification in writing. Notice is intended for long range, ongoing changes of duties or work station. Notice is not required for temporary assignment of day to day shift changes or other staff changes that may be required to adequately and safely operate the Facility.

An employee who is transferred shall receive the same salary or hourly rate that was paid prior to the transfer.

6. Pay Grade Change

Whenever it is determined that the pay grade for a class of positions is inadequate, a new salary range may be made applicable. Persons employed in that class at the effective date of the adjustment may have their salaries increased to at least the minimum step of the new pay grade. In adjusting salaries as a result of a pay grade change, all employees affected by the adjustment shall be afforded equitable treatment.

7. Increment

Employees may be considered for a salary advancement on an annual basis.

8. Annual Increment

Annual increments are considered by the Board of Directors each year following the close of the fiscal year financials. Employees are eligible for consideration of a salary advancement following completion of twelve months continuous satisfactory service since last receiving a salary increase. The award of an increment will require completion of the competency evaluation and a recommendation to the President and CEO by the Supervisor, Department Head and Facility Director as to the employee's satisfactory work performance during the entire evaluation period.

F. Increment Dates

1. Increment dates will be established or advanced when:

- a. An employee first enters service.
- b. An employee receives a salary increase as a result of a promotion.
- c. An employee receives a salary increase as a result of a reclassification.
- d. An employee going on leave without pay shall result in the postponement of the employee's receiving an increment one day for each day on said leave.

- e. An eligible employee may receive a salary increase no sooner than nine (9) months and no more frequent than one (1) year thereafter.
 - f. An employee appointed to a Psychiatric Review Period may be eligible for an initial salary increase after one (1) year of employment and no more frequent than one (1) year thereafter.
2. Increment dates will not change when:
- a. An employee's class receives a pay grade change.
 - b. An employee receives an increase as a result of a position reallocation.
 - c. An employee is transferred.
 - d. An employee is demoted.
3. Increment dates are:
- a. Advanced one year (12 months) when an employee receives a promotion, reclassification, or successfully completes a temporary period.
 - b. Advanced six (6) months when an employee is promoted to an entry level RN or LPN classification.

G. Overtime

In the event that employees "covered" under the Fair Labor Standards Act (FLSA) of 1938, as amended, are required to work more than forty (40) hours in one work week, they shall be compensated in accordance with the provisions of Part 778 of the same Act.

Covered (non-exempt) employees are allowed to work no more than thirty seven and one-half (37.5) hours during a work week unless specifically approved for additional hours by their supervisor. All hours worked must be reported on the bi-weekly time/travel report. Hours worked in excess of forty (40) will be compensated at the rate of time and one half the regular rate of pay for covered employees. Covered employees may elect to use compensatory time if taken during the same work week as the accrual of overtime hours. Compensatory leave must be pre-approved by supervisor.

Each seven day work week stands alone when addressing the issue of overtime. Full time employees must work five, seven and one-half (7 1/2) days each week. Any exceptions require authorization from the Supervisor.

Since the nature of the work of the professional employee is such that they are expected to give time to the work at hand without consideration of remuneration of overtime,

professional employees shall not be paid for overtime work. These employees are referred to as "exempt," meaning exempt from the FLSA overtime rule. However, with prior approval of the immediate supervisor and Department Head, compensatory leave for work performed under special circumstances, such as work on holidays, may be authorized.

For exempt employees compensatory time must be taken within the last two (2) preceding pay periods of accrual (28 to 42 days) and requires prior approval of the immediate supervisor.

H. Shift Differential

Employees assigned to work either second or third shifts or weekends in approved classifications, will receive an hourly shift differential in accordance with the following:

1. The extraordinary shift must be the employees regularly assigned shift; or
2. The employee is covering an extraordinary shift for another employee.
3. Shift differential will be made applicable for shifts beginning after 3:00 p.m.
4. Only those employees with pre-approval in writing from the Facility Director and the President and CEO may record shift differential on a time sheet.

IV

APPOINTMENTS AND EMPLOYMENT POLICIES

A. Staff Selection

It is the aim of Bluegrass Oakwood to build in Kentucky an outstanding Facility. To do this, a top-flight professional staff, supported by highly skilled and dedicated service personnel, must be assembled in a positive working environment which brings out the best in each.

The keystone in achieving this aim is the selection of staff members. Not only must the prospective employee possess the knowledge, abilities, and attitudes which meet our needs, but also the candidate must find in our programs, personnel, and policies, the ingredients of a challenge that will constitute maximum incentive and job satisfaction. All job openings shall be made known to the staff. To this end, a list of open positions will be posted in the Human Resources Department. In addition, vacancies are posted on the Bluegrass Oakwood website, and available on the network drive; and routinely advertised in local newspapers throughout the Region, and all listings for job openings are shared with local employment offices.

Bluegrass Oakwood employees must have the character, attitudes, and personality that will hasten their acceptance by the community and enable them to perform effectively within the limitations of community standards and customs.

B. Employment Opportunity

The Board is committed to the education and enforcement of all regulations regarding the prohibition of discrimination including all EEOC, OFCCP and the ADA regulations.

Opportunity for employment with the Facility or any of its other services shall be open to any person, who, on the basis of merit, is qualified for the desired position. Applications shall be considered and persons will be appointed, promoted, demoted, or dismissed without regard to race, sex, religion, national or ethnic origin, political or religious opinions and affiliations, age, handicap, disability, sexual orientation, gender identity, or U.S. military status. In addition, we are committed to affirmative action that will enhance recruitment and opportunities for minorities and female applicants.

C. Employment Procedures and Responsibilities

1. Employment

To make the greatest use of the accumulated experience and wisdom of our management team in evaluating prospective employees, it is important to have each

candidate interviewed by at least those supervisors and managers in the candidate's "chain of command." Furthermore, to insure the most competent evaluation of an applicant's capabilities, it is advisable that the immediate work supervisor and the Department Head collaborate closely on an applicant's suitability before a final offer of employment is made by the Facility Director and approved by the President and CEO.

A careful reference check shall be made into the background of any applicant under active consideration of employment. At least three (3) professional references must be secured and verified before a candidate can be recommended for employment. If a candidate has been gainfully employed with the same employer for at least ten (10) consecutive years, then two (2) professional references will be sufficient. A positive determination shall be made of professional qualifications of any applicant and all credentials shall be verified.

All offers of employment may be made only upon completion of the full selection procedure, completion of all documentation, and following approval of the President and CEO.

2. Ongoing Responsibilities

In addition to expectations regarding satisfactory job performance, it is important and expected that staff will fulfill full licensure/credentialing/training requirements for which they are eligible consistent with education and experience. If state licensure testing is involved or required, the employee is responsible for all test fees and renewal fees.

An employee will be expected to complete full licensure at first eligibility following completion of required supervision and experience hours. Failure of a licensure exam may be cause for demotion or change in job assignment. Noncompliance with obtaining licensure may be grounds for termination of employment or loss of the privilege of Board sponsored clinical supervision.

It is also critical for the organization that staff meet their assigned effort and quality targets. Failure to do so may result in disciplinary action up to and including termination of employment.

D. Pre-Employment Requirements

The following special requirements should be discussed with applicants (as they might apply to the position) at the time of completing the application for employment. All applicants will be asked to complete a drug screening test prior to any offer of employment. All testing will be at the Facility's expense and done at an independent testing laboratory. Positive drug screens may terminate the employment process.

All applicants must authorize Bluegrass Oakwood, Inc. to complete a criminal records check prior to offer of employment. This process is conducted by the Administrative Office of the Courts, the Kentucky Nurse Abuse Registry, the Cabinet for Families and Children, Adult Protective Services, and a Nationwide Criminal and Sex Offender background check at the Facility's expense. The results of the background check will be shared with the applicant/employee and will be evaluated/reviewed for suitability for continued employment. Applicants for positions responsible for resident payments or other cash related functions will have a pre-employment credit check completed by the Human Resources Department prior to a recommendation for appointment. The credit check is done at the Facility's expense by an independent service bureau.

Other staff may be subject to pre-employment or periodic criminal records and background checks depending on payor requirements, licensing requirements, special legislative requirements or position, or at the Facility's discretion.

E. Appointment Letters/Agreements

Employees shall receive appointment letters which will include job classification, description, starting hourly or salary rate, effective date of employment, and other specific conditions relating to the individual's employment. The candidate must sign the appointment letter indicating an understanding of the conditions of employment and acknowledging receipt of personnel policies.

In addition to the appointment letter, employees will be asked to sign a statement of understanding or agreement to assure confidentiality, drug free workplace, and code of ethics. This agreement will become a part of the permanent personnel record.

F. Interview Expenses

With the pre-approval of the President and CEO, reasonable and actual interview, and travel expenses for professional applicants will be paid. Agreement on limits shall be made in advance.

G. Employment of Relatives

Nepotism

The Board shall not offer employment to immediate family members of active voting members of the Board of Directors. The Board shall not offer employment to individuals at a unit or program where the individual has an immediate family member currently in treatment or receiving service. The Human Resources Office will review any request for internal transfers of current staff that might result in direct management (supervisor) over an immediate family member or situations involving current employees becoming immediate family members post-employment. The Board may approve an alternate supervisory structure as necessary.

For the purposes of this policy an immediate family member is defined in KRS 11A.010(4). “Family” means spouse and children, as well as a person who is related to an employee as any of the following, whether by blood or adoption: parent, brother, sister, grandparent, grandchild, father-in-law, mother-in-law, brother-in-law, sister-in-law, son-in-law, daughter-in-law, stepfather, stepmother, stepson, stepdaughter, stepbrother, stepsister, half brother, half sister.

Personal Relationships

The Board does not wish to intrude on the reasonable privacy expectations of employees and contractors but close personal relationships (immediate family members and similar close personal relationships) resulting in direct supervisor/subordinate relationship of individuals may cause conflicts of interest and appearances of impropriety. In addition, personal conflicts may impact the working relationship of all parties. The Board desires to avoid misunderstandings, complaints of favoritism, claims of sexual harassment, and dissension that may result from close personal relationships amongst employees.

Any Board employee involved in a personal relationship with an employee under their direct supervision must report the relationship to the Human Resources Department. An assessment of implications for the workplace will occur and arrangements made to ensure that employment-related decisions are made in an appropriate and unbiased setting. Reporting the relationship will not adversely affect the employee but failure to report may result in disciplinary action. If the relationship involves an executive employee (President/CEO, Vice President, Chief Officer, or Facility Director) the Director of Human Resources will report the relationship to the Chairman of the Board and the HR Committee Chair immediately. The HR Committee will be informed and review the relationship at its next regularly scheduled meeting to be held no later than 31 days following disclosure of the relationship. The nature of the relationship and any recommended action will be relayed in Executive Session to the Full Board at the next regularly scheduled meeting.

In addition, the President/CEO is required to disclose personal relationships to the Board when proposing to enter into service and consulting contracts with those persons.

H. Provisional Appointment

Provisional appointments can be made upon receiving prior approval from the President and CEO. Provisional employees receive no fringe benefits, are not eligible for salary advancements, and are not eligible for other rights and privileges outlined in these policies. Time served as a provisional employee shall not count toward status unless the individual employee is appointed to a regular position at the expiration of the provisional assignment.

I. Part-Time Appointment

The appointment of an individual to a part-time position (less than 37.5 hours per week) shall constitute a part-time appointment. Part-time employees must work at least 24 hours per week (100 hours per month) to be eligible for fringe benefits.

J. Temporary Appointment

A temporary appointment involves the initial appointment of an employee to a temporary position.

K. Re-employment

Consideration for re-employment at Bluegrass Oakwood Inc, is at the sole discretion of the Board. An employee who has been terminated will not be considered for re-employment if the termination was due to:

1. Discharge for cause.
2. Leaving without proper notice.
3. Failure to meet standards in job performance, including time and attendance record.
4. Failure to receive a positive recommendation from previous supervisor(s) or Human Resources.

V

TEMPORARY PERIOD

A. Temporary Appointment Period Defined

An initial temporary appointment may be used to demonstrate and determine that the appointment to a particular position was appropriate and the employee may be considered for a status change if it is reasonably expected to continue successfully and if an appropriate vacancy exists. No appointment to regular status is deemed automatic nor is a recommendation for retention related solely to the presence or absence of disciplinary actions.

The length of the temporary appointment period shall not exceed (9) months. During the temporary period, the employee's supervisor shall provide a detailed assessment in writing of the employee's performance with a recommendation for retention, dismissal, or job transfer. This recommendation shall be made on the basis of a full assessment of the employee's performance and the potential for professional growth. If dismissal is recommended and approved, the employee will receive applicable notice as required under Section VI, C, Step 4.

Other clinical professionals from the fields of social work and psychology (or others that function under a temporary permission to practice as applicable or who were notified at hire of such expectation) must obtain full licensure in minimum amount of time designated by applicable licensure board.

B. Psychiatric Review Period Defined

For physicians, psychiatrists, and advanced registered nurse practitioners, the successful completion of the psychiatric review period will be contingent upon the overall performance and completion and award of full clinical privileges.

C. Disciplinary Actions for Temporary Appointed and Psychiatric Review Period Employees

If a temporary employee's or an employee appointed to a Psychiatric Review Period, performance becomes unsatisfactory at any time, the immediate supervisor shall counsel the employee in an oral interview as to expectations for improvement or may make an overall recommendation for dismissal or job transfer as described in Section A above. Further problems or instances of unsatisfactory performance may be communicated in writing to the employee. This notification will serve as a written reprimand and will be

final warning for expected improvement. Following the receipt of a written warning while in a temporary or Psychiatric Review Period position, termination shall be recommended for any additional performance problems. Serious infractions or violations of Facility Policy will be addressed according to Section VI, Item C, Step 3, (2).

A supervisor may choose to recommend an extension of the temporary or Psychiatric Review Period at any time prior to conclusion of the temporary period for an additional two (2) months. This action must be approved by the President and CEO.

If, during probation, an employee's performance in a position to which the employee has been promoted becomes unsatisfactory, said employee shall be demoted to a position similar to that which was held prior to promotion.

VI

SEPARATIONS AND DISCIPLINARY ACTIONS

A. Voluntary Separation

Professional and administrative employees (exempt) will be required to give notice in writing of intention to leave not later than four weeks in advance of their separation date. If less notice is given and the employee has accrued annual leave, the employee will, at the discretion of the President and CEO, lose one day of vacation pay for each day less than the required four weeks.

Paraprofessional and supportive staff (non-exempt) will be required to give written notice no less than two weeks in advance of their separation date. If less notice is given and the employee has accrued annual leave, the employee will, at the discretion of the President and CEO, lose one day of vacation pay for each day less than the required two weeks.

It is expected that all employees will work the full notice period, and that annual leave and sick leave will not be requested during the final weeks of required notice. It is also expected that all paperwork and medical records will be completed or updated as necessary prior to termination.

Any eligible employee will be entitled to pay in lieu of vacation in accordance with policy VIII, C, if the employee leaves with proper notice and is at the work location on the last official work day.

B. Reduction in Force/Reorganization

When a reduction in force is required and approved by the Board and President/CEO, a class of positions or any affected group of employees will be reviewed for retention. Reductions may occur across the entire organization and/or only within affected groups. Retention will be assessed according to a layoff plan and with regard to: work performance – both quality and effort, teamwork, attitude, support of the Board's mission, and productive contributions to the organization. Employees affected by the reduction in force/reorganization will receive four weeks written notice.

C. Disciplinary Actions/Involuntary Separations

The following progressive disciplinary steps will be utilized in circumstances where an employee has demonstrated unsatisfactory job performance; excessive absenteeism; or other time and attendance problems; disruptive conduct; or other misconduct or related offenses. In situations where offenses are considered highly excessive or in disregard for the employer, or a policy violation, or requires investigation as described in Step 3, Item

2 of this section, the progressive steps may be bypassed. The system is designed to provide feedback and support, communicate expectations, and provide for discussion, while giving opportunity for improvement. An employee's refusal to participate in any step of the process may result in a forfeiture of the step and implementation of the next step.

Step 1. Oral Warning - The immediate supervisor shall notify the employee, in a private interview session, that a violation or performance problem exists. The purpose of the interview will be to call the offense to the employee's attention, hear the employee's view, discuss possible solutions, and to explain what behaviors are expected and penalties for further offenses. The immediate supervisor shall keep a record of oral warnings. The record shall include:

1. Description of problem or violation.
2. Date of the interview.
3. Summary of the discussion.
4. A time frame for improvement.

Step 2. Written Warning - A written warning may be issued if the employee fails to improve as directed in the oral warning, or if further offenses (of the same or different nature) occur following an oral warning. The written warning shall be a formal memo which includes:

1. Review of oral warning, if applicable.
2. Description of problem or violation.
3. Outline of discipline that will follow continued violation.
4. Description of steps for employee to remedy the problem.
5. Define time frame for improvement.

The formal written warning shall be reviewed in an interview with the employee, the immediate supervisor and the Department Head. The employee should acknowledge the warning by signing and dating the file copy. All written warnings will become a part of the permanent personnel record. After a period of one year, if no other problems have been documented, the employee may request that the warning be removed from the record. All requests should be forwarded to the supervisor and must be approved by the President and CEO.

All actions beyond the written warning require recommendation of Facility Director and prior approval of the President and CEO.

Step 3. Disciplinary Suspension

1. Suspension up to 3 days - An employee may be suspended without pay for repeated instances (three or more within one year) of unsatisfactory or unacceptable performance as documented in the offending employee's personnel record. This

suspension cannot exceed 3 working days. Additional problems or continued unsatisfactory performance following a 3 day suspension (up to 1 year thereafter) may result in a recommendation for termination.

2. Suspension/Investigation up to 10 days - Alleged violation of Facility policy or Service Regulations as defined in Section IX, felony or misdemeanor convictions, or other legal matters that cause concern for the safety, well being, or general care of a client, Board Members, and/or staff, or any other actions deemed harmful to the programs or residents of the Facility including failure to meet job expectations or poor judgment of such a serious nature that an investigation of the incident(s) must be conducted, may require suspension as an immediate step to discipline. Under these serious conditions, progressive Steps 1, 2, and 3, (1), may be by-passed. A suspension of this nature can be for a period of time not to exceed 10 working days during which time a thorough investigation/inquiry may be necessary. An investigation shall include an interview with the employee, supervisor, Department Head, Human Resource Officer, and others related to the incident(s). Disciplinary suspension will be time off without pay. If vindicated, the employee shall be reinstated with full back pay and no loss of tenure. If allegations are substantiated, or partially substantiated, the employee may be dismissed, or at the discretion of the President and CEO, may return to work at the conclusion of 10 day suspension (no back pay) under “disciplinary final warning status.” Employees who return to work under this condition must function for one full year without disciplinary warnings or actions of any nature. The first instance of necessary disciplinary action will result in termination of employment.
3. Pending Legal Matters – Under situations where an employee is charged with a crime (misdemeanor or felony) outside of work and not part of their scope of job duties for actions that cause concern for the safety, well being, or general care of a client, Board Members, and/or staff or deemed harmful to the programs of Board, or poor judgment of a serious nature, staff may be granted time off from work. During this time staff are not allowed to work, however, they may use any annual leave they have accrued up to 192 hours. If the charge(s) is/are not dismissed and/or resolved before the employee exhausts their current annual leave or the 192 hours maximum, then if deemed appropriate the President and CEO may grant the employee a leave of absence not to exceed 12 months. (Refer to Section 8 Employee Benefits, part J (Leave of Absence), page 29). If employee is convicted, whether by plea, jury or otherwise, of the charged crime(s), cause for suspension and then termination of employment under personnel policy Section VI, Separations and Disciplinary Actions, part C (Disciplinary Actions/Involuntary Separations, step 3 (2) and 4 may be appropriate.
4. Notice of Involuntary Termination - An employee may be given notice of termination, upon approval of Facility Director and President and CEO provided that progressive Steps 1, 2, and 3 have been followed and documented, or appropriately bypassed as described herein. Four weeks written notice shall be given to professional employees and two weeks written notice to paraprofessional and supportive employees. Salary

may be paid in lieu of notice, when, in judgment of the President and CEO, it is wiser that the termination be effective immediately. Employees terminated under the conditions of Step 3, (2) are not entitled to notice nor salary in lieu of notice.

Employees may appeal disciplinary actions through the normal grievance procedures.

VII

GRIEVANCES AND APPEALS

A. Grievances

The channel for resolving grievances shall be through the employee's immediate supervisor, Department Head, Facility Director, and President and CEO. A grievance may be filed in response to formal disciplinary action taken against an employee or other action or circumstances that negatively impact upon the employee's ability to perform the duties of their position as defined by the Board of Directors. Directives from supervisors related to the definition and scope of a position or of an individual's responsibilities or limitations within a position do not necessarily meet the criteria for a legitimate grievance. It is anticipated that grievances shall usually be resolved by the employee's immediate supervisor. Grievances shall be submitted to the supervisor in writing and should state the remedies sought to resolve the grievance.

A grievance must be filed by an employee to the immediate supervisor and Department Head within ten (10) working days of the event or circumstance that prompts the grievance. In the event that a grievance cannot be resolved by the immediate supervisor or Department Head within ten working days, subsequent recourse for the employee is to submit this grievance to the Facility Director no later than five (5) working days following the decision of the Department Head or supervisor. The Facility Director shall investigate and respond to the grievance within five (5) working days. If not resolved, the employee may request an appeal to the President and CEO no later than five working days following the Facility Director response. The President and CEO shall direct the Human Resource Director to investigate the grievance and report the findings, in writing. If the President and CEO does not resolve the grievance within five working days, the employee may request an appeal to the Human Resources Committee no later than five working days following the President and CEO's response. After appropriate study and consultation, the Human Resources Committee of the Board shall make its recommendation to the Executive Committee. Aggrieved employees have the right to appear before the individual or body hearing the grievance to state their views and hear any charges leveled against them.

B. Board Human Resources Committee

The Board Human Resources Committee is composed of at least 20 percent of the total membership of the Regional Board.

The objective of this Committee is to recommend fiscally sound personnel policies and salary schedules for consideration of the Board that will be conducive to the recruitment and retention of a highly qualified and motivated staff.

The Board Human Resources Committee also acts as an appeals board to resolve employee grievances. This committee may at its discretion appoint a hearing officer in lieu of the full committee membership to act on its behalf and to issue a full report to the Executive Committee of the Board.

VIII

EMPLOYEE BENEFITS

A. General

All eligible employees are offered an outstanding package of fringe benefits. Provisional employees and part time employees who work less than twenty-four hours per week are not eligible for benefits including holiday pay.

B. Holidays

Full time non-provisional employees and part time employees who work at least twenty-four hours per week are eligible for holiday pay. Part time employees will receive holiday pay on a prorated basis.

The following holidays are recognized at the Facility and all eligible employees will be granted leave with pay on the appropriate dates.

New Years Eve	December 31st
New Years Day	January 1st
Martin Luther King, Jr., Day	Third Monday in January
Memorial Day	Last Monday in May
Independence Day	July 4 th
Labor Day	First Monday in September
Veteran's Day	November 11th
Thanksgiving Day	Variable
Day after Thanksgiving	Variable
Christmas Eve	December 24th
Christmas Day	December 25 th
Good Friday(½ day)	Variable

When a holiday falls on a Sunday, the following Monday (in the case of Christmas, and New Year's, both Monday and Tuesday) will be observed as the holiday. When a holiday falls on a Saturday, the preceding Friday (in the case of Christmas, and New Year's both Thursday and Friday) will be observed as the holiday.

Bluegrass Oakwood observes holidays amounting to 11.5 days of paid leave annually.

Employees covered by the overtime provisions of the Fair Labor Standards Act who work on a holiday may receive seven and one-half (7 1/2) hours holiday pay in addition to their regular pay, or may take the holiday at a later date at the discretion of the Department Head. If holiday pay in addition to regular pay is chosen, the employee must

code hours to work time as well as hours to holiday time (03) on the bi-weekly time/travel sheet.

Employees exempt from the provisions of the Fair Labor Standards Act who work on a holiday may take the holiday at a later date during the calendar year, with the exception of the Thanksgiving and Christmas and New Years holidays, which must be taken by the end of March of the upcoming year.

C. Annual Leave

All eligible employees are entitled to annual vacation leave after six (6) months of consecutive employment. Vacations are to be arranged at times that are most convenient for the Facility, although an employee's preference will be given due consideration. Schedules will be arranged by immediate supervisors and approved by the Department Head in order to provide for adequate personnel to meet the workloads of the Facility.

Annual Leave accrued will be earned according to years of service as follows:

0-4 years of service	12 days per year	(3.46 hrs. per pay period)
5-9 years of service	15 days per year	(4.33 hrs. per pay period)
10-14 years of service	18 days per year	(5.19 hrs. per pay period)
*15 years of service and over	20 days per year	(5.77 hrs. per pay period)

***State employees appointed as part of the transition on November 1, 2006, will be allowed to accrue up to the limits of schedule in transition document.**

Although vacation days may be accumulated, no more than 240 hours of accumulated leave may be carried forward from one calendar year to the next. At time of separation, no employee may receive compensation beyond twenty-four (24) days of accumulated time (180 hours).

Part-time eligible employees earn vacation on a prorated basis.

D. Annual Leave Conversion

If at the end of a calendar year (post transition year) an eligible employee has accumulated more than 240 hours in annual leave, the excess of 240 hours may be converted to sick leave. The amount that may be converted will be equal to the amount of annual leave the employee has taken during the year, up to a maximum of eighty (80) hours.

E. Sick Leave

All eligible employees are entitled to sick leave. Sick leave is accrued at the rate of one day per month (3.46 hours per pay period). Part time eligible employees earn sick leave credit on a prorated basis. There is no maximum amount of sick leave that an employee

may accumulate. In the case of sickness beyond one's accumulated annual leave and sick leave credits, the President and CEO will determine the matter on an individual basis, and the employee may make application to the sick leave bank (according to policy provisions) after submitting a request for sick leave advance.

The accumulation of sick leave is encouraged to cover an extended illness or accident. In addition, accumulated sick leave may be utilized for maternity purposes. Accumulated sick leave, however, is not to be construed as earned time off with pay and may not be granted in this manner. Abuse of sick leave shall be grounds for disciplinary action.

Sick leave may be used in cases of critical illness or death of a member of the immediate family.

For members vested in the retirement system, unused sick leave may be credited at time of retirement toward KERS in accordance with the Retirement System's rules and regulations. Accrued sick leave is not paid out upon termination of employment.

F. Sick Leave Bank

It is recognized that employees may become ill or injured through no negligence of their own and, therefore, unable to perform their duties. In most cases, the employees will have accumulated sufficient leave time to cover necessary absences. However, situations may arise wherein the required time off is in excess of one's accumulated leave credits. The following sick leave bank policy has been developed to handle such situations.

Employees may voluntarily contribute excess sick leave hours on an anonymous basis to the sick leave bank. Contributions may not be earmarked for specific employees.

To be eligible to donate sick leave hours to the bank, the following conditions must be met:

1. The employee must have a sick leave balance in excess of eighty (80) hours.
2. The employee must retain a sick leave balance of not less than eighty (80) hours.
3. The employee must sign an agreement of understanding pertaining to potential reduction of retirement benefits.
4. The employee must sign a waiver of exclusive rights to any donated sick leave.
5. The employee cannot be retiring or otherwise planning to terminate employment.

To be eligible to receive sick leave hours from the bank, the following conditions must be met:

1. The employee must be eligible to accrue sick leave under the Facility's sick leave policy.
2. The employee must exhaust all annual leave, sick leave, and compensatory leave before making application to the sick leave bank.
3. The employee must have a documented illness or injury, unrelated to worker's compensation or any other payor who would assume responsibility for the loss of wages, in excess of three consecutive working days.
4. This policy is not intended for maternity purposes.

An eligible employee wishing to donate sick leave hours to the bank must complete a sick leave donor form. The sick leave donor form must be approved by the employee's supervisor, Facility Director and the President and CEO. An eligible employee may donate sick leave hours at any time, and as many times as the employee's sick leave balance allows, pending approval.

An eligible employee wishing to receive sick leave hours from the bank must complete a sick leave bank application form. The application form must be accompanied by certification from the attending physician indicating the illness or injury that will prohibit the employee from performing duties for a period in excess of three consecutive days. In the event that the employee is unable to make application on his own, the employee's supervisor may do so on the employee's behalf. The application with attached certification must be approved by the employee's supervisor, Facility Director and the President and CEO. The application must be received during the time of the illness or injury or no later than the fifth day after return to work. No application retroactive beyond this cutoff will be approved.

The maximum amount of sick leave that a donee may receive from the sick leave bank is 480 hours.

By maintaining the sick leave bank, the Facility is in no way, guaranteeing the availability of donated sick leave to any employee.

In the event that a balance in the bank is non-existent or insufficient to cover need, all staff will be notified. If no donations are received, the pending application(s) will be denied.

The decision of an employee to donate, or not to donate, will at no time have any impact on his employment status with the Facility.

The current authority of the President and CEO to advance up to 75 hours of sick leave based upon individual circumstances is in no way altered by the development of a sick leave bank.

G. Military Leave

Leave and Reinstatement Procedures are observed as required by federal/state law, and consistent with July 2006 State Government benefit revision/adoption, including spousal leave.

An employee who is an active member of the armed forces is eligible for military leave with pay to comply with orders to attend training or active duty for up to ten (10) working days in a federal fiscal year (October 1 through September 30). Military leave in excess of ten (10) working days will be leave without pay, unless the employee requests to use accrued annual leave.

An employee who receives orders to attend training duty or to report for active duty must submit a request for leave to the immediate supervisor with a copy of the order.

For more information regarding returning from an extended military leave (over 10 days), contact the Human Resources Department.

H. Voting Leave

Bluegrass Oakwood supports and encourages employees to exercise their right to vote in federal, state, or local elections. It is recommended when at all possible to vote before or after the scheduled shift. However, when this is not possible, employees are permitted to leave the Facility to vote for a maximum of 4 hours. Up to 2 hours of paid time (04 coded on the timesheet) will be allowed, if more time is needed the employee must use annual leave. When employee leaves the Facility to vote, the employee may return immediately to the shift. Voting time must be coordinated with the supervisor.

I. Blood Donations

Bluegrass Oakwood supports and encourages participation in blood or plasma donations. For convenience, most donations can be scheduled or coordinated on the grounds of the Facility and the time to donate can be coded as normal work time. An on campus blood drive will be scheduled at least two times per year. When an employee elects to leave the Facility to make a blood donation, annual leave time must be used and the time off scheduled in advance with approval from supervisor.

J. Jury Duty

When an employee is subpoenaed for jury duty or as a witness on behalf of the facility, the employee must notify the supervisor and update the supervisor as necessary. The employee will code the time as 04 on the bi-weekly time/travel sheet. A copy of the jury selection summons must be attached to the time sheet. Jury duty absences are not charged against any other form of leave.

K. Family/Medical Leave

The Board will grant family/medical leave for the reasons specified in the Federal Family and Medical Leave Act (FMLA). The reasons specified in the FMLA are: (1) birth of a child or placement of a child with the employee for adoption or foster care; (2) need to care for a parent, spouse, or child with a serious health condition; or (3) because of the employee's own serious health condition. (4) Military Family Medical Leave (26 weeks in a 12 month period to care for a covered service member with a serious illness or injury incurred in the line of duty on active duty); (5) Qualifying Exigency Leave (family members of National Guard or Reserve who are called to active duty in support of a contingency operation. Family members allowed 12 weeks to help manage affairs of military member.)

If any employee has worked for the Board for a minimum of 1250 hours in the past 12 months, the employee is eligible for family/medical leave. If the employee is eligible for family/medical leave, the employee is entitled to up to 12 weeks of leave in a 12 month period. **The 12 month period is measured forward from the date the employee's first FMLA leave begins. Accrued vacation and sick leave must be used prior to the use of leave without pay and will be considered as a part of the 12 weeks of leave available under this policy.**

To prepare for the employee's absence during family/medical leave, the Board requires a 30 day written notice of the employee's intention to take leave prior to the date leave is to begin. If, due to emergency or unforeseen circumstances, the employee is unable to provide such notice before taking leave, notice as soon as possible and practical is acceptable. At the end of family/medical leave, the employee will be returned to the position the employee held when leave began or will be given an equivalent position with like employment benefits, pay, and other terms and conditions of employment.

Requests for, and questions regarding FMLA should be directed to the Regional Human Resource Office.

L. Leave Without Pay/Leave of Absence

The President and CEO may grant, if deemed in the best interest of the Facility, special leave without pay (leave of absence) for a period not to exceed twelve months. Such leave would be for military, educational, medical or other such purposes. Leave without pay may also be granted employees for maternity purposes beyond one's accumulated leave credits. First consideration for open positions is given to those completing a leave of absence, however, absent specific legal requirements there shall be no requirement to reemploy such persons. Regular employees shall not be considered temporary upon return from leave of absence. The practice of time off without pay shall be discouraged and is not intended for casual absences or leave that would otherwise be for personal matters, i.e. vacation. At the discretion of the President and CEO, it can be allowed for emergencies, special events, etc.

Benefits such as annual leave and sick leave are not accrued while an employee is on leave without pay. In addition, other contributions/deductions such as retirement and health insurance will cease. Employees may choose to continue health insurance coverage under C.O.B.R.A. provisions.

M. Retirement

All eligible (non provisional and non temporary) employees who work an average of at least 100 hours per month must participate in the Kentucky Employees Retirement System (KERS or other retirement plan approved by the Board). As a participant in KERS, six percent (6%) (if hired after September 1, 2008) and five percent (5%) (if hired prior to September 1, 2008) of an employee's salary is deducted from individual earnings. The Board's contribution is mandated by State Legislation. An employee may inquire with the Human Resources Department regarding current employer contributions. The total amount is placed in the retirement system to the employee's credit.

For staff hired prior to September 1, 2008:

To be eligible to receive a retirement allowance, an employee must have at least 48 months of current service credit at age sixty-five (65). An employee may retire at age fifty-five (55), if fully vested, however, the benefit allowance will be reduced based on age and length of service unless the employee has twenty-seven (27) years of service, fifteen (15) of which are current. If an employee has twenty-seven (27) years of service credit, the employee may retire without regard to age.

For staff hired September 1, 2008 or after:

To be eligible to receive a retirement allowance, an employee must have at least 60 months of current service at age 65. If an employee is 57 years or older they may retire with no reduction in benefits if the members age and years of service equal 87. An employee may retire with a reduced benefit if 60 years or older with 120 months of service credit.

Should an employee resign before qualifying for retirement, all monies contributed by the employee will be refunded by KERS upon request.

Please visit KERS website at www.kyret.com for detailed information on retirement.

N. Tax Sheltered Annuities and Kentucky Deferred Compensation

The Internal Revenue Code provides that colleges, universities, and certain other non-profit organizations may place a portion of an employee's compensation in an annuity contract owned by the employee, and that this portion of compensation will not be taxed to the employee currently, but will be taxed, instead, as the individual receives it during

retirement. In addition, the State of Kentucky offers a program for deferred compensation.

An employee may elect to participate in these programs by notifying the Human Resources Department and by completing an agreement for salary reduction. The law places limitations on the amount of salary that can be applied on a tax deferred basis.

O. Insurance

1. Life Insurance

All eligible employees who work at least twenty-four (24) hours per week, receive a premium paid life insurance policy effective the first day of the month coinciding with or next following the date of employment.

The amount of insurance coverage will be in accordance with the table below:

**Note: Please refer to official life insurance policy for important information about benefit reduction after age 65. Only applies to staff hired on or after May 1, 2003.*

<u>If annual salary is:</u>	<u>Amount of Life Insurance</u>	<u>Principal Amount of Accidental Death or Dismemberment Benefit</u>
Less than \$5,000	\$ 8,000	\$ 8,000
\$ 5,000 but less than \$10,000	\$ 16,000	\$ 16,000
\$ 10,000 but less than \$15,000	\$ 24,000	\$ 24,000
\$ 15,000 but less than \$20,000	\$ 32,000	\$ 32,000
\$ 20,000 but less than \$25,000	\$ 40,000	\$ 40,000
\$ 25,000 but less than \$30,000	\$ 48,000	\$ 48,000
\$ 30,000 but less than \$35,000	\$ 56,000	\$ 56,000
\$ 35,000 but less than \$40,000	\$ 64,000	\$ 64,000
\$ 40,000 but less than \$45,000	\$ 72,000	\$ 72,000
\$ 45,000 but less than \$50,000	\$ 80,000	\$ 80,000
\$ 50,000 but less than \$55,000	\$ 88,000	\$ 88,000
\$ 55,000 but less than \$60,000	\$ 96,000	\$ 96,000
\$ 60,000 but less than \$65,000	\$104,000	\$104,000
\$ 65,000 but less than \$70,000	\$112,000	\$112,000
\$ 70,000 but less than \$75,000	\$120,000	\$120,000
\$ 75,000 but less than \$80,000	\$128,000	\$128,000
\$ 80,000 but less than \$85,000	\$136,000	\$136,000
\$ 85,000 but less than \$90,000	\$144,000	\$144,000
\$ 90,000 but less than \$95,000	\$152,000	\$152,000
\$ 95,000 but less than \$100,000	\$160,000	\$160,000
\$100,000 but less than \$105,000	\$168,000	\$168,000
\$105,000 but less than \$110,000	\$176,000	\$176,000
\$110,000 but less than \$115,000	\$184,000	\$184,000
\$115,000 but less than \$120,000	\$192,000	\$192,000
\$120,000 and over	\$200,000	\$200,000

The term "annual salary" means the basic annual salary rate exclusive of overtime or other forms of additional compensation.

If an employee's salary classification is changed, the insurance will be adjusted automatically to conform to the new salary classification and the adjustment will take effect on the day the change in salary classification is to be effective, except as follows:

- a. If the employee is not at active full time work on the day the adjustment would otherwise take effect, it will take effect on the day of return to active full time work.
- b. No change in salary classification will be effective retroactively.

It is important to keep beneficiary cards current and changes may be made at any time by completing a change of beneficiary card and forwarding to the Human Resources Department.

In the case of pending disability determination, employees should immediately contact the Human Resources Department about continuation/conversion of life insurance benefits.

2. Health Insurance

Eligible employees are given the option of participating in a group health insurance program. Following an initial appointment to employment, eligible employees have thirty (30) days from date of hire to enroll in a plan. Upon expiration of the 30-day time frame, subsequent enrollment may be made only during the open enrollment period (which occurs one time per calendar year). Changes to policies/coverage are not permitted outside the open enrollment period without a qualified change of family status. By participating in a group program, the rates are significantly lower than could be expected on an individual basis. In addition, the Facility pays a portion of the monthly premium. Supervisors will furnish pertinent information of a more detailed nature concerning this program. Employee contributions are made via payroll deduction. Waiting periods may apply to new hires for effective date and coverage

3. Dental Insurance

A group dental plan is available to eligible employees. The Facility does not contribute toward the cost of the monthly premium. Employee contributions are made via payroll deductions. Enrollment time frames and limitations are the same as for health insurance.

Dental coverage is available to part-time employees who work between 24-39 hours a week. Employees pay 100% of premium.

4. Supplemental Insurance

Eligible employees may participate in supplemental short term disability, term life insurance and universal life insurance on a voluntary basis. Premiums are made after tax via payroll deduction.

5. C.O.B.R.A.

The Consolidated Omnibus Budget Reconciliation Act of 1985 (C.O.B.R.A.) allows employees who have lost their health or dental insurance (under qualifying circumstances such as lay-offs, resignation, termination, or reduction of hours) to continue coverage under the employer's group rate for members and eligible dependents.

The employee is responsible for the entire premium under C.O.B.R.A. continuation coverage. The length of time that continuation coverage may be carried is determined by a number of events or circumstances, however, in general, the time period is 18-36 months from the qualifying event. Individuals/employees that are eligible for C.O.B.R.A. Continuation Coverage will be notified of said eligibility. The full C.O.B.R.A. law is available in the Human Resource Department for employee review.

6. Malpractice Insurance

The Facility provides group malpractice insurance to all staff for coverage of all Facility related activities.

7. Unemployment Insurance

All employees of Bluegrass Oakwood are covered under the provisions of the Kentucky Unemployment Insurance Law as amended.

8. Workers Compensation

All employees of the Facility are covered under the provision of the Kentucky Workers Compensation Act. Employees who are absent from work due to an eligible workers compensation claim and who receive "loss time wages" from the insurance company may "buy back" any annual leave or sick leave hours they may have used during the absence/injury period (unless the employee chose to take leave without pay).

P. Flexible Benefits and Flexible Spending Accounts

Eligible employees may elect to participate in Board administered/IRS Regulated, Section 125 Cafeteria Plan, or Flexible Benefit Program. This plan allows employees to make tax-exempt payroll contributions for expenses which are used for the payment of health and dental insurance premiums, general medical care, or dependent care. Medical care expenses and dependent care expenses can be contributed to flexible spending accounts, or if eligible, the employee may participate in Flexible Benefit Plan.

An employee may choose to contribute to one or both flexible spending accounts and reimbursements may be made to the employee once per month. Elections to participate are made only during open enrollment or during the initial appointment process. Changes to elections are not permitted outside open enrollment period without a change in family status.

While this plan allows considerable tax-savings for the employee, it is an IRS Regulated Plan with specific requirements and procedures for implementation. Employees who are interested in participating may request a benefit plan summary from the Human Resources Department.

Q. On-The-Job-Expenses

Employees will be reimbursed for reasonable and actual on-the-job expenses with prior approval of the supervisor or Facility Director and Human Resource Director. Out-of-state travel must be approved by the President and CEO.

Employees will be reimbursed according to Board approved mileage rates for use of their own cars.

In-state mileage expenses must be recorded on the bi-weekly time/travel sheet. Travel expenses require pre-approval. Expenses will be reimbursed according to allowable costs and with receipts. Mileage is reimbursement according to schedule.

Other types of expenses will be reimbursed on a monthly basis.

In order to receive reimbursement for expenses, an accounting of expenses must be submitted by the 10th of the month following the expenditure. Failure to do so shall result in forfeiture of said expenses.

R. Employee Assistance Program (EAP)

Employees and eligible dependents may seek outpatient services under the Regional Board's Employee Assistance Program subject to the following conditions:

1. Employees (and eligible family members) shall not be eligible for this benefit until successful completion of six (6) months consecutive service.
2. Eligible family members are spouses and dependent children. (Hereafter, the word "Employee" will be defined as the employee and/or eligible family member, where applicable.)
3. An employee may contact the Human Resources Department or immediate supervisor to arrange for Employee Assistance Services.
4. Employees shall furnish the Board with any required insurance information, and if applicable, insurance will be billed for each visit.
5. Acceptable medical record policies will be followed using pseudo names and numbers.
6. Eligible employees shall be allowed no more than a total of six (6) outpatient visits annually at no cost, with a fee for service, in accordance with the Board's fee schedule, being made applicable after the sixth (6th) visit.
7. Employees must use approved leave (annual or sick) or seek services after hours. Time off with pay (other than approved leave) shall not be authorized for EAP services.

S. Performance/Competency Evaluations

The performance of each employee of the Facility will be appraised periodically, and at least annually. The Human Resources Department shall provide evaluation forms to each major organizational unit. This form must be completed and discussed with the affected employee at the following times.

1. Prior to the completion of the temporary period in accordance with provisions outlined in Section V.
2. On the employee's anniversary date of employment and annually thereafter. Annual evaluation dates shall coincide with anniversary dates.
3. Prior to consideration for salary advancement as a result of reclassifications, promotions, or annual increments.

An employee will be asked to review the completed evaluation and to acknowledge by their signature.

T. Educational Assistance

Eligible employees may apply for educational assistance. The amount of the educational assistance award will vary depending upon budget and number of applications received. Eligible employees must have at least one year of full time service credit, a satisfactory performance evaluation for the most recent evaluation period, and work at least twenty-four (24) hours per week. The educational courses should be related to the employee's position at the Facility.

Employees who are notified of an award will be reimbursed tuition expenses, at the pre-approved amount, following submission of required verification of successful course completion.

All employees who have received educational assistance will be required to pay back, in service time, each credit hour that the Facility has financed. One month of service is equal to one credit hour. Pay back time may not be served while enrolled in additional courses which are also funded by educational assistance, however, upon completion of all Facility financed courses, the maximum pay back required will be one (1) year of service time. Those who leave employment with the Facility before completion of pay back service, will be required to refund the award.

U. Staff Development and Training

It is important in all professions to keep abreast of laws, rules and regulations, new treatment methods, etc., to maintain a high level of proficiency. The Facility has on-going in-service training programs that are geared to staff and resident needs.

Employees may also have the opportunity to attend workshops, conferences, and seminars that are directly related to their work at the Facility. Upon return from certain training activities or conferences, employees may be asked to share new information with other staff at management or Department meetings.

Some employees may be required to participate in Continuing Education to maintain a particular license or credential. It is the responsibility of each employee to insure that those credentials that are required by law or administrative regulations are kept current and in full compliance with all standards. In addition, due to the regulations of the state's professional licensure boards, employees may be required to complete certain licensure or certification or other training standards prior to the award of status as a regular employee. (See Section V - Temporary Period). The Human Resources Department will serve as an information contact point for mandatory trainings, upcoming events, training requirements, and worthwhile conferences and seminars.

All non-provisional employees are required to attend the first scheduled session of "New Employee Orientation" following the employee's appointment date.

It is essential that all Facility employees cooperate and comply with the various training requirements and skill development procedures necessary to assure adequate functioning

in the position. Failure to comply with training requirements or delinquent/expired training or certifications may result in disciplinary action.

V. Travel Reimbursement

Please refer to Attachment D.

IX SERVICE REGULATIONS

A. Resident Abuse or Neglect

The protection and safety of all residents of Bluegrass Oakwood, Inc., shall be a priority of all employees. Allegations of abuse or neglect will be promptly addressed according to disciplinary procedures Section VI, Item C (Disciplinary Actions/Involuntary Separations), Step 3 (Disciplinary Suspension) (2) suspension/ investigation up to 10 days. Every employee has a duty to promptly report instances of suspected abuse or neglect of residents.

B. Sexual Harassment

Sexual harassment is no longer considered by our society as a private matter that impacts upon an individual in only a personal matter. It is a form of discrimination prohibited by Title VII of the Civil Rights Act.

Bluegrass Oakwood, Inc. recognizes the serious nature of sexual harassment and explicitly forbids both verbal and physical forms of conduct of this nature. The acceptance of sexual advances is not a condition of employment, advancement, or access to special treatment in any form for any employee of this organization. Sexually derogatory or explicit remarks are recognized as offensive and totally intolerable.

Supervisory personnel must be sensitive to objectionable behavior and be prepared to take immediate action to remediate and report said behavior. Employees who are the object of forbidden conduct of this nature have an obligation to report their complaints.

A complaint may be filed through normal grievance procedures. Considering potential complications of this reporting mechanism, as well as the sensitive nature of such complaints, an employee may lodge a complaint directly to the Director of Human Resources. The Director of Human Resources is designated as the person to hear charges, investigate complaints, and recommend corrective action. The Human Resources Director must then report any findings to the President and CEO. If the matter is not resolved by the President and CEO in accordance with established grievance procedures, the employee may appeal to Human Resources Committee.

The Board's definition of sexual harassment coincides with the EEOC definition, and is stated as follows:

1. Submission to the conduct is made either an explicit or implicit term or condition of employment.

2. Submission to, or rejection of, the conduct is used as the basis for employment decisions affecting the person who did the submitting or rejecting.
3. The conduct has the purpose or effect of substantially interfering with an individual's work performance, or creating an intimidating, hostile, offensive work environment.

It must be stressed that employees must not tolerate any form of sexual harassment, and must feel free to lodge any complaint in good faith, without fear of reprisal. Complaints will be handled in a sensitive manner as expediently as possible.

While every effort will be made to fully investigate and resolve sexual harassment complaints, the Board prohibits claims that an employee knows are false, spurious, or made with intent to take revenge against, or otherwise harm a fellow employee. Employees who make such accusations, knowing that they are not justified by the facts, are subject to discipline up to and including discharge.

C. Workplace Violence Prevention Policy

Employees are our most valued asset. The strategic goal of Bluegrass is to protect the quality and safety of our employees' working environment. In that regard safety and security are of the utmost importance. To the extent reasonably possible, Bluegrass will provide a work environment where employees will not be subjected to acts of physical assault, disruptive behavior or threats of bodily harm while performing their duties, wherever those duties are performed. **There shall be zero tolerance of such threats or acts of violence.**

Bluegrass views aggressive and/or violent behavior as disruptive and contrary to the development and maintenance of a safe, productive and supportive work environment. Such behavior is not tolerated. Persons who exhibit such behavior will be held accountable under the policy and work rules, as well as local, state, and federal law.

All threats and acts of aggression or violent behavior should be taken seriously and addressed immediately. Such threats or acts include, but are not limited to:

- Verbal harassment; abusive or offensive language, disruptive behavior, gestures or other discourteous conduct toward employees, clients or visitors.
- Harming or threatening to harm any employee, client, visitor or guest.
- Disorderly conduct, such as shouting, throwing or pushing objects, punching walls, and slamming doors.
- Damaging or threatening to damage property or the property of any employee, client or visitor.
- Possessing any dangerous weapons or incendiary device on property.
- Engaging in stalking behavior of any employee.

All staff members are responsible for notifying their immediate supervisor or in the absence of their supervisor, another member of the management team, or Human Resources, of any threats they have witnessed, received, or have been told that another person has witnessed or received. Even without an actual threat, staff should also report any behavior they have witnessed which they regard as threatening or violent, when that behavior is job related.

Immediate action will be taken against any person who makes substantiated threats, exhibits threatening or disruptive behavior or engages in violent acts against employees, clients, visitors or other individuals while on Bluegrass property. Action will occur which may include but is not limited to, disciplinary actions, reassignment of job duties, suspension, termination and/or criminal prosecution of the person or persons involved.

This policy is not intended to police general vocabulary or expressions of frustrations that are not directed with intent to harm or threaten. General unprofessional conduct or vulgar comments will be addressed, but are not necessarily considered violent or threatening under the purposes of this policy.

D. Social Networking Policy

This policy applies to all employees of Bluegrass Regional MH-MR Board, Inc. who participate in what are known as social media or social networking technologies, whether for purely personal or business-related reasons. These technologies include, but are not limited to, blogs; wikis; RSS feeds; social networking sites, photo and video sharing sites, and content sharing or bookmarking sites. Social media creates new opportunities for communications and collaboration; it also creates new responsibilities for individuals. Posted material can, when matched with an identity or photograph, reflect not only on the individual, but also on that individual's employer, associates and profession. This policy is not meant to infringe on your personal interaction or commentary online, inasmuch as it does not pertain to Bluegrass Regional MH-MR Board, Inc. or create a negative image for Bluegrass, its employees, clients, vendors and other such parties. In general, Bluegrass views social networking sites, personal web sites, podcasts, wikis, and blogs (collectively "social media") positively and respects the right of employees to use them as a medium of self-expression. Bluegrass requires that employees observe the following guidelines, and by posting on any Bluegrass or personal social media site you agree to these terms:

- 1) You are responsible for what you post. Your online communications are public and permanent.
- 2) For non-business participation on social media sites, you must use a personal e-mail address and must not attribute to or imply that personal opinions or statements are endorsed or supported by Bluegrass.

- 3) Employees must not use social media to maliciously defame employees, clients or vendors of Bluegrass. Employees should comply with any applicable state and federal, trademark, trade secret, copyright and other intellectual property laws.
- 4) Employees must not use social media to harass, discriminate, bully or intimidate other employees or otherwise engage in conduct that is prohibited by Bluegrass policies.
- 5) Employees must not use social media to disclose any confidential or proprietary information of Bluegrass or its vendors, including financial information.
- 6) Employees must not post any information concerning clients including client images or any other information considered protected health information under HIPAA.
- 7) If a member of the news media contacts you about an Internet posting that concerns Bluegrass business, treat it as any other media inquiry, and refer that person to the President/CEO office.
- 8) Violation of this policy may result in disciplinary action up to and including termination.

DISCLAIMER: This policy will not be construed or applied in a manner that improperly interferes with employees' rights under Section 7 of the National Labor Relations Act (NLRA).

E. Supplementary Employment

1. General

Supplementary employment by a full-time employee is permissible only at the discretion of the President and CEO: (1) Wherein it does not interfere with the individual's professional activities as an employee of the Facility, and (2) wherein it enhances the professional growth of the employee or acceptance of the programs of the Facility, or (3) in the case of non-professional employment, wherein it does not inhibit or reflect unfavorably upon the programs of the Facility. If in the judgment of the President and CEO, supplementary employment by an employee fails to meet these conditions, the Facility Director shall discuss this with the employee in an effort to achieve compliance. Should the Facility Director fail to work out a satisfactory accommodation with the employee, he/she may ask the employee to resign. If the employee is resistant to this, the Facility Director may recommend dismissal for violation of established Facility policy.

2. Private Practice

Private practice will be an acceptable option for appropriately credentialed staff who have attained regular status with the Facility. All activity of private practices may be subject to periodic review by the President and CEO.

All employees requesting supplementary employment in private practice, and all who currently participate in private practice, are required to file application for approval and to sign the agreement of conditions. The application and agreement should be forwarded to the immediate supervisor for approval, then to Facility Director and finally to the President and CEO. The President and CEO will have final approval for all requests and standardized procedures for reviewing requests will apply region-wide.

The following will be issues related to denial of requests:

- a. The employee has a history of disciplinary problems or unethical conduct documented in his/her personnel record.
- b. An employee is not meeting minimum standards of performance for his/her position.
- c. Such supplementary employment would be denied if the employee were specifically competing with the Facility.
- d. All staff engaged in private practice must have an acceptable performance evaluation which must specifically address the impact of the employee's private practice on his/her performance as a Facility employee.

Grievances will be reviewed and administered through the normal grievance procedures defined in current Personnel Policies.

Any violation of the conditions of the agreement may result in disciplinary action.

F. Public Affairs

It is the responsibility of Board to set public affairs policy and to approve the public affairs programs in all Board Programs. The President and CEO is responsible for coordinating all staff public affairs in accordance with established policies and agreed upon programs.

All public contacts, including those with the news media, must be made through the President and CEO's Office when an employee is acting as a spokesperson or representative of Bluegrass Oakwood or its programs.

G. Political Activities

The Facility recognizes and respects the personal political rights, privileges, and duties of its staff members, and supports the right of all employees to their political beliefs so long as they conduct their political activities in such a way as not to claim or imply endorsement of their views or activities by the Facility, or do not by their actions inhibit community acceptance of Facility Programs.

H. Dual Relationship Policy

All staff members have a duty to report and to request approval for entering into a dual relationship with a resident. It is the basic policy of the Facility that dual relationships with residents pose a risk to the residents and a potential liability to the Facility and to the staff member, and is, therefore, discouraged. Special circumstances, however, may arise in which the residents' interests are not harmed but are advanced through such a relationship. In these cases where potential harm to staff, Bluegrass Oakwood, Inc., and the resident is deemed not to exist, approval may be granted to staff members requesting dual relationships with patients.

For purposes of this policy, the following definitions are provided:

1. Staff members: All Bluegrass Oakwood employees and contractors.
2. Dual relationship: A situation in which the staff member has a professional or agency role relationship with the resident and another relationship with the resident wherein there is personal gain or value to the staff member. In most instances, this term refers to relationships with residents that are formed after a professional relationship has been established. In addition, this policy prohibits the establishment of an employment relationship with individuals who are receiving treatment or services from the programs of the Facility currently, or have received services within the last six months. The establishment of a relationship where the Facility is both "employer" and "service provider" constitutes a dual relationship. The policy is not intended to address casual or pre-existing relationships in which there is no direct personal gain or value to the staff member, nor relationships developed in the Employee Assistance Program.

The following are examples of employee conduct which are considered unacceptable and unethical:

1. Entering into a romantic or sexual relationship with a resident.
2. Borrowing or accepting money from a resident.
3. Hiring or allowing a resident to perform work for the staff member's personal business, home or family, such as housekeeping, baby-sitting, yard work, etc.

The following are examples of conduct which would require a written report requesting approval and may or may not be acceptable employee behavior:

1. Lending money to a resident for an emergency need.
2. Engaging a resident to perform casual labor as part of a Board approved project (i.e. raising money for participation in a special event).
3. Bringing a resident into a staff member's home as a resident on an emergency basis.
4. Accepting gifts from a resident.
5. Relationship with a resident that is outside an employee's professional job responsibilities, during any non-compensated hours, or is not appropriate for documentation in the medical record.

The following are examples of conduct that would not be considered dual relationship matters and would not need to be reported:

1. Serving on a board of directors of another agency or community organization and providing services to a staff member of that board or agency.
2. Receiving a referral from a personal friend.
3. Providing services, according to policy, under the Board's Employee Assistance Program.

A staff member has a duty to report in writing to his/her Supervisor/Department Head and to the Facility Director any dual relationship with a resident. The Facility Director may, upon the staff member's request, recommend approval of the relationship to the President and CEO if the following conditions are satisfied:

1. A determination that the relationship does not exploit the resident in any way and will not pose an obstacle to the resident's treatment interest.
2. A determination that the resident could benefit from the relationship.
3. A determination that the liability risk to the Facility is minimal and is not beyond the risks associated with other Hospital interventions.
4. A determination that professional ethics are not being violated.
5. A determination that the resident's confidentiality interest is not being harmed.

I. Drug Free Workplace/Drug Screening and Testing

In accordance with Federal Drug Free Workplace Act of 1988, the unlawful manufacture, distribution, dispensing, possession or use of a controlled substance is prohibited in the workplace and in any capacity of service provision related to Facility programs or resident care. Any evidence of alcohol use or abuse is also prohibited in work situations. This includes reporting to work while under the influence of alcohol or other drugs. Violation of this policy will be subject to disciplinary action, up to and including termination of employment, and in accordance with Section VI, Item C (Disciplinary Actions/Involuntary Separations), Step 3 (Disciplinary Suspension) (2) suspension/investigation up to 10 days.

The Facility also has a policy to conduct pre-employment drug screening and screening for any employee who may show reasonable suspicious behavior to indicate potential drug/alcohol abuse or any instances of allegations of abuse or neglect. This policy is posted at all service sites and is included in these policies as Appendix A.

It is every employee's duty and responsibility to immediately notify the Human Resources Department of criminal activity, including actions related to criminal drug convictions, or violations occurring in the workplace.

J. Organizational Integrity and Compliance Plan

In order to assure effective standards for the continuation of fiscally responsible services and to implement and maintain employment practices and programs that comply with all applicable federal and state laws, the Board has adopted an Organizational Integrity and Compliance Plan that is applicable to all employees, contractors, and volunteers.

The Board will take steps to communicate effectively its standards and procedures to all employees by requiring participation in training programs and by dissemination of publications that explain the requirements. The organization will also utilize monitoring and auditing systems reasonably designed to detect criminal activity. Any employee or representative of the organization who has knowledge of facts concerning activities that he/she believes might violate the law has an obligation, promptly after learning such facts, to report the matter to his/her immediate supervisor or directly to the Board's Director of Compliance.

K. HIPAA

The Board will comply with all provisions of the Health Insurance Portability and Accountability Act. All staff will attend required training related to HIPAA. Any employee who has knowledge of facts concerning activities that may violate HIPAA or Privacy Rules should report these facts immediately to his/her supervisor or directly to the Privacy/Security Officer.

L. Bloodborne Pathogens: Exposure and Risk Reduction

There is a clear national problem related to occupational safety and health for employees exposed to bloodborne pathogens. The Occupational Safety and Health Administration (OSHA) has determined that certain employees may face a significant health risk as a result of occupational exposure to blood and other potentially infectious materials because they may contain bloodborne pathogens, including hepatitis B virus (HBV) and human immunodeficiency virus (HIV).

Exposure can be minimized or eliminated by utilizing work practice controls, personal protective clothing and equipment, training, HBV vaccination, surveillance, warning signs and other provisions.

All employees are required to receive a tuberculosis screen test at least annually and forward verification of test results to Human Resources. In addition, employees who have contracted a communicable disease shall not be permitted to provide services to resident until such time that the condition is determined not to be contagious. A qualified medical provider shall provide this documentation.

For detailed information please refer to the Facilities “Infection Control” policy and procedures manual and medical practices for infection control.

M. Professional Environment/Cultural Sensitivity

Bluegrass Oakwood is committed to providing a professional and appropriate work environment for all employees. All staff are expected to exhibit professional courtesy, respect, and appropriate workplace behavior. In addition, in an effort to promote cultural sensitivity, all employees will have an opportunity to participate in cultural diversity training to promote culture awareness and sensitivity. Direct Care Clinical employees also participate in client specific cultural diversity training to improve overall resident care.

N. Pay Periods

Employees are paid by direct deposit once every two weeks. Deposits are made to any bank of the employee’s choice. Official pay dates are every other Friday. If a pay date falls on an observed holiday, employees will be notified in advance of availability of direct deposit vouchers or paychecks and procedures. Pay vouchers will not be distributed before 3:00 p.m. on each pay day (1st and 2nd shifts) and not before 8:00 a.m. on pay day for 3rd shift.

O. Deductions

Federal, state, and local taxes, FICA, and retirement contributions, if applicable, are mandatory deductions and will be made automatically. Employees may elect to participate in programs such as medical insurance, tax deferred annuities, credit union, etc. - wherein deductions are authorized.

P. Working Hours

The work week begins at 12:01 A.M. Sunday and ends at midnight Saturday. Employees shall ordinarily work Monday through Friday, thirty seven and one half (37 1/2) hours per week. The Department Heads are responsible for establishing working hours that best facilitate the needs of their particular units.

Every effort should be made to always arrive at work on schedule. Should an employee be unable to report for work because of illness or other reasons, the supervisor must be contacted immediately regarding the circumstances surrounding the absence prior to the beginning of the scheduled workday. When an employee is absent or late for work a hardship is created for fellow employees. Repeated instances of unexcused absences or tardiness or abuse of sick leave will result in disciplinary action according to provisions in Section VI.

Q. Computer Use Policy

This policy was developed to maximize the benefits of the Board's computer resources and minimize potential liability. Please refer to Appendix C.

R. Revisions

This document, with approved policies and service regulations is approved by the Board of Directors.

Any changes made to this publication document will be announced to all employees via email. Updated document can be viewed by all employees on website.

S. Business Ethics Policy

Purpose

Bluegrass.org employees will maintain the highest ethical standards in the conduct of bluegrass.org affairs. Intent of this policy is that each employee will conduct bluegrass.org's business with integrity and comply with all applicable laws in a manner that excludes considerations of personal advantage or gain.

The following is a summary of bluegrass.org's policy with respect to (1) gifts, favors, entertainment and payments given or received by bluegrass.org employees, (2) potential conflicts of interest and (3) certain other matters:

Application

A. Gifts, Favors, and Payments by Bluegrass.org: Gifts, favors, and payments may be given to others at bluegrass.org expense, if they meet all of the following criteria:

1. They are consistent with accepted business practices
2. They are of sufficiently limited value and in a form that will not be construed as a bribe or payoff
3. They are not in violation of applicable law and generally accepted ethical standards; and
4. Public disclosure of the facts will not damage the reputation of bluegrass.org

Payments or other compensation to or for the benefit of employees of business associates not required by written contract are contrary to bluegrass.org policy.

B. Gifts, Favors, Entertainment and Payments Received by Bluegrass.org Employees:

1. Employees shall not seek or accept for themselves or others any gifts, favors, entertainment, or payments without a legitimate business purpose from any persons or business organizations that do or seek to do business with or is a competitor of bluegrass.org. In the application of this policy:
 - a. Employees may accept common courtesies usually associated with customary business practices. These include but are not limited to:
 - Lunch and/or dinner with business associates if the invitation is extended by the associate.
 - Gifts of small value from business associates such as calendars, pens, promotional products, etc.
 - Tickets to events (such as sports, arts, etc.) are acceptable if offered by the business associate. These are not to be solicited by the employee and must be reported to the Corporate Compliance Officer.
 - Overnight outings are acceptable under the condition that the employee and the third party business associate are in attendance. The employee must have prior approval from the President/CEO.
 - Gifts of perishable items usually given for a holiday such as hams, cookies, nuts, etc., are acceptable.
 - Day outings (such as golf, fishing, etc.) are acceptable with prior approval from the President/CEO.

- b. It is never permissible to accept gift cards, cash or cash equivalent from business associates.
 - c. Use of business associate facilities (vacation homes, etc.) by employees is prohibited.
2. Management employees should not accept gifts from those under their supervision of more than limited value.

C. Conflicts of Interest:

Bluegrass.org employees should avoid any situation which involves or may involve a conflict between their personal interest and the interest of bluegrass.org. As in all other facets of their duties, employees dealing with customers, suppliers, contractors, competitors or any person doing or seeking to do business with bluegrass.org are to act in the best interest of bluegrass.org. Each employee shall make prompt and full disclosure in writing to the Corporate Compliance Officer of any potential situation which may involve a conflict of interest. Such conflicts include but are not limited to:

1. Ownership by employee or by a member of their family of a significant interest in any outside enterprise which does or seeks to do business with or is a competitor of bluegrass.org.
2. Serving as a director, officer, partner, consultant, or in a managerial or technical capacity with an outside enterprise which does or is seeking to do business with or is a competitor of bluegrass.org. Exceptions to this can be approved by the President/CEO.
3. Acting as a broker, finder, go-between or otherwise for the benefit of a third party in transactions involving or potentially involving bluegrass.org or its interests.
4. Any other arrangements or circumstances, including family or other personal relationships, which might dissuade the employee from acting in the best interest of bluegrass.org.

D. Confidential Information:

The revelation or use of any confidential product information, data on decisions, plans, or any other information which might be contrary to the interest of bluegrass.org without prior authorization, is prohibited. The misuse, unauthorized access to, or mishandling of confidential information, particularly personnel information, is strictly prohibited and will subject an employee to the discipline policy up to and including termination.

E. Compliance:

Any violation of this policy will subject the employee to disciplinary action up to and including termination. Any bluegrass.org employee having knowledge of any violation

of the policy shall promptly report such violation to the Corporate Compliance Officer. When questions arise concerning any aspect of this policy, contact the Regional Human Resources Department.

X

APPENDIX A

BLUEGRASS OAKWOOD, INC.

DEPARTMENT:	Human Resources	EFFECTIVE DATE:	11/1/06
TITLE:	Employee Drug Screening & Testing Drugs, Narcotics, Alcohol		

PURPOSE: To ensure that the Facility fulfills its legal responsibility and management obligation to provide a safe work environment for all employees as well as to protect the well being of our patients by ensuring employees are free from drug dependence, illegal drug use, and alcohol/drug abuse.

POLICY: The Facility prohibits the use, sale, dispensing, or possession of illegal drugs and narcotics on Facility premises or in other work situations or locations. The same prohibition exists concerning the consumption of alcoholic beverages during work situations. Prescription drug abuse or use which results in impairment on the job will also be within the scope of this policy.

SCOPE: Organization-wide/All programs.

PROCEDURE:

1. New Employees

- A. Following the satisfactory completion of the normal applicant screening process, but prior to final approval by the President and CEO, all individuals who have been identified for potential employment will be requested to submit to a drug/alcohol screen. The applicant will be required to execute an “Informed Consent and Release of Liability” authorizing the Facility and/or its designated certified laboratory to perform the screen, to receive the results of the screen, and to disseminate the results to representatives who are immediately involved in the selection process.
- B. All pre-employment applicants will be notified of the screening results. A positive drug/alcohol screen may terminate the employment process.

2. Incumbent Personnel

- A. The illegal use, sale, possession or dispensing of drugs, narcotics, or alcohol while on work premises or reporting to work under the influence of any of these substances will result in immediate disciplinary action up to and including discharge.
- B. A supervisor may request, with prior approval of the President and CEO, a drug test when there is documented “reasonable suspicion” that an employee is impaired or

incapable of performing assigned duties, as shown by factors including, but not limited to, avoidance of supervisors, reduced productivity, high absenteeism, or other behaviors that may indicate impaired functioning or that are inconsistent with previous performance. The evidence will be presented to the Director of Human Resources. Contents of the documentation will be made available to the employee. The employee will leave the work premises until such time as test results are obtained and communicated.

- C. Any employee who has been directed by a physician to take a prescription drug that may adversely affect or impair performance on the job must report that circumstance to the immediate supervisor along with acceptable medical documentation. A determination will then be made through the Human Resources Department as to whether the effects of the drug or narcotic pose a potential safety risk and/or may impair the employee's efficiency and effectiveness. Reasonable accommodations will be made where indicated and necessary.
- D. All supervisors will insure that their subordinates are aware that confidential counseling for drug or alcohol dependence problems is available according to Facility policy via the hospital's EAP Program and referrals for treatment and arrangements for leaves of absence, where appropriate, will be coordinated through the Human Resources Department.

3. Other Testing Procedures

- A. All testing will be planned and reviewed with and approved by the President and CEO. All testing will be at the Facility's expense.
- B. Prior to testing, the employee in question will be requested to execute an "Informed Consent and Release of Liability" authorizing the Facility to proceed with the test, to receive the test results, and to disseminate those results among personnel who have a need to know including, but not limited to, the President and CEO, the Facility Director, the Vice President of Human Resources, and the employee's immediate supervisor.
- C. Screen results will be kept in strict confidence together with other medical information that is to be maintained separate from the individual's personnel file.
- D. An employee who voluntarily admits to illegal usage of drugs or narcotics prior to drug screen scheduling or testing shall be given the opportunity to enroll in and complete a rehabilitation program or alcohol or drug treatment program.
- E. Refusals by an employee to take a drug screen or to follow this policy may be grounds for discipline and may result in termination.

XI

Appendix B



Bluegrass Regional Mental Health-Mental Retardation Board, Inc.
Bluegrass Regional Psychiatric Services, Inc.
Bluegrass Oakwood, Inc.
Bluegrass New Directions, Inc.

Organizational Integrity and Compliance Plan

ORGANIZATIONAL INTEGRITY and COMPLIANCE PLAN

WHEREAS, as a tax-exempt organization that participates in the Medicare and Medicaid Program, and as an independent contractor of various other services with the Commonwealth of Kentucky and the Federal Government, providing services as a Community Mental Health Center as mandated by KRS 210.370-460, inpatient services via a management agreement with the Cabinet for Health Services effective September 1, 1995, an ICFMR facility via a management agreement with the Cabinet for Health Services effective November 1, 2006, the Bluegrass Regional Mental Health - Mental Retardation Board, Inc. and its related sub-corporations must comply with a number of federal and state laws and regulations and must adhere to the standards promulgated by various private accreditation bodies; and

WHEREAS, it is the continuing desire of the Board to provide care at a reasonable cost to all clients and to promote the mental health of people in the community served by this organization; and

WHEREAS, we recognize our responsibility to serve the Kentucky indigent population with Kentucky State General Funds, and to serve as good fiscal managers to ensure the continued growth and success of our programs through Organizational Integrity and Compliance; and

WHEREAS, the Board has determined that this organization shall not be able to provide needed services to its clients and the community if it does not comply with all applicable federal and state laws, regulations, and private accreditation body standards;

NOW THEREFORE, this Board hereby adopts the following Organizational Integrity and Compliance Plan. This plan, in conjunction with the Board's policies and procedures, outline Bluegrass' expectations for this organization and its related sub-corporations regarding compliance with all applicable state and federal laws. The plan includes written standards of conduct that promote ethical behavior as well as various policies related to financial controls to prevent, detect and remedy fraud, waste and abuse. Bluegrass encourages all employees, independent contractors, volunteers and students to be aware of the laws regarding fraud and abuse and false claims and to report issues so that Bluegrass may identify and make immediate remedies as appropriate.

SCOPE: All employees, independent contractors, volunteers and students of Bluegrass corporations and related corporations as noted on the face sheet of this plan ("Bluegrass").

PURPOSE: To establish an effective Code of Conduct that shall contribute to the fulfillment of the organization's mission while serving to increase the likelihood of early detection of any violation of relevant laws and regulations. This plan is intended to provide guidance to all employees, independent contractors, volunteers and students to ensure that their daily work is done in an ethical and legal manner. It applies to relationships with clients, affiliated professionals, third-party payers, subcontractors, independent contractors, vendors, consultants, community members at large, and one another. In accordance with the intent of Section 6032 of

the Deficit Reduction Act of 2005, this plan constitutes and incorporates Bluegrass' Code of Conduct, Conflict of Interest, and policies and procedures for detecting and preventing fraud, waste and abuse. Additional key components of the plan include training and a mechanism for employees, independent contractors, volunteers and students to report potential conflicts, unethical behavior or non-compliance with applicable laws, regulations or organizational policy, as well as a leadership team that fosters a positive and ethical culture of open communications.

Code of Conduct

The Organizational Integrity and Compliance Plan is Bluegrass' absolute commitment to high standards of ethics and compliance establishing a Code of Conduct. This commitment permeates all levels of the organization, including the Board of Directors. All Bluegrass Board members, employees, independent contractors, volunteers and students shall subscribe to Bluegrass' Code of Conduct, Ethical Principles and Ethical Standards, and Conflict of Interest standards. It is important that all employees, independent contractors, volunteers and students associated with Bluegrass (1) comply with the standards contained in the Organizational Integrity and Compliance Plan; (2) immediately report any suspected violations; and (3) assist, as needed, in investigating allegations of wrongdoing. While there shall be no retaliation allowed on those who raise issues, failure to observe the provisions of the plan and associated policies and procedures of Bluegrass can result in serious consequences to both the employee and Bluegrass in the form of termination, criminal charges and substantial monetary fines. *As an employee, independent contractor, volunteer and/or student of Bluegrass, I agree to:*

- Represent the interests of all people served by this organization and not favor special interests inside or outside the organization;
- Not use the organization or my employment with this Board for my own personal advantage or for the advantage of my friends or supporters;
- Respect the confidential nature of information associated with services and/or clients;
- Focus my efforts on the mission and goals of the organization;
- Abide by all policies and procedures approved by the President/CEO and the Board;
- Respect the individual rights of all clients.

Conflict of Interest

Employees do not advocate or recommend to the Board any service or product in which employees or their family member have a financial interest. Employees who are aware of Board contract for services or goods from businesses in which they or their family have a financial interest shall immediately inform the Board of their financial interest. All contractual agreements are reviewed for the potential of conflict of interest.

General Principles & Standards

1. It is the responsibility of every employee as a condition of employment to know about and adhere to the Organizational Integrity and Compliance Plan. All employees, independent contractors, volunteers and students must understand that it is their obligation to assure they

- are adequately educated to perform their jobs in full compliance with the law and organizational policies and procedures. A goal of these written standards is to prevent and detect fraud, waste and abuse in the provision of healthcare services to clients and in the payment or reimbursement of these services covered by Medicare, Medicaid, or public funds;
2. The standards of conduct described in this plan are intended to generally define the scope of conduct that employees, independent contractors, volunteers and students may encounter throughout their work day; however, not every situation can be addressed. Therefore, it is expected that all employees, independent contractors, volunteers and students shall use personal integrity, good judgment and common sense to meet the challenges of daily work by complying with all applicable federal, state, and local laws and regulations, as well as this organization's policies and procedures, including the Personnel Policies.
 3. No employee, independent contractor, volunteer or student has any authority to act contrary to the provision of the law or to authorize, direct, or condone violations offered by any other employee, independent contractor, volunteer or student;
 4. Any employee, independent contractor, volunteer or student of this organization who has knowledge of facts concerning this organization's activities that he or she believes might violate the law has an obligation, promptly after learning such facts, to report the matter to his or her immediate supervisor or Service Area Manager (SAM), the Chief Financial Officer (CFO), the President/Chief Executive Officer (CEO), or to the Corporate Compliance Officer (CCO). The CCO can be reached at (859) 253-1686 extension 585. Effective April 1, 2013, reports of concerns, anonymous or otherwise, may also be made by calling Bluegrass' Compliance Hotline at 1-855-727-8702. Bluegrass shall not, without just cause, discharge or in any manner discriminate or retaliate against any person who in good faith makes a report required or permitted by KRS 205.8451 to 205.8483, testifies, or is about to testify, in any proceeding with regard to any report or investigation;
 5. This organization shall take steps to communicate effectively its standards and procedures to all employees, independent contractors, volunteers and students by requiring participation in training programs and/or by dissemination of publications that explain in a practical manner what is required. (*Refer to the Employee Guidance Section within this document*). Every employee, independent contractor, volunteer and student shall have access to a copy of the Organizational Integrity and Compliance Plan upon hire and shall be asked to annually attest thereafter to continued adherence of our Code of Conduct and Conflict of Interest Standards. In addition, every Bluegrass site shall have access to organizational policies and procedures relating to compliance. These are made available on SharePoint. Training and/or dissemination of information shall include detailed information about the False Claims Act (FCA), Kentucky law pertaining to criminal penalties for false claims and statements, Federal and Kentucky whistleblower protections, The Anti-Kickback Statute, The Health Insurance Portability & Accountability Act of 1996 (HIPAA), The American Recovery and Reinvestment Act of 2009 (ARRA), The Health Information Technology for Economic & Clinical Health Act (HITECH), The Federal Deficit Reduction Act of 2005 (FDRA), and The Program Fraud Civil Remedies Act of 1986 (PFCRA);
 6. This organization shall take steps to achieve compliance with its standards by utilizing monitoring and auditing systems reasonably designed to detect criminal conduct by its employees, independent contractors, volunteers, and students and by having in place and publicizing a reporting system whereby employees, independent contractors, volunteers and students, can report criminal conduct by others within the organization without fear of

retribution. Reports should be made as outlined in item four above. Upon receiving a report of an alleged violation, the CCO shall initiate and coordinate a thorough investigation and may request, as appropriate, a review of the alleged violation by legal counsel and/or the internal Corporate Compliance Committee. The CCO coordinates the development of Bluegrass procedures as they relate to compliance and serves as the spokesperson for compliance matters, handling questions, suggestions, and complaints about the plan. The CCO directly reports all compliance reports and/or concerns to the Board of Directors through the Audit Finance Committee at least quarterly, or more often if necessary. The CCO and the internal Corporate Compliance Committee work jointly on compliance initiatives, corrective actions, and recommendations for improvement in the overall compliance program;

7. When the best course of action is unclear or if any employee, independent contractor, volunteer, student or affiliate observes a violation of standards, persons are urged to seek the guidance of or report the violations as outlined in item four above. All Bluegrass employees, independent contractors, volunteers and students have the responsibility to report any actions that they believe, in good faith, may violate the standards of conduct in this plan or damage public trust. It is Bluegrass' duty to protect those who report potential incidents of malfeasance. Employees, independent contractors, volunteers and students having knowledge of retribution or retaliation due to the reporting of malfeasance should promptly report the information to the CCO;
8. Failure to observe the provisions of this plan can result in serious consequences to an employee, independent contractor, volunteer or student, up to and including termination and criminal charges, and to the organization, up to and including criminal prosecution, substantial monetary fines, and the loss of organizational integrity. This Organizational Integrity and Compliance Plan shall be consistently enforced through appropriate disciplinary mechanisms, including, as appropriate, discipline of individuals who have knowledge of an offense and ignore it or otherwise fail to report it, as well as those individuals who actually committed or conducted an offense. Discipline shall adhere to the policies set forth in Bluegrass' official Personnel Policies and shall be case-specific; and
9. After an offense has been detected, this organization shall take all reasonable steps to respond appropriately to the offense and to prevent further similar offenses, including any necessary modifications to its program to prevent and detect violations of law and to make reimbursements as appropriate. As an organization, Bluegrass' accountability is then evidenced by:
 - Investigating and remedying identified systemic problems;
 - Taking disciplinary action against employees, independent contractors, volunteers and students who have violated internal compliance procedures or applicable laws or who have engaged in wrongdoing; and
 - Promoting and adhering to compliance as an element in evaluating all staff.

Corporate Commitments

This organization is a tax-exempt organization that is organized for the promotion of good mental health serving substance abusers and the intellectually and developmentally disabled who reside in its service area. In order to further its tax-exempt purposes, this organization, its Board, employees, independent contractors, volunteers, and students hereby express the following commitments:

1. To the community, this organization is committed to the promotion of good mental health serving substance abusers and the intellectually and developmentally disabled, and to using this organization's best efforts to satisfy the mental health needs of these individuals in the communities served while operating this organization in a fiscally responsible manner;
2. To its employees, independent contractors, volunteers, and students this organization shall implement and maintain employment practices and programs that comply with all applicable federal and state laws;
3. To its clients, this organization is committed to providing the highest quality of care, consistent with this organization's facilities and resources, which is responsive to client needs and complies with government laws and resources that govern the operation of a tax-exempt organization. This organization is also committed to maintaining accreditation by the Joint Commission and/or other such accreditation bodies as this organization may determine appropriate;
4. To third-party payers, both private and public, this organization is committed to submitting bills for services in a timely and accurate fashion and reporting all reimbursable costs to the Medicare and Medicaid program and to any other third party in a legally appropriate manner. Staff with administrative and/or clinical supervisory responsibilities are committed to ensuring case load numbers are appropriate and that only those services which are medically necessary are provided;
5. To its suppliers, this organization stresses a sense of responsibility that enables it to be a good customer. When this organization determines that it is in its best interest, or that it is dictated by the paying source, to utilize a competitive bidding process, this organization is committed to a fair and equitable bidding process; and
6. To all who do business with this organization, this organization shall conduct its business in a manner that is consistent with this organization's tax-exempt status and all other applicable laws and regulations.

Special Considerations/Tax Status

1. This organization is a not-for-profit entity that is exempt from federal taxation pursuant to section 501(c) (3) of the Internal Revenue Code. That tax-exempt status could be jeopardized if any of the tax-exempt benefits enjoyed by the organization inure to the benefit of certain private individuals. All board members, employees, independent contractors, volunteers, and students who associate with this organization must do so in a manner that is consistent with this organization's tax-exempt status;
2. This organization is exempt from federal taxation, in part, because it participates in the Medicare and Medicaid program and it operates an emergency crisis-line that is available 24 hours per day. The Internal Revenue Service (IRS) has stated that this organization's federal tax-exempt status might be jeopardized if this organization is excluded from participation in the Medicare and Medicaid program or is found to have not provided emergency treatment that is consistent with the Emergency Medical Treatment and Active Labor Act (EMTALA). Violations by employees, independent contractors, volunteers or students of any law or regulation governing the Medicare and Medicaid program, or the anti-referral provisions of any state or federal law (The Medicare and Medicaid Patient Protection Act of 1987, known as the "Anti-kickback Statute"), shall not be tolerated. In addition to the loss of federal tax exemption, violations of these laws might subject this organization and the employee or

persons involved to criminal prosecution and significant civil penalties. All new employees, independent contractors, volunteers and students are made aware of Bluegrass' Organizational Integrity and Compliance Plan which specifically includes proper Code of Conduct expectations and Conflicts of Interest guidelines upon hire and annually thereafter. Supervisors are to monitor whether employees or others under their direction receive adequate education of how these laws and regulations affect the employee's or others' duties and make each employee or other aware of this policy and his or her duty to report any suspected violations;

3. Political contributions and activities might also jeopardize this organization's federal tax-exempt status. No funds or assets, including the work time of any employee, independent contractor, volunteer or student shall be contributed, loaned, or made available directly or indirectly to any political party or to the campaign of any candidate for federal, state, or local office. Any involvement and participation in a political campaign by employees, independent contractors, volunteers or students must be made clear that comments or statements made are those of the individual and not of this organization; and
4. This organization is also exempt from certain state and local taxes, including but not limited to state income tax, state sales tax, and local real estate taxes. All employees, independent contractors, volunteers or students must make a good faith effort not to jeopardize this organization's exemption from state and local taxation.

Policy Implementation and Oversight

1. This organization's CCO is responsible for the oversight and implementation of this policy. The CCO office is located at the Regional Administrative Office at 1351 Newtown Pike, Lexington, Kentucky 40511-1272; 859/253-1686 extension 585. Each employee, independent contractor, volunteer, or student has a duty to report any suspected violations of any of these Standards to the CCO and/or their supervisor, SAM, CFO or CEO;
2. When the CCO, working in conjunction with the internal Corporate Compliance Committee, is made aware of a potential violation of these Standards, he/she may initiate and coordinate the investigation of such reported allegations of unethical or improper practices and subsequently report and recommend corrective action, if applicable, to the Audit Finance Committee of the Board;
3. Staff under the direction of the CFO shall review and disseminate to the Human Resources (HR) Department the monthly program exclusion listing by the Inspector General's Office that is published in the *Federal Register*. HR staff are responsible for ensuring proper notification is given to programs of the Board when an employee is identified on the exclusion list;
4. The CCO and CFO as appropriate shall regularly review and disseminate new statutes, regulations, pronouncements, or directives of the federal or state government, the government's fiscal intermediary, any third-party payers, or any hospital association or trade publication that might affect these Standards; and
5. The CCO shall work in conjunction with the Director of Information Systems and the CFO to establish ongoing financial audits specific to the business of the organization to allow early detection of errors or to prevent opportunity of fraud and abuse. Periodic reviews to monitor the accuracy of documentation, claims and other information reported to all payers, as well as compliance with applicable procedures and regulations shall be conducted by staff under the direction of the CFO. The CFO shall be responsible for and oversee the financial controls for

day to day compliance of this organization's financial policies and procedures and work with external auditors on the Annual External Audit and receive any suspected reports of wrongdoing from employees. This organization's Information System Department additionally employs automated checks for identifying inaccuracies within the billing system/processes. As appropriate, reports shall be made to the President/CEO to ensure Management and/or the Board is aware of audit results and of any problems that need corrective action.

How to Make a Report

Bluegrass requests, expects, and encourages board members, employees, independent contractors, volunteers and students to report any suspected violations of laws, statutes, rules, or applicable regulations. No concern regarding conduct or compliance is too small. Any board member, employee, independent contractor, volunteer or student wishing to report suspected misconduct or make a compliance-related inquiry should do the following:

1. Contact your supervisor or SAM. If they are unable to solve the problem, you should feel free to contact their supervisor.
2. If a supervisor or SAM is not able to resolve the issue, or if you would prefer not to report the issue to either of them, call the Corporate Compliance Officer at 859/253-1686 extension 585.
3. In some cases, you may want to report a situation without revealing your identity. For those concerns call the Compliance Hotline at 1-855-727-8702. Please leave enough detailed information about the suspected report of violation of laws and/or wrongdoing so that a thorough investigation can be initiated. Even if you choose to identify yourself, your identity shall be kept confidential to the fullest extent possible or as permitted by law.

Reports and/or calls shall be documented by the CCO. After review, the CCO shall determine the appropriate action to take, such as investigation, referral to the internal Corporate Compliance Committee, Board of Directors and/or President/CEO.

A person making a report shall not be reprimanded or disciplined for giving incorrect information in the course of reporting their concern. The only time someone shall be disciplined for making a report is if the person reports something they know is false or misleading in order to harm someone.

Employee Guidance

Bluegrass Regional MH – MR Board, Inc. is committed to providing quality healthcare services consistent with our mission with honesty and integrity evidenced by complying with all applicable federal and state laws. Bluegrass is providing you with detailed information about these laws in order to further guide you in recognizing and/or reporting suspected false claims activity. While the following information does not outline every law that concerns healthcare providers, it is intended to highlight certain wrongful activity that the federal and state

governments have specifically targeted in the healthcare profession along with the associated non-compliance penalties. Unlawful activity, such as false claims, could jeopardize Bluegrass' ability to continue to serve our clients.

False Claims Laws (Federal and Kentucky)

The False Claims Act (FCA), 31 USC 3279-3733 is a federal law that strictly prohibits a person or organization from knowingly submitting a false claim or using a false record to receive payment or property from the federal government, whether the payment is received directly or indirectly. Knowingly means that someone actually knew that the claim was false, deliberately ignored whether the claim was false, or acted with reckless disregard for the truth of the submitted claim.

Kentucky false claims laws under KRS 205.8451 to 205.8483 prohibit a person or organization from knowingly submitting a false claim or making a false record or statement in order to receive payment from the state or a local government agency. These federal and state laws apply to Medicare and Medicaid reimbursement.

The Medicare and Medicaid Patient Protection Act of 1987, as amended, 42 U.S.C. 1320a-7b and commonly referred to as the "Anti-kickback Statute", provides for criminal penalties for certain acts impacting Medicare and state health care (e.g., Medicaid) reimbursable services. This statute prohibits the offer or receipt of certain remuneration (including any kickback, bribe or rebate directly or indirectly, overtly or covertly, in cash or in kind) in return for referrals for or recommending purchase of supplies and services reimbursable under government health care programs.

The Program Fraud Civil Remedies Act of 1986 (PFCRA) provides for fines against persons who make, or cause to be made, a false claim or written statement to certain federal agencies, including the Department of Health and Human Services which administers the Medicare Program.

The Health Insurance Portability & Accountability Act of 1996 (HIPAA) provides guidelines for the distribution and privacy and security protections of individually identifiable health care information.

The American Recovery and Reinvestment Act of 2009 (ARRA) provides funding for research and other healthcare needs, including technology. In order to accept ARRA funding, employers must prohibit retaliation against employees who make good faith reports of misconduct.

Part of ARRA contains the Health Information Technology for Economic and Clinical Health Act (HITECH). HITECH widens the scope of privacy and security protections available under HIPAA including increases in non-compliance penalties and more enforcement.

Examples of False Claims

Some examples of false claims are: submitting a bill to Medicaid for services that were never provided; submitting a bill for services that were provided on a different day and time than stated

in the claim; billing for a more expensive service than was actually rendered; billing for medically unnecessary services; or filing a false cost report at the end of the year to avoid returning Medicaid funds that were improperly received.

Penalties for Violating the False Claims Laws

If the Federal FCA is violated, a person or organization shall be fined between \$5,500 and \$11,000 for each false claim submitted, fined up to three times the total amount of losses the false claim created for the government, and shall face potential exclusion from participation in federally funded programs. Individuals, including employees, can bring a civil action on behalf of the Federal government for violations of the Federal False Claims Act. In return, the individual may share a percentage of any monetary recovery or settlement.

A person or organization found guilty of violating the Kentucky false claims laws shall be fined up to \$500 per false claim, three times the amount unlawfully received plus interest, payment of the government's legal fees and costs to pursue reimbursement, and exclusion from the Medicaid program for up to five years. Any licensed medical provider found guilty of the criminal false claims provisions must forfeit his or her license to practice his or her profession for at least five years. Anyone charged with Medicaid fraud could also face criminal misdemeanor or felony charges depending on the type of fraud involved and/or the amount of money unlawfully received. In addition, Kentucky's criminal code has various laws for prosecuting fraud including, but not limited to KRS Chapter 514, 516-519 and 523 dealing with theft, forgery, perjury and the like.

PFCRA provides that any person who makes, presents or submits, or causes to be made, presented, or submitted a claim that the person knows or has reason to know is false, fictitious, or fraudulent is subject fines of up to \$5,000 per false claim or statement and up to twice the amount claimed in lieu of damages.

A person or organization violating the Anti-kickback statute shall be fined up to \$25,000 or imprisoned up to five years, or both.

Protections for Whistleblowers

The Federal False Claims Act allows individuals with first-hand knowledge of fraud involving government funds to file a lawsuit on behalf of the government. These individuals are known as "whistleblowers," and the suits filed on behalf of the government are called "qui tam" suits. If the suit is successful, the whistleblower may receive a portion of the money received by the government.

Currently, the Kentucky false claims laws do not give individuals or employees a right to file a civil action on behalf of the government and share in recoveries. Only the Attorney General of the Commonwealth may file civil or criminal proceedings against an individual, company, facility or institution in order to enforce the Kentucky false claims laws. Like federal law, Kentucky law also provides protection for whistleblowers. Kentucky law requires any person who knows or has reasonable cause to believe that a violation of the Kentucky false claims laws has been or is being committed by any person, corporation or entity, to report such information

to the Kentucky Medicaid Fraud Control Unit, or to the Medicaid Fraud and Abuse hotline at (800) 372-2970.

Whistleblowers are protected from being fired, demoted, threatened or harassed by his or her employer as a result of filing lawsuits and/or making reports of false claims disclosures of fraud, waste and abuse. If a whistleblower believes he or she has been retaliated against, he or she may file a suit against the employer to be reinstated to his or her former position, recover twice the amount of any pay owed, interest on any pay owed, and compensation for any special damages that occurred as a result of the discrimination.

Bluegrass' Organizational Integrity & Compliance Plan

Bluegrass holds all employees, independent contractors, volunteers and students responsible for complying with federal and state laws that prohibit the making of false claims and for otherwise conducting Bluegrass affairs lawfully. As such, you are required to adhere to our Code of Conduct evidenced below by:

1. Performing all business activities and duties with honesty and integrity according to Bluegrass' Code of Conduct and Conflict of Interest Standards.
2. Following all laws and regulations that apply to your business activities and duties, including requirements of government social service or health care programs. These requirements generally include, but are not limited to, maintaining complete and accurate records and submitting only complete and accurate claims for medically necessary services or equipment actually provided; and
3. Contacting an immediate supervisor, SAM, CFO, CEO or CCO, or calling the Compliance Hotline at 1-855-727-8702 if you have knowledge of or a concern about a potential false claim or other violation.

Bluegrass' policies strictly prohibit retaliation, in any form, against an individual reporting an issue or concern in good faith. Retaliation is subject to discipline, including termination of employment. Thank you for your commitment to maintaining our high ethical standards and assisting us in our efforts to prevent and eliminate fraud, waste, and abuse in the provision of our quality services.

Revisions

The policy was initially approved by the Board of Directors and made effective June 1999, and subsequently revised and approved January 2009, August 2012 and February 2013.

The policies stated herein are subject to change at the sole discretion of the Bluegrass Regional Mental Health – Mental Retardation Board of Directors. If any board member, employee, independent contractor, volunteer or student has a question concerning a particular provision contained herein, or concerning any practice not addressed in this document, he or she should confer with the CCO by calling (859) 253-1686 extension 585.

Bluegrass Regional Mental Health - Mental Retardation Board, Inc.
Organizational Integrity and Compliance Plan

Employee/Board Member/Independent Contractor/Volunteer/Student Acknowledgment

I, _____, do hereby acknowledge and confirm that I have
(Print Name)
received a copy of Bluegrass' *Organizational Integrity and Compliance Plan*. I have read the Plan and do agree that while I am a board member, employee, independent contractor, volunteer or student of Bluegrass, I have a duty to report any suspected violations of it. I also agree to conduct myself in accordance with the Plan, including the specific Code of Conduct and Conflict of Interest Standards.

Signature

Date

XII

Appendix C

BLUEGRASS OAKWOOD, INC.

DEPARTMENT: Information Systems EFFECTIVE DATE: 11/1/06
TITLE: Computer Use Policy

PURPOSE: To maximize the benefits of Bluegrass Regional Mental Health-Mental Retardation Board, Inc. computer resources and minimize potential liability.

POLICY: All computer users are obligated to use these resources responsibly, professionally, ethically, and lawfully.

Employees are given access to the computer network to assist in performing job duties. Employees should not have an expectation of privacy in anything created, stored, sent, or received in the computer system. The computer system belongs to Bluegrass Regional MHMR Board and may only be used for business purposes. Without prior notice, Bluegrass Regional MHMR Board may review any material created, stored, sent, or received on its network or received through the Internet or any other computer network.

Use of the computer resources for any of the following activities is strictly prohibited:

1. Sending, receiving, downloading, displaying, printing, or otherwise disseminating material that is sexually explicit, profane, obscene, harassing, fraudulent, racially offensive, defamatory, or otherwise unlawful.
2. Disseminating or storing commercial or personal advertisements, solicitations, promotions, destructive programs (that is, viruses or self-replicating code), or any other unauthorized material.
3. Wasting computer resources by, among other things, sending mass mailings or chain letters, spending excessive amounts of time on the Internet, playing games, engaging in online chat groups, printing excessive copies of documents, or otherwise creating unnecessary network traffic.
4. Using or copying software in violation of a license agreement or copyright.
5. Violating any state, federal, or international law.

Employees who become aware of someone using computer resources for any of these activities are obligated to report the incident immediately to a supervisor or Regional Management.

Violations of this policy will be taken seriously and may result in disciplinary action, including possible suspension of computing privileges, termination of employment, and civil and criminal liability.

Logging in constitutes that you have read and understand the above and will abide by the letter and intent of this policy.

SCOPE: Organization-wide/All programs.

PROCEDURE:

When users log on to their computers, this policy will be referenced on screen prior to the user entering their user name and password.

XIII Appendix D: Travel Reimbursement Policy

SECTION I: OVERVIEW

Employees will be reimbursed for reasonable and necessary expenses incurred in connection with approved travel on behalf of the agency. The use of travel discounts when making travel arrangements is encouraged.

Travelers seeking reimbursement should incur the lowest reasonable travel expenses and exercise care to avoid impropriety or the appearance of impropriety. Reimbursement is allowed only when reimbursement has not been, and will not be, received from other sources. If a circumstance arises that is not specifically covered in the travel policies, the most conservative course of action should be adopted.

Business travel policies are aligned with agency reimbursement rules. All business related travel must comply with company expenditure policies.

AUTHORIZATION AND RESPONSIBILITY

Travel outside that required for day to day business purposes must be authorized. Travelers should verify that planned travel is eligible for reimbursement before making travel arrangements. Upon completion of the trip, and within 30 days, the traveler must submit an expense reimbursement form and supporting documentation to obtain reimbursement of expenses.

An individual may not approve his/her own travel and/or reimbursement. The President/CEO must authorize requests for travel over \$1,000. The Vice President of Administration and Operations or the Regional Human Resources Director can authorize requests for travel less than \$1,000.

Travel and/or reimbursement for the President/CEO must be authorized and approved by the Chair of the Board of Directors or his or her designee.

Designated approval authorities are required to review expenditures and withhold reimbursement pending further discussion with the employee if there is reason to believe that the expenditures are inappropriate or unreasonable.

PERSONAL FUNDS

Travelers should review reimbursement guidelines before spending personal funds for business travel to determine if such expenses are reimbursable. See Section II – Travel Expenses/Processes for details. Bluegrass.org reserves the right to deny reimbursement of travel related expenses for failure to comply with policies and procedures.

Travelers who use personal funds to facilitate travel arrangements will not be reimbursed until

after the trip occurs and proper documentation is submitted.

VACATION IN CONJUNCTION WITH BUSINESS TRAVEL

In cases where vacation time is added to a business trip, any cost variance in airfare, car rental, and/or lodging must be clearly identified on the expense reimbursement request. Bluegrass.org will not prepay any personal expenses with the intention of being “repaid” at a later time, nor will any personal expenses be reimbursed.

EXCEPTIONS

Occasionally it may be necessary for travelers to request exceptions to the Travel Policies. Requests for exceptions to these policies must be made in writing and approved by the President/CEO. Exceptions related to the President/CEO must be submitted to the Chair of the Board of Directors or his or her designee.

SECTION II: TRAVEL EXPENSES/PROCESSES

REIMBURSEMENTS

Requests for reimbursements of travel related expenses are submitted on an expense reimbursement form. This form must be accompanied by supporting documentation.

These forms must be submitted to the Business Office within 30 days after the trip was completed. Travel Reimbursement forms not submitted within this time frame requires exception approval from the President/CEO.

Reimbursement of travel expenses is based on documentation of reasonable and actual expenses supported by the original, itemized receipts where required (>\$4.00). Authorized reimbursements that may be paid by bluegrass.org are shown below.

1. Airfare – An original itemized airline receipt, an e-ticket receipt/statements, or an Internet receipt/statement is required. The receipt must show the method of payment and indicate that payment was made.

Travelers are expected to obtain the lowest available airfare that reasonably meets business travel needs. Travelers are encouraged to book flights at least 30 days in advance to avoid premium pricing.

Coach class or economy tickets must be purchased for any flight. In any case, first class tickets are not reimbursable.

2. Rail Transportation – Bluegrass.org will pay for rail transportation providing the cost does not exceed the cost of the least expensive airfare

An original itemized receipt, original e-ticket receipt/statement or Internet receipt/statement is

required. The receipt must show the method of payment and indicate that payment was made.

3. Automobile – A valid driver’s license issued within the United States and personal automobile insurance are required for expenses to be reimbursed. Drivers should be aware of the extent of coverage (if any) provided by his/her automobile insurance company for travel that is business or not personal in nature.

Reimbursement for usage of a personal automobile is based on the bluegrass.org mileage rate.

Reimbursement for a commercial rental vehicle as a primary mode of transportation is authorized only if the rental vehicle is more economical than any other type of public transportation, or if the destination is not otherwise accessible. Vehicle rental at a destination city is reimbursable. Original receipts are required.

Bluegrass.org authorizes reimbursement for entry-level or the most economic vehicle available. The rental agreement must clearly show the date, the points of departure/arrival, as well as the total cost. Drivers must adhere to the rental requirements and restrictions must be followed. Original receipts are required.

Drivers should be aware of the extent of a coverage (if any) provided by his/her automobile insurance company for travel that is business or not personal in nature.

5. Conference Registration Fees – Bluegrass.org will reimburse these fees, including business related banquets or meals that are part of the conference registration. Original receipts to support the payment are required.

A pro-rated amount for the meals provided must be deducted from the traveler’s per diem. See Meals (per diem) for more detail. Entertainment activities such as golf outings and sightseeing tours will not be reimbursed.

Registration fees paid directly by an individual will not be reimbursed until the conference is completed.

6. Lodging – The cost of overnight lodging (room rate and tax only) may be reimbursed to the traveler if the authorized travel is outside of the bluegrass.org service area. Exceptions to this restriction may be approved in writing by the President/CEO.

Bluegrass.org will reimburse lodging expenses at reasonable, single occupancy or standard business room rates. When the hotel or motel is the conference or convention site, reimbursement will be limited to the conference rate.

7. Meals (Per Diem) – Per diem allowances may be reimbursable for travel outside of the bluegrass.org service area.

Bluegrass.org per diem rates are based on the U.S. General Services Administration Guidelines (www.gsa.gov), that vary by city location. In addition to meals these rates include incidental

expenses such as laundry, dry cleaning and service tips (i.e. meal, housekeeping, porters, etc.)
Incidental expenses, unless specifically cited in this policy, will not be reimbursed.

Per diem reimbursements are based on departure and return times over the entire 24-hour day and prorated accordingly. Listed below is the per diem allowance based on departure and arrival time from and to the traveler's home or primary work site (whichever is the shorter distance).

If a free meal is included in a conference registration fee or replaced by a legitimate business meal, the per diem allowance for that meal may not be claimed.

Per diem allowances are reimbursed after the trip is completed and require original documentation.

8. Business Meals – Travelers are required to follow bluegrass.org Expenditure Policies when requesting reimbursement for business meals. A business meal that must have President/CEO approval, include more than one person, and have a substantive and bona fide business purpose deemed essential to the bluegrass.org mission. Business meals are distinct from both daytrip and overnight "Travel Meals." Original itemized receipts are required.

9. Business Expenses – Business expenses including faxes, photocopies, Internet charges, data ports, and business telephone calls incurred while on travel status can be reimbursed. Original itemized receipts are required.

10. Parking – Original receipts are required for parking fees (including airport parking) totaling \$4.00 or more. The lodging bill can be used as a receipt when charges are included as part of the overnight stay.

11. Telephone Calls – The costs of personal telephone calls are the responsibility of the individual.

12. Tolls – Original receipts are required for tolls totaling \$4.00 or more.

13. Miscellaneous Transportation – Original receipts are required for taxi, bus, subway, metro, ferry, and other modes of transportation if costs are \$4.00 or more for each occurrence.

SECTION III – TRAVEL FOR NON COMPANY EMPLOYEES

SPOUSE OR OTHER DEPENDENT EXPENSES

Incremental costs for travel, lodging, meal or other travel expenses for spouses or other family members will not be reimbursed. Bluegrass.org prohibits spouses or other family members from traveling with an employee unless prior written approval is obtained.