

CARTER HEALTHCARE

CORPORATE SOCIAL RESPONSIBILITY 2018 REPORT





CARTER COMMUNITY FOUNDATION

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WELCOME

I'm pleased to share Carter Healthcare's 2018 Corporate Social Responsibility report.

This report marks our second assessment of how Carter Healthcare's employees and the Carter Community Foundation are making an impact in helping people live better lives.

This past year welcomed new charities, expanded participation, and more social awareness than ever before.

Our goal is to maintain this climb—not only through our Foundation, but through our employees—to strive to be the standard-bearers of community service.

I hope this report shows just how large of an impact our employees and the Carter Community Foundation are making in the communities we serve.

Brad Carter

Director of Corporate Finance & Acquisitions, Carter Healthcare
Co-Founder, Carter Community Foundation

CARTER COMMUNITY FOUNDATION

SUPPORTING CHARITABLE ORGANIZATIONS
IN THE COMMUNITIES WE SERVE THROUGH

FUNDRAISING

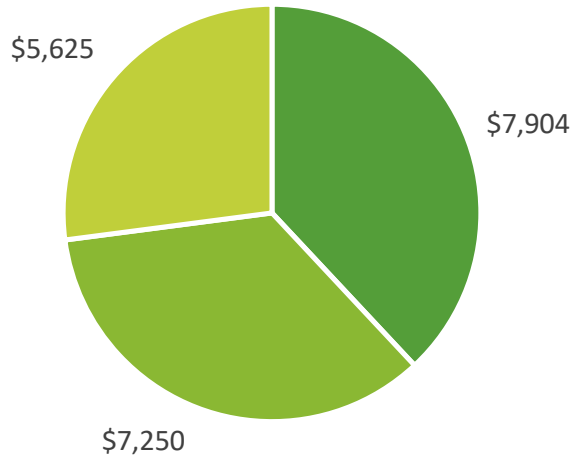
COMMUNITY OUTREACH AND THE

CARTER COMMUNITY SERVICE SQUAD

Carter Healthcare established our philanthropic arm, the Carter Community Foundation, in 2015 to place a stronger emphasis on our community involvement. Whether it be through financial support or by volunteering our time, skills, and expertise, the Carter Community Foundation realizes every small bit can have an enormous impact.

Our mission is helping people live better lives through the support of charitable organizations in the communities we serve. Priority focus is on communities where Carter Healthcare has offices, in the following eight states: Florida, Kansas, Missouri, Ohio, Oklahoma, Pennsylvania, Texas, and West Virginia.

FUNDRAISING



- Event Proceeds
- Sponsorships
- Employee Contributions



FUNDRAISING



- Fundraising activities at Carter Healthcare's 30th anniversary party, along with donations received on Giving Tuesday, benefited our **charities of choice** for 2018: the Alzheimer's Association, American Lung Association, and Meals on Wheels.
- Proceeds from two **Kendra Gives Back** parties, held at the Kendra Scott store in Oklahoma City, benefited the Alzheimer's Association and American Lung Association.
- Carter Healthcare sponsored many **Walk to End Alzheimer's** events in our communities.
- Employees of Carter Healthcare purchased **T-shirts** to support our three charities of choice.



COMMUNITY OUTREACH



16

WALKS ATTENDED

Carter Healthcare employees participated in local Walk to End Alzheimer's events in our communities in 2018.



COMMUNITY OUTREACH



606

FOOD ITEMS DONATED

During Carter Healthcare's annual Bedlam Food Drive, employees at our Corporate office in Oklahoma City donated 606 cans, boxes, and bags of non-perishable food items to the Regional Food Bank of Oklahoma.



270

LIVES SAVED

In partnership with Oklahoma Blood Institute, Carter Healthcare hosts Blood Drives at our Corporate office in Oklahoma City. In 2018, blood donations from Carter Healthcare employees saved the lives of 270 Oklahomans.



COMMUNITY OUTREACH

Professional Services Coordinator Cheryl Inman (Sherman, TX) co-hosted a cookout with **Wilson N. Jones Regional Medical Center** to thank Sherman's first responders for all they do in the community.



Employees from our Corporate office in Oklahoma City volunteered at the **OKC Memorial Marathon**, distributing T-shirts to marathon finishers. (above)

During the **NBA playoffs**, employees at our Corporate office in Oklahoma City paid \$5 to wear jeans and Oklahoma City Thunder gear on game days, for a total of \$500 donated to the Thunder Community Foundation.

Carter Healthcare and Caring Senior Services of Victoria, TX, teamed up for an **End Alzheimer's** garage sale, raising nearly \$1,000 for the Alzheimer's Association.

Several New Braunfels, TX, employees partnered with the Kiwanis Club of New Braunfels and the **Texas Ramp Project** to build a ramp for a deserving couple in Spring Branch, TX.

Professional Services Coordinator AA Amanda Walker (Melbourne, FL) began representing Carter Healthcare on the **Virtual Dementia Tour** team at Hibiscus Court Assisted Living. The VDT experience is for the general public, caregivers, and professionals, as well as friends and families of people with dementia. This immersive experience does its best to put the participant into the "shoes" of someone suffering from dementia. (below)



COMMUNITY OUTREACH

For the third year, Professional Services Coordinator AA Autumn Gulliford (Enid, OK) attended the monthly Senior Citizens Lunch in Waynoka, OK, where she hosted a **blood pressure clinic**.



Professional Services Coordinator Tara Cochran (Steubenville, OH) spent an afternoon selling **snow cones** at a benefit for the family of an East Liverpool, OH, boy who passed away from the flu. (above)

During our **Home Run Drive for Positive Tomorrows**, employees at our Corporate office in Oklahoma City donated kids' clothes, school supplies, food, personal care items, household goods, and gift cards to Positive Tomorrows, Oklahoma's only elementary school that specifically serves homeless children. Carter Healthcare also donated Carter Community Foundation T-shirts for the students' parents.

Clinicians from our offices in Clinton and Woodward, OK, represented Carter Healthcare at the Women's Wellness Extravaganza. The event—held at Harper County Community Hospital in Buffalo, OK—featured mobile mammograms, health screenings, and community organizations focused on **women's issues and healthcare needs**.

Employees from our Bartlesville, OK, office represented Carter Healthcare at the Community Care Transitions Annual Health Fair, held at the **Bartlesville Community Center**.



Assistant Director of Nursing Kevin Holstein (Norman, OK) and Professional Services Coordinator Allen Noble (Oklahoma City) represented Carter Healthcare at the **Oklahoma Assisted Living Association** Fall Education Seminar. (above)

COMMUNITY OUTREACH



Professional Services Coordinators Lori Ferrer, J.R. Delgado, and Lisa Montilla represented Carter Healthcare at a thank-you luncheon for **case managers and social workers** in Fort Lauderdale, FL. (above)

Carter Healthcare and Professional Services Coordinator Julie Charboneau (Oklahoma City) sponsored a fundraiser for Oklahoma City's first social model hospice house, **Agape Road**.

Professional Services Coordinator Heath Robinson (Muskogee, OK) organized a health fair at Yorkshire Village in Wagoner, OK, and educated residents on **traditional Medicare vs. Medicare Advantage** plans.

Carter Healthcare took first place at Sodalis Senior Living's **Chili Cookoff** benefiting the Alzheimer's Association.

Employees represented Carter Healthcare at **Senior Focus 2018**, the largest senior event in Wichita Falls, TX; Uvalde Memorial Hospital's second annual **Women's Health Expo** in Uvalde, TX; and Elkview General Hospital's Community Wide Health Fair in Hobart, OK.

Our Enid, OK, office sponsored two children in the Oklahoma Department of Human Services/ Oklahoma **Foster Wishes** program to give Christmas presents to every child in foster care in Oklahoma. (below)



Our Lawton, OK, staff came together to help make **Christmas** a little brighter for one special angel on the Salvation Army's Christmas Angel Tree, while our Bartlesville, OK, office adopted a local family during the Christmas season.

COMMUNITY OUTREACH



Left: Employees throughout Carter Healthcare, including those in San Angelo, TX, wore red on February 2nd in support of the American Heart Association's **National Wear Red Day**.



Right: Carter Healthcare employees wore turquoise during the American Lung Association's **Turquoise Takeover Week**, May 7th-11th. Our Alachua, FL, team designed their own T-shirts for the occasion!



Left: On May 24th, our employees in Tahlequah, OK, put their noses on for **Red Nose Day**, a worldwide campaign to end child poverty.

CARTER COMMUNITY SERVICE SQUAD

The Carter Community Service Squad is a program to build upon the Carter Community Foundation's involvement in local communities by encouraging employees to volunteer for causes that are important to them. Each selected charity must be designated as a 501(c)(3) non-profit organization by the IRS, and all volunteer hours must be accumulated during the employee's non-working hours.

To join the Carter Community Service Squad, employees must complete 32 community service hours from January through December. Qualifying employees receive a small reward of Carter Healthcare gear and a guarantee of a donation going to the charity of their choice at the end of the year. The final amount is determined by the hours completed cumulatively and within each quarter.



Right: Regional Administrative Assistant **Morgan Milliron** (Clinton, OK) was the Carter Community Service Squad member with the most hours in 2018. Morgan volunteered 787.5 hours of her time outside of work to the local rescue group Clinton Pound Animals.

2,129

HOURS VOLUNTEERED

Carter Healthcare employees volunteered a grand total of 2,129.25 hours to charities that were important to them in 2018.



CARTER COMMUNITY SERVICE SQUAD



5,800

DOLLARS EARNED

Carter Community Service Squad members earned \$5,800 for their favorite charities through their community service efforts.

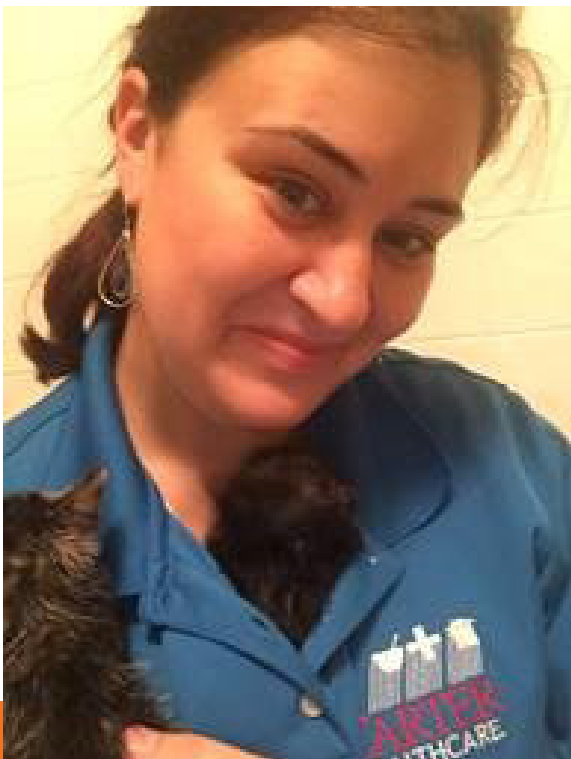


CARTER COMMUNITY SERVICE SQUAD

19

EMPLOYEES

Of the employees who volunteered with 501(c)(3) organizations in 2018, 19 contributed enough hours to earn a donation to their favorite charity from the Carter Community Foundation.



COMMITMENT TO EXCELLENCE

HIGH ETHICAL STANDARDS AND COMPLIANCE
BY THE COMPANY AND ITS EMPLOYEES

CORPORATE COMPLIANCE AND JCAHO STANDARDS

At Carter Healthcare, we pledge our full commitment to upholding all compliance standards as we fulfill our mission of healthcare excellence. This includes compliance with formal guidelines issued by federal agencies, as well as those issued by private regulatory agencies such as The Joint Commission on the Accreditation of Health Care Organizations (JCAHO).

Carter Healthcare is committed to fostering an environment that is conducive to success in compliance. We do this by providing effective communication and training programs for our employees, by instituting an established code of conduct that must be agreed upon by all employees, and by encouraging employees to share their concerns about company policies and procedures.

CORPORATE COMPLIANCE

Corporate Compliance Committee

MISSION

The Corporate Compliance Committee is responsible for the ongoing assessment and prioritization of legal compliance risk areas, the sharing of compliance best

practices, and the development of monitoring to increase companywide compliance efficiency and effectiveness.

MEMBERSHIP REQUIREMENTS

Committee members are appointed by the Chief Compliance Officer, who serves as Chair of the committee. Members are expected to do the following:

- Attend quarterly meetings to review Compliance program activities.
- Be generally knowledgeable about compliance issues facing the healthcare industry.
- Assist the Chief Compliance Officer in fulfilling his/her duties and oversight responsibilities relating to the Company's compliance with applicable laws and regulations, the Company Code of Conduct, and related Company policies and procedures, including the Corporate Ethics and Compliance Program. The committee shall review matters concerning or relating to the Company Code of Conduct, the Corporate Ethics and Compliance Program, and compliance with the requirements of federal health care programs. The committee shall make regular reports to Executive management regarding these responsibilities.
- Oversee the Company's healthcare regulatory Compliance program and monitor its performance.

Clients who have questions about a particular policy, practice, or procedure should contact the supervisor of the office providing service for clarification.

Employees should contact their supervisors for clarification on policies, practices, or procedures.

Anyone requiring further assistance can contact:

Chief Compliance Officer Sue Douglas
Chief Privacy Officer Becky Scott
Chief Security Officer Dakota Denton

(405) 947-7700

Compliance Hotline:

(405) 688-2103

(anonymous reporting available)

E-mail:

compliance@carterhealthcare.com

CORPORATE COMPLIANCE

Patient Privacy and HIPAA

Safeguarding our patients' security and privacy is a core mission at Carter Healthcare. In addition to ensuring each patient's physical safety, we also assure safety in privacy of medical records and personal information.

The Health Insurance Portability and Accountability Act of 1996 (HIPAA) ensures that personal medical information a patient shares with doctors, hospitals, and

others who provide healthcare is protected information.

Carter Healthcare's Compliance department works with the Chief Security Officer and Chief Privacy Officer to keep information about patients' health information confidential, sharing it only with people who need that information in order to do their jobs.

Compliance Program Overview

Carter Healthcare is continually striving to achieve high ethical standards through both company and employee practices. The mission of Carter Healthcare's Compliance team is to detect and prevent fraud, waste, abuse, and any unethical conduct in home healthcare.

Our program incorporates formal guidelines that are issued by the Federal Health and Human Services Office of Inspector General to prevent illegal conduct and monitor compliance with applicable laws, rules, and regulations.

At Carter Healthcare, we pledge our full commitment

to upholding all compliance standards as we fulfill our mission of healthcare excellence.

Our success is built on a culture of integrity. Carter Healthcare expects all employees to follow our culture of integrity by practicing the following behaviors:

- Act fairly and honestly.
- Adhere to ethical standards in all you do.
- Comply with the law, regulations, and policies set forth.
- Report suspected violations.

Fundamental Elements of Compliance

Fundamental Elements of Compliance are described on the following pages. These elements are as follows: Employee Obligations, Code of Conduct, Training & Monitoring, Sharing Concerns, Consequences of Non-Compliance, and Achieving Compliance.

Carter Healthcare's Compliance program is constantly evolving to meet the requirements of local, state, and federal programs. We work continuously to review and enhance our Compliance program to uphold the highest standards.

CORPORATE COMPLIANCE

EMPLOYEE OBLIGATIONS

We are committed to providing our employees with a workplace that is conducive to success in compliance. We expect our employees to work responsibly toward:

- knowing, understanding, and following Carter Healthcare's policies and procedures;

- participating and utilizing the provided training and education; and
- understanding when and how to report potential compliance issues.

CODE OF CONDUCT

Carter Healthcare is committed to establishing and observing high standards and ethical conduct in its business and operational practices. A Code of Conduct has been established to help direct employees with following ethical and legal standards in their daily operations.

Carter Healthcare employees are required to certify that they have read, understand, and will comply with the Company Code of Conduct. The Code of Conduct,

along with all Carter Healthcare policies and procedures, is available to all employees at any time through our online portal.

Being able to ensure quality patient care and patient safety is a valuable asset to attain and keep. Every day, we expect our employees to live up to the standards in our Company Code of Conduct and continue Carter Healthcare's mission of helping people live better lives.

TRAINING & MONITORING

Effective communication and training programs help alert employees of their responsibilities and facilitate ongoing engagement of education. Communication and training is implemented with all new employees during orientation and scheduled periodically throughout their time at Carter Healthcare.

Specific trainings and identification of needed resources

for certain areas can lead to further training throughout our departments.

Compliance monitoring is a key component to ensure Carter Healthcare is following the regulations and policies we have implemented but also to identify risks for improvement. Periodic reviews of each department are done to evaluate and assess risks.

SHARING CONCERNS

At Carter Healthcare, we share the value that each employee shall have the responsibility to notify his or her supervisor in a timely manner of any violations or suspected violations of standards for ethics and legal conduct. We provide several ways for employees to share their concerns, ask questions, or report suspected violations, as follows:

- A Compliance hotline, e-mail, and online reporting form are available to all employees who may wish to seek advice on certain policies or procedures, or who wish to report an actual/perceived violation of the law/applicable to Carter Healthcare's policies and procedures.

CORPORATE COMPLIANCE

SHARING CONCERNS, continued

- Personnel can call our Compliance hotline at **(405) 688-2103** and ask to speak to Chief Compliance Officer Sue Douglas. This is a confidential line that will maintain the caller's anonymity unless the caller wishes to share his or her personal information.
- If an employee is uncomfortable calling to report an incident, he or she can e-mail the information to **compliance@carterhealthcare.com** or they can use the **online reporting form**, located under the Corporate Compliance tab on the Carter Healthcare Web site, www.carterhealthcare.com. The online report also

has the ability for anonymous reporting.

- Employees will not be subject to reprisal for reporting, in good faith, actions they feel violate the law or established standards. Any employee engaging in any act of reprisal for any good faith reporting shall be subject to discipline or discharge.

In addition to our Compliance department, we encourage employees to contact their managers, the Human Resources department, the Education department, or other supervisors within the company with questions or concerns they may have regarding Carter Healthcare's policies and procedures or how to proceed in a given situation.

CONSEQUENCES OF NON-COMPLIANCE

Failure to follow the Compliance plan and the Company Code of Conduct can bring serious consequences to employees, patients, and/or Carter Healthcare.

Carter Healthcare has delegated a Compliance department that works with management and all staff members to implement an effective compliance program

to ensure employees know what is expected of them and how to make the right decisions.

The Compliance department works to ensure policies and procedures are implemented throughout the company and that appropriate actions are taken when non-compliance is suspected or found.

ACHIEVING COMPLIANCE

Carter Healthcare's Compliance program includes ongoing efforts to prevent, detect, respond, evaluate, and define compliance within the company. Our Compliance department has implemented measures to ensure these steps are in place for ongoing monitoring and prompt responsiveness to compliance-related areas:

PREVENT

- Ongoing Education | Communication | Culture

DETECT

- Reporting Channels | Auditing

RESPOND

- Root Cause Analysis | Communication Resolution | Correction Action

EVALUATE

- Policy and Procedure Review | Benchmark Analysis | Performance Improvement

DEFINE

- Assess Risks | Define Risks | Realign policy and procedures to risk

JCAHO STANDARDS

In recent years, The Joint Commission on the Accreditation of Healthcare Organizations (JCAHO) has been working with healthcare organizations to increase their standards of safety.

“I don’t want healthcare organizations to just imagine a day of zero harm, I want them to achieve it,” said JCAHO President Mark Chassin.

2018 marked a pivotal change for JCAHO-accredited organizations to work toward their first commitments in reaching the goal of zero harm to patients. Through a systematic approach, Carter Healthcare worked with JCAHO to determine barriers to quality performance, as well as to identify proven solutions.

One specific project that is pivotal to a culture of safety is infection control prevention. Infection control can be broken down into multiple performance improvement standards, but Carter Healthcare’s focus has been on prevention and education.

In establishing a vaccination program, Carter Healthcare has been able to work toward controlling preventable infections and increasing educational awareness in the vital need to obtain flu vaccinations. Healthcare-associated transmission of influenza has been documented across a variety of healthcare settings, and many articles link non-vaccination to increased influenza rates in patient populations. Preventing the spread of the flu can protect patients and save lives.

JCAHO worked with Carter Healthcare to:

- establish an annual influenza vaccination program for all employees;
- provide access to flu vaccinations on-site;
- provide the flu vaccine free of charge to employees and at a discounted rate for their family members;
- educate all employees about flu vaccination, diagnosis, transmission, and the potential impact of influenza;
- evaluate the program annually, including vaccination rates and reasons for non-participation; and
- implement enhancements to the program to increase participation.

Carter Healthcare’s flu vaccination program is one step in the process in working toward creating a culture of zero patient harm. Our program reached a 95 percent vaccination rate of all employed staff at Carter Healthcare in 2018, exceeding our annual targeted goal of 92 percent.

We will continue making influenza vaccination a top priority and work toward even stronger vaccination rates in 2019.





CARTER COMMUNITY FOUNDATION



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